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Sefton Council

MEETING: CABINET

DATE: Thursday 3rd September, 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: Ruth Harrison
Democratic Services Manager
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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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A G E N D A

Items marked with an * involve key decisions

	Item No.	Subject/Author(s)	Wards Affected	
	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 by switching their camera and microphone off 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 by 12 Noon the day before the meeting to determine whether the Member should withdraw from the meeting room, 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 30 July 2020		(Pages 7 - 16)
*	4	**Implementing the Children and Young People's Commissioning Strategy** Report of the Executive Director of Children’s Social Care and Education	All Wards	(Pages 17 - 36)
*	5	**North West Flexible Purchasing System for Children & Young People with SEND** Report of the Head of Communities	All Wards	(Pages 37 - 48)

	6	**Discretionary Business Grant Update** Report of the Head of Economic Growth and Housing	All Wards	(Pages 49 - 54)
*	7	**Procurement of 120 litre Blue Wheeled Bins for Glass Recycling** Report of the Head of Highways and Public Protection	All Wards	(Pages 55 - 60)
*	8	**Procurement and Change of Service for Schools ICT Provision** Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 61 - 68)
*	9	**Procurement of Bulk Print & Hybrid Mail Solution** Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 69 - 76)
*	10	**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 77 - 94)
	11	**Exclusion of Press and Public** To comply with Regulation 5(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, notice has been published regarding the intention to consider the following matters in private for the reasons set out below. The Cabinet is recommended to pass the following resolution: That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public be excluded from the meeting for the following items on the grounds that they involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The Public Interest Test has been applied and favours exclusion of the information from the Press and Public.		

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THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON THURSDAY 13 AUGUST 2020. MINUTE NO.S 22, 23 AND 24 ARE NOT SUBJECT TO "CALL-IN"

CABINET

REMOTE MEETING HELD ON THURSDAY 30TH JULY, 2020

PRESENT:	Councillor Maher (in the Chair) Councillors Atkinson, Cummins, Hardy, John Joseph Kelly, Lappin, Moncur and Veidman
ALSO PRESENT:	Councillor Sir Ron Watson viewed the meeting remotely

18. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Fairclough.

19. DECLARATIONS OF INTEREST

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

20. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the Minutes of the meeting held on 25 June 2020 be approved as a correct record.

21. ST TERESA'S CATHOLIC INFANT SCHOOL

Further to Minute No. 119 of 5 March 2020 the Cabinet considered the report of the Interim Head of Education advising that Cabinet had 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; that the Governing Body had been developing a financial plan to try to support the continued operation of the school; that the Local Authority had worked with the Governing Body to discuss the proposals and understand the implications; and that the issues were not related to the quality of the provision, as St Teresa's last inspection acknowledged that the school was 'Good'.

The Governing Body had put forward alternative proposals which they believed would support the sustainability of the school both financially and as a community resource; but there did however, remain some concerns about how they would work in practice. It was acknowledged that some of the work had been hampered by the COVID pandemic which had limited their ability to promote themselves as a school within the community. This would be closely monitored and escalated to Cabinet in the future if necessary.

Decision Made:

That:

(1) the Governing Body be given the opportunity to implement their plans for St. Teresa's Catholic Primary School;

(2) the Council cease the statutory process approved by Cabinet on 3 October 2019; and

(3) the Local Authority and the Archdiocese continue to work with the Governing Body to ensure that proposed plans are implemented and the school can achieve financial sustainability.

Reasons for Decision:

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:

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.

22. SEFTON CLIMATE EMERGENCY IMPLEMENTATION PLAN

Further to Minute No. 5 of 28 May 2020 the Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services advising that Sefton Council was committed to reducing carbon emissions and had resolved 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 had progressed within the Council on the agreed actions that were contained and approved by Members and the Strategy would be presented to a forthcoming meeting of full Council.

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

Decision Made:

That:

(1) the progress made on the actions contained within the original Climate Emergency Council Motion of July 2019 be noted;

(2) 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) Council be recommended to approve the first 3-year implementation plan for the period 2020-2023 that will support the delivery of the Council's Climate Emergency Strategy.

Reasons for Decision:

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:

None.

23. REVENUE AND CAPITAL BUDGET UPDATE 2020/21 INCLUDING THE FINANCIAL IMPACT OF COVID-19 ON THE 2020/21 BUDGET

The Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services that advised 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; and

(4) the monitoring position of the Council's capital programme to the end of June 2020 relating to:

- 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.

Stephan Van Arendsen, Executive Director - Corporate Resources and Customer Services verbally updated the Cabinet in respect of the offer of a £1m grant to support projects in Southport. Mr. Van Arendsen advised that the Southport Town Board had informed the Council that they would like to progress 2 schemes to utilise the funding, namely Southport Market Hall and a Street Lighting project. On receipt of appropriate minutes from the Board Mr. Van Arendsen, the Council's s151 officer would inform MHCLG of this decision and the schemes would progress through the Council's established governance processes.

Decision Made:

That:

(A) in respect of the Revenue Budget:

(1) 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 Council's strategy for delivering financial sustainability be noted;

(2) 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 the report be recognised, and it be agreed that subsequent reports provide updates and where appropriate remedial action plans as appropriate;

(3) Authority be granted to the Leader of the Council to 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;

(4) the government grant funding that has been received and that has been used to support the response to the pandemic and which has been distributed in accordance with central government guidance be noted;

(5) the current forecast revenue outturn position for 2020/21 be noted;

(6) 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 be approved;

(7) the temporary additional resources required as part of the demand management programme in respect of fostering, family finder and direct payments be approved 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) It be acknowledged that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be

achieved; and

(B) in respect of the Capital Budget:

(1) the spending profiles across financial years for the approved Capital Programme (paragraph 7.1 of the report) be noted;

(2) the proposed updates to the School's Programme (paragraph 7.2 of the report) be approved;

(3) Council be recommended to approve the revised Transport Allocations as shown in paragraph 7.3 of the report;

(4) the latest capital expenditure position as at 30 June 2020 of £2.423m (paragraph 7.4.2 of the report) with the latest full year forecast of £35.825m (paragraph 7.5.1 of the report) be noted;

(5) the explanations of variances to project budgets (paragraph 7.5.2 of the report) be noted;

(6) It be noted 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 of the report); and

(7) in order to comply with the guidance set out by Ministry of Housing, Communities and Local Government (MHCLG) in respect of the offer from central government of £1m to Southport as part of the Towns Fund, it be approved that the Southport Towns Fund Board will advise the Council of the project(s) that it is recommending and will be completed with the grant allocation and that this will be communicated to MHCLG via the Councils s151 officer as per the guidance; and following approval this will be the subject of a recommendation to Members in accordance with the Council's Financial Procedure Rules (paragraph 7.7 of the report).

Reasons for Decision:

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 regarding 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:

None.

24. FINANCIAL AND CORPORATE PERFORMANCE 2019/20

The Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services advising of the revenue and capital outturn position in relation to the 2019/20 financial year; and that in doing so the report outlined any key variations and where appropriate any impact on future years' financial performance. In addition, the report provided details of the Council's Corporate Performance for 2019/20.

A copy of the Council's Corporate Performance Report for 2019/20 was attached as an appendix to the report.

Decision Made:

(A) in respect of the Revenue Outturn:

(1) the General Fund net deficit of £0.555m for 2019/20 that will reduce the Council's General Balances be noted;

(2) the reduction in Schools' balances of £2.773m for 2019/20 and the net reduction of non-schools centrally retained Dedicated Schools Grant balances of £4.155m be noted;

(3) 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 of the report) be approved;

(4) 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) be approved and it be noted that this will be repaid from future reductions in the MRP charge (paragraph 6.5c of the report); and

(5) it be recommended 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 of the report);

(B) in respect of the Capital Outturn:

(1) the total capital outturn of £25.175m for the financial year 2019/20 be noted; and

(2) the successful delivery of a number of schemes as set out in section 11 of the report, that have supported the delivery of the core purpose, be noted; and

(C) the Council's Corporate Performance Report for 2019/20 be noted.

Reasons for Decision:

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:

None.

25. TREASURY MANAGEMENT OUTTURN 2019/20

The Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services that provided a review of the Treasury Management activities undertaken to 31 March 2020; that advised that the outturn report allowed monitoring against the Treasury Management Policy and Strategy and Prudential Indicators approved by Cabinet and Council in February 2019; and which also provided information to the Audit and Governance Committee, whose role it was to carry out scrutiny of treasury management policies and practices.

Decision Made:

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

Reasons for Decision:

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:

None.

26. TENDER FOR BANKING SERVICES

The Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services that sought authority to commence a procurement exercise for the provision of banking services.

Decision Made:

That:

(1) the Executive Director - Corporate Resources and Customer Services be authorised to conduct a formal procurement exercise for the provision of banking services for the period of three years from1 April 2021 to 31 March 2024 with the option of further extensions to be exercised up to a maximum of two years; and

(2) authority be delegated to the Executive Director - 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 Decision:

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:

None.

27. OVERVIEW AND SCRUTINY FUNCTION – INFORMATION FROM THE CENTRE FOR PUBLIC SCRUTINY

The Cabinet considered the report of the Chief Legal and Democratic Officer advising that which provided consultation 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.

Decision Made:

That:

(1) 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) 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) the Overview and Scrutiny Management Board be requested to develop an Executive / Scrutiny protocol for use in Sefton.

Reasons for Decision:

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.

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

Alternative Options Considered and Rejected:

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

28. DISCRETIONARY BUSINESS GRANTS UPDATE

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 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.

Decision Made:

That 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 be noted.

Reasons for Decision:

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 any delay would cause them further financial hardship and distress.

Alternative Options Considered and Rejected:

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.

Report to:	Cabinet	**Date of Meeting:**	3 September 2020
Subject:	Implementing the Children and Young People's Commissioning Strategy		
Report of:	Head of Children's Social Care	**Wards Affected:**	(All Wards);
Portfolio:	Cabinet Member - Children, Schools and Safeguarding		
Is this a Key Decision:	Yes	**Included in Forward Plan:**	Yes
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to seek approval to progress with the procurement of a Provider/Partner agreement (PPA) with residential and independent foster agencies within the Liverpool City Region (LCR). The procurement is being undertaken by Halton Council under the 'light touch regime' for social and other services as listed at Schedule 3 of the Public Contracts Regulations 2015 and will result in a Purchasing System being available.

The report also seeks approval to direct award children's residential placements on a block purchase basis using the previously approved Placements North West Purchasing System and if approved, any additional Providers included on the Partner Provider Agreement (PPA).

Recommendation(s):

(1) Approve the involvement of Sefton in the procurement exercise and subsequent use of the Partner Provider Agreement (PPA), to be led by Liverpool City Region as part of regional joint working arrangements, which will encompass a Flexible Purchasing System (FPS) being implemented for the provision of Residential and Foster Services for children and young people;

(2) Delegate decisions regarding the development of the Provider Partner Agreement (PPA) to Head of Children's Social Care in consultation with the Cabinet Member for Children, Schools and Safeguarding acknowledging that such decisions will be collective decisions by all participating authorities:

(3) Following its establishment, authorise use of the Provider Partner Agreement (PPA) for the future procurement of Residential and Foster Services for children and young people, where an options appraisal, as described in this report, has determined it to be the most appropriate approach:

(4) Delegate the awarding of any contracts called off the Provider Partner Agreement (PPA) to the Head of Children's Social Care and nominated Service Managers.

(5) Approve the block contracting arrangement as described in paragraphs 5.5 of this report, via a direct award using the previously approved North West Flexible Purchasing System and delegate the awarding of any further block contracting arrangements from this purchasing system or the PPA when in place to the Head of Children's Social Care in consultation with the Cabinet Member for Cabinet Member for Children, Schools and Safeguarding.

Reasons for the Recommendation(s):

The Commissioning Strategy and Market Position Statement for children and young people in Sefton was agreed by Cabinet in January 2020 and included the need to: -

a) identify new block contracts with the Independent Sector targeted at specific levels of need and complexity both for Residential and for Fostering Services
b) make more efficient use of framework agreements – employing benefits realisation evaluations of current framework arrangements and agreement to continue or adopt other mechanisms. Including North West and Liverpool City Region.
c) encourage and develop closer working relationships with local providers who can demonstrate good quality and value for money.
d) commission and procure on both a local and regional footprint employing new ways of working and new models of service delivery

If approved the recommendations in this report will enable the Council to establish new commissioning and contractual arrangements for the provision of Residential and Fostering services, which will enhance existing arrangements, enable improved use of the local market, improve market sustainability and improve outcomes for children and young people by providing a greater number of opportunities for the child or young person to maintain local relationships.

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

1. **Maintaining the status quo –** this was not considered a viable option as there is a need to commission more local providers who are not part of the North West Placements Purchasing System.

What will it cost and how will it be financed?

(A) Revenue Costs
There are no additional costs as a result of being involved with the procurement exercise. It is possible that through the purchasing system, there may be opportunity to either reduce weekly placement costs or avoid higher placement costs by finding care provision within the region. However this may be circumstantial and costs or savings cannot be estimated at this time.

(B) Capital Costs
There are no capital costs associated with this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): No additional resource is required to implement the Commissioning Strategy.
Legal Implications:
Equality Implications: The equality implications will be assessed as the procurement progresses and any changes are made to provision. Cabinet Member Children, Schools and Safeguarding will be kept informed of all equality implications, risks and mitigations.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Stable placements improve the life chances of children and young people.
Facilitate confident and resilient communities: Local, stable placements provide effective social and education support, building the confidence of our young people to enable them to transition into an independent adult life and building their resilience.
Commission, broker and provide core services: Sufficient capacity within the market which will offer Value for Money and good quality. The Council needs services to shift their emphasis to being outcome focused and supportive of flexibility around the child's needs to: - • prevent break down in placements • to prevent escalation to more complex service provision and • to ensure that placements are child-centred and localised where appropriate and possible. • To encourage working partnerships between Providers to ensure that the most appropriate service is achieved for each individual child to maximise the best possible outcome for our children and young people.
Place – leadership and influencer: This work aims to encourage more diverse provider markets operating locally in order to stimulate quality, choice and greater value for money. The Council is seeking to work with others to develop services, and to be in a position where placements are prioritised with good or outstanding providers.
Drivers of change and reform: The Council will be looking for innovation and flexibility within the market place in order

to improve sustainability of placements, increase maintenance of children's networks and reduce dependency on models of care in later life.
Facilitate sustainable economic prosperity: This model of service will enable providers to encourage greater independence by supporting and encouraging young people to sustain school attendance which will enhance opportunities for ongoing learning and development including employment opportunities.
Greater income for social investment:
Cleaner Greener: By encouraging placements in our local area, enables Social Workers, friends, family and school, all being in close proximity to the young person and therefore the need to travel far distances has reduced, along with our carbon footprint.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6088/20.) and the Chief Legal and Democratic Officer (LD.4270/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Provider consultation has been undertaken on a Liverpool City Region basis. The consultation took place virtually using the CHEST which is the North West Procurement Portal, during the COVID 19 pandemic.

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer:	Laura Knights
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Appendices:

The following appendices are attached to this report:

The Pledge
The Offer

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:
https://www.sefton.gov.uk/media/1648273/cypp-market-positioning-document-final.pdf

1. Background

1.1 The Council needs to have a range of residential placements available to allow placements to be matched to each child's individual needs. Stability of placement is complex and as well as physical placement stability, it also includes stability of relationships, educational stability and continuity of contact with family, relatives and friends. It is therefore essential that the Council has appropriate local provision as part of its commissioning arrangements that will help children and young people to achieve the best possible outcomes.

1.2 As has been regularly reported over the last two years, the cost of placements and packages of care 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.

1.3 The current level of expenditure is not sustainable and we will be actively exploring both individually as a council and collectively as members of the Liverpool City Region (LCR) ways of reducing the levels of fees charged whilst ensuring that the highest level of quality afforded to our Children and Young People - including the introduction of new block contracts with the Independent Sector targeted at specific levels of need and complexity both for Residential and for Fostering Services

1.4 Members will recall that the Children and Young People's Plan 2020 to 2025 and accompanying Commissioning Strategy were agreed in January 2020.

1.5 The Children and Young People's Plan Commissioning Strategy & Market Position Statement

a) gives clarity to the market and ensures that the Council can maximise in all ways what the market can offer.
b) identifies that some models of service delivery will be commissioned within 2020/21 and others over the coming three years, depending upon agreed priorities and the complexity of the commissioned models which the Council is seeking to introduce.
c) confirms that the Council will invite providers and stakeholders to express their thoughts and ideas and
d) commits that commissioning activity will build care and support offers that are outcome focused and support the needs of the individual child.

1.6 The Children and Young People's Plan Commissioning Strategy & Market Position Statement included planned activity that would introduce more local providers into Sefton's commissioning activity.

1.7 The Council is currently named on the following regional purchasing systems with the intention of maximising our buying power and shaping the market in our region:

- North West Foster Flexible Purchasing System
- North West Residential Flexible Purchasing System
- North West Leaving Care Dynamic Purchasing System
- North West Care and Support Dynamic Purchasing System

1.8 The use of the Flexible/Dynamic Purchasing Systems has assisted the Council in understanding the market in a wide area and where the gaps of service can be found. It gives access to a wide geographical data set supplied through the use of these Flexible/Dynamic Purchasing Systems which allows the Council to review where our disparities need to be addressed and has subsequently led to the work in the Liverpool City Region (LCR) to endeavour to address these gaps in a specific geographical area.

1.9 As part of the work of the Liverpool City Region Market Reform Programme the Executive Directors of Children's Social Care are working together to ensure sustainable long term pricing and greater social value to our local communities.

This work includes:-

- how we engage with the providers and encourage providers to work alongside each other as well as the Local Authority, to better our understanding of the changing needs of our young people to ensure that our services also change to meet those needs to encourage stability.

- Better communication to ensure that providers share important details to support sufficiency within the Liverpool City Region (LCR) by providing live local vacancy details to Placement Teams.

- By providers working collectively to work together to step children down into foster homes from residential homes if and when it is appropriate to do so, allowing for a positive social impact on the child. This in turn may encourage Independent Foster Agencies to source more Foster Carers in the Liverpool City Region (LCR) area over other areas of the country which in turn will help to reduce the number of placements being made in a residential setting which therefore, could assist in bring the cost of residential placements down.

- Improving the quality and detail of the information that is shared with providers to ensure that the right placement is found for that child/young person at the earliest opportunity. Learning from the experience of our care leavers has enabled the Liverpool City Region (LCR) to develop a better understanding of how the content of information for providers should better describe the representation of the child's or young person's true nature and personality rather than a more professional description and will lead to a more personalised approach. This would commence with the referral, however would be beneficial across the whole process.

- To reduce the number of breakdowns of placement which in turn leads to higher costs of subsequent placements and a detrimental effect to the child or young person wellbeing.

- Encouraging providers with the right values and ethos to work with Liverpool City Region (LCR) so ensure that the best possible outcomes for our children and young people are acheived.

1.10 To support the LCR in achieving these aims the use of the PPA will support effective commissioning from local providers and ensure sustainability across the Liverpool City Region (LCR) footprint. In the event that the PPA does not provide an appropriate placement option, the placement would be advertised using the established and approved North West Regional Purchasing Systems for the appropriate need.

2 Market Engagement

2.1 The Children and Young People's Plan Commissioning Strategy identified that consultations with providers would take place during February and March of 2020. This stalled slightly due to the impact of COVID 19 however progress has been made by undertaking the consultation, as a City Region, virtually using the CHEST.

The consultation included a pledge (annex A)

2.2 Providers were able to respond to the consultation via the CHEST or in some instances using software such as Teams. In total over 50 responses were received and the findings included

- 97% like "The Offer" which sets the basis for partnership working through the PPA
- 100% like "The Pledge" which commits a joint focus on achieving the best for LCR children and young people
- 100% feel the introduction of a single, shared LCR Referral Document will assist them in being able to make placement offers quicker and more effectively.

2.3 The Liverpool City Region (LCR), having considered the feedback agreed to move forward with the procurement of Provider Partner Agreement (PPA).

3 Progressing the Procurement

3.1 Members will recall from the Children and Young People's commissioning Strategy that tendering documentation was scheduled to be issued in June 2020, however, as mentioned earlier in the report, the timeline has been updated in light of the COVID 19 pandemic and the revised timeline is in the table below.

Stage	Dates
Publication of Invitation to Tender (ITT)	27.07.2020 (complete)
Closing Date for questions	17.08.2020 (complete)
Closing Date for Request to Participate	26.08.20 (complete)
Evaluation	26.08.2020 - 04.09.2020
Presentation	14.09.20 – 02.10.20
Contract Award	14.10.20
Contract Start	19.10.20

3.2 The procurement is being conducted under OJEU light-touch procurement arrangements and is being hosted by Halton Council. The Purchasing System will be open ended however will be reviewed every 2 years to ensure it still offers an effective route to the market which meets the needs of the LCR Authorities who are sited on it.

3.3 The LCR lead by Halton Council have developed the over arching contract and specification for the PPA, Sefton's Legal and Procurement Team have been involved in reviewing these documents.

4 Contractual Processes

4.1 Each local Authority who will be administering the PPA will call off from the PPA either through the mini competition or direct order (award) as outlined below: -

a. administer a mini- competition between all providers in the relevant lot either residential or foster care, from which they want to place an Order; or

b. in exceptionally urgent circumstances a direct Order may be placed with a particular provider by the Purchasing Body; or

c. administer a mini competition between providers who have been preselected based on information submitted in their Provider Response. This may include, but shall not be limited to, circumstances involving emergency placements, home size, location, capacity, gender, and educational needs based on the needs of the child or young person.

Each Purchasing Body will issue the successful provider with an Order which makes clear that the requirement is procured under this Provider Partner Agreement (PPA).

Purchasing Bodies will set out the Service required in a referral document. The referral document will contain sufficient detail to allow providers to submit a fully costed proposal to the Purchasing Body for consideration. The Purchasing Bodies will expect the price submitted by the provider in response to a mini competition to be in-line with the prices submitted in their Provider Response. Where variations exist providers will need to evidence the reasons for variation.

4.2 **Mini Competition**

Where a mini competition is used all providers, or providers preselected, will be notified and invited to submit a proposal.

The Purchasing Body will set its own technical criteria at the point of mini competition. This may include 'pass /fail criteria and / or scored criteria. Examples of the criteria may include the following (this is not an exhaustive list).

- Location
- Best match
- Compatibility
- Quality
- Price
- Service offer

The provider offering best value for money will be notified and the Purchasing Body will issue the successful provider with an Order which makes clear that the requirement is procured under this PPA Agreement. *Unsuccessful providers will be notified by the Purchasing Body/Bodies, together with the reasons why they were unsuccessful as required in the public contract regulations.*

4.3 Direct Award

Where an Order needs to be placed quickly and a placement identified in an extreme emergency or at very short notice then the Purchasing Body may make a direct award to a provider best able to meet the needs identified by the Purchasing Body.

The Purchasing Body may at a later date review the Order and open the requirement to further competition or the Order may remain with the same provider subject to review

4.4 Orders

An Order will be issued by the Purchasing Body to the provider selected following the completion of one of the processes detailed above.

The Order must be signed by the Provider and returned to the Purchasing Body in accordance with any instructions provided by the Purchasing Body. In the case of emergencies, where this is not possible, the Parties shall agree appropriate timescales for the issuing and signature of an Order.

4.5 **Individual Placement Agreement (IPA)**

a. When a child or young person is initially placed in residential or foster care the Social Worker must approve the specific terms and conditions of the placement, which must be included in the contract, this is known as an Individual Placement Agreement (IPA). The Placement Officer will send a contract to the provider to complete and return in advance of the meeting along with a request for any relevant updated documents, policies, procedures, insurances etc, if not already on file. The Placement Officer will also request service area feedback regarding any issues they have with the placement or provider.

b. The child or young person's Social Worker is responsible for quality assuring the placement and the associated IPA in parallel to managing the Care Plan. The IPA should be reviewed on a regular basis. The updated IPA for child or young person will be put in place jointly by the Social Worker and Commissioning Officer

c. Over time the needs of the child or young person can change and this will require the IPA and contractual records to be updated. The same process will be undertaken as in point 4.1 above.

d. When a placement ends this does not mean that the contract automatically ceases as well. The contract remains in force until either it terminates (under the relevant clause) or it is terminated for any other reason.

e. Cabinet is asked to approve the use of the Liverpool City Region, Provider Partner Agreement (PPA) and that delegate responsibility of provided to Head of Children's Social Care and Cabinet Member Children, Schools and Safeguarding for any contracts awarded using the PPA.

5. North West Residential Flexible Purchasing System Direct Award

5.1 The Children and Young People's Plan Commissioning Strategy identified the need for new block contracts with the Independent Sector targeted at specific levels of need and complexity both for Residential and Fostering Services.

5.2 The use of the North West Residential Flexible Purchasing System enables purchasing bodies to undertake direct awards.

This can be found under Lot 7, Cohort Purchases - This category is for organisations who are interested in bidding for services to meet the needs of a number of young people. This might be for named young people or could be for future business for predicted need.

5.3 Members will recall Sefton Council is named on the Purchasing System and this was approved 9th March 2017.

5.4 Cabinet is asked to approve the delegation of awarding contracts through a direct award process and are called off from the North West Flexible Purchasing System and/or the Liverpool City Region PPA, to the Head of Children's Social Care.

5.5 There is currently an immediate need to establish two direct award block purchasing arrangements using the North West Residential Flexible Purchasing System based on the establishment of services to meet the needs of (A) Male Adolescents and (B) Children and young people with physical and learning disabilities.

Care Assist, male adolescent placement – The average weekly cost, per bed without a discount is currently at £2,149. This would reduce to an average weekly cost per bed to £1,988. This would be an annual reduction in costs of £33,488 per year should all 4 beds be used.

Family Care Group, children and young people with physical and learning disabilities – The average weekly cost without a discount is currently at £3,170.65 per bed. This would reduce to an annual weekly cost per bed to £2,809 based on a staffing ratio of 3 staff to 4 children for all 4 beds, which would be an annual reduction in costs of £75,223.20 per year.

Each contract would be for a period of 3 years with an option of 2, one-year extensions.

In both arrangements, should a Sefton child vacate a placement and we are unable to place another young person into that vacancy, we would highlight the vacancy to our Liverpool City Region (LCR) colleagues to promote the ethos of local placements for local children as well as avoiding a financial loss.

5.6 Cabinet is asked to approve the direct awards detailed above in 5.5 and any future awards delegated to Head of Children's Social Care and Cabinet Member Children, Schools and Safeguarding.

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LCR Partner Provider Arrangement 2020 – The 'Offer' to Providers

The aim of the PPA is to…	Detail
Keep things small… …giving you a greater sense of exclusivity, commitment and access through the PPA than is normally possible on much larger frameworks	▪ Firstly, we plan to consider all Providers delivering on the PPA our 'Partner Providers'. This may seem a small change, but it helps to crystallize our relationship with you and helps all colleagues across the LAs know your value and importance to us locally. ▪ By capping membership numbers of Providers onto the PPA, and working across a manageable scale of LAs and Providers, we are creating the best possible platform to deliver true partnership working. ▪ We also aim to network Partner Providers together into a collective (**LCR Partner Collective**). This will include establishing regular **LCR Partner Collective Forums**, so that you can work together and share insight / best practice in ways that might not have been feasible before.
Concentrate our attention locally… …on Providers delivering services across LCR for the benefit of LCR children and young people	▪ Recognising local Provider services and rewarding those that truly care and are committed to looking after children from the LCR LAs. ▪ Using a tender assessment model that focuses attention on the delivery of social and community value across LCR. The PPA puts what you do for LCR children and young people at its very heart. You'll be able to see, more clearly than ever, the impact you have locally.
Improve communication…. ...between the LCR LAs and Partner Providers by utilising the close working between LCR LAs to streamline your interface with the LAs	▪ Each "Partner" will have a dedicated **LCR Relationship Manager** ▪ This will be a representative from one of the LCR LAs (agreed with you prior to the contract start date) who will act as a central point of contact for you. They will coordinate contract management matters on your behalf across all 6 LCR LAs in order to help resolve issues and coordinate support.

Page 29

Agenda Item 4

The aim of the PPA is to…	Detail
Deliver outcomes based commissioning… …by enhancing the way that we understand, react, measure and respond to those aspects of care and support that will have the greatest impact on the lives and outcomes of LCR children and young people	▪ Key to this is our commitment to working with Providers on the PPA to explore and pilot an outcomes tracking model through the PPA, but doing it in a way that creates a collective / shared responsibility for progress between LAs and 'Partner Providers'. ▪ The **LCR Quality Assurance** process will be utilised throughout the PPA, in order to ensure consistency of expectation, monitoring and support across the 6 LCR LAs.
To help you not to fall… …but we understand that there are occasions when, for various reasons, you might face difficulty, particularly with regards to inspection standards.	▪ We have developed the **LCR Improvement Support Scheme** which will be available for all Partner Providers. Your **LCR Relationship Manager** will act as the go-between to share your views on the circumstances surrounding any rating downgrade across the 6 LAs. They will also then help co-ordinate any support that the LAs can offer into your improvement action plan. The aim is to ensure that all Partner Providers are delivering the very best for LCR children and young people and that includes helping those improve at their time of need.
Encourage you to develop and grow… …the types of services that can make the most difference to LCR children and young people	▪ We will provide an easy to interpret **LCR PPA Insight Report** to all 'Partner Providers' on a quarterly basis, supplemented with additional monthly data derived from the **LCR Vacancy Finder** mobile application. This will compile placement demand and need data through the PPA to give you the best steer on what we need going forwards. ▪ Development consultation support will also be offered to all 'Partner Providers' to meet sufficiency need. This will give you the chance to consult closely with the LCR Commissioners (through your **LCR Relationship Manager**) regarding your development and expansion plans. Using the Commissioners as a sounding board for plans gives the best basis for understanding need and demand strategy. ▪ We also intend to work with the **LCR Partner Collective** to better understand critical issues impacting your growth, including those relating to registration, planning, finance and recruitment, in order to create an **LCR Market Development Strategy** to set out a plan for growth, campaign for change and advocate for the sector. ▪ A subsidised **LCR Bespoke Training Offer** will be made available to all Partner Providers ensuring that we can support consistent high quality and standards of staff.

The aim of the PPA is to…	Detail
Focus on the positives… …of course, not without also providing due care and attention to areas of difficulty, but overwhelmingly, the aim is to create an culture where successes and achievements are more frequently recognised	▪ Built into the model is the annual **LCR PPA Care Ceremony**. This will be an event designed to say 'thank you' to all our Partner Providers and their amazing key worker staff. Our ambition if for this ceremony to help enhance a positive narrative surrounding residential care across the Liverpool City Region and provide a beacon of opportunity for those interested in careers in residential care work. It will also link directly into the annual Care Ceremonies which recognise the incredible achievements our children and young people have made across the year.
Draw a fair and reasonable line on price… …by using a pricing assessment that doesn't pigeonhole providers and by guaranteeing automatic CPI-linked price adjustments each year.	▪ The pricing assessment is designed to be as fair and reasonable as possible. We're hoping that Partner Providers can see the efforts being made by the LCR LAs here, the benefits these commitments will have for your services and respond in the same spirit. ▪ It reflects, as much as possible, that delivery models are very different across the sector and that means there will be variances in price. ▪ We are proposing to build into this arrangement the **LCR CPI Guarantee**. Each year, fees will adjust (most likely increase given past and recent trends) by the most recent CPI figure for the month preceding the anniversary. Unlike on other frameworks, this is an automatic offer, without the need for lengthy justification exercises. There will also be a secondary fee review mechanism for more unseen, unpredictable and beyond inflationary cost pressures facing Providers.

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LCR Partner Provider Arrangement – The Pledge

1. Introduction

1.1 'The Pledge' is a high-level resource that just reminds both Partners and LAs of their various responsibilities when working through this PPA.

1.2 It will be signed by a senior leader both on the LA and Partner side prior to entering into contract for this arrangement

2. Combined Pledge

2.1 The combined pledge below is relevant to both parties and has been produced following feedback at the 2019 Care Experienced Conference.

2.2 The intention is to create an ongoing feedback link with this conference through the PPA.

Both Partners and LAs Pledge to embrace the following messages from The Care Experienced Conference 2019

3. Split Pledge

3.1 This section covers pledge commitments split between LAs and Partners:

LCR LAs Pledge to…	Providers Pledge to…
Use the PPA as the primary route to market for commissioned children's residential and foster care placements within the LCR region.	Put LCR LA children and young people first and at the heart of your services now and throughout this arrangement, including prioritising LCR based services for LCR children and young people
Ensure that referral information based on a comprehensive social work assessment and is clear, detailed and timely with risks are identified to enable Partner Providers to find the best match for each child / young person.	Work with Local Authorities to ensure children are placed close to home where this is in their best interests.
Respond in a timely manner to resolve concerns and create opportunity for reflective practice after the event to enable discussion and shared learning to take place.	Respond in a timely manner to resolve concerns and create opportunity for reflective practice after the event to enable discussion and shared learning to take place.
Plan placements wherever possible and support providers when it is not, sharing the risk with the Partner Provider	Work in partnership with LAs to deliver the best outcomes for children
Ensure appropriate paperwork is in place and made available	Ensure appropriate paperwork is in place and made available
Work with providers to ensure that the best possible education provision is identified and mediate where there are concerns	Understand our responsibilities as a Corporate Parent
Work in partnership with providers and make regular visits to maintain relationships and manage risk	Train and support our staff / carers to meet the needs of young people in our care
Support children to remain in placements where this is in their best interests, but equally support placement moves in a timely manner where this is appropriate.	Support children to remain in placements where this is in their best interests, but equally support placement moves in a timely manner where this is appropriate.
Facilitate relationships with other agencies to ensure full access to the local offer	Work with placement teams to develop robust referral processes that work for both parties

4. Monitoring and Review

4.1 Both parties should keep these pledge commitments in the forefront of work through this PPA and an recurring review item should be kept both on:

4.1.1 the agenda of the LCR Partner Collective Forums; and

4.1.2 the 1:1 review meeting agenda between each Partner Provider and their LCR Relationship Manager

4.2 Any view that either Party is not upholding their Pledge values should be discussed and an action plan to remedy any issues should be agreed between both Parties

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Report to:	Cabinet	Date of Meeting:	3 September 2020
Subject:	North West Flexible Purchasing System for Children & Young People with SEND		
Report of:	Head of Communities	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member – John Joseph Kelly – Children's, Schools and Safeguarding		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to seek approval to join and progress the procurement of a flexible Purchasing System (FPS) for purchasing services for Children & Young People with Special Educational Needs and Disabilities (SEND) as part of a North West regional collaboration of 23 local authorities. The procurement is being undertaken by Cheshire East Council under the 'light touch regime' for social and other services as listed at Schedule 3 of the Public Contracts Regulations 2015 and will result in a Flexible Purchasing System being available.

Recommendation(s):

(1) Approve the commencement of a procurement exercise, to be led by North West Placements and Cheshire East Council as part of regional joint working arrangements, which will encompass a Flexible Purchasing System (FPS) being implemented for the provision of services for children and young people with SEND;

(2) Delegate decisions regarding the FPS procurement evaluation criteria, service specification and contractual terms to the Head of Communities in consultation with the Cabinet Member for Children, Schools and Safeguarding. Such decisions will be made in advance of any procurement exercises commencing and will be collective decisions by all participating authorities;

(3) Following its establishment, authorise use of the FPS for the future procurement of services for children and young people with SEND, where an options appraisal, as described in this report, has determined it to be the most appropriate approach;

(4) Delegate the awarding of any contracts called off the FPS to the Head of Communities and nominated Service Managers

Reasons for the Recommendation(s):

The Joint Commissioning Strategy for SEND 2020 – 2023 was agreed by the Health and Wellbeing Board in March 2020.The purpose of the Strategy and associated Action Plan being to deliver improved outcomes for children and young people with SEND across the local area. It identified a number of needs which included:

a. Ensure that we jointly commission services with a clear assessment of local needs, delivering personalised integrated support that delivers outcomes and brings support together across the system
b. Improves our local offer so that the experiences of children and young people with SEND and their families and carers receive joined up services that are easy to navigate, accessible and available to our children and young people and their families.
c. The Strategy will inform the development of robust priorities and effective joint working which will inform commissioning intensions and meet local needs more effectively.

If approved the recommendations in this report will enable the Council to source placements for children and young people aged 0 – 25 years that have an Education, Health and Care plan (ECHP), using the Flexible Purchasing System (FPS) at Independent and non-maintained special schools and post 16 institutions.

The anticipated benefits of a regional contract include, consistency in the services and outcomes required by placing local authorities, streamlined processes for commissioning placements and an improved route to market, increased transparency and clarity on the marketplace in the region (in relation to services/ placements, outcomes and costs), regional approach to engaging with providers and shaping/ developing the market.

Outcomes for children and young people would be met through ensuring that the most appropriate selection of a placement is made to meet needs.

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

1. **Maintaining the status quo –** this was not considered a viable option as currently there is no coherent model for Local Authorities to transparently procure SEND placements and to ensure that there is an evidence base regarding decisions made as to why a placement was secured.
2. There are increasing cost pressures and taking a regional approach to the procurement of placements will enable the collation of data/intelligence on placements which can be used to develop a regional commissioner -provider relationship.

What will it cost and how will it be financed?

(A) Revenue Costs

There are no identified additional costs to join and progress the procurement of the flexible purchasing system. It is possible that through use of the new purchasing system, there may be opportunity to either reduce weekly placement costs or avoid higher placement costs by finding care provision within the region. However this may be circumstantial and costs or savings cannot be estimated at this time.

(B) Capital Costs

There are no capital costs associated with this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): No additional resource is required to join and progress the procurement of the flexible purchasing system.
Legal Implications:
Equality Implications: The equality implications will be assessed as the procurement progresses and any changes are made to provision. Cabinet Member Communities and Housing will be kept informed of all equality implications, risks and mitigations.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Stable placements improve the life chances of children and young people
Facilitate confident and resilient communities: Stable placements provide effective social and education support
Commission, broker and provide core services: Sufficient capacity within the market which will offer Value for Money and good quality. The Council needs services to shift their emphasis to being outcome focused and supportive of flexibility around the child's needs to • prevent break down in placements • to prevent escalation to more complex service provision and • to ensure that placements are child-centred and localised where appropriate and possible.
Place – leadership and influencer: This work aims to encourage more diverse provider markets in order to stimulate quality, choice and greater value for money. The Council is seeking to work with others to develop services, and to be in a position where placements are prioritised with good or outstanding providers.
Drivers of change and reform:

The Council will be looking for innovation and flexibility within the market place in order to improve sustainability of placements, increase maintenance of children's networks and reduce dependency on models of care in later life.
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 and Customer Services (FD6084/20) and the Chief Legal and Democratic Officer
(LD4268/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Consultation with a range of stakeholders has been undertaken which was led by North West Placements and Cheshire East to develop the SEND FPS, including Parent Carers / Parent Carer Forums, young people, SEND Leads, Commissioners and Providers

Consultation has included: -

- All 23 local authorities named on the FPS.
- All 23 Parent Carer Forums.
- The NW Parent Carer Forum

Various consultation methods were used including events, meetings and surveys

A survey was co-produced with parent-carers and distributed to all 23 Parent Carer Forums in the North West and the NW Parent Carer Forum. 24 individual survey responses were received. All 23 Parent Carer Forums were also offered the opportunity to have a presentation and question / answer session. Of these 12 received individual presentations.

The main themes from the parent carer forum feedback related to ensuring there is good communication flow and information sharing between schools and parents (timely, frequent, and an on-going); that schools should operate an 'open door' ethos/ policy; and work to meet the outcomes for the children / young people.

A Young People's Survey was developed. All commissioning managers in the region were requested to liaise with the Participation Leads in their local authority to distribute the survey. The survey was also sent directly to 13 Participation Leads in the region (10 Local Authorities did not supply contact details for Participation Leads)

Three local authorities actively undertook the survey with children and young people and provided responses (Bolton, Warrington and Cheshire East Councils). Feedback from the young people was mixed and where themes can be identified, they mainly related to the need for better communication and information. Young people said participation was lacking; many didn't like attending meetings and wanted to contribute views in creative ways (video etc.); some were not aware of their EHC Plans or targets / goals, and some said they didn't have annual reviews.

A provider survey was published on the North West Procurement Portal the CHEST and sent directly to the providers that had submitted an expression of interest in joining the purchasing system (to date 128 providers have submitted an expression of interest in the contract). All Commissioning managers were also asked to distribute the survey to the providers they commissioned from.

13 providers responded to the survey. The majority said they were intending to join the framework (8 gave an unequivocal 'yes'. 4 said yes, subject to certain conditions – all of which are being addressed).

The majority of providers (12 out of 13) can provide information on price (core costs and additional services).

Representatives from North West Placements attended the Sefton SEND Continuous Improvement Board Co-production sub group on the 11th Dec 2019 and provided a presentation around the FPS and its aims.

Consultation with families, children and young people will continue to be undertaken throughout the duration of the FPS to ensure that it continues to meet the specification.

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Appendices:

There are no appendices to this report

Background Papers:

Background

1.1 The Council needs to have arrangements in place to secure placements which are sustainable, qualitative, cost effective and meet the needs of children and young people with Special Educational Needs and Disabilities. The process of securing a placement is often complex and families and commissioners often find the selection of provision is limited with little understanding of the particular strengths of each provider in managing the needs of the child and young person. Families may also be influenced by a particular provider without this broader knowledge and insight into what other provision can offer.

1.2 The use of the FPS will enable a greater understanding of the provider market, through the collation of data and intelligence and will provide qualitative and quantitative information providing insight into performance, patterns and trends, which will enhance the ability to support sustainable choices for the needs of the child and young person. Both families and SEND Officers will be able to receive transparent information from the provider to enable informed placement finding and decisions. This will reduce the potential for the placement to break down and lead to a more sustainable position.

Most providers in the market are already being commissioned by other regional authorities and so the collaborative regional approach, if approved will support a more sustainable market and build provider relationships.
here is a need to ensure that the Council are also sourcing placements via a process which is complaint to its Contract Procedure rules. The SEND Flexible Purchasing System (FPS) will comply with legislation / the SEND Code of Practice. It will not remove parental preference.

The Health and Wellbeing Board endorsed the Joint Commissioning Strategy and Action Plan for SEND 2020-2023 in March 2020.

1.3 The SEND Improvement Plan and SEND Continuous Improvement Board recognised the concerns of families and partners in relation to improvements required to support the needs of children and young people around provision, accessibility and consistency.

1.4 The use of the FPS would provide a resource of data and intelligence to enable, improved access to the right service to meet needs. This would also provide consistency by enabling all authorities to be able to share experience and knowledge of provision and manage any inconsistencies as part of a regional provider relationship. This approach will also impact on quality by enabling a wider understanding of the performance of services shared across authorities and therefore lead to improvements through the broader commissioner focus.

1.5 All authorities are experiencing pressures with regards to cost around placements and therefore access to these purchasing arrangements will enable a broader understanding of costs and the ability to assess these regionally leading to a greater opportunity to secure value for money.

1.6 The Council is currently named on the following regional purchasing systems with the intention of maximising our buying power and shaping the market in our region:

- North West Foster Flexible Purchasing System
- North West Residential Flexible Purchasing System
- North West Leaving Care Dynamic Purchasing System
- North West Care and Support Dynamic Purchasing System

1.7 Sefton will not be obliged to use the FPS however it is anticipated that use of it will provide a more structured and sustainable route to the market which will benefit the sourcing of placements for children and young people with SEND.

1.8 In 2019 Cheshire East came forward to develop a purchasing system for SEND commissioned placements, it was agreed to ask the region whether this would be wanted. Following consultation with providers and Local Authorities, it was found that this would be helpful.

2 Progressing the Procurement

2.1 In 2009 Placements North West was established to support collaborative commissioning and sufficiency of children's social care provision. It is currently hosted by Bolton Council and is funded by the 23 local authorities in the North West region. The lead Council for this FPS is Cheshire East.

2.2 North West Placements currently supports three regional contracts:

- Residential Flexible Purchasing system (children's homes)
- Fostering Flexible Purchasing System
- SaILS Flexible Purchasing System (supported and independent living services)

2.3 The procurement is being conducted under the Official Journal of the European Union (OJEU) light-touch procurement arrangements and the Purchasing System will be in operation for a period of 10 years from when it is set up. The FPS will close for evaluation as a minimum twice in year one and for subsequent years and for the duration of the FPS once annually to allow new entrants to join.

2.4 Timeframes are currently being revised due to the circumstances related to COVID19 pandemic and the resulting impact on Local Authorities and providers, which has caused delays. The following are indicative and subject to confirmation:

• Oct- November 2020:	Publication on The Chest
• Dec 2020- February 2021:	Contract signing / go live

2.5 Contracts awarded using the FPS will be awarded in accordance with the terms and conditions aligned to the FPS. Where the contract values exceed the OJEU threshold decisions with regards to the award will be made by Cabinet.

2.6 Cabinet is asked to approve the use of the FPS in Sefton for the placements of children and young people with SEND.

3 Contractual Processes

3.1 Commissioners will be able to use the FPS to make individual placements and block purchases (via call -off/ mini competition), or direct awards.

3.2 The initial lots (services) that will be included in the purchasing system are: -

- 52 week placements
- 38 week placements
- Day placements

3.3 Provision has been made to add lots (services) onto the contract over the lifetime of the FPS.

3.4 A referral spreadsheet has been developed for SEND Teams / Commissioners to support placement finding, which will be completed via emails. Officers will be able to filter the spreadsheet by:

- Placement type (day placement, 38 week placement, 52 week placement, innovation)
- Specialism (cognition and learning, sensory and physical, communication and interaction, Social Emotional Mental Health)
- Geography
- Age
- Gender
- Cost

3.5 Individual local authorities **will retain**:

- Their decision-making processes
- Their own paperwork
- Control on pricing – local authorities will agree their own prices for placements

(providers will supply an indicative weekly cost in order to be accepted onto the contract; this will be used as a benchmark when local authorities negotiate costs).

3.6 Both parents and SEND Officers will be able to receive transparent information from the provider to enable informed placements finding.

3.7 Providers will have to apply to get onto the SEND FPS and meet minimum criteria to be accepted.

3.8 Tenders will be evaluated on a pass /fail basis (there will be no quality scoring). The requirements will include:

- Ofsted rating (pass requires: outstanding/ good / requires improvement) or Estyn equivalent
- Submission of last full inspection report
- Submission of Statement of Purpose
- Overview of provision/ services, including and outline of how the provider will work with parents and ensure the voice of Learners is heard

3.9 The providers will be asked at point of tender to submit a weekly indicative price which contains the activity within the core cost specification and the costs of all additional services (i.e. hourly rate). This information will be collated into a spreadsheet for Commissioners / SEND Teams. Local Authorities will be able to use the indicative price to negotiate the price of placements with providers on an individual basis.

Before an Order can be placed by the Placing Authority the Placing Authority must either:

- administer a mini- competition between all Providers in the relevant lot from which they want to place an Order; or
- in exceptionally urgent circumstances a direct Order may be placed with a particular Provider by the Placing Authority, or
- administer a mini competition, between Providers who have been preselected based on information submitted in their Provider Response. This may include, but shall not be limited to, circumstances involving emergency placements, Provider size, location, capacity, gender, and educational needs based on the needs of the Service User.

The Authority will issue the successful Provider with an Order which makes clear that the requirement is procured under this FPS Agreement.

Mini Competition

The Placing Authority will set out the Service required in a referral document. The referral document will contain sufficient detail to allow Providers to submit a fully costed proposal to the Placing Authority for consideration. The Placing Authority will expect the price submitted by the Provider, in response to a service request, to be in-line with their indicative prices. Where variations from indicative prices exist, the Providers will need to evidence the reasons for variation.

Where a mini competition is used all Providers, or Providers preselected will be notified and invited to submit a proposal.

The Placing Authority will set its own technical criteria at the point of mini competition.

This may include ‘pass /fail criteria and / or scored criteria. Examples of the criteria may include the following (this is not an exhaustive list).

- Location
- Best match
- Compatibility
- Quality
- Price
- Service offer

The Provider offering best value for money will be notified and the Placing Authority will issue the successful Provider with an Order which makes clear that the requirement is procured under this FPS Agreement. *Unsuccessful Providers will be notified by the Placing Authority together with the reasons why they were unsuccessful as required in the public contract regulations.*

Direct Award:

Where an Order needs to be placed quickly and a placement identified in an extreme emergency or at very short notice then the Placing Authority may make a direct award to a Provider best able to meet the needs identified by the Placing Authority.

The Placing Authority may at a later date review the Order and open the requirement to further competition or the Order may remain with the same Provider subject to review

Additional Lots

In addition to the Lots 1-4 described in the Specification hereto, the Lead Authority may extend the number and range of Lots under the FPS during the FPS Term. The additional lots may include but shall not be limited to the following:

- Fixed price
- New or Emergent need
- Innovation

- Urgent short stay
- Extended radius
- Any other Requirements within the Scope of this FPS
- Cohort Purchases

The Order Process for any additional Lots will be published as and when such additional Lots are established by the Lead Authority.

Additional Lots will be subject to the terms and conditions of the FPS Agreement and subsequently, the Call Off Terms and Conditions.

Individual Placement Agreement (IPA)

3.10 The IPA is the individual Contract when a child or young person is placed in a care or education placement and forms part of the Contract made between the Provider and the Authority

3.11 The IPA will include the agreed details with regards to: parties to the agreement, types of provision included, purposes of the parties included, dates of provision start and end, key contacts, costs and payments including those for the child and young person, variation template, list of documents in place as part of the overall contract and specification, signatories to the contract/agreement for the Council and provider.

3.12 Cabinet is asked to approve the use of the North West Flexible Framework for children and young people with SEND.

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Report to:	Cabinet	**Date of Meeting:**	3 September 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 25th June and 30th July 2020
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:

That 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

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): Staff within InvestSefton are currently administering the remainder of the scheme.
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
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 (FD6096/20) and the Chief Legal and Democratic Officer (LD4278/20) 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
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Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

Agenda Item 6

1 Introduction

1.1 In accordance with the Constitution of the Council the Leader has exercised his powers to approve the delivery of emergency Government Covid19 Discretionary Grant funding to businesses. These actions were reported to Cabinet on 25th June 2020.

1.2 Revisions to the scheme were approved under the same powers by the Leader on 7 July 2020 and were reported to Cabinet on 30th July 2020. The scheme has now been operational since its launch on 11th June 2020 and had made the following progress as at 23 July 2020.

Total budget	**£2,237,000**
No of applications received Total amount sought	437 online applications £2,601,500
No of applicants providing supporting evidence	131
No of applications reviewed (including those requiring further evidence/follow up)	306
No of applications passed to stage 2 for final check and payment	288
No of businesses paid Total grants paid	186 paid / £1,203,500
No of applications rejected Total grants rejected	72 rejected (this will increase) £409,500
Balance of funding remaining if all current applications paid	***£45,000

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 by the 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 The application window was closed on 17th July 2020 as the total number of applications (437) had generated demand for £2.6m of grant and officers required time to assess the submissions received. Of these, 72 submissions were rejected as they did not meet the scheme criteria or businesses had since been placed on the council's ratings list and received either Small Business or Retail, Leisure and Hospitality grant. Based on the remaining applications there was likely to be a surplus in the region of £400-£500k of grant. It should also be noted that officers were also following up 112 existing applications (with a total value of £500k) to acquire evidence.

2 Re-opening of grant window

2.1 The Leader had already approved revisions to increase grant levels and make appropriate top-up payments to previous recipients. Approval was also given to extend the scheme to support businesses in premises who do not pay rent but are able to evidence other fixed costs. This has increased take up; however, on 23 July 2020 Government announced that all three LA delivered schemes-Small Business Grant, Retail Leisure and Hospitality Grant and Discretionary Business Grant are to close on **30 September 2020**. (it was previously reported by Government that the end date was to be 28 August 2020, but this was subsequently extended within a few days of their announcement.)

2.2 Government has confirmed 30th September 2020 is the last date any payment can be made so any deadline for receiving applications will need to precede this based on experience to date. Given the announcement officers discussed other options which might help maximise the take up of remaining funds.

2.3 It was noted that there are 572 business premises with a rateable value of £51,000 or more. Omitting any national chains, schools, public sector agencies this leaves approximately 108 businesses who have not been able to access any of the three Sefton grant schemes. It is felt this anomaly has put those businesses employing 50 or less at an unfair disadvantage and should be considered eligible to apply in any reopening of the Discretionary Business Grant window.

2.4 Members will be aware that the Discretionary Business Grant scheme has evolved over a short space of time. The scheme was only launched on 11 June 2020 with over £1.3m grant paid in a 6-week period including revisions already made by the Leader on 7th July 2020. Several lessons have been learned, not only with this scheme but also the prevailing rates related grants. This has been shared on a weekly basis with Liverpool City Region (LCR) colleagues and some initial findings include:

- Take up has been lower than expected
- Businesses have often struggled to provide even the most basic of evidence requirements
- Many applicants have not read or chosen to ignore clear published guidance
- Most local authorities have not opened the scheme to home working businesses as it would be difficult to evidence fixed property costs
- Small Businesses with premises of a rateable value of £51k or more (unless a Retail, Leisure or Hospitality business) have been penalised for having a high RV

2.5 Given the newly Government imposed grant deadline and the likely surplus of available monies it is recommended that that the grant window be re-opened for a final push with slightly revised criteria for small businesses operating in commercial premises with a rateable value of £51k or more.

3 Recommendation

That 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

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Report to:	Cabinet	**Date of Meeting:**	3 September 2020
Subject:	Procurement of 120 litre Blue Wheeled Bins for Glass Recycling		
Report of:	Head of Highways & Public Protection	**Wards Affected:**	All Wards
Cabinet Portfolio:	Locality Services		
Is this a Key Decision:	**Yes**	**Included in Forward Plan:**	**Yes**
Exempt / Confidential Report:	No		

Summary:

This report seeks Cabinet authorisation for the procurement of Wheeled Bins to enable implementation of a glass collection and recycling service from domestic premises in the borough and a contract for the distribution of those bins to designated households.

Recommendation(s):

That:

(1) The Head of Highways & Public Protection be authorised to conduct a procurement exercise, via mini-competition through the Yorkshire Purchasing Organisation (YPO) Framework 551 - Lot 1, for the supply of approximately 100,000 wheeled bins.

(2) The Head of Highways & Public Protection be authorised to conduct a procurement exercise, via the Yorkshire Purchasing Organisation (YPO) Framework 551 - Lot 2, for a contract to distribute the above wheeled bins to individual properties within Sefton.

(3) The Head of Highways & Public Protection be granted delegated authority, in consultation with the Cabinet Member for Locality Services and Chief Legal and Democratic Officer, to award the contracts resulting from the procurement exercises referred to above.

Reasons for the Recommendation(s):

It is necessary to procure the supply and distribution of approximately 100,000 wheeled bins in order to implement a glass collection and recycling service for domestic properties. In accordance with the Council's Contract Procedure Rules, the value of this procurement requires pre-procurement approval from Cabinet.

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

Alternative methods of procurement, such as the Council running its own OJEU compliant procurement process, were considered and rejected as use of the existing OJEU-compliant YPO Framework was felt to provide the most effective and efficient route.

What will it cost and how will it be financed?

(A) Revenue Costs

The annual revenue costs to fund the required level of Prudential Borrowing is £0.185m per year for 10 years. This additional cost will be met from the increased Recycling Credits that will be received from the MRWA (£0.400m per annum), with the surplus being used to partially offset the additional costs of replacing the Cleansing Vehicle Fleet. Additional collection costs will be met by the contractor disposing of the glass.

(B) Capital Costs

One off costs are expected to be in the region of £1,650,000 for the purchase/delivery and distribution of the bins, which will be funded via Prudential Borrowing. These costs are included in the approved Capital Programme for 2020/2021.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no further direct resource implications or staffing implications. Adequate financial provision has been made for the purchase and distribution of the bins.
Legal Implications: None.
Equality Implications: There are no equality implications. The introduction of wheeled bins will improve equality for all residents. Any resident not already listed on the Council assisted-collection database, who is unable to present the bin at the kerb edge, will be able to request consideration for 'assisted status' as with other wheeled bin collections.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Creation of another 'new' stream of wheeled bin refuse & recycling operation provides for an improved collection service, and meets the requirements from DEFRA and the Environment Bill 2020 regarding increasing recycling rates across English Councils .
Facilitate confident and resilient communities: The additional bin will be dedicated for glass only collections, residents will be given clear guidance on usage and collection arrangements for this service.
Commission, broker and provide core services: The current core (grey/brown and green bin operation) provided by the Council remains unchanged, indeed the additional glass collection operation enhances Council services and exceeds the Councils' minimum requirements under the Environment Act 2020.
Place – leadership and influencer: Wheeled bins will improve the aesthetic value of the communities and help in a cleaner greener Sefton
Drivers of change and reform: Creation of another 'new' stream of recycling collections provides for an improved service and increased recycling rates.
Facilitate sustainable economic prosperity: Glass wheeled bins will improve the aesthetic value of the communities and help in a cleaner greener Sefton which in turn promotes investment and job opportunities within Sefton to individuals whilst benefiting the organisation.
Greater income for social investment: Upskilling the current workforce to operate these 'new glass only bins represents an investment in that workforce
Cleaner Greener: It is anticipated reduced spillage from the brown (recycling) bins across the Borough will translate to the Cleaner Greener agenda.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6083/20) and Chief Legal and Democratic Officer (LD4267/20.) have been consulted and any comments have been incorporated into the report.

All elected Ward Members in Sefton will be given pre-notification literature appertaining to the changes. The Cabinet Member for Locality Services has also been appraised of the changes.

(B) External Consultations

Discussions have been undertaken with Merseyside Waste & Recycling Authority (MRWA) regarding the removal of almost 90% of the glass currently delivered into their facilities. The remaining 10% which will be collected via communal wheeled bins, to be introduced in the middle of 2021, will still be delivered to MRWA. This change (to recycling and how it's sorted, recycled and collected) pre-empts the requirements of new Environment Bill 2020, currently passing through Parliament.

Implementation Date for the Decision

Following the expiry of the "call-in" period

Contact Officer:	**Gary Berwick Cleansing Services Manager.**
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Appendices: N/A

Background Papers: There are no background papers available for inspection.

Introduction/Background

1. Government through its initial Green Paper on the "*Future for Waste and Recycling for the next 30 years*" indicated that to boost recycling rates, protect the environment and the planet, major changes to recycling would be needed through compulsion, (changes to the law), stealth (higher taxes on plastic related packaging etc.) and peer pressure through the general public perception on safeguarding the Environment.

2. The Green Paper contained many changes for waste and recycling that Government wished to see in the immediate, near and longer-term future.

3. After consultation in late 2019, Government embarked on a new "Environment Bill" to legislate for major change to waste/recycling and packaging, which would require Councils, industry and the public to change their methods and perceptions of waste especially plastics.

4. For Councils in England there are 5 main changes that Government intend to legislate for with a commencement date of 2024: compulsory collections of food waste to every residential property; garden waste collections to be free at source and form part of Council Tax; a minimum 'core' set of materials to be collected for recycling; standardisation of bin colours & minimum standards of collection (i.e. weekly or fortnightly).

Environment Bill Legislation - Progress to Date

5. The Government legislative programme has been severely impacted by Covid-19 and the Environment Bill is now not now expected to become law until late 2020 at the earliest. Whilst it is still passing through the parliamentary process, the main core

principles of the Bill remain intact, however, implementation dates may slip to 2025 from 2024.

Sefton – Waste & Recycling the Way Forward

6. The Government is asking for one 'core' item of recycling to be collected separately. Having reviewed the core items, due to weight of the product, the ease with which it can be separated and the potential for an income stream/recycling credits as a result, it is suggested that glass be removed from the current brown bin collection and collected separately, with effect March /April 2021, well ahead of any legislative requirement under the new Act.

7. By implementing this course of action the Council will meet its obligations under the Act and in addition, by not sending the collected glass to MRWA (Merseyside Waste & Recycling Authority) it offers the opportunity to claim credits off MRWA and a potential income stream to pay for the glass bins and defray costs of the new fleet of vehicles due in 2021.

8. An outlet for the glass has already been sourced by officers at a 'cost neutral' basis. The company has also agreed to supply a transport vehicle to collect and dispose of the glass.

Procurement Process

9. In order to meets the requirements of the new Environment Act it is proposed to procure the approximately 100,000 120 litre wheeled bins required to operate the above service, via a mini-competition through the OJEU-compliant YPO framework 551 (Lot 1). Evaluation will be based on the most economically advantageous tender, considering price and durability/quality of the wheeled bin. The mini-competition will be open to companies suitably qualified to meet the requirements within the YPO framework.

10. It is proposed to procure a separate contract for the distribution of the above bins to designated households, via YPO framework 551 (Lot 2). The contract for distribution of bins would be awarded by direct award to JETT, as the sole supplier in this lot.

11. Subject to approval, the mini-competition would be carried out in September 2020, for delivery of the bins in February/March 2021 and commencement of the new glass collection and recycling service in March /April 2021.

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Report to:	Cabinet	Date of Meeting:	3 September 2020
Subject:	Procurement and Change of Service for Schools ICT Provision		
Report of:	Executive Director of Corporate Resources & Customer Services	Wards Affected:	All
Cabinet 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 sets out the background to the current ICT connectivity provision provided to circa 75 schools within the authority and proposes a change to the delivery model to improve performance and internet speeds at schools. The report also details the associated procurement route required to make this change.

Recommendation(s):

(1) That the Executive Director of Corporate Resources & Customer Services be authorised to conduct a procurement exercise for direct internet access, firewalls and a web-filtering solution for a period of 3 years for all schools wishing to remain taking services from the Council or indeed any additional Schools within the authority who may wish to return to taking this service from the Council.

(2) That the Executive Director of Corporate Resources & Customer Services in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services be granted delegated authority to award the Contract resulting from the procurement exercise.

Reasons for the Recommendation(s):

(1) To have an appropriate, safe and improved ICT service available for schools that meets the educational needs of children within the borough.

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

(1) To continue with the model provided currently to schools. This option however would require a large capital investment to refresh and also improve the network equipment in the Council's main data centre which would either have to be funded by the Council or recharged back to schools which may make the service financially unfeasible.

What will it cost and how will it be financed?

(A) Revenue Costs
The revenue implications are detailed within the report.

(B) Capital Costs
The capital implications are detailed within the report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): **Financial:** It is the aim of the project sourced via a Crown Commercial Service framework contract for prices to not rise above what schools currently pay but this will not be fully clear until the procurement exercise is underway. **IT:** The awarding of a new contract will enable the decommissioning of the existing wide Area Network (WAN)/IPVPN setup and allow both Council and its ICT provider's staff more time to reallocate their resource into further improving ICT provision to Sefton schools. **Staffing:** The awarding of a new contract is not envisaged to have any staffing implications. regarding Council staff. The Council's ICT provider has also been consulted and advised that they too don't believe there will be TUPE implications. **Assets:** There are likely to be asset implications associated with this procurement. Equipment currently owned by Sefton Council will be released. This equipment could be redeployed elsewhere or disposed of, potentially reducing maintenance of those assets.
Legal Implications: There are no legal implications
Equality Implications: There are no equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Providing improved internet to schools will positively

affect the learning of pupils within the borough leading towards a better outcome and future.
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Decentralising the schools ICT provision currently hosted in the Council's main data centre will reduce carbon emissions associated with the high use of electricity to power the network equipment.

What consultations have taken place on the proposals and when?

(A) Internal Consultations
The Executive Director of Corporate Resources & Customer Services (FD6094/20) is the author of the report.

The Chief Legal & Democratic Officer (LD4276/20) has 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:	**David Harris**
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Appendices:
There are no appendices to this report

Background Papers:
There are no background papers available for inspection.

Introduction/Background

1.1 Sefton Council, through one of three ICT related Service Level Agreements (SLA's), provide network and internet services to circa 75 schools within the authority currently.

1.2 The latest revision of these SLA's were put in place by the Council's previous ICT Provider for a duration of 3 years and were transferred to the Council midway through their term when the Council's agreement with the provider ended.

1.3 There is now an opportunity to rescope this service when the current SLA's end (31-Mar-21) and the current contract with the Internet Service Provider ends (26-Jul-21) which will provide operational and performance improvements to schools' internet whilst aiming to also not increase costs for the schools.

Schools Connectivity – current arrangements

1.4 The Council's ICT provider currently provides the service prescribed in the SLA's to schools although the ownership and responsibility of these SLA's now lies with the Council.

1.5 The name of the relevant SLA is "ICT Services and Support SLA" and whilst its primary function is to provide internet access to schools it also offers a number of other functions including web filtering, a firewall and access back to the Council's network.

1.6 In addition, SeftonArc use the connections at a number of schools and a small proportion of schools also take a telephony service from the Council which is linked to their connection.

1.7 The current setup works by routing all internet and network traffic through the Council's main data centre in St Peters House.

1.8 Internal network traffic is contained for use within the Councils network and other external traffic is filtered through a central web filtering system as a safeguard for pupils before going through to the internet.

1.9 Due to the route the internet traffic takes over sometimes borough-length circuits, schools and its pupils, teachers and other staff are often subject to slow performance (latency).

1.10 Internet traffic performance is also further affected by a number of schools still using below standard connections for their needs known as Fibre to the Cabinet (FTTC) connections.

1.11 These FTTC lines do also not have good guarantees of service availability and fix times meaning that in the very unfortunate circumstance of a critical fault, a school could potentially be without network and internet access for a prolonged period of time.

1.12 The network equipment used in the Council's main data centre to provide this service is very expensive to replace and will also need refreshing in the near future to continue this service should this change in solution not be made.

1.13 The main Council internet pipe would also need increasing to match the increase of demand on internet services seen over the past few years as schools modernise and transform their digital services further.

1.14 The expected cost of hardware replacement and improvement would be in the region of £0.100m or more which would include the replacement of existing near end-of-life hardware in the Council's main data centre with more fit for purpose network hardware.

1.15 The revenue cost associated with required bandwidth improvement would also increase to accommodate the natural increase in internet traffic by schools since the last review of their use and the anticipation of schools continuing to digitally transform.

1.16 The current cost of the service provided is £0.357m pa.

Opportunity for changing school connectivity to direct internet access

1.17 The current provision serves schools requirements for internet connectivity however there is an opportunity to modernise and provide a much better service to the schools opting to continue to take this service from the Council.

1.18 Schools internet connectivity will become independent from the Council's network removing bottlenecks and improving their service. It will be protected with onsite firewalls and pupils will be protected by an education grade web filtering solution which will also have the facility for schools staff to review and unblock websites themselves in line with their own policies and to also generate reports on useage.

1.19 There is also an opportunity to re-engage with schools who take their connectivity through another private supplier to see if there is an appetite for them to return to taking this service from the Council.

Scoping and preparation activity

1.20 Officers, in conjunction with the Councils ICT service provider, have conducted a review of the existing provision surrounding internet access to schools.

1.21 This process has allowed officers to develop a statement of requirements outlining a proposed solution of direct internet access for schools wishing to take this service from the Council going forward.

1.22 Officers now propose to commence a procurement exercise to provide direct internet access to schools offering a tariff of 2-3 different speed options (to suit different sizes of schools and different budgets), an onsite firewall and an education grade web-filtering solution.

Proposed Procurement Route

2.1 Following discussions with the Council's Procurement Team, the recommendation is that a Crown Commercial Services framework is used for this procurement.

2.2 The specific CCS Framework is RM3808- Network Services 2.

2.3 The Council would be procuring from Lot 1 Data Access Services with there being 38 suppliers in this lot.

2.4 This framework offers two key procurement methods:

- **Direct Award** - Offers a quick and flexible way to buy products and services from the RM3808 framework without the need to run a further competition.
- **Mini Competition** - Enables the Council to approach all of the suppliers within a specific lot of RM3808 to obtain quotes in order the identify the most economically advantageous solution through the application of the agreement award criteria.

2.5 The framework is very competitive with 38 suppliers on the specific lot of RM3808; therefore, in order to seek the best financial deal for the Council, it is recommended that a Mini Competition is conducted.

2.6 A Mini Competition will allow officers to fully articulate the Council's requirements and invite multiple quotations from bidders. This, in turn, will allow officers to compare offers / prices and identify a supplier who can provide high quality services at a competitive cost.

2.7 It is proposed that the procurement exercise will be led by the Council's ICT Lead for Contracts, Procurement and Schools in conjunction and supported by the Procurement Team, other members of the ICT Client Team and the Council's ICT Service Provider.

2.8 The evaluation panel will be initially be made up of members of the ICT Client Team and the Procurement Team and may include some staff employed by Council's ICT Service Provider if this is legally permissible.

2.9 In terms of evaluation weighting, the following is proposed:

Price	60%
Quality	30%
Social Value	10%

2.10 It is recommended that the term of any contract is 3 years which would align with a 3 year term usually assigned to ICT SLA's with schools.

Next Steps

2.10 If the recommendation of this report is accepted and approved, the next steps will be as follows:

Activity	Timescales
Publication and bidder response time	up to 6 weeks
Evaluation leading to Award	up to 6 weeks

2.11 Depending on approval, the intention is to commence this procurement activity in September 2020, with a view to an award taking place before the end of 2020. This will give the required amount of time to have services with any new provider in place when existing Schools ICT SLA's finish on 31-03-2021

2.12 It should be noted that these timescales are also to accommodate the installation time required for certain types of connections which are usually set to an arbitrary 90 days within the industry.

2.13 Timescales may flex depending on the number of suppliers which decide to make a full submission.

2.14 In conclusion, the move towards a more suitable, modern and faster internet experience for schools is the first stage and opportunity for the Council to change this service for schools since it has had the control do so after the service was returned to its operation from the Council's previous ICT provider.

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Report to:	Cabinet	**Date of Meeting:**	3 September 2020
Subject:	Procurement of Bulk Print & Hybrid Mail Solution		
Report of:	Executive Director of Corporate Resources & Customer Services	**Wards Affected:**	All
Cabinet 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 sets out the background to the Council's current bulk print and mail arrangements and proposes a procurement route for a new bulk print and mail contract.

Recommendation(s):

(1) That the Executive Director of Corporate Resources & Customer Services be authorised to conduct a procurement exercise for bulk print & hybrid mail services with a view to entering into a contract for a maximum period of 5 years comprising an initial 3 year period with an option to extend for up to 2 periods of 12 months.

(2) That the Executive Director of Corporate Resources & Customer Services in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services be granted delegated authority to award the Contract resulting from the procurement and to award any extension thereof.

Reasons for the Recommendation(s):

(1) To have an appropriate and best value contract in place for bulk print and mail services provision.

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

None

What will it cost and how will it be financed?

(A) Revenue Costs
Costs can be contained within existing revenue budgets. Savings are anticipated and will contribute to the PSR ICT and Digital project.

(B) Capital Costs
Capital costs will depend upon which supplier is selected; some suppliers provide background work and support and the charges are recovered in the running revenue costs; others charge large upfront fees for this service. Any potential capital costs will be a consideration in the awarding of a contract and can be met from existing capital budgets.

Implications of the Proposals:

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

Financial:
It is expected that the move to an external provider via a Crown Commercial Service framework contract will achieve savings. Any potential savings will not be known until the procurement exercise is underway.

IT:
The awarding of a new contract will enable the decommission of the existing print design software. It will also enable Agilisys to cease the existing print work they are providing to the Council, which will allow reallocation of the resource to other ICT activity.

Staffing:
The awarding of a new contract is likely to have TUPE implications regarding Council staff engaged in mailroom duties. The Council will follow existing relevant policy and process as part of this exercise. Agilisys has been consulted and advises there are no TUPE implications.

The new solution will require training and implementation, some suppliers on the framework can provide this but staff time and capacity will be required to attend such training.

Assets:
There are likely to be asset implications associated with this procurement. Equipment currently owned and leased by Sefton Council will be released. This equipment could be redeployed elsewhere or disposed of, potentially reducing maintenance of those assets.

Legal Implications:
There are no legal implications

Equality Implications:
There are no equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Hybrid mail allows agile workers to mail documents from any location, this will enable officers to use time more efficiently and removes the need for frequent base visits.

Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Adopting a hybrid mail solution for the council will produce savings versus continuing with in-house provision of bulk print and mail services. We will be providing a service at the best value.
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Adopting a hybrid mail solution for the council will reduce carbon emissions associated with the postal chain by removing intermediate steps from the process and streamlining the process.

What consultations have taken place on the proposals and when?

(A) Internal Consultations
The Executive Director of Corporate Resources & Customer Services (FD6060/20) and the Chief Legal & Democratic Officer (LD4242/20) has 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:	**Stephen O'Brien**
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Appendices:
There are no appendices to this report

Background Papers:
There are no background papers available for inspection.

Introduction/Background

1.1 Sefton Council carries out various bulk printing and mailing activities. These legacy activities are carried out by different parts of the organization (and by third parties).

1.2 There is an opportunity to consolidate these bulk printing and mailing services under an external contract, which would provide operational improvements, efficiency benefits and cost savings.

Bulk Print – current arrangements

1.3 From 2008, bulk printing services for Sefton Council were originally provided by the Council's former ICT provider.

1.4 The Council's contract with the Council's former ICT provider ended in September 2018. The ICT function was again contracted to a new ICT provider under a contract which commenced in October 2018.

1.5 The Council's ICT provider is currently providing print systems support, design and print services for Sefton Council. Revenues & Benefits and Transactional HR & Payroll are the biggest users of these services, which are operated from St Peter's House.

1.6 The intention is that these bulk print services are moved away from the ICT provider and we have reached an appropriate point where procurement activity can commence.

1.7 639,562 pages were printed by the Council's ICT provider in the previous financial year.

1.8 Various specialist printing jobs were also carried by the Council's ICT provider including 37,600 pages of P45's, P60's and Payslips.

1.9 Annual Revenues and Benefits output is printed (and mailed) from an external site by an external specialist print provider. The current contract is due to expire in March 2021 and will need re-procuring.

Mail – current arrangements

1.10 In the last financial year, the Council sent the following volume of items from St Peter's House:

Postage type	Volume
First class	11,316
Second class	451,419
Total number of items	**462,735**

1.11 As stated above, annual Revenues and Benefits output is printed and mailed from an external site by an external specialist print provider. These documents were sent second class. The volumes are:

Quantity
135,000

e-Billing – current arrangements

1.12 The Council's ICT provider also provides e-Billing services for Revenues & Benefits. Approximately 23,000 e-Bills are sent across the year.

Opportunity for combining bulk print and mail services into an external contract

1.13 The bulk printing and mailing services as currently operating under the auspices of the Council are run under legacy processes. Whilst these services are delivering the required outcomes, there is an opportunity to modernise the approach.

1.14 There are numerous third-party companies which offer hybrid print and mail services; these services allow customers to send bulk materials to print, but instead of these being printed and mailed locally, these are routed to a specialist off-site facility which handles the printing and also the mailing of these materials.

1.15 The potential adoption of third-party hybrid print and mail services offer an opportunity to the Council. It would enable the streamlining of bulk print and mail services and offer cost reductions given the scale of these third parties.

1.16 In terms of set-up costs, some suppliers bundle these costs into the revenue costs; others charge large upfront fees for set-up.

Scoping and preparation activity

1.17 Officers have conducted a review of existing process surrounding bulk print and mail services. This has included consultation with relevant Heads of Service and Service Managers to fully understand the Council's business requirements.

1.18 This process has allowed officers to develop a statement of requirements outlining which elements of bulk print and mail, currently fulfilled with the Council's ICT provider's involvement, should be prioritised to move to a new supplier.

1.19 Officers now propose to commence a procurement exercise for bulk print and mail services that will align with current & future business requirements.

1.20 It should be noted that the existing annual Revenues & Benefits print & mail requirements currently outsourced to the external specialist print provider will be factored in to any centralised external hybrid mail and print contract.

Proposed Procurement Route

2.1 Following discussions with the Council's Procurement Team, the recommendation is that a Crown Commercial Services framework is used for this procurement.

2.2 The specific CCS Framework is RM6017- Postal Goods, Services and Solutions.

2.3 The Council would be procuring from Lot 7 Hybrid Mail, Digital and Transformational Communications, there are 23 suppliers in this lot.

2.4 This framework offers two key procurement methods:

- **Direct Award** - Offers a quick and flexible way to buy products and services from the RM6017 framework without the need to run a further competition.
- **Mini Competition** - Enables the Council to approach all of the suppliers within a specific lot of RM6017 to obtain quotes in order the identify the most economically advantageous solution through the application of the agreement award criteria.

2.5 The market is competitive with 23 suppliers on the specific lot of RM6017; therefore, in order to seek the best financial deal for the Council, it is recommended that a Mini Competition is conducted.

2.6 A Mini Competition will allow officers to fully articulate the Council's requirements and invite multiple quotations from bidders. This, in turn, will allow officers to compare offers / prices and identify a supplier who can provide high quality services at a competitive cost.

2.7 It is envisaged that the procurement exercise will be led by the Council's Business Transformation Lead, with support from the Procurement Team. The evaluation panel will include key stakeholders from Customer Services, Personnel and Revs & Bens, who are the key users of bulk print.

2.8 In terms of evaluation weighting, the following is proposed:

Price	60%
Quality	30%
Social Value	10%

2.10 It is recommended that the term of any contract is 3 years with the option to extend for 2 periods of 12 months.

Next Steps

2.9 If the recommendation of this report is accepted and approved, the next steps will be as follows:

Activity	**Timescales**
Soft Market Testing (via Skype meetings)	1 week
Publication and bidder response time	up to 4 weeks
Evaluation leading to Award	up to 4 weeks

2.10 Depending on approval, the intention is to commence this procurement activity in September 2020, with a view to Award taking place in November 2020.

2.11 Timescales may flex depending on the number of suppliers which decide to make a full submission.

2.12 In conclusion, the move towards an external bulk print & hybrid mail service is the next stage in developing and improving our service provision. It will also align with the ongoing development of new ways of working, as well as reduce costs.

Report to:	Cabinet	**Date of Meeting:**	3 September 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 July 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:

<u>Revenue Budget</u>

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) Note the second tranche of Infection Control Fund grant that has been received and how this will be distributed, which is in accordance with central government guidance;
4) Note the current forecast revenue outturn position for 2020/21;

5) 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

6) Note the spending profiles across financial years for the approved capital programme (paragraph 6.1);
7) Note the latest capital expenditure position as at 31 July 2020 of £3.869m (paragraph 6.2.1) with the latest full year forecast of £35.930m (paragraph 6.3.1);
8) Note explanations of variances to project budgets (paragraph 6.2.3);
9) 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 6.4);

Grant Funding

10) Note and accept the offer of £969,724 Adult Education Budget funding available to Sefton Council, which is ring-fenced for the delivery of adult community learning provision for residents aged over 19.

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 July 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 £0.281m. 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 £35.858m. As at the end of July 2020 expenditure of £3.869m has been incurred and a full year outturn of £35.930m 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 £0.281m 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
Commission, broker and provide core services: See comment above
Place – leadership and influencer: See comment above
Drivers of change and reform: See comment above
Facilitate sustainable economic prosperity: See comment above
Greater income for social investment: See comment above

Cleaner Greener: 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 6020/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4283/20).

(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

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Appendices:

The following appendices are attached to this report:

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

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 6.1. Sections 6.2 and 6.3 review progress of the capital programme. Finally, Section 6.4 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 30 July 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) arising from the pandemic.

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 £23.2m in 2020/21 when these issues had been taken into account and the use of the £20.1m emergency fund from central government had been applied. These figures reflected actual expenditure and receipts as at the end of June 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.

Latest Submission to MHCLG - August 2020

2.3 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 4 September 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:

	July 2020 £'m	August 2020 £'m
Forecast cost of responding the pandemic	14.2	14.2
Loss of income from fees and charges	15.7	15.3
Reduced Council Tax receipts	6.4	6.4
Reduced Business Rates receipts	7.0	7.0
Sub Total	**43.3**	**42.9**
Government Funding Received	(20.1)	(20.1)
Current Shortfall	**23.2**	**22.8**

Central Government Advice and Guidance

2.4 On Since the last Cabinet report in July, the Council has not received any further guidance from central government on how it should manage the finance impact from the pandemic. There are 2 key elements that are awaited.

- Clear guidance on how the cost sharing proposal in respect of the loss of income from fees and charges will operate which will allow the council to estimate the impact in the current year (current estimate is £5m-£7m); and,
- For next year, whether any additional support will be made available to councils to support loss of income from council tax and business rates receipts as suggested.

2.5 The Council continues to lobby MHCLG for this information and from those discussions officers have been advised that the fees and charges guidance maybe available at the start of September with any guidance on additional support that could be available for next year being included within the spending review announcements that are forecast to be received in the autumn.

Potential Impact for Sefton

2020/21

2.6 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.

2.7 The proposed approach to balancing this year's budget was set out in the previous Cabinet report and this remains the Council's preferred approach. As previously stated, it is estimated that the Council's share of this loss of income from fees and charges will be £5m-£7m, however this figure will be refined together with the strategy for meeting the shortfall when final guidance is received from central government.

2.8 In respect of cashflow the current analysis suggests that the Council will need to borrow funds (with an approximate maximum value of £20m) from the end of February 2021 in order to support its expenditure plans during 2020/21. The approved Treasury Management Strategy and prudential indicators for 2020/21 can accommodate this.

2.9 As Members have discussed in recent months this position will be the subject of change between now and the end of the financial year and both the approved budget and the impact of the pandemic will require forensic monitoring and cost and income control as the risk to the financial sustainability of the Council has been significantly escalated.

Cost of responding to the pandemic

2.10 It can be seen from the table presented earlier in this report that the current forecast is that the Council has commitments totalling £14.2m from its emergency fund budget. This remains unchanged from the forecast of the previous month and there have been no new commitments made under the delegation approved at the last meeting.

Infection Control Funding

2.11 The Council has now received the second tranche of the Infection Control Fund (£2,429,028). In line with the grant conditions associated with this Fund, 75% of this funding (£1,821,771) will be passported to care homes.

2.12 For the remaining 25% of the funding, which equates to £607,257, the Cabinet Members for Adult Social Care and Health and Wellbeing have approved that it is allocated to the following areas:

- Providing further funding to care homes and Domiciliary Care Providers to meet additional PPE costs;
- To provide funding for some services to conduct Infection, Prevention and Control activities such as deep cleaning of buildings, in advance of increased numbers of Service Users accessing such facilities as the national COVID-19 restrictions are relaxed; and
- Securing additional resources within the Infection, Prevention and Control Team in order to provide further pro-active work and support to Providers around Infection, Prevention and Control issues.

2021/22

2.13 Quite naturally there is a large focus across the country in how local authorities will balance their 2020/21 budget and the council's approach to this has been set out and agreed in previous meetings. As progress is made through the financial year there is now increased attention on the 2021/22 budget.

2.14 Members received detail of the funding gap that maybe faced by the council next year at the previous meeting and this is again shown for information in this report. This wide range of options reflects the considerable uncertainty that exists for all local authorities at this time in terms of: -

- Ongoing costs that may exist as a result of the pandemic
- Whether central government will provide additional support in respect of collection fund losses as they have suggested maybe the case via the spending review; and
- What the outcome of the spending review will be for councils across the country

2.15 Developing next year's budget and a revised Medium-Term Financial Plan therefore remains extremely difficult at this stage, and extensive lobbying is ongoing with central government departments to provide guidance to all councils on what can be expected in order that details proposals can be developed. With the

Spending review planning for Autumn 2020, this is too late to ensure that informed decisions can be made, and that financial sustainability can be maintained.

2.16 Despite this at the Cabinet meeting in October an updated MTFP will be provided for members approval that will include details of the proposed approach to budget setting for 2021/22. In addition to the uncertainty of what funding will be received by the council next year, the scale of the financial challenge facing the council means that considerable officer and member time will need to be directed to developing transformation and savings proposals at a time when all council services are either continuing to respond to the pandemic in order to support local residents to are seeking to support the recovery programme across the borough. Reviewing the very services that residents, businesses and partners are relying on at this time will make developing a budget package an extremely challenging exercise.

Medium Term Financial Plan- Planning Assumption 2021/22	**Lower range Estimate (£'m)**	**Upper Range Estimate (£'m)**
Original MTFP funding gap- March 2020	1.1	1.1
Pressure from 2020/21	1.9	1.9
'Smoothing' of Collection Fund deficit	1.0	4.5
Loss of income from sales, fees and charges until economy recovers	1.5	1.5
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	**8.5**	**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

3. <u>Summary of the Forecast Outturn Position as at the end of July 2020</u>

3.1 Members are provided with updates of the Council's forecast financial position each month during the financial year from June onwards.

3.2 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.

3.3 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:

Service	**Budget Pressure**
	£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

3.4 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.

3.5 As a result of this work undertaken, the latest forecast of service expenditure indicates an overspend of **£0.281m**, a reduction of £0.383m from the June position due to increased savings from the remedial plan being forecast. 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 eight 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**	**Variance to June Position**
	£m	**£m**	**£m**	**£m**
Services				
Strategic Management	3.140	2.972	-0.168	0.000
Strategic Support	2.374	2.372	-0.002	0.006
Adult Social Care	94.335	94.335	0.000	0.000

Children's Social Care	34.717	39.326	4.609	-0.036
Communities	17.916	18.867	0.951	-0.309
Corporate Resources	4.029	3.655	-0.374	-0.015
Economic Growth & Housing	5.513	5.583	0.070	0.000
Education Excellence	9.688	9.854	0.166	0.002
Health & Wellbeing	18.973	18.861	-0.112	-0.052
Highways & Public Protection	10.403	10.324	-0.079	-0.038
Locality Services	11.838	12.172	0.334	-0.016
Total Service Net Expenditure	**212.926**	**218.321**	**5.395**	**-0.458**
Budget Pressure Fund	6.411	0.000	-6.411	0.000
Council Wide Budgets	17.044	18.341	1.297	0.075
Levies	34.701	34.701	0.000	0.000
General Government Grants	(46.376)	(46.376)	0.000	0.000
Total Net Expenditure	**224.706**	**224.987**		
Forecast Year-End Deficit			**0.281**	**-0.383**

3.6 The key areas relating to the outturn position are as follows:

- **Adult Social Care (forecast nil variance)** – The current forecast assumes that the Adult Social Care budget will break-even during 2020/2021. However, there are a number of assumptions and uncertainties relating to COVID-19 that could impact on this position before the year-end. It is currently assumed that £1.7m of expenditure relating to hospital discharges due to COVID-19 will be funded by the CCGs from the allocations of funding they have received for this purpose from the Government; there are ongoing discussions with the CCGs to ensure this funding is received.

- **Children's Social Care (£4.609m 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 £3.286m 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 £0.850m, i.e. a total forecast overspend of £4.136m.

  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 – (£0.951m overspend) –** The cost of placements and packages for Children with Disabilities is forecast to overspend by £0.646m (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 £0.584m 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 are only partially contributing to achieving the target in 2020/21.

- **Education Excellence (£0.166m overspend) -** Home to School transport external provision has a projected overspend of £0.199m 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 (£0.334m overspend) –** Some of the service pressures experienced in 2019/20 have continued into 2020/21.

  - Security Service (£0.767m 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 (£0.398m 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

3.7 The forecast budget deficit as at July 2020 is **£0.281m**. 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.

3.8 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 Council's 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. This pressure has been added to the potential funding gap detailed in paragraph 2.14.

4. <u>Council Tax Income – Update</u>

4.1 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.

4.2 The forecast outturn for the Council at the end of July 2020 is a deficit of +£1.629m. 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 higher than estimated (-£0.034m);

- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£1.616m). This is mainly as a result of a significant increase in the number of claimants for the Council Tax Reduction Scheme (CTRS).

4.3 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 £0.6m in addition to the figure quoted in paragraph 5.2) and the impact of a reduction in the amount of Council Tax being collected (currently estimated at £4.2m).

4.4 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.

4.5 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.

5. **Business Rates Income – Update**

5.1 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.

5.2 The forecast outturn for the Council at the end of July 2020 is a deficit of £37.018m 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);
- Reduction in the gross charge on rateable properties (£0.174m);
- Other reliefs (including a forecasting adjustment) being lower than estimated in 2020/21 (-£0.038m);
- 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 (+£38.001m).

5.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net surplus of £1.209m 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.

5.4 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.

5.5 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.

6. **Capital Programme 2020/21 – 2022/23**

6.1 Capital Budget

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

2020/21	**£35.858m**
2021/22	**£20.441m**
2022/23	**£1.026m**

6.1.2 The following updates have been made to the capital programme budget since the last report to Cabinet:

- Marian Square, Netherton CCTV £0.040m – budget has been transferred under delegated authority to the Economic Growth & Housing revenue budget to be utilised for a business growth scheme.

- An allocation of £0.055m has be rephased from the future years capital programme to 2020/21 in order to meet the requirements of the current tree planting programme.

- A new capital scheme for Small Watercourse Works (£0.015m) fully funded by the Environment Agency, has been added under delegated authority.

6.2 Budget Monitoring Position to July 2020

6.2.1 The current position of expenditure against the budget profile to the end of July 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.

Service Area	Budget to Jul-20	Actual Expenditure to Jul-20	Variance to Jul-20
	£m	£m	£m
Adult Social Care	0.356	0.413	0.057
Communities	0.045	0.051	0.006
Corporate Resources	0.049	0.038	-0.011
Economic Growth & Housing	0.603	0.604	0.001
Education Excellence	0.864	0.966	0.102
Highways & Public Protection	1.493	1.290	-0.203
Locality Services	0.417	0.507	0.090
Total Programme	**3.827**	**3.869**	**0.042**

6.2.2 Due to the impact of the COVID-19 crisis, delivery of schemes during the first four months (April to July) 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.

6.2.3 Analysis of significant spend variations over (+) / under (-) budget profile:

Highways and Public Protection

Scheme	Variation	Reason	Action Plan
Healthy Lifestyles	**-£299,104**	Works have experienced delay due to the need to accommodate gas diversion works for which permits had been secured when the contractor suspended works at the beginning of the lockdown. This has impacted in the spend incurred within the first quarter.	The work will catch up and full spend on the contract is anticipated by the end of the financial year.

6.3 Capital Programme Forecast Outturn 2020/21

6.3.1 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**	**2.625**	0.011	7.992	-
Communities	**0.256**	**0.260**	0.004	0.265	-
Corporate Resources	**1.510**	**1.511**	0.001	1.399	-
Economic Growth & Housing	**6.100**	**6.100**	-	1.337	-
Education Excellence	**3.689**	**3.690**	0.001	5.749	-
Highways & Public Protection	**12.547**	**12.602**	0.055	-	-
Locality Services	**9.142**	**9.142**	-	3.699	1.026
Total Programme	**35.858**	**35.930**	**0.072**	**20.441**	**1.026**

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

6.3.2 The current 2020/21 budgeted spend is £35.858m with a budgeted spend to July of £3.827m. 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.

6.4 Programme Funding

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

Source	**£m**
Grants	22.384
Contributions (incl. Section 106)	0.818
Capital Receipts	1.952
Prudential Borrowing	10.704
Total Programme Funding	**35.858**

6.4.2 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.

6.4.3 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. Grant Funding - Adult Education Budget Grant to Support Sefton Adult Community Learning Service

7.1 The Adult Education Budget is part of the Liverpool City Region Devolution deal on employment and skills. An offer has been made to Sefton Council for the academic year 2020/21 by the Combined Authority for a continuation of an agreement approved by Cabinet on the 29 June 2019. The level of grant available to Sefton, which totals £969,724, has been maintained at the same level as 2019/20 and includes a sum of £150,000 for two new “test and learn” pilot activities focussing on innovative methods to develop new ways of working and to improve progression for learners through the use of digital technology.

7.2 Acceptance of this offer will ensure the continued delivery of this important service for adults who need introductory or second chance learning to improve their wellbeing and employability. The Service is well established and well regarded; it fulfils a considerable need within our communities and directly contributes to the Council’s Vision and values and is central to the achievement of the Council’s corporate objectives.

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

Capital Project	Budget 2020/21 £	Budget 2021/22 £	Budget 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 Equipment	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 Ln West	19,540	-	-
S106 - Linacre - Strand Living Wall	33,000	-	-
Corporate Resources			
Corporate Maintenance	17,799	-	-
STCC Essential Maintenance	-	1,398,634	-
Victoria Baths Essential Works	541,247	-	-
St John Stone Site - Infrastructure Works	623,210	-	-
Magdalen House Alterations	44,004	-	-
ICT Transformation	30,038	-	-
Southport Town Hall Community Base	7,872	-	-
Family Wellbeing Centres	245,738	-	-
Economic Growth & Housing			
REECH Project	-	37,162	-
Southport Commerce Park - 3rd Phase Development	-	13,173	-
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 - Sandbrook Way	301,859	1,000,000	-
Education Excellence			
Healthy Pupils Fund	26,241	-	-
Schools Programme	2,820,345	4,738,452	-
Planned Maintenance	400,831	-	-
Special Educational Needs & Disabilities	442,038	1,010,699	-
Highways and Public Protection			
Accessibility	287,320	-	-
Completing Schemes/Retentions	20,000	-	-
Healthy Lifestyles	2,885,200	-	-
Road Safety	140,000	-	-

	2020/21 £	2021/22 £	2022/23 £
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 & Equipment	135,210	-	-
Formby Strategic Flood Risk Management Programme	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	-	-
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	-	-
Small Watercourse Works	15,000	-	-
Parks Schemes	256,917	25,650	-
Tree Planting Programme	85,750	38,600	126,783
Golf Driving Range Developments	256,080	280,280	-
Vehicle Replacement Programme	7,352,905	3,223,000	113,000
TOTAL PROGRAMME	**35,857,689**	**20,440,766**	**1,025,622**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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Agenda Item 13

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Report to:	Cabinet	**Date of Meeting:**	3 September 2019
Subject:	Sefton Council Housing Development Company - Sandway Homes Limited		
Report of:	Chief Executive and Executive Director of Corporate Resources & Customer Services	**Wards Affected:**	(All Wards);
Portfolio:	**Cabinet Member - Communities and Housing**		
Is this a Key Decision:	Yes	**Included in Forward Plan:**	Yes
Exempt / Confidential Report:	NO, but Annexe 1 of the Report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

Following the creation of the Council's wholly owned Housing Development Company, Sandway Homes Limited (SHL) and the revised business case presented to Cabinet on 25th July 2019 (the Business Case), this report provides an update to Members of progress made over the last 12 months using the information provided to the Council by the Company. The report presents the most up to date financial position against the business case and details further decisions requested of Members.

Recommendation(s):

It is recommended that Cabinet:

- Note and approve the updated financial forecasts for the returns to Sandway Homes Limited through delivering the Phase 1 Business Plan and for the Council in terms of the realisation of the benefits detailed in the Business Case.

- Note the internal and external factors that could influence and impact upon the financial returns to the Council and approve the controls in place to manage these.

- Note the risk management arrangements that continue to be in place in respect of Sandway Homes Limited

- Note the changes to key personnel within Sandway Homes Limited as set out in the report.

- Based on the information contained within the report approve Sandway Homes Limited continuing to progress with the delivery of the Phase 1 Business Plan.

- Approve Sandway Homes Limited and the Council continuing to work together to determine the exact assets the Council could purchase from the company as social housing and the financial implications, which will be provided in a subsequent report to support a decision in accordance with the Council's Constitution and Financial Procedure Rules.

- Approve that the Council engage the Company with a view to developing the Phase 2 Business Case and that this be the subject of a subsequent Cabinet report .

Reasons for the Recommendation(s):

Since 2016 the Council has been considering its role in the provision of housing throughout the Borough to complement an active third and private sector market. There is significant demand for housing sites and housing development within Sefton, with over 11,000 housing units being required, over the Local Plan period, in order to meet with the local housing demand.

There is a national shortfall of circa 1m homes (of which 400,000 fall into affordable homes) whilst across the Liverpool City Region a total of circa 50,000 housing units will be required in the medium term. Sandway Homes Limited seeks to increase housing completions and the availability of choice for residents and those wishing to live in Sefton.

Alternative Options Considered and Rejected:

The Council set out its evaluation criteria in October 2017 that led to the decision to establish a wholly owned Housing Development Company.

What will it cost and how will it be financed?

(A) Revenue Costs

All revenue implications are addressed within the report.

(B) Capital Costs

All capital implications are addressed 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 below:

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

All resource implications are contained within the subsequent report on this agenda
Legal Implications: Pursuant to the General Power of Competence under sections 1 to 4 of the Localism Act 2011 the Council has the power to set up and participate in a company. Section 95 Local Government Act 2003 and the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 provide that the Council must establish a company through which to trade. Section 123 Local Government Act 1972 provides that when disposing of land the Council must not do so for consideration less than the best that can be reasonably obtained.
Equality Implications: There are no equality implications arising from this report.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities: The proposals will add housing choice within the heart of Sefton's communities, facilitating confidence.
Commission, broker and provide core services: Projected returns to the Council, as sole shareholder, from SHL which will provide revenue to contribute towards service provision.
Place – leadership and influencer: Housing is a significant contributor to building a better sense of place
Drivers of change and reform: Physical infrastructure (housing) is a significant contributor to and enabler/catalyst for change.
Facilitate sustainable economic prosperity: The proposals will make a significant contribution to the local economy, both by way of a direct impact to construction and civil engineering jobs, but additionally providing a housing supply and choice for residents wishing to live and work in Sefton and across Merseyside
Greater income for social investment: The Business Case identifies the opportunity for SHL to commission a greater level of social value.
Cleaner Greener: The proposals will be complaint with the Building Regulations and other Planning and Habitat regulations meaning Sefton builds cleaner and greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6086/20) and Chief Legal and Democratic Officer (LD4269/20.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

There have been no external consultations.

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
Telephone Number:	0151 934 4081
Email Address:	stephan.vanarendsen@sefton.gov.uk

Appendices:
Annex 1- Updated Business case analysis

Background Papers:

There are no background papers available for inspection.

1.0 Introduction and Background

1.1 In October 2017, Cabinet approved a full business case (FBC) that provided the basis for the development and incorporation of a Housing Development Company. Following consideration of that business case and having taken the opportunity to evaluate the advice of the Council's external advisors at that point in time a number of recommendations were made and approved by Cabinet.

1.2 Since that meeting in October 2017 Sandway Homes Limited (SHL) has been established as a private limited company, incorporated on 29 October 2018, which is wholly owned by the Council. Since inception, SHL has completed a range of activities including: -

- The establishment of a Board of Directors including Non- Executive Directors;
- A full review of the Business Plan to inform the activities of SHL;
- The development of a loan agreement with the Council that sets out the basis of financial support and subsequent repayment of any loans; and
- The basis for the transfer of land from the Council to SHL.

1.3 These activities resulted in an updated report including business case revisions being approved by Cabinet in July 2019 .

2.0 Work undertaken since July 2019 and Revised Business Plan projections

2.1 Sandway Homes Limited has now been working to deliver the revised Business Case that was approved in July 2019. In that time the detailed designs, plans and financial assessments for the first phase of development (Phase 1 – 3 sites) have been developed in more detail.

2.2 This has included refinement of all aspects in relation to operational activities including the build programme, income and expenditure budgets, and associated financial performance and risk. This has allowed the Council to evaluate each of these aspects and the financial performance from Phase 1 taking specific account of any impact arising from the COVID 19 pandemic that can be evaluated at this time.

3.0 Provision of Affordable Housing by Sefton MBC

3.1 Members will note that SHL continues to be policy compliant with all aspects of housing development, including delivery of all of the required affordable housing on each of the three sites in Phase 1.

3.2 In addition, the Cabinet report of July 2019 requested that the Company provide the Council with a proposal for providing a number of units from Phase 1 in support of the direct provision of housing by the Council to residents of the Borough.

3.3 Since that point the company has worked with the Council's housing service in order to identify the current Council needs in terms of social housing and options for how SHL could contribute to meeting these needs through the Phase 1 development.

3.4 From that work it has been identified that there is a particular need for one and two bedroom apartments, including ground floor apartments that are constructed to Accessible standards.

3.5 The company has included in the revised scheme for the site at Buckley Hill Lane, Netherton, two apartment blocks each comprising one and two bedroom units as well as ground floor accessible units.

3.6 The initial assessment undertaken by the Council suggests that one of these apartment buildings could fulfil the Council's ~~initial~~ needs in terms of council housing. Approval is therefore requested as part of this report for negotiations to continue between Council officers and the Company in respect of this opportunity and report back to Cabinet with the outcome of discussions and any resulting recommendations. .

4.0 Phase 2 Development

4.1 The original Full Business Case (FBC) approved in October 2017 provided specific approval to set up the company and progress with a Phase 1 Business Plan. The FBC also included a declared aspiration for the company, if successful, to continue with a view to delivering c. 550 units in total to contribute to the borough's 2030 housing target.

4.2 The Phase 1 Business Plan is now well progressed with all design and planning activity now largely complete, with construction due to start in September 2020 and to complete by September 2022.

4.3 The Council is currently engaged in an asset review and disposal programme, which includes a number of sites allocated for housing in the Local Plan. Some of these sites could be suitable for acquisition and development by SHL ensuring that the kind of mixed tenure quality housing the Council wants and needs is delivered and brought forward as quickly as possible; and that development value is retained by the Council for reinvestment in council services.

4.4. With the lead in time required for a Phase 2 Business Plan to be developed by the Company, Members are requested to approve that the Council officers and Shareholder Representative engage with the Company to commence drafting proposals for a potential Phase 2 Business Plan for the continuation of the development activities of SHL following completion of Phase 1. The outcome of this work will be reported to Cabinet for consideration and approval as required.

5.0 <u>Governance arrangements for Sefton MBC</u>

5.1. Members will be familiar with the overall governance framework of the Company and its relationship with the Council. The Council's shareholder representative continues to be the Cabinet Member for Communities and Housing, who will be supported in that role by the Chief Executive and the Executive Director for Corporate Resources and Customer Services (s151 officer). Any issues that the Company wish to revert to the Council will continue to be made via the Shareholder representative.

5.2. As part of its operations, the Company will be required to produce an annual report in addition to statutory financial returns. A summary of this will be incorporated within the Council's annual outturn report and as stated will be incorporated within the Council's Financial Accounts that are the subject of external audit and approval by the Audit and Governance Committee. The Company will also be subject to review by the Council's Internal Audit team.

5.3. In the past 12 months there have been a number of changes in relation to the membership of the Company Board (listed below). All such changes are made as recommendations by the Board for approval by the Shareholder Representative (SR) before they are implemented:

- Sarah Kemp resigned as Executive Chair of the Board in March 2020. In consultation with and subsequently approved by the Shareholder Representative, one of the existing Non-executive Directors, Graham Kean, was recommended for the role of Non-executive Chair and was duly appointed in April 2020.

- The approved October 2017 Full Business Case included plans for a Council Officer to set up the company and act as the first Managing Director then at the appropriate time, a recruitment process would be undertaken for a full time Managing Director. The Council's Head of Service for Commercial Development currently fulfils that role. As the company is about to progress to construction, there is justification for employing a full-time managing director from a house-building background. In consultation with the Shareholder Representative a recruitment process was commenced, and a preferred candidate has now been identified. Subject to approval from Cabinet for the Company to continue with delivery of Phase 1 a formal offer will be made to this candidate in October 2020.

- The current Company Secretary is the Council's Chief Legal and Democratic Officer. The company requires more full time company secretary services than it is possible for the current secretary to provide. Therefore, the Board will be recommending the appointment of the company's current business manager, who is a qualified company secretary.

Report to:	Cabinet	**Date of Meeting:**	3 September 2020
Subject:	Southport Market		
Report of:	Head of Economic Growth & Housing	**Wards Affected:**	Dukes
Cabinet Portfolio:	Regeneration and Skills		
Is this a Key Decision?	Yes	**Included in Forward Plan:**	Yes
Exempt / Confidential Report:	NO, but some detailed appendices are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

To update Cabinet on the previous and current performance of Southport Market, and to present a preferred option that will provide a sustainable future for Southport Market that will also bring added benefits to Southport Town Centre linking to the future Town Deal.

Recommendation(s):

(1) The Business Case is agreed and option 3 is progressed as the preferred option.

(2) The Head of Economic Growth & Housing is authorised to implement a delivery plan outlined within the business case in consultation with the Cabinet Member – Regeneration and Skills

(3) The Head of Economic Growth & Housing is authorised to conduct a procurement exercise for the appointment of a contractor to undertake the capital works as outlined within the report in consultation with the Cabinet Member and is granted delegated authority to award the contract resulting from the procurement.

(4) The Head of Economic Growth & Housing is authorised to further engage the preferred bar operator in order to finalise the final design, agree bar/floor operation and in consultation with the Cabinet Member Regulatory, Compliance and Corporate Services is granted authority to award a lease.

(5) Officers are authorised to further engage in appropriate consultation with existing market traders.

(6) Note that the capital cost of this project and refurbishment will be £1.400m and will be funded from a £0.500m direct grant by the Combined Authority, with the remaining £0.900m will be funded by The Government's accelerated grants fund as part of the

Southport Town Deal. A subsequent supplementary capital estimate for this sum is recommended to Council for approval.

(7) Note that The Council will be recommended to

(a) Approve a supplementary capital estimate of £1.400m for the redevelopment of Southport Market. This will be funded from a £0.500m direct grant by the Combined Authority and from a £0.900m accelerated grant as part of the Town Deal process.

(b) Note the future years revenue implications arising from this proposal and approve that these be built into the council's medium-term financial planning and annual budgets.

Reasons for the Recommendation(s):

The reasons for these recommendations are to provide a sustainable future for The Market Hall and allow the recommended option to be delivered.

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

Four options for delivery of the objectives of this project were considered, which are detailed in the table below.

The assessment of these options identified the Preferred Option to be Option 3: Food and bar concessions with full refurbishment

OPTION	VALUE AND RISK ASSESSMENT
Option 0 - Do nothing	No requirement for capital investment Additional budget required of £209k over and above the existing budget of £75k (as at year 3) Number of traders will continue to reduce potentially leading to closure of Market Hall (estimated April 2021) Decline in revenues over time as remaining traders leave Will not contribute to regeneration of Southport Will weaken Southport's tourism offer Continued market uncertainty in context of COVID-19 **Overall assessment: not a sustainable option.**

OPTION	VALUE AND RISK ASSESSMENT
Option 1 - Mixed goods market with rent reduction	Reduction in rent may attract a small number of new traders No material changes to quality of offer. Rental reductions and rent-free periods have been used before with little or no effect Additional budget required of £226k over and above the existing budget of £75k (as at year 3) Unlikely to contribute to the regeneration of Southport Continue to be difficult to include into the overall tourism offer Capital investment still required Continued market uncertainty in context of COVID-19 **Overall assessment: not a sustainable option.**
Option 2 - Food concessions with Council operated bar – Full refurbishment	Change in operation and offer that would significantly contribute to the wider regeneration of Southport Become an active part in Southport's tourism offer Opportunities for new business start ups Additional budget required of £175k over and above the existing budget of £75k (as at year 3) Council having to run bar and market floor with no prior experience Large staff costs and no to little experience of managing a bar and food floor operation Continued market uncertainty in context of COVID-19 **Overall assessment: not a sustainable option.**
Option 3 – Food & Bar Concessions with flexible events/market space	Profitable by year 3 (£101k surplus) even with prudent assumptions Change in operation and offer that would significantly contribute to the wider regeneration of Southport Become an active part in Southport's tourism offer

OPTION	VALUE AND RISK ASSESSMENT
	Opportunities for new business startups, safeguarding jobs and job creation Bar operator taking risk of bar and responsibility of running market floor Partnership approach with the operator to curate food offer along with marketing/events Increased financial performance allowing a greater contribution to the historic borrowing on pervious scheme. New turnover rental model means Council not guaranteed set amount of rental income New offer in Southport, therefore no actual comparison how it may perform Additional budget required of £61k over and above the existing budget of £75k (as at year 3) Continued market uncertainty in context of COVID-19 **Overall assessment: Sustainable and preferred option**

What will it cost and how will it be financed?

(A) Revenue Costs

The business case is based on prudent assumptions in respect of visitor numbers and customer spend. Nevertheless, on these bases the project (option 3) would deliver a surplus of £101k by year 3.

The Current budget for Southport Market is £75k, which represents the net cost to the Council after taking into account the target profit of £162k from operations less the annual cost of financing historic debt of £237k.

The current Market occupancy is below 20% and is therefore carrying a significant overspend - instead of generating £162k profit, it has an operating loss of c£130k (based on June 2020/21 forecast). This means that the Council support required is currently £367k per annum, a £292k overspend compared to the budget of £75k.

The financial forecast for the preferred option 3 shows that by year 3 £101k profit would be generated and the net cost to the council would reduce from a forecast £367k to £136k.

	Current budget based on previous market business plan	Current June 2020/21 forecast Based on 20% occupancy	Proposed budget for food & drink market / flexible space Year 3
	£000s	£000s	£000s
Capital financing costs	237	237	237
Operating (profit) from activity / loss	(162)	130	(101)
Council required support	75	367	136
Budget in place or required	75	75	136
Offset by other services	0	292	0

Full details of these financial returns and costs are provided in Annexes 1 and 2 (Exempt), to the attached Full Business Case.

The business case provides a detailed sensitivity analysis for information and to support decision making but importantly it outlines the increase in operating profit and assumptions that have been made by officers in conjunction with an industry expert's that result in the income figures for the new operation.

(B) Capital Costs

The Business Case includes £1.4m capital investment in refurbishment, reconfiguration and improvement of the Market Hall.

This includes both the professional fees for project management and construction costs.

The capital funding of the preferred option will be funded by a direct grant award of £500k direct grant by the Combined Authority as part of the Town Centre Commission funding allocation to Sefton. The remaining £900k will be funded by The Government's accelerated grant fund as part of the Southport Town Deal.

Capital cost certainty will be delivered via the procurement and project management processes.

Implications of the Proposals:

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

The financial implications of this proposal are set out earlier in this report. These estimates reflect the evaluation of the information provided to the council by two 'industry experts' whose expertise has been procured in order to directly inform the development of the business case as this specific knowledge was not held in the council. This has then been financially modelled, verified and challenged by officers within the service. As would be expected, the ultimate future financial performance of the market will predominantly depend upon the number of visitors to the market and how much each individual spends. These will be the two key drivers of financial performance hence the importance of the council receiving specialist advice in these matters, and taking a prudent approach in business case development.

The figures provided within this report and Business case represent the base case for the preferred option based on the procured external advice and the evaluation by the service. This is supported by a range of sensitivities and analysis that look at a number of eventualities that will inform annual performance. It is important to note that these activities will not occur in isolation e.g. higher or lower footfall or expenditure per head but will be inter-related and will require careful and robust management and monitoring as they will directly impact the overall performance hence the reliance on the information provided by the industry experts at this stage. The information contained within the base case is considered prudent by the service based on the advice provided and in this case financial performance can be expected to better than detailed. Conversely in the event that these key factors do not materialise and commercial performance is not as strong as set out then additional council support will be required

In addition to these factors and metrics supplied by the industry expert, financial performance will also be influenced by external factors for which the council may have no control and again the impact of these issues will need to predict, forecast and monitored with remedial activity undertaken as required to both maintain and enhance financial performance.

This review has been most recently updated to reflect, to the extent possible at this time, the impact of COVID-19 on the sector, in both the short- and longer-term. This informs the business case and validates its prudence, and will be relevant to operational management planning.

As is the case currently, financial performance of Southport Market will be reported as part of the councils monthly monitoring and outturn processes.

Legal Implications:

Details of any legal implications are contained within the Business Case.

Equality Implications:

The equality Implications have been identified and mitigated.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: N/A

Facilitate confident and resilient communities: The new market offer will provide a high-quality experience that will provide a destination for local communities to use and enjoy
Commission, broker and provide core services: N/A
Place – leadership and influencer: The Council will directly contribute to an improved visitor destination as part of The Southport Development Framework creating further confidence in Southport that could lead to further private sector investment. The Market project will also have key strategic linkages to the Southport Town Deal and will form part of the Southport Masterplan that will be agreed and submitted by the newly established Town Deal Board
Drivers of change and reform: Providing a long-term sustainable future for Southport Market creating a new diverse use meeting the expectations of residents and visitors
Facilitate sustainable economic prosperity: The proposal will allow a number of new small business start-ups creating additional employment and sustainable business growth
Greater income for social investment: Improve the financial performance of the Market that will allow a greater contribution to the historic borrowing
Cleaner Greener The future operation will contribute to Sefton's aims to becoming Carbon Neutral

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director Corporate Resources & Customer Services FD6093/20 and the Chief Legal & Democratic Officer LD4275/20 have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Early consultation was conducted with existing Market traders along with a wider consultation exercise, results of which can be found in the full business case.

Implementation Date for the Decision

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

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Appendices:

The following appendices are attached to this report:

- Appendix A - Southport Market Business Case
- Annex 1 – Financial model for recommended option (exempt)
- Annex 2 – Financial model sensitivity and NVP analysis (exempt)
- Annex 3 – Expert advisor key assumptions, 4 documents (exempt)
- Annex 4 – Market comparison data (exempt)
- Annex 5 – Consultation results
- Annex 6 – Proposed plan
- Annex 7 – Risk Register

1. Introduction

This project has been identified following a comprehensive review of the current Southport Market operation, along with desktop research, commercial and public engagement.

The project will deliver a revitalised market hall with a shift in focus to more food and drink while still retaining a flexible space to hold markets and other temporary events to meet the changing consumer demands building on and maximising the value of the previous investment in 2012. The project should then enable further development within an enhanced Market Quarter that will attract creative and culture industries.

Southport is a valued major destination in Sefton and the wider City Region, attracting millions of visitors a year. The Sefton Development Framework reflects a commitment to attract new investment into Southport and work towards realising long term ambitions through a co-ordinated approach to town centre management, unlocking sites, enhancing key heritage assets, improving the public realm and enhancing accessibility, the Southport Market project will play a key role in meeting this ambition.

More recently Southport was given the opportunity to secure up to £25 million as part of the Town Deal. The Market project will have key strategic linkages to the deal and will form part of the Southport Masterplan that will be agreed and submitted by the newly established Town Deal Board. The Town Deal Board has confirmed its support for the project and the allocation of the accelerated grant fund to it.

Since its refurbishment in 2012 The Market Hall occupancy rates have never reached 90% target level, though there was a notable improvement when management of the market passed back to Sefton in 2015. Occupancy largely remained around 70%, but more recently this has dropped below 20%. It should also be noted that some units have remained empty since the refurbishment in 2012, these units are at the rear of the market with poor sight lines.

There appears to be many reasons why traders are leaving such as lack of footfall, debts, rent levels and lack of consumer spending power.

A small number of traders have re-located to other locations within Southport while others have gone out of business or reduced their market stall portfolio

Research has shown that there has been a marked decline in the number of mixed goods markets, which could accelerate unless intervention is made.

- Trader numbers in mixed goods markets are generally declining or stagnating, with only 23% of markets increasing in the number of traders. This indicates that there is a lack of new traders entering the sector which presents future occupancy issues.

- Shopper numbers are also declining in traditional mixed goods markets, with 42% of markets reporting a loss of shopper numbers. And 52% of respondents stated the average spend in markets is declining, there has been a growth in the number of traders selling food, with only 12% of respondents stating this line had declined.

National research combined with the current operations and desktop research has highlighted the continued decline of mixed goods market, especially those the size of Southport. There is a continuing trend of more food and drink markets combined with high quality produce and flexible space, this trend continues to increase as residents and visitors continue to demand a more experience led approach.

2 Project Outcomes

The outcomes of the referenced option being a refurbished market hall with a focus on food and drink with flexible events space, which will support the wider visitor economy by;

- A revitalised market hall creating a sense of place, where residents and visitors will spend time, socialise and spend more, in recognition of an excellent food and beverage offer and experience.
- Opportunities for new business start-ups and growth of already established businesses creating and safeguarding jobs
- Safeguarding and creating new construction jobs
- Creating new full-time employment opportunities within the food units, bar operations as well as within the Council.

- The creation of a visitor economy asset that forms part of a critical mass of attractions in Southport that will contribute to the vitality and viability of the town centre and contribute to the continued growth and diversification of the visitor economy
- Act as a catalyst for the regeneration of 'The Market Quarter'
- Eliminate the risk of closure and 'mothballing' based on current losses and further decline.

3 Delivery Approach and Recommendation

A range of options for delivering these objectives has been assessed and a Recommended Option developed. The Recommended Option is

- To build on the previous investment in 2012 and undertake a comprehensive £1.4 m refurbishment of Southport Market to bring in more food and drink offers along with flexible market space
- To enter into a standard lease agreement with the preferred bar operator to run the new Market Bar and seating area/floor on a turnover basis

The key features and benefits of the Recommended Option are as follows:

- Change in operation and offer that would significantly contribute to the wider regeneration of Southport
- Become an active part in Southport's tourism offer
- Opportunities for new business start ups
- Bar operator taking risk of bar and responsibility of running market floor/seating area
- Partnership approach with the operator to curate food offer along with marketing/events
- A robust business case with route to profitability by year 3
- Increased financial performance allowing a greater contribution to the historic borrowing on pervious scheme.

4 Full Business Case

The Full Business Case (FBC) attached to this report (with annexes), provides the detailed justification for the preferred option and plans for the refurbishment of the

Market.

Public Documents

- Appendix 1 - Full Business case with annexes 5-7– the public documents detailing the 5-case justification for the project.

Confidential Documents

- Annexes 1-4– the confidential documents dealing with detailed financial modelling which are commercially sensitive or confidential and therefore not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.

5 Preferred Bar Operator

As part of the commercial and strategic review a competitive process has been undertaken to secure a preferred bar operator while soft market testing has also been carried out to measure the potential demand for the food concessions.

Advice recommended that a formal procurement process under either the Public Contract Regulations 2015 ("PCR") or the Concession Regulations 2016 was not required. However, a structured competitive process has taken place to ensure achievement and demonstration of best value for money.

In order to secure a preferred bar operator, the following has been undertaken

- Press release issued on potential options and inviting interested parties to contact the Council
- Email to Sefton's Food and Drink database, containing over 400 contacts
- New Southport Market website detailing information along with a new brochure

All bar operators were asked to submit the following information

- Detailed information relating to previous experience and company information
- Sample menus to determine if they understood the proposed concept

- Sample staff rotas to give confidence they understood the operation and had the required experience

- A draft profit and loss account for the first year

6 Procurement

The Recommended Option requires the procurements of contractor(s) for the building works.

All tenders would be sought in full compliance Sefton Council's contract procedure rules and assess bidders' financial standing in the evaluation criteria

Procurement evaluation criteria would ensure that only those companies that can demonstrate appropriate capacity, capability, systems, expertise, evidence of ability to deliver to scope and timescales and recognition of desired social value will be considered.

To enable the most economically advantageous tender to be returned whilst maintaining control of time, cost and programme the required building works would be procured through competitively tendering the works using the following mechanisms:

- Work with preferred operator to deliver fixtures and fittings fit out, ensuring best value for money

- Single stage traditional procurement for all other works associated with the capital refurbishment required for the preferred option

7. Covid-19

Covid-19 has impacted greatly on the hospitality industry including Southport's visitor economy, therefore the attached business case has been further reviewed by an industry expert, the preferred bar operator and Sefton Council. The full details of the review are contained within the business case, however in summary it is believed the sector will be impacted until the end of 2021, therefore impacting on year 1 of the Market.

Southport Market Business Case

1. EXECUTIVE SUMMURY

1.1 Introduction

Southport Market is located within the Town Centre on King Street. This project has been identified following a comprehensive review of the current Southport Market operation, along with desktop research, commercial and public engagement.

The project will deliver a revitalised market hall with a shift in focus to more food and drink while still retaining a flexible space to hold markets and other temporary events to meet the changing consumer demands building on and maximising the value of the previous investment in 2012. The project should then enable further development within an enhanced Market Quarter – potentially as part of a Digital and Creative Hub and the wider Town Deal.

The Southport Market Project presented herein is consistent with and complementary to the Council's approved wider Southport Development Framework and will support current and future regeneration activity targeted at Southport as an identified regeneration priority for the borough. It also aligns with the vision emerging at the time of writing from the Southport Town Deal board.

1.2 Need for Change

Since its refurbishment in 2012 The Market Hall occupancy rates have never reached the targeted 90% level, though there was a notable improvement when management of the market passed back to Sefton in 2015. Occupancy largely remained around 70%, but more recently this has dropped below 20% despite rent and marketing initiatives. It should also be noted that some units have remained empty since the refurbishment in 2012 - these units are at the rear of the market with poor sight lines.

In the last eight years, markets and town centres have come under significant pressure due to changes in consumer preferences and retailers since the recession. There has been a significant growth of online and multi-channel retailing. These pressures are exacerbated by the recent impact of COVID-19 on the sector.

Research (prior to COVID-19) has shown that there has been a marked decline in the number of markets, which could accelerate unless intervention is made.

- Trader numbers are generally declining or stagnating, with only 23% of markets increasing in the number of traders. This indicates that there is a lack of new traders entering the sector which presents future occupancy issues.

- Shopper numbers are also declining, with 42% of markets reporting a loss of shopper numbers. And 52% of respondents stated the average spend in markets is declining.

1.3 Project Outcomes

The option recommended herein is a refurbished market hall with a focus on food and drink with flexible events space, which will support the wider visitor economy via;

- A revitalised market hall creating a sense of place, where residents and visitors will spend time, socialise and spend more, in recognition of an excellent food and beverage, events offer and experience.
- Opportunities for new business start-ups and growth of already established businesses creating and safeguarding jobs
- Safeguarding and creating new construction jobs
- Creating new full-time employment opportunities within the food units, bar operations as well as within the Council. The creation of a visitor economy asset that forms part of a critical mass of attractions in Southport that will contribute to the vitality and viability of the town centre and contribute to the continued growth and diversification of the visitor economy
- Act as a catalyst for the regeneration of 'The Market Quarter'
- Eliminate the risk of closure and 'mothballing' based on current losses and further decline.

1.4 Route to the Delivery Process

Using standard project management methodology, extensive work has been undertaken to date as part of the gateway process. Gateway 1 in this process has included;

- Approval of the Project Charter;
- Extensive desktop research, looking at other market hall developments and speaking to many commercial operators in a diverse range of fields.
- The commissioning of consultancy support looking at the available options and the production of draft profit and loss accounts for the varying food and drink options
- Substantial support from the Project Team in developing project engagement, commissioning and providing content in the drafting of the business case.

1.5 Delivery Approach and Recommendation

A range of options for delivering these objectives has been assessed and a Recommended Option developed. The Recommended Option is:

- To build on the previous investment in 2012 and undertake a comprehensive £1.4 m refurbishment of Southport Market to bring in more food and drink offers along with flexible event and market space

- To enter into a standard lease agreement with the preferred bar operator to run the new Market Bar and seating area/floor, on a turnover basis

The key features and benefits of the Recommended Option are as follows:

- Change in operation and offer that would significantly contribute to the wider regeneration of Southport

- Become an active part in Southport's tourism offer

- Opportunities for new business start ups

- Bar operator taking risk of bar and responsibility of running market floor/seating area

- Partnership approach with the operator to curate food offer along with marketing/events

- Increased financial performance allowing a greater contribution to the historic borrowing on pervious scheme.

1.6 Financial Information

The headline financials of this business case are as follows;

- £1.4 million investment building on the previous investment enhancing Southport Market allowing a new food and drink offer and flexible market space

- £101k surplus by year 3, allowing a greater contribution to the historic borrowing.

1.7 Covid-19

This business case was initially completed before the outbreak of Covid-19 in March 2020. Due to the impact of the pandemic on the hospitality sector a full and comprehensive review of the business case has been carried out by the independent industry expert, preferred bar operator and Council officers and the findings are reflected within the report and final forecasts.

2.0. Full business case

2.1 Structure & Content

This full business case follows the structure of the Treasury Green Book template for business cases, which comprises 5 separate sections as follows;

CASE	CONTENT
[A] Strategic Case	The case for change and strategic fit: - Clarification of the purpose, objectives and importance of the Market - Assessment of the current performance and why change is required. - The scope of change required. - The key benefits. - Key constraints and dependencies.
[B] Economic case	The Economic Case considers: - The options available to the Council to deliver its objectives. - The critical success factors. - The recommended option.
[C] Commercial case	The viability of the procurement approach: - Contractual arrangements. - Risk management/allocation. - Personnel implications.
[D] Financial case	Affordability and funding.
[E] Management case	Demonstrating that the preferred option can be successfully delivered: - Best practice management. - Independent assurance of arrangements for change and contract management, benefits realisation and risk management.

3.0. The Strategic Case

3.1 Overview

Since its refurbishment in 2012 The Market Hall occupancy rates have never reached the targeted 90% level, though there was a notable improvement when management of the market passed back to Sefton in 2015. Occupancy largely remained around 70%, but more recently this has dropped to circa 20% despite rent and marketing initiatives. It should also be noted that some units have remained empty since the refurbishment in 2012, these units are at the rear of the market with poor sight lines.

3.2 Stakeholders

The stakeholders for the market are;

- Current traders – traders who currently have an agreement to trade at the market (only one trader has a lease, the remaining are on flexible licence)
- Residents – those who currently use the market, and those who do not
- Visitors – those who have visited the market before, and those who have not
- Potential traders – new traders who may want to trade in the market should changes take place
- Elected Members – Cabinet Members and local ward Councillors.
- Other Town Centre Retail Businesses and Southport Business Improvement District
- Other visitor economy businesses including hotel and leisure operators

3.3 Strategic Context

Sefton 2030 Vision

Sefton's Vision 2030 was agreed in November 2016, The Vision guides long term planning - helping to stimulate growth, prosperity, set new expectation levels and focussing on what is important for Sefton. The proposal makes a significant contribution to the following areas of the 2030 vision:

Strategic Linkages
• Living, working and having fun – The proposal will create new jobs, especially supporting Sefton individuals to set up new businesses. The proposed turnover model helps minimise risk for new business start-ups. The flexible events space will also allow teenage markets and other artisan markets again allowing individuals to try out business ideas. The proposal will also a new destination to be created, consisting of new food and drink offers, high quality markets and events giving both residents and visitors opportunities to have a fun experience. • A Clean, Green, Beautiful Borough – The proposal will allow a Sefton asset to be continued to be utilised. Several green measures will be implemented in any future proposal to ensure the offer contributes to Sefton becoming carbon neutral.

• Visit, Explore and Enjoy -The proposed Market offer will become a destination adding the Southport critical mass of attractions becoming integral to Sefton's growing visitor economy • Open for Business – The new Market will demonstrate that Sefton is open for business, creating confidence in the Sefton economy by investing in Southport Town Centre. The proposal will also create unique opportunities for new business growth. • Ready for the Future – The proposal is being proposed to meet current and future trends/needs in Town Centres. The new market will help contribute to the future growth of Southport along with being flexible to allow it to continue to evolve to meet changing consumer expectations.

Sefton Coast Plan

The Sefton Coast Plan is a non-statutory document produced by The Sefton Coast Landscape Partnership to deliver a vision for The Sefton Coast to 2030 and beyond.

Strategic Linkages
• Coastal Gateways – The development of the coastal gateways is an important aim of the coastal plan. The Market Hall proposal will help contribute the future development of Southport, a key coastal gateway.

Sefton Council Asset Management Strategy

This strategy sets out the vision and aspirations for the effective management of the Council's corporate asset portfolio and the role it plays in supporting and shaping the Council's agenda for the 2030 vision.

Strategic Linkages
• Maximise the use of space within buildings by enabling better and innovative ways of working – The proposal will allow the asset to be continued to be used, with much more innovative flexible ways

Southport Development Framework

The Southport Development Framework reflects a commitment to attract new investment and work towards realising long term ambitions through a co-ordinated approach to town centre management, unlocking sites, enhancing key heritage assets, improving the public realm and enhancing accessibility.

The framework has a clear ambition, with any investment contributing to its delivery;

A classic seaside town that is more contemporary and dynamic, merging the old and the new; diverse in its offer, embracing creative industries, digital technology and youthful endeavour, in a high-quality leisure, retail, historic and public space offer for those who live in, work in and visit the town'

The strategy links into the Sefton Local Plan, identifying specific development proposals along with support for the planning regeneration priorities for the area and will help guide the future of the council's current property and land holdings in the town.

Strategic Linkages
Food & Drink - The strategy identifies several food and drink strengths in Southport such as the number of independents and the Food & Drink Festival, it recommends that this should be built on by ***diversifying and developing the market hall into a modern market***.

Sefton Local Plan

The Sefton Local Plan supports a comprehensive and co-ordinated approach in the delivery of new investment in Southport Town Centre. The local plan provides planning policy guidance through Polices ED5 and ED7 of the Local Plan to support the regeneration of the market hall.

Strategic Linkages
• ED5 Tourism - supports development in strategic tourism locations, the market hall falls within the Southport Central Area. Sustainable tourism development will be supported in principle where it relates to location-specific tourism assets and is consistent with other Local Plan policies. • ED7 Southport Central Area - states development proposals should be consistent with, and make a positive contribution to, the economic function of the area, the quality of the environment and maintain the significance of heritage assets and their settings. The market hall falls within the Lord Street conservation area.

Sefton Economic Strategy

Inclusive development and investment which supports growth, regeneration and wider place marketing is the core objective of Sefton’s Economic Strategy Framework. As part of the framework, delivering new development and infrastructure is a ‘Priority Action area’

Within this action area Southport Market is to be regenerated, supporting the development of Southport including delivery of the Southport development framework and strategies. The regeneration will also maximise the potential of our Visitor Economy assets and opportunities and Southport town centre as a major leisure and visitor destination.

Sefton Destination Management Plan (Draft)

The Sefton Destination Management Plan is intended to help deliver and build on Sefton’s recognised strengths and consolidating its position as an outstanding visitor destination. Its purpose is to clearly define where market opportunities exist, and establish the priorities for marketing, investment, product development, training and governance.

Strategic Linkages
• To raise the profile of the Sefton Coast and Southport brands – The Market proposal will help to enhance Sefton’s image and reputation regionally and nationally not only as a place to visit, but also as a place to live, work and invest. • To increase Sefton’s share of regional and national visitor markets to create a thriving, profitable visitor economy – The newly positioned Market Hall will become a thriving destination part of Southport’s critical mass of attractions helping attract both staying and days visitors • To work with Sefton’s visitor economy community and stakeholders to champion the industry through a shared vision for growth and one capable of levering investment – The Market proposal will allow Sefton and its partners to further promote the growth of the visitor economy and will act as a catalyst for further investment • To grow the number of sustainable businesses operating in Sefton’s visitor economy to enhance the quality and diversity of offer and the creation of a compelling and year-round visitor experience. – There is a clear linkage with this aim, the proposal will help create several sustainable businesses and develop an all year-round experience.

LCR Combined Authority – LCR Growth Strategy

This town centre focused project will enhance the quality of 'place' and contribute to the sustainable growth in the visitor economy in Southport and Sefton by;

- Recognise the importance of the City Region's primary assets and brands to create themes and experiences that will secure a greater share of international/domestic leisure and business tourism markets.
- Strengthening Southport's reputation for leisure visitors.
- Support businesses in the Visitor Economy, identify the next generation of growth businesses for the sector and provide them with bespoke support.
- In respect of productivity objectives, the development, once constructed, will deliver new business growth, jobs and economic GVA output, strengthening the destination offer.

Town Centre Regeneration Initiatives

There are several town centre regeneration initiatives that will have strong linkages to the Market proposal. Southport has been included in the newly announced Town Deal, this will see Southport be able to secure up to (or in excess of) £25 million. The Market and the surrounding area will form a critical part of a new masterplan for the Town that will be completed as part of the town deal submission. The market will also complement other active regeneration initiatives such as The Townscape Heritage scheme, its primary aim to protect and enhance the historic environment. The Market Hall sits within the Lord Street conservation area.

3.4 Market Analysis & Demand

Existing Arrangements

In 2010/11 The Market Hall underwent extensive refurbishment works to aid the transformation of the existing market into a modern mixed goods market.

In February 2012 the consultants Quarterbridge were appointed on a 2-year fixed management contract, this was extended until 2015 at which point the council decided to bring market management back 'in-house'.

Since its refurbishment in 2012 The Market Hall occupancy rates have never reached 90% target level, though there was a notable improvement when management of the market passed back to Sefton in 2015. Occupancy largely remained around 70%, but more recently this has dropped below 20%. It should also be noted that some units have remained empty since the refurbishment in 2012, these units are at the rear of the market with poor sight lines.

There appears to be many reasons why traders are leaving such as lack of footfall, debts, rent levels and lack of consumer spending power.

A small number of traders have re-located to other locations within Southport while others have gone out of business or reduced their market stall portfolio.

The Market has also faced many other challenges, the main being the closure of McDonalds on the key junction of Eastbank Street/King Street. This large building remains empty (boarded up) that has had a dramatic effect on footfall. There are also many vacant units on the adjoining streets such as Market Street and King Street, these reflective of a wider challenge on our high street locally and nationally with Southport also having a higher percentage of empty units compared to the current National average.

National Trend

In the last eight years, markets and town centres have come under significant pressure due to changes in consumer preferences and retailers since the recession. There has been a significant growth of online and multi-channel retailing, which now accounts for over 14.4% of UK sales (Association of Town Centre Management ATCM); this has affected markets negatively, as they are generally unable to meet the consumer demands for convenience shopping due to generally being located off-pitch and with a limited range of products.

The impact on the high street and shopping centres from out of town retail, online shopping and changes to consumer preferences has seen a rise in unit vacancies. This has led to landlords targeting temporary lettings, using small businesses that may have traditionally been located in the market. The impact on footfall trends in the town centre is also felt more significantly by the markets.

Tastes have changed and customers want convenience; in-store experiences; personalisation; multi-channel purchasing and unique offerings. They also want to use the town centre differently. People want to socialise, drink coffee or alcohol in attractive surroundings, browse artisan and pop-up shops, and foodie markets. They don’t want the soulless, concrete environment that is being served up to them.

The Southport health check has also been completed, this shows vacancy rates (units) at 18.1% compared to a 11.9% National average and up from 13.1% in 2015.

The informal nature of the sector has meant that there has been a lack of evidence to understand the performance of markets nationally. There have been several studies by National Association of British Markets Authorities (NAMBA) into the more recent decline of markets and their role in the wider context of improving the economic, social and environmental wellbeing of a town centre and population.

Research by NAMBA has shown that there has been a marked decline in the number markets, which could accelerate unless intervention is made. (before Covid-19)

- Trader numbers are generally declining or stagnating, with only 23% of markets increasing in the number of traders. This indicates that there is a lack of new traders entering the sector which presents future occupancy issues.

- Shopper numbers are also declining, with 42% of markets reporting a loss of shopper numbers. This highlights that markets in the UK are experiencing competition from the retail sector resulting in the decline or stagnation of footfall to the market

- 52% of respondents stated the average spend in markets is declining. This could be related to a number of factors, such as shoppers purchasing cheaper goods, or the demographic shopping at markets has changed, with the higher socio-economic groups shopping habits changing, shopping elsewhere.

- There has been a growth in the number of traders selling food, with only 12% of respondents stating this line had declined.

Further research undertaken by the National Market Traders Federation (NMTF) in aimed to develop a general understanding of the markets sector and to inform decision makers. Key findings included;

- 235 markets in the survey with 82% operated by the public sector, 10% private with the remaining trader or trust operated

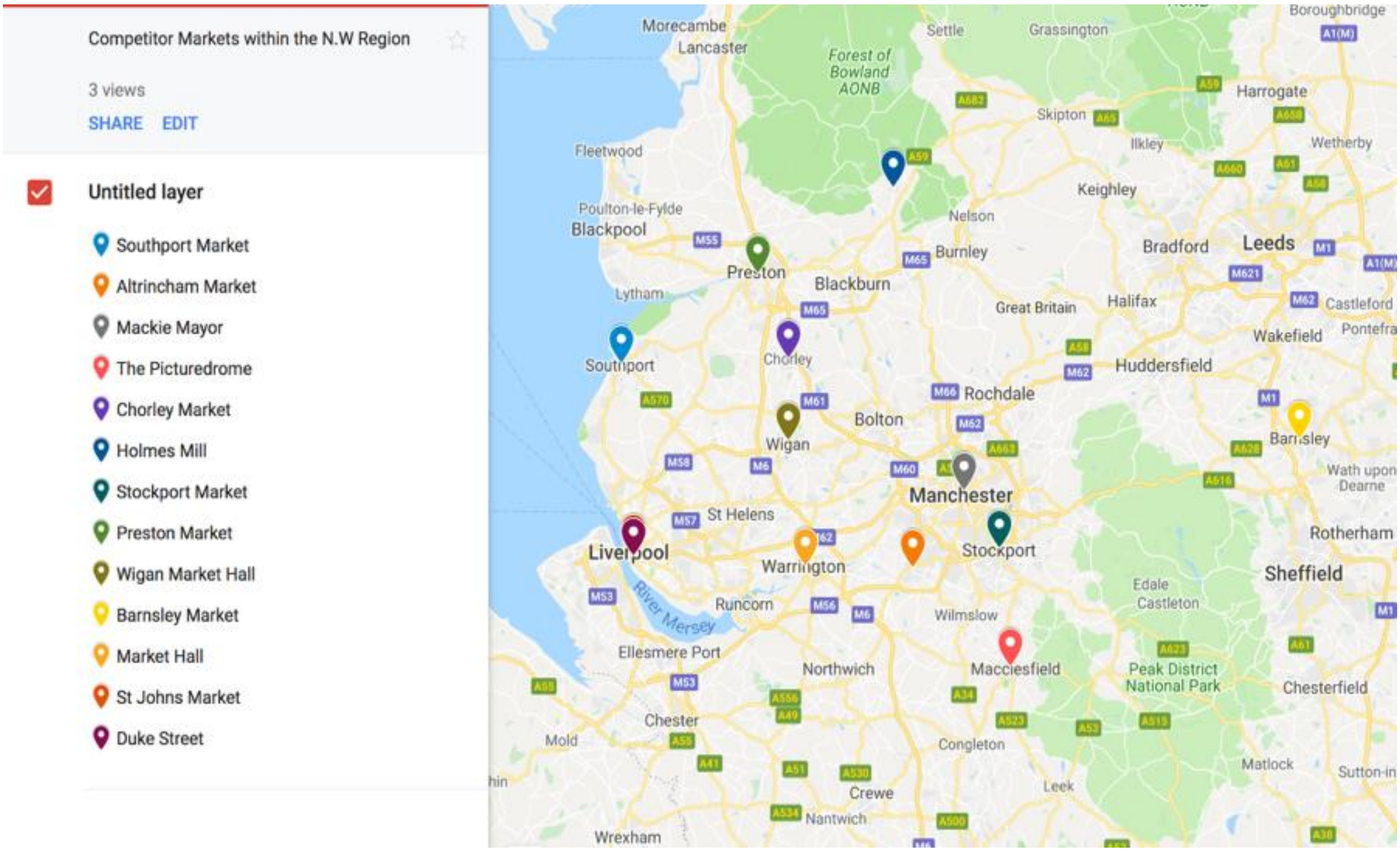
- A single typical market stall charges are £93.14 per week (Compared to Southport of £160 not including VAT)

- 92 markets have invested £50.3m in 2017/18 with £40m coming from Local Authorities

- North West has seen the second largest decrease in performance comparable to UK national performance.

Market Hall Developments

It is challenging to compare markets on a competitive basis due to many factors such as location, trading history and uses and consumer habits. However, when looking at a competitive analysis it is useful to look at Market Halls within a 60-minute drive time.



Altrincham Market - Altrincham is one of the original market towns. Its charter dates back to 1290. The market hall was refurbished in 2014 and now is home to 10 independent quality food operators, with a flexible outdoor market space. The markets transformation has been hugely successful acting as a catalyst to the further regeneration of Altrincham.
Mackie Mayor – The Grade II listed former meat market was refurbished in 2017 by the owner of Altrincham Market. It now houses space for close to 500 people with over 8 independent food operators. Since opening the market has been hugely successful, situated in Manchester Northern Quarter.
Chorley Market- Chorley is famous for its markets, which date back to 1498. The covered market consisting of lock-up cabins and table top stalls, open five days a week, as well as an outdoor market under gazebos along the streets.

Stockport Market – The covered market has over 50 stalls housing a range of operators, in 2019 the produce hall was refurbished by a single operator consisting over 6 food stalls all operated by the produce hall operator.
Preston Market – The market in Preston has recently been refurbished, the modern market still holds the traditional market stalls but has created a new focus on food. It has experienced problems since opening due to the open nature of the market hall and not being suitable for some of the food traders. Preston's indoor market hall has now been demolished reducing significantly the total area of available market space in the City centre.
Wigan Market Hall – The indoor market is a traditional market housing a number of traditional mixed goods market. Plans are underway to relocate the market and reduce the total available space.
St Johns Market – A traditional market in Liverpool City centre part of the St Johns shopping centre. The Market underwent extensive refurbishment in 2017 and remained as a traditional market hall. Despite the refurbishment the market hall has failed to retain and attract traders.
Duke Street Market – A new food and drink operation taking over a empty warehouse on Duke Street, Liverpool. Opened in 2019 as a similar concept to Altrincham and Mackie Mayor with a Food and Beverage focus.

Southport Visitor Numbers and Profile

Southport is a major visitor destination within the Liverpool City Region and The North West due to its position on the Coast, several national recognisable attractions such as The Pier and Lord Street and its major events programme including The Air Show and Flower Show.

Visitor numbers and spend continues to increase in Sefton and Southport, the latest tourism figures are:

- Visitor Numbers – 9.2 million – 1.5% Increase
- Staying visitors – 772,000 – 2.1% Increase
- Economic Impact – £590 million – 6.5% increase
- Total Employment 6,967 – 3.1% Increase

All markets as with all retail businesses suffer from seasonal patterns and it is evident that Southport market struggles to attract a local audience enough to help better support the market throughout the year.

The opportunity exists to improve the market offer for day and staying visitors and for the market to become much more of a destination, this will in turn also help attract the right local audience, the offer must however be right, contemporary, relevant and attractive. In terms of target audience any new market offer must attract the identified visitor profiles as identified thorough the Southport brand strategy and mosaic platform. The Market hall proposal will look to target all these segments.

Mosaic Segment	Typical Tourism & Leisure Preferences: What's Important	MOSAIC Market Size – North West	Regional and National Prevalence
Rental Hubs	Enjoy cultural and event-based experiences – concerts, eating out, socialising. Value conscious and tend to holiday in the UK.	180,437 households	5.87% of regional and 7% of national households
Aspiring Homemakers	Enjoy beaches, parks, outdoor fun and activities that will please children and provide enriching experiences which are affordable and involve "edutainment".	295,200 households	9.61% of regional and 9% of national households
Domestic Success	Families whom enjoy cultural experiences and physical / intellectual activities.	202,023 households	6.58% of regional and 7% of national households
Prestige Positions	Empty nesters with high levels of interest in gardening, heritage and nature – parks, gardens & historic properties.	192,196 households	6.26% of regional and 7% of national households
Country Living Rural Reality Suburban Stability	Well informed early retirees whom enjoy nature and outdoor pursuits, local food and drink and visual arts.	109,755 84,495 256,494	3.57% regional households 2.75% regional households 8.35% regional households

Other Developments

The Market is and will be integral to the future development of the Market Quarter, several other potential developments will be integral and partially dependent on any Market Hall development;

- Vacant McDonalds building – This is a key gateway building that has been sitting vacant for several years directly causing a reduction of footfall into the Market Quarter. The Council is aware discussions have taken place that may see the building transformed into a creative and event hub. Both proposed projects will complement each other and will be critical to the ongoing success of the area. The building may also form part of Southport's Town Deal

- Iceland Site - The Iceland site further down King Street has seen several development proposals, none have been implemented. The site in question consists of the current Iceland store, car park and adjoining vacant units. The current owner of the site is now progressing with plans for the site after becoming aware of the market hall proposal.

3.9 Consultation

As part of the process for preparing the business case for change at Southport Market a public consultation questionnaire was made available through Sefton Council's Your Sefton Your Say web portal. The consultation ran for 4 weeks from 26th September to 24th October 2019. It was advertised through Sefton's external communication channels, local press and Sefton council's intranet. As it was a web-based survey, paper versions were made available at libraries, town halls and one stop shops across the borough. In total 158 responses were received, more than half of people that took part in a consultation on Southport Market believe introducing more food and drink options would have a positive effect on the building.

91% of respondents who responded were Sefton residents and just under 80% of them had heard or seen the impressive images charting how the King Street market could look in the future. The consultation identified that there is a need to change the current offer with people saying they don't visit the facility much, highlighting the number of empty units and how it was an uninviting place to visit. A number of responses also identified that a change in the offer at the market would improve the look and feel of the market quarter in the town.

Lastly the consultation process found that 72% of people would visit an artisan and local food market with 64% saying they would go to a craft market as well. The full consultation results can be found in annex 5.

4. THE ECONOMIC CASE

The Economic Case considers:

- The options available to the Council for delivering the project.
- The critical success factors for assessing the options.
- The recommended option.

4.1 Critical Success Factors

Methodology

These critical success factors have been used to undertake a qualitative and quantitative options appraisal to identify the most appropriate operating and delivery model. This approach is in line with Government's guidance for informed decision making: identifying the options available; designing relevant evaluation criteria; and analysing the monetary and non-monetary costs and benefits of each option to identify a recommendation.

Evaluation Criteria

The critical success factors developed for assessing the different options are listed below. These have been informed by discussions with key stakeholders, including Members along with residents and visitors to The Market Hall.

Each option has been assessed in terms of its likely effectiveness in terms of the level to which it would:

- True transformation of the Market ensuring it meets the ever-changing consumer demands
- Supports and contributes to delivering the agreed vision and actions of the Southport Development Framework
- Reduce the Council cash subsidy to Southport Market which is expected to rise over the next 10 years thus improving commercial performance
- Improve customer and trader satisfaction that will enhance the reputation of The Market Hall
- Provide opportunities for new business start-ups and business growth
- Improve the Council's stewardship of its public finances (in terms of ensuring council funding its directed to its priorities for funding).

4.2 Options

Option	Approach
0. Do Nothing	Continue with existing arrangements including existing operating model. No investment in refurbishing the facilities or any rent reductions resulting in continued poor performance, and further empty units. It is predicted that the Market may have to close in April 2021. The current asset value is £503k which is based on current rental income levels.
1. Mixed goods with rent reduction	Continue with existing arrangements including the existing operating model but look to reduce rents for all stalls It should be noted rent initiatives have already been implemented with little effect. Using current market conditions £12 per sq. ft would be adequate for the market. The current sq. ft in the market ranges from £28 to £17, if fully let it would bring in a rental income of £204k per annum. The new rental model would bring a return of £119k per annum if fully let. Capital investment of £500k for market maintenance works.
2. Food concessions with Council operated bar	Change existing arrangements with a focus on hot food and central bar to the front of the market with flexible event and market space to the rear. Food units to be concessions with Council operating bar and floor, this would result in the Council having to employ a large amount of bar tenders along with floor operatives resulting in large employment costs Full investment in refurbishment of the Market Hall
3. Food & bar concessions	Change existing arrangements with a focus on hot food and central bar to the front of the market with flexible event and market space to the rear. Food units and bar to be concessions with bar operator also managing the floor meaning the Council would not be required to employ staff to manage that function. The Council would retain the management of the asset along with the flexible space with a dedicated market team sitting within the tourism service. Full investment in refurbishment of the Market Hall

4.3 Options Appraisal

0. Do Nothing	
Strengths and opportunities	**Weaknesses and risks**
• No requirement for capital investment	• Additional budget required of £209k over and above the existing budget of £75k (as at year 3) • Number of traders will continue to reduce potentially leading to closure of Market Hall (estimated April 2021) • Decline in revenues over time as traders leave • Will not contribute to regeneration of Southport • Will weaken Southport's tourism offer
Overall assessment: not a sustainable option.	

1. Mixed goods market with rent reduction	
Strengths and opportunities	**Weaknesses and risks**
• Reduction in rent may attract a small number of new traders	• No material changes to quality of offer. • Rental reductions and rent-free periods have been used before with little or no effect • Additional budget required of £226k over and above the existing budget of £75k (as at year 3) • Unlikely to contribute to the regeneration of Southport • Continue to be difficult to include into the overall tourism offer • Capital investment still required
Overall assessment: not a deliverable or affordable option.	

2. Food concessions with Council operated bar – Full refurbishment	
Strengths and opportunities	**Weaknesses and risks**
• Change in operation and offer that would significantly contribute to the wider regeneration of Southport • Become an active part in Southport's tourism offer • Opportunities for new business start ups	• Additional budget required of £175k over and above the existing budget of £75k (as at year 3) • Council having to run bar and market floor with no prior experience • Large staff costs and no to little experience of managing a bar and food floor operation
Overall assessment: not a deliverable or affordable option.	
3 Food & Bar concessions - Full refurbishment.	
Strengths and opportunities	**Weaknesses and risks**
• Robust business case despite prudent assumptions - £101k surplus by year 3 • Change in operation and offer that would significantly contribute to the wider regeneration of Southport • Become an active part in Southport's tourism offer • Opportunities for new business start ups • Bar operator taking risk of bar and responsibility of running market floor • Partnership approach with the operator to curate food offer along with marketing/events • Increased financial performance allowing a greater contribution to the historic borrowing on pervious scheme.	• New turnover rental model means Council not guaranteed set amount of rental income • New offer in Southport, therefore no actual comparison how it may perform • Despite strength of financial performance,additional budget required of £61k over and above the existing budget of £75k (as at year 3)
Overall assessment: Sustainable and strongest option	

4.4 Assessment of effectiveness of delivery

Considering all the options collectively in terms of their effectiveness in delivering the objectives and meeting the critical success factors, the overall assessment has produced the following conclusions:

- Options 0 and 1 will not deliver transformational change resulting in an increasing or very little reduction of the current subsidy plus potential closure

- Option 2 would deliver transformation change and see The Market Hall undergo major refurbishment, however it would fail to reduce the current subsidy and expose the Council to several risks

- By having concessions taking control of all food and drink units in option 3 it de-risks the Council

- Option 3 would not only deliver transformational change and contribute to the wider regeneration programme it would see the lowest increase in required subsidy given its profitability, a greater contribution to the historic borrowing and provide opportunities for new business development and wider regeneration benefits

4.5 Summary of the assessment of options in terms of financial performance

The table below summarises for each of the options the forecast financial performance of operations as at year 3 and the impact after taking into account transition & historic financing charge. The table also shows the Council support required and the additional budgeted required over and above the existing budgeted subsidy to fund each of the options. Note that additional funding will be required in years 1 and 2 while operations are embedded.

SOUTHPORT MARKET BUSINESS CASE ALL OPTIONS - FINANCIAL COMPARISON (negative number) = financial benefit; positive number = cost	Option 0	Option 1	Option 2	Option 3
	No Change (Market Closure April 2021)	Mixed Good with Rental Reduction	Food Concessions with Council Operated Bar	Food & Bar Concessions
	Year 3 £m	Year 3 £m	Year 3 £m	Year 3 £m
CAPEX TOTAL	**0**	**0.500**	**1.411**	**1.411**

INCOME TOTAL	**(0.070)**	**(0.217)**	**(1.115)**	**(0.536)**
EXPENDITURE TOTAL	**0.116**	**0.281**	**1.128**	**0.435**
NET (SURPLUS) / DEFICIT	**0.047**	**0.064**	**0.013**	**(0.101)**
HISTORIC CAPITAL FINANCING CHARGE	0.237	0.237	0.237	0.237
COUNCIL REQUIRED SUPPORT	**0.284**	**0.301**	**0.250**	**0.136**

ADDITIONAL BUDGET REQUIRED ABOVE THE CURRENT BUDGETED SUBSIDY OF £75k (Year 3 onwards)	**0.209**	**0.226**	**0.175**	**0.061**

Option 0 will require additional budget of £209k on the assumption that the indoor market will be closed, and no longer used, from April 2021 but the outdoor market will remain in operation. Options 1 and 2 will require additional budgeted subsidy of £226k and £175k per annum respectively (as at year 3).

Option 3 with full refurbishment delivers a surplus to the council by year 3. Total Council support required would be £307k in year 1, £235k in year 2 and £136k from year 3 onwards. This support is inclusive of the existing budget of £75k and represents an increase in the budget of £233k in year 1, £161k in year 2 and £61k in year 3 onwards. Although this is an additional budgeted subsidy, it is a significant improvement in performance from the current actual performance against said budget, with the shortfall against that budget previously being met by other service areas.

(Further information about the underlying details including a 10-year cash flow are provided in Annex 1).

4.6 Current Financial Structure

The business case is based on prudent assumptions in respect of visitor numbers and customer spend. Nevertheless, on these bases the project (option 3) would deliver a surplus of £101k by year 3.

The Current budget for the Market is £75k. This is based on £237k debt and the original business plan which forecast operations would generate a profit of £157k. The preferred option 3 would see that by year 3 £101k profit would be generated. Therefore, £61k additional budget would be required over and above the existing budget of £75k.

The current Market occupancy is circa 20% and is therefore carrying a significant overspend - instead of generating £157k profit, it has an operating loss of c£130k (based on June 2020/21 forecast). This means that the Council support required is £367k and other services are currently supporting to address this deficit.

	Current budget based on previous market business plan	Current June 2020/21 forecast Based on 20% occupancy	Proposed budget for food & drink market / flexible space Year 3
	£000s	£000s	£000s
Capital financing costs	237	237	237
Operating (profit) from activity / loss	(162)	130	(101)
Council required support	75	367	136
Budget in place or required	75	75	136
Offset by other services	0	292	0

4.7 Summary of the assessment of options against all evaluation criteria

Incorporating the assessment of the delivery effectiveness and financial performance of each option detailed in the tables above, the table below summarises the strength of the options against all the chosen evaluation criteria.

The results are shown as a numerical score compiled as follows:

a) Each evaluation criteria have been 'weighted' in terms of its relative importance for the Council compared to the other criteria.

b) Each option has been assessed by the project team and the hospitality operator expert advisors retained by the Council in terms of how effective they would be in realising each evaluation criteria, on a scale of 1 (low to nil) to 10 (very effective).

c) Then the scores out of 10 against each criterion for each option have been factored by the evaluation criteria weighting to provide a comparable numerical score for each option.

The comparable scores for each option are detailed in the table below:

Option	Total Score	True transformation	Southport development framework	Contribution to historic borrowing	Improve customer satisfaction	New business opportunities	Councils public finances
Weighting		**3**	**3**	**4**	**3**	**4**	**4**
0.Do nothing	**8**	**0**	**0**	**4**	**0**	**0**	**4**
1.Mixed goods/rent reduction	**33**	**0**	**0**	**0**	**9**	**24**	**0**
2. Food/Council run bar	**140**	**30**	**30**	**12**	**24**	**32**	**12**
3.Food/bar concessions	**180**	**30**	**30**	**32**	**24**	**32**	**32**

The option that has emerged with the highest score from this process is Option 3: Food and Bar concessions with full refurbishment. This option was also the only one of the options that was assessed as requiring the lowest increase in the current budgeted subsidy and being truly transformational.

Therefore, Option 3 Food and Bar concessions with flexible events space funded as part of the Council's approved capital programme is the Recommended Option.

4.8 Approach to developing the preferred option

Timescales: The design team, Dawnvale and DV8-Desgins have been appointed and have already completed RIBA Stage 4 design and costings.

Quality (Outputs and Outcomes): Detailed briefings and project meetings of the design team has been done to ensure design proposals align with the Recommended operating model.

Cost (Financial implications): Detailed cost planning has been undertaken for the Recommended Option construction works (Stage 4) and, likewise, detailed cost estimating for the target operating model.

Value for Money: The Recommended Option will contribute towards the economic growth of the area and will support the objectives of the 2030 Vision. It will also improve the financial performance of the asset and by working in partnership with the preferred bar operator will result in obtaining value for money in any capital works and procurement.

Social Value: The Recommended Option provides potential for realising social value over and above the provisions of the Social Value Act 2012 by including a c.5% weighting for social value in the procurement evaluation criteria. Bidders will be asked to commit to a number for each of the following criteria, with the highest commitment contributing to the evaluation:

- The number of sub-contractors that will be based within a 25mile radius.
- The number of employees being Sefton based residents.
- The number of builders’ merchants who are Sefton based (construction supply chain)
- The number of suppliers who are Sefton based (operator supply chain)
- The number of apprenticeships being created via the main contract.

Accessibility: Improving access for persons with disabilities ensuring all can access and enjoy the offer.

5. Commercial Case (Recommended Option)

5.1 Specialist Industry Advice

To help formulate this business case and produce the detailed financial information the Council commissioned two industry consultants to look at The Market and to see how a food and drink offer could be incorporated into any final option.

BJER Consultancy

- Hospitality consultant with over 20 years providing advice to the hospitality industry

- Provided initial model that included trends, other food and drink markets performance, suggested covers, spend per person and design advice

EPR Hospitality

- Experienced leisure consultant with 20+ years' experience in hotel, food and beverage offers. Managed assets in Southport bringing local context.

- Evaluated previous assumptions resulting in covers reduction and food and drink split, provided further design advice along with preferred operator comments along with EPOS advice.

Extensive soft market testing also took place resulting in many conversations with both food and drink operators. Interested bar operators were also required to submit draft profit and loss accounts that further provided confidence in the preferred option.

Moreover, informal engagement also took place with similar food and drink markets elsewhere in the region to understand visitor and spend profile, to give confidence in assumptions made for the purposes of business case development, as well as to understand successes and lessons learned operationally and strategically as may relate to the project.

The Commercial Case considers procurement and contractual issues in respect of the Recommend Option including the viability of the procurement approach and the proposed contractual arrangements.

The financial information from both BJER and EPR has been built into the final financial model, Annex 3 contains all the narrative reports received by both consultants.

5.2 Procurement Approach

The Recommended Option requires two main procurements:

a) Procurement of contractor(s) for the building works.

b) Competitive process for bar operator and food concessions

All tenders would be sought in full compliance Sefton Council's contract procedure rules and assess bidders' financial standing in the evaluation criteria

Procurement evaluation criteria would ensure that only those companies that can demonstrate appropriate capacity, capability, systems, expertise, evidence of ability to deliver to scope and timescales and recognition of desired social value will be considered.

5.3 Procurement of contractor(s)

To enable the most economically advantageous tender to be returned whilst maintaining control of time, cost and programme the required building works would be procured through competitively tendering the works using the following mechanisms:

- Work with preferred bar operator to deliver fixtures and fittings fit out, ensuring best value for money
- Single stage traditional procurement for all other works associated with the capital refurbishment required for the preferred option

5.4 Bar Operator & Food Concessions

As part of the commercial and strategic review a competitive process has been undertaken to secure a preferred bar operator while soft market testing has also been carried out to measure the potential demand for the food concessions.

Advice recommended that a formal procurement process under either the Public Contract Regulations 2015 ("PCR") or the Concession Regulations 2016 was not required. However, a structured competitive process has taken place to ensure achievement and demonstration of best value for money.

In order to secure a preferred bar operator and to measure potential demand for food concessions the following has been undertaken;

- Press release issued on potential options and inviting interested parties to contact the Council
- Email to Sefton's Food and Drink database, containing over 400 contacts
- New Southport Market website detailing information along with a new brochure

All bar operators were asked to submit the following information

- Detailed information relating to previous experience and company information
- Sample menus to determine if they understood the proposed concept
- Sample staff rotas to give confidence they understood the operation and had the required experience
- A draft profit and loss account for the first year

The Councils hospitality advisor reviewed all four submissions and produced several comments on each submission, furthermore the Councils immediate project team also reviewed the submissions.

Along with a group of Sefton officers, Sefton's Cabinet Member for Regeneration & Skills and Sefton's Cabinet Member for Regulatory, Compliance & Corporate Services met to score the four submissions blind. Each submission was scored against the following questions, each worth 20 marks;

- Is the submission (business) operating in Sefton, and what is their commitment to staff training along with terms and conditions?
- Does the submission understand the vision of the proposed new Market Hall?
- Does the submission (business) have the necessary experience to become a trusted operator in any new Market Hall?
- Does the submission understand the importance of the events space, and how would they support the future growth of the Market?

Submission	**Q1**	**Q2**	**Q3**	**Q4**
1	20	5	15	5
2	20	1	18	5
3	20	18	15	18
4	20	18	20	15

Submission 4 scored the highest and the figures provided in the return have been used to inform the final financial model and the associated cash flow projections

Several food operators have, in addition to the principal bar operator, expressed a strong preference to operate in the Market, these talks would progress once a final decision has been made to commence the project. The food operators range from individual operators to independents with one or more restaurants

5.5 Market Operation

The business case for the preferred option is built around the Market operating six days a week, with a Monday closure. There will be flexibility to this approach, for example the butcher may want to be shut on Sundays but be operational on The Monday. There would also need to be a flexible approach to bank holidays and summer holidays due to the nature of Southport and visitor numbers.

Most markets with a food and drink offer that also have a non-hot and food stalls tend to operate six days. Markets that have just become 100% food and drink tend to operate for shorter periods.

6 Financial Case (Recommended Option)

This section sets out the forecast financial implications of the Recommended Option 3 as set out in the Economic Case above.

6.1. Development of Financial Cash Flow Forecast Model

Specialist hospitality expert advisor support: Expert advice from two hospitality experts was commissioned to support the production of a financial cash flow forecast model for the proposed hospitality operations, this was further strengthened by the bar operators also submitting draft profit and loss information identifying:

- Direct returns in the form of rent from concessions
- Wider business case benefits for the Council

The sector experts engaged have supported the development of a detailed income generator model which underpins the cash flow forecast with market intelligence and assumptions about volumes, costs and prices including:

- Visitors/number of covers;
- Spend per person for each cover split between food and drink
- Number and size of events
- Outdoor market income (Council officer input)
- Impacts of seasonality

The detailed cashflow forecast (modelled over a 10-year period, aligning with the proposed lease term for the bar operator) is included in Annex 1. The financial appraisal takes into account an analysis of the project and is separate from the overall impact on the Council's Medium-Term Financial Plan (MTFP) which includes a provision for the historical financial charge.

A summary of the key assumptions has been included below.

- *Launch Date – April 2021:*

- *Forecast revenue per visitor benchmarks closely to comparable operations and local food and drink offerings assessed by the expert advisors.*

Outdoor markets continue to grow due to increase in resource allowing expansion into other Sefton towns and villages, while the new market would allow all year-round markets

- *The immediate local visitor economy*: On the basis that Southport has a vibrant and growing visitor economy with strong growth in both staying and day visitors and most existing restaurant / bar facilities in the area are trading successfully, being sustained by the local community and visitors it is believed that the local economy can support the required customer growth for the new venture.

There is confidence in these assumptions and the forecasts that are based on them for the following reasons:

- There has been extensive support throughout the development of the forecasts from two different hospitality experts with a proven track record in food and beverage businesses locally, regionally and nationally.

- The key assumptions underpinning the forecasts are based on objective evidence of data collected about the market and benchmarks from the expert advisor's own experience and bar operators' submissions

- The Council's project team have audited the P&L, cash flow forecasts and Income Generator model produced by the hospitality experts and bar operators, including extensive sensitivity analysis, to underpin confidence including confirmation of the use of benchmarks or other evidence and data underpinning all key assumptions.

6.2. Financial Forecast Overview and Assumptions

A summary of the 10-year financial forecast for the recommended option is shown in the table below:

SOUTHPORT MARKET BUSINESS CASE ALL OPTIONS - FINANCIAL COMPARISON (negative number) = financial benefit; positive number = cost	Option 3 Food & Bar Concessions 10 Year Term (Including 4.5 months of transition costs) £m
CAPEX TOTAL	**1.411**
INCOME TOTAL	**(5.093)**
EXPENDITURE TOTAL	**4.488**
OPERATING SURPLUS (incl. Transition Costs)	**(0.605)**
HISTORICAL CAPITAL FINANCING CHARGE	2.370
MTFP REQUIREMENT	**1.765**
ADDITIONAL SUBSIDY REQUIRED ABOVE THE CURRENT BUDGET (£75k p.a.)	**1.015**

- The £1.41m capital expenditure is based on the following assumptions: The scheme will be funded from £500k grant from the Combined Authority and £900k from the Towns Fund Accelerated Funding (from MHCLG).

- Preferred bar operator involved in final designs of refurbishment.

- Operating costs include provision for on-going maintenance (before profit).

- Bar operator on a 10-year lease with a 13% turnover lease, with food concessions on flexible leases with a 15% turnover rent and 1.5% service charge

- A transformed operating model with best practice business processes and enhanced hospitality offer delivering increased revenues.

- Revenue increased from c.£0.079m (as-is operations based on June 20/21 forecast), to c.£0.364m in year 1, to c. £0.536 pa when fully implemented.

- Over the 10-year analysis period, an additional subsidy will be required of £0.884m over and above the existing budget

6.3. Net Present Value (NPV)

The Net Present Value (NPV) appraisal technique has been used to assess the financial viability of the proposal. NPV represents the return / gain on initial investment in present day terms in line with the Treasury Green Book appraisal methodology using a standard discount factor of 3.5%. A positive NPV indicates that a project is worth undertaking from a financial point of view.

The recommended Option 3 results in a positive NPV of £0.311m indicating that the project is worth undertaking from a financial point of view. This represents a gain of 22.05% on the initial investment of £1.4m.

It should be noted that the total construction cost of £1.4m has been derived from a RIBA Stage 4 cost plan. As the developed designs are finalised in conjunction with a contractor and preferred operator there may be some refinement of this cost. The NPV viability of the project will be reassessed at that point.

6.4. Sensitivity Analysis

With a project of this nature, whilst a base case can be developed to enable informed decision making, there will inevitably be several variations to this over time.

As a result, in developing this business case extensive sensitivity analysis has been undertaken that aims to outline the impact in financial performance that could be experienced should there be changes to:

- Construction costs and fees
- Visitors/covers per year
- Total Expenditure
- Spend per person
- Number of food stalls
- Multi Variable Sensitivities

It is important to note that these changes will not take place in isolation e.g. over 10 years there may not only be a change in construction cost, but other changes could also take place concurrently over the life cycle of the project.

In considering a range of outcomes, it is evident that the 4 major financial risks are in respect of: -

- The cost of construction
- Achieving the desired number of covers per year;
- Average spend per person and;
- Number of food stalls

6.5. Sensitivity: Cost of Construction

The cost of construction will be managed effectively by good project management and ensuring the project has a built-in contingency. The sensitivity of the cost of construction is demonstrated here as per the requirements of the five-case model.

From the base case the positive NPV and annual return to the council is based upon the cost of construction of the new facility being £1.4m. At this point in time this is derived from the RIBA stage 4 cost plan.

There is a risk that costs may change, as construction costs are susceptible to market conditions and limited risks due to Brexit.

If the the build is affected by a later impact of the EU exit, costs may rise, and the impact will need to be understood. By way of example, the table below provides a summary of the impact of the cost increases on the base case:

Scenario	**Construction costs (including fees) £'m**	**Net surplus*(1) / (deficit) generated over the term (10 years) £m**	**NPV*(2) £m**
Base case	**1.411**	**0.741**	**0.311**
Construction costs increase from £1.41m to £1.764m [25% increase to costs]	**1.764**	**0.741**	**(0.042)**
Construction costs increase from £1.41m to £1.722 [Positive NPV]	**1.722**	**0.741**	**0**
Construction costs decrease from £1.41m to £1.058m [decrease of 25%]	**1.058**	**0.741**	**0.664**

*1 The net surplus/deficit generated over the term does not include the £237k historical finance charge or transition costs. This does not change between sensitivities as the capital cost is assumed to be funded by a combination of Combined Authority grant funding and the Towns Fund Accelerated Funding (from MHCLG) and has no impact on in year performance.

*2 A positive NPV indicated a project is worth undertaking from a financial point of view.

*3 A change in construction costs will not have any impact on the MTFP as this funded through grant income.

6.6. Sensitivity: Covers per Year / Spend per person

If the construction of the asset progresses as set out, the other key feature of this business case is the increase in income from £0.364m in year 1 to £0.536m by year 3.

This represents an increase of 47.04%, which is significant and depends on successfully attracting and maintaining 230k covers a year by year 3 and that client base spending significantly more money per visit than they do at present. The 230k covers are phased as 161k covers in year 1, 195k covers in year 2 and 230k covers in year 3. This is reflected in the base case assuming: -

- Total number of covers per year of 230k, split between 60k bar only and 170k for both bar and food. This has been phased for years 1 to 3 starting with 161k covers in year 1 and increasing to 230k covers in year 3 to recognise the time required for the new market offer to be fully established.

- Average spend on food of £9.72 with drinks split as £3.60 (if buying food) or £9.60 (if only buying drinks). This gives an average spend per person of £12.35, which is inclusive of VAT.

- Outdoor markets increasing in size, locations and being able to be held all year round in the new market hall

- The management of the cost base for these activities and the number of covers and growth in the associated income are critical to the success of this project and this is discussed within this business case. This sensitivity analysis models the impact that variations in these factors could have on annual performance and the council's financial position.

Scenario	Covers per year	Net surplus*(1) / (deficit) generated over the term (10 years) £m	NPV*(2) £m
Base Case	**230k**	**0.741**	**0.311**
Covers per year decreases from 230k to 180k [Breakeven over 10 years]	**180k**	**0**	**(0.897)**

Covers per year reduced from 230k to 217k [covers need to be over 217k to generate a positive NPV]	**217k**	**0.550**	**0**
Covers per year increased from 230k to 253k [10% increase to covers per year]	**253k**	**1.082**	**0.865**
Covers per year reducing down by 50% from 230k to 115k	**115k**	**(0.957)**	**(2.460)**

*1 The net surplus/deficit generated over the term does not include the £237k historical finance charge or transition costs.

*2 A positive NPV indicated a project is worth undertaking from a financial point of view.

Scenario	**Spend per Person £**	**Net surplus*(1) / (deficit) generated over the term (10 years) £m**	**NPV*(2) £m**
Base Case	**12.35**	**0.741**	**0.311**
Average spend per person decreases from £12.35 to £9.66 [Breakeven over 10 years]	**9.66**	**0**	**(0.897)**
Average spend per person decreases from £12.35 to £11.65[Positive NPV]	**11.65**	**0.550**	**0**
Average spend per person increases from £12.35 to £13.59 [Spend per person increases by 10%]	**13.59**	**1.081**	**0.867**

*1 The net surplus/deficit generated over the term does not include the £237k historical finance charge or transition costs.

*2 A positive NPV indicated a project is worth undertaking from a financial point of view.

The breakeven point in the above table does not include the annual £0.237m historical borrowing charge, or any capital costs relating to the refurbishment of the market as this is funded through capital grants.

The business case for option 3 assumes visitor numbers in year 3 at a level of 50%-55% of the numbers understood to visit other regional food and drink markets each year, with a spend per head 10% lower than understood to be the case for those other regional markets.

6.7. Sensitivity: Number of food stalls

The base case and positive NPV is based on there being 8 operational food stalls in the market. The table below shows the impact that a reduced number of food stalls could have on annual performance and the council's financial position. The assumption is the number of bar only covers remain constant at 60k and the number of food and drink covers fall proportionally with the number of food stalls open:

Scenario	**Number of food stalls**	**Net surplus*(1) / (deficit) generated over the term (10 years) £m**	**NPV*(2) £m**
Base Case (170k food and drink covers & 60k bar only covers)	**8**	**0.741**	**0.311**
Number of food stalls reduced from 8 to 7 (149k food and drink covers & 60k bar only covers)	**7**	**0.470**	**(0.131)**
Number of food stalls reduced from 8 to 6 (128k food and drink covers & 60k bar only covers)	**6**	**0.199**	**(0.573)**
Number of food stalls reduced from 8 to 4 (85k food and drink covers & 60k bar only covers)	**4**	**(0.344)**	**(1.457)**

*1 The net surplus/deficit generated over the term does not include the £237k historical finance charge or transition costs.

*2 A positive NPV indicated a project is worth undertaking from a financial point of view.

Construction costs, covers per year, spend per person (including the associated income levels at this stage) and number of food stalls are considered to be the biggest financial risks, however there will be multiple variations that will impact upon overall financial performance both annually and over the 10- year life cycle of this project.

A summary of the outputs from the full sensitivity analysis are in the table below:

Sensitivity Analysis

Sensitivity Group	Sensitivity Description	Projected Net Present Value (NPV) £000s	% Discounted Return / (-Loss) on Initial Investment %	Net Surplus / (Deficit) [Excluding transition & historic capital recharge costs]
Recommended Option	Option 3	311	22.05%	741
Spend per Person	Average spend per person decreases from £12.35 to £9.66 [Breakeven over 10 years]	(897)	-63.55%	0
	Average spend per person increases from £12.35 to £13.59 [Spend per person increases by 10%]	867	61.41%	1,081
	Average spend per person decreases from £12.35 to £11.65 [Positive NPV]	0	0.00%	550
	Average spend per person reduces by 50% from £12.35 to £6.17	(2,461)	-174.40%	(959)
Visitors/No of covers Per Year Sensitivity	Visitors/no of covers per year decreases from 230k to 180k [Breakeven over 10 years]	(897)	-63.55%	0
	Visitors/no of covers per year reduced from 230k to 217k [Positive NPV]	0	0.00%	550

	Visitors/covers per year increased from 230k to 253k [10% increase in covers per year]	865	61.32%	1,081
	Covers reducing down by 50% from 230k to 115k per year	(2,460)	-174.29%	(958)
Capital Costs Sensitivity	Capital costs increase from £1.4m to £1.764m [25% increase to costs]	(42)	-2.36%	741
	Capital costs increase from £1.4m to £1.722m [Positive NPV]	0	0.00%	741
	Capital costs decrease from £1.4m to £1.058m [25% decrease in costs]	664	62.73%	741
Total Food Stalls Sensitivity	Number of food stalls decreases from 8 to 7 [assumes food cover numbers will fall by same proportion]	(131)	-9.28%	470
	Number of food stalls decreases from 8 to 6 [assumes food cover numbers will fall by same proportion]	(573)	-40.61%	199
	Number of food stalls decreases by 50% from 8 to 4 [assumes food cover numbers will fall by same proportion]	(1,457)	-103.27%	(344)

6.8. Sensitivity analysis conclusion

There is a 5.7% flexibility regarding the main two operational variables – the number of covers and average spend per person. Should they, on an individual or collective basis, adversely vary to the business plan by more than 5.7% then the NPV would be negative.

- **Decrease in spend per person** – Spend per person within the base case is assumed to be £12.35. The base case assumption would need to decrease by over £0.70 from £12.35 to less than £11.65 to produce a negative NPV. This would be a reduction of 5.7%. Key mitigants include effective management to ensure quality of the offer, and a long-term vision that ensures an appropriate mix and continuing “refresh” with new offers for customers.

- **Decrease in covers per year** – The base case also assumes a significant increase in the number of visitors to the market totalling 230k by year 3. Covers per year would need to drop by over 13k down to 217k to produce a negative NPV. This would be a reduction of 5.7%. Key mitigants include effective management to ensure quality of the offer, and a long-term vision that ensures an appropriate mix and continuing “refresh” with new offers for customers.

- **Increase in construction costs** – construction costs would need to increase by 25.00% from £1.411m to more than £1.764m to produce a negative NPV. This risk will be mitigated by a full and compliant procurement process, and effective project management processes.

- The breakeven point in the sensitivity tables does not include the annual £0.237m historical borrowing charge, relating to previous refurbishment work, however this is a charge which still needs to be reflected in the MTFP and future budget planning for the Market. The table in section 6.2 shows the net budget requirement going forward to fund this historical commitment.

All sensitivities have been considered from a Council financial viability perspective.

The supporting detail underpinning the sensitivity analysis is attached at Annex 2 case.

7.0 Management Case (Recommended Option)

This section addresses the 'achievability' of the Recommended Option including the actions required to ensure the successful delivery of the scheme in accordance with best practice.

7.1. Project management and plans

Project structure and governance arrangements
There 3 key stages to this project:

- Stage 1: Project Development – Full Business Case (complete)
- Stage 2: Transition to Delivery – Preferred Bar Operator and traders secured.
- Stage 3: On-going management

The project's Transition to Delivery (if approved by Cabinet) will be governed through the Council's established Framework for Change, Growth and Strategic Investment (GSI) pillar.

The indicative timetable for the project is shown in the table below:

Key Activity	Dates		Comments
	Start	End	
1) Cabinet approval of Full Business Case (SCIG/IPC to Formal Cabinet Approval).	*24/02/2020*	*04/09/2020*	*Stage 1. Finalise conversations with remaining traders and preferred bar operator*
2) Procurement of the contractor.	08/09/2020	06/10/2020	Stage 2. Start of works dependent on Cabinet approval of FBC and lease agreement with bar operator
3) Start of building works.	26/10/2020	26/10/2020	Stage 2. Ensure traders that wish to remain are temporary relocated as part of the works if possible.

4) Pre opening work including securing food concessions, marketing, entertainment, markets booking along with recruitment of new posts	08/09/2020	01/03/2021	Stage 2. Dependent on FBC approval, pre-opening activity integral to a successful opening.
5) Completion of building works (Anticipated 16 weeks construction period plus Christmas shutdown)	01/03/2021	01/03/2021	Stage 2. Dependent on start date.
6) Launch.	26/03/2021	26/03/2021	Stage 3. Dependent on completion of works to schedule.

Stage 2 Transition to Delivery

Project Management

a) Governance - Framework for Change:

Stage 2 will continue to be managed, through the Growth and Strategic Investment (GSI) Board.

All workstreams for Stage 2 will be reviewed on a monthly basis through reporting to the GSI Board from a Project Manager and the Project Sponsor.

Reports will include commentary on progress and programme, quality and design outputs and cost together with relevant risks and issues arising in the month.

Any changes to the project in scope, cost, quality or time will be reported through a variance report and agreed at next available GSI Board.

b) Project manager and plan:

A Project Manager (PM) was put in place for Stage 1 and will continue for Stage 2.

The project will be managed through a Project Plan for timescale management and risk register, identifying risks specific to the project. This data will be aggregated at a Programme level to produce at Programme level risks to be recorded and potentially escalated.

c) Build project – Investment Programmes & Infrastructure

Once the building contractor is in place then the investment programmes and infrastructure service in partnership with the project manager will oversee the building contract. This will ensure the council is able to effectively monitor progress through the technical design, procurement, construction and 12 months defects period

d) Build project - change and contract management:

The building works will be managed using the processes, contractual arrangements and conditions described in the JCT Standard Form of Building Contract.

Contract variations would be agreed, rejected or negotiated with the Contractor but only if prior approval has been given by Sefton Council authorised representatives.

Change control procedures and financial limits for officers will need to be agreed in due course and ahead of any contract agreement.

Stage 2: risk management

The key risks for Stage 2 of the project and the mitigating actions are detailed in the table below.

Key assumptions/risks	**Mitigating actions**
Unexpected significant construction costs arise after commencement of works.	• Contract to include provision to pause construction at minimal cost to allow time for revaluation of the financial case for continuing the project on the current scope or identifying required changes to scope. • Contract to include provisions to allow for reduction in scope to reduce the overall construction spend if required.
Preferred bar operator fails to sign lease	• Soft market testing and competitive process has been completed. • Preferred operator already engaged with Heads of Terms singed • Opportunities to go to other interested parties

Failure to secure food concessions	• Soft market testing has already been undertaken • Several food concessions have completed Heads of Terms • Work with preferred bar operator to secure food concessions
Cost overruns on build programme.	• ECI to ensure robust costings. • Traditional contractor procurement route with fixed price

Attached at Annex 7 to this Full Business Case is the main Transition to Delivery project risk register, providing full details of the risk, mitigation and management measures including construction related matters.

Stage 2: contingency arrangements.

The following contingency plans have been developed for Stage 2.

a) Building works failure

If the building works cannot be progressed, the following arrangements have been considered for continued delivery of the required services and outputs.

- Scenario A – inability to secure an affordable tender
  - Redesign the proposals and undertake value engineering.
  - Withdraw the business plan and alternative approaches would be considered to seek a way forward.

- Scenario B – failure of the building contractor during construction
  - Secure the property by Sefton Council property services team
  - Procure new contractors and / or consultants to manage the completion of the works
  - Negotiate financial redress with administrators.

7.2. Stage 3 operational delivery

Stage 3: On-going operations

Following completion of Stage 2 and with the preferred bar operator signing a 10-year lease, on-going operations would commence.

a) Mobilisation of the new venture

Stage 3 would commence with the mobilisation of the new venture including:

- Recruitment of staff including the new Market and Events Officer
- Set-up of new business processes and systems including till system and trader management group
- Marketing and promotion for the opening of the venue and beyond

b) Preferred bar Operator

The Council will continue to hold the freehold of the Market along with direct management of the asset, this will include market and event planning, operations along with marketing and promotion. The bar operator will have a standard lease agreement with the Council for the bar and to also manage the floor area.

This lease would:

- be a 10-year lease based on 13% turnover
- the lease would have a minimum turnover expected along with lease breaks so the Council could manage performance (footfall counters will be installed)
- Include a schedule around brand ownership and behaviour expectations
- specify the requirements of the bar operator including paying all rates and charges for the bar, operating the bar, manging the market floor that will include clearing tables and associated washing up. Assisting with curating the food offer and marketing of the offer.

At the end of the lease, the Council would be able either extend the lease on similar or improved terms or look to appoint a new bar operator.

c) Traders

There will be several traders in the new Market Hall, these will consist of food concessions who will operate on flexible turnover leases with a 15% turnover along with a 1.5% turnover service charge. The leases for the food concessions will be short in nature and like the bar operator lease minimum turnover performance will be included.

There will also be other producers such as a butcher, greengrocer who will be offered standard leases with rent calculated per sq. ft.

7.3 Operational Strategy

There is a clear roles and responsibilities for both the preferred Market Operator and Sefton Council, these will be managed through the legal agreement, but the table below sets out the different roles and responsibilities expected as part of the agreed operational strategy

Sefton Council	Market Operator (Bar & Floor)
Staff – 1 Market Manager, Marketing & Events Officer, 2 part time Market Operatives	Staff – All Bar staff, all floor staff and supervisor
Responsible for the day to day maintenance of the building, including all areas such as toilets etc…	Responsible for all operational issues associated with bar, also responsible for managing the food and drink floor that will involve clearing plates, washing and recycling.
Events Space – responsible for the running of the flexible events space that includes regular markets and footfall generating events	Will work in partnership with Sefton to manage events, curate events in both the food and drink hall as well as the events space.
Will lead on all destination marketing and control the marketing activity for the operation	Will undertake individual marketing while also working in partnership with the Council to provide advice and guidance on industry trends to allow the marketing to be shaped for the offer
Sefton will oversee all lease management that will include oversight of financial performance of all concessions through the EPOS system	
In partnership with the market operator Sefton will curate and secure the food concessions using the experience already in the tourism department but	Will work in partnership to curate the food offer and use already established networks to secure high quality operators

also making use of the expertise that sits within the market operator	

It is evident a partnership approach between the Council and The Operator will be needed, an agreed governance/ management group will be established involving both parties will be established to oversee the above processes

Stage 3: risk management

The key risks for Stage 3 of the project and the mitigating actions are detailed in the table below.

Key assumptions/risks	**Mitigating actions**
Business case returns fall short of forecast.	• Management to ensure competitive “tension” to drive performance, with pipeline of interested parties in place. • Effective management and marketing to ensure footfall and dwell time (e.g. events) • Long-term planning to ensure suitable mix and a continued “refresh” to ensure strong visitor numbers, spend per head and repeat customers.
Bar operator leaves operation because of below target financial returns	• The Business Plan and Operations Plan to be documented in detail and retained as the property of the Company. • Lease based on turnover giving more confidence to bar operator • Ensure lease agreement is robust giving the necessary security to the Council such as performance measures relating to minimum turnover and behavior expectations • Council retains details of other interested parties who may be interested in taking over operation.

Impact of COVID-19 on the sector continues longer than anticipated	• Sustained prudence in business plan assumptions to reflect current circumstances. • Flexible use of space to ensure safe continued operation.

Stage 3: contingency arrangements

The following contingency plans have been developed for Stage 3

a) Scenario A – bar operator lease not agreed

- The Business Plan would be withdrawn, Transition to Delivery would be halted and alternative operators would be approached.

b) Scenario B – failure to achieve estimated footfall figures and subsequent income targets

Early identification of failure via monthly monitoring and reported as part of the tourism service financial management.

7.4 Contingency

It is recognised that consumer demands and expectations are continuing to change, this is the reason why the existing market has failed. It is therefore of critical importance that the new proposed offer continues to evolve and change to meet the changing consumer habits for it to thrive for years to come. Several measures will be put in place to allow this to happen and to mitigate against the risk of change;

- Flexible Space – The market has been designed so that the rear space is flexible meaning it can cater several different uses. The market management team along with the operator will continue to monitor changes and trends

- Food Concessions – Food trends can change quickly, especially with street food. The operation has been designed so several units are changeable allowing a constant turnover of different food offers to compliment the regular 'house' food concessions. There will also be space for guest food offers to again keep the offer fresh and meet the changes expected in the industry.

- Events – The new proposal allows for events to be not only staged in the flexible space but also in the front of house area. This means the management team can programme several different events throughout the year throughout. Events are a critical element to drive footfall and can continually change with consumer expectations

- Marketing – both the operation and destination marketing can be used to mitigate change in consumer habits. The Market management team will be supported by the Tourism Destination Marketing team to monitor changes in marketing techniques, and ensure the offer continues to target the Southport visitor profile.

7.5 Covid-19

This business case was initially completed before the outbreak of Covid-19 in March 2020. Due to the impact of the pandemic on the hospitality sector a full and comprehensive review of the business case has been carried out by the independent industry expert, preferred bar operator and Council officers and the findings are reflected within the report and final forecasts

The current trading environment has seen significant changes and once fully reopen, venues will be operating to a very different set of Covid Secure guidelines which will significantly affect capacities across many venues.

The impact of this will be felt more on busier trading periods such as the evenings when capacity is likely to be met.

Covid Secure social distancing measures will need to be in place for a significant period of time once hospitality venues reopen, this is likely to have a lasting effect on the industry. This will also impact on customer preferences and venues with increased outdoor provisions are likely to perform better.

It is hard to predict exactly what will happen to the hospitality industry once venues are permitted to reopen fully, there are many considerations that will affect performance of any venue, however both the industry expert and preferred bar operator believe the Market Hall is well placed to take advantage of this by offering clever design and utilising all the available space, there is also considerable potential for outdoor provision on Market Street.

It is anticipated that likely normal trading is not likely to resume until the end of 2021 or early 2022 (Year 2) and that Southport Market Hall could be well placed to take advantage of new customer behaviour and preferences.

In is anticipated that social distancing (in some form) may still be required in April 2021 when the market looks to open, due to the design and flexible space plus the amount of outdoor space the venue would be able to accommodate the required measures.

The Council will work with the preferred bar operator and traders throughout the build period to install any cost-effective social distancing measures if needed for an April 2021 opening.

It should also be noted that throughout the epidemic a number of new food halls and markets have been announced, demonstrating further confidence in the casual dining industry. These have included Newport Market, Oldham, Northwich while the new market hall in Warrington has opened.

Annex 5 - Consultation Results

Question 1& 2 asked if the responder was a Sefton resident, visitor or trader and for details of their postcode:

- 91% (144) were Sefton Residents
- 6% (10) were visitors to the area
- 3% (3) were either current or prospective traders in the market.

This tells us that the consultation covers the views of residents but will not provide the full picture on what visitors to the area think of redevelopment plans.

Of the Sefton residents the locations can be broken down to:

- PR8 - 77 respondents
- PR9 – 57 respondents
- Other – 10 respondents

This tells us that there was good engagement with those living in the direct area of the Market, but that Sefton Residents outside of the Southport area did not fully engage with the consultation. Visitors to Southport are likely to provide a significant lift to customer numbers is a re-purposed market offer that presents as a destination in itself.

Question 3 asked if they are aware of the proposals to potentially change the use of the market. This showed that only 21.5% of all respondents were not aware of the proposals. This would suggest that the limited press that has been released on proposed changes have effectively reached residents.

Question 4 asked how many times responders had visited the market in the past 12 months. This showed overwhelming that over 66% of those answering had only visited a few times or not all. With the remaining 34% respondents visiting between more than once a week and twice a month.

Question 5 asked for more information on why they have not visited the market very often. There was a whole variety of reasons from 104 respondents, but the most typical reasons given revolved around the number of empty units in the market making it an uninviting place to visit.

Question 6 asked what effect introducing more food and drink options would have on the market:

55% answered that it would have a Positive effect.

16.5% answered that it would have a Negative effect.

28.5% answered that it would have no change.

16.5% answered that it would have a Negative effect.

Question 7 asked what effect introducing more food and drink options would have on the town/borough:

47.5% answered that it would have a Positive effect.

33.5% answered that it would have no change.

19% answered that it would have a Negative effect.

The responses to these two questions demonstrate that overall more people think that the proposed change will have a positive effect on the market. The comments made by respondents who thought that the proposals would have a positive effect on the market and the town often referred to similar local and international markets that have been given over to food and drink and as a result see this a positive change.

Several responses also identified that a change in the offer at the market would improve the look/feel of the market quarter. The comments supplementing those who answered that that the effect on the market would be negative/no change, focused around the need to manage the level of rent for stall holders, the existing proliferation of a variety of paces to eat/drink in the town centre. Also raised by some was the ‘out of the way’ location of the market making it less likely for residents or tourists to visit. Whilst there were many who believe there are already too many food and drink options in the town already, some of the positive responses saw this as a welcome addition to the established offer in the town.

Interestingly there was not such a positive response to the effect the proposal would have on the town. The comments provided by those in the minority, who advised a negative impact or no change for the town as a whole, made reference to a solely food a drink offer being too limited, that there are already a good variety of places to eat/drink in the town and nearby and some feeling that further investment in the market would be a ‘waste of money’.

Of those respondents who gave information on their age bracket (142) answers to question 6 can be broken down into age bands to allow us to see that overwhelmingly the target market see the potential change as a positive effect. However, it is interesting to note that the 40-49 age bracket, along with the 70+ respondents were the highest group for believing it would have no change on the market.

Age Distribution for Question 6: What effect do you think introducing more food and drink options will have on the Market?

Age Band	Positive Effect %	Negative Effect %	No Change %
18-29	88	13	0
30-39	67	27	7
40-49	48	13	39
50-59	58	13	29

60-69	68	6	26
70+	15	38	46

Question 8 was an open question that asked what respondents would like to see in a redeveloped market. Examining the many and varied answers from 147 respondents there was a mix of wanting a return to the 'traditional' market, a wish for greater variety (either in retail or food/drink options) and a desire to see greater opportunities for start-up businesses and local crafts people.

The table below is not exhaustive of the suggestions received but shows the most popular responses and general feeling towards what people would like to see in a redeveloped market.

What would you like to see in a redeveloped market?	**%**
More variety of stalls than what is there currently	14
'Traditional' stalls	10
The mix of food, drink and flexible event/market space that is being proposed	9
Good Quality Food and drink, with a focus on local/Independent	8
Deli type offer including green grocers /butchers/bakers / local produce	8
Mix of food, drink and crafts markets	7
Space to provide start up opportunities for small businesses	7
Close it down	6
Provide a mixed leisure and entertainment venue	5
Provide space for various community uses/groups	5
Focus on craft and artisan stalls	5
Pop up markets/ craft markets	4
Haberdashery	3
Free Toilets	3
Cheaper goods (clothes shoes etc)	2
Street food	2
Later opening hours	2

Make it into an attraction	1

Question 9 & 10 asked more details about what type of food and drink people would like to see if the market was redeveloped.

Below is a list of the top 10 suggestions given by those who answered this question. Once again, ‘variety’ is top priority, along with a call for on trend options such as a focus on vegan food and craft beer.

Food	**%**	**Drink**	**%**
Variety	22	Craft /local beer	27
Vegan/Vegetarian	17	Variety	26
International food	17	Coffee /tea	22
The examples suggested (fresh pizza, burgers, fish and chips, vegan, international cuisine)	10	The examples suggested (craft & local beers, cocktails, smoothies, coffee)	16
Focus on fresh & local produce	10	Non-alcoholic options (soft drinks, mocktails)	12
Pizza	10	Gin	11
Burgers	7	smoothies/fresh juice	11
Street food	7	Wine	10
Tapas/mezze	6	Cocktails	9
Local specialities	6	Quality products	4

Question 11 directly asked: Would you buy from a deli/butchers/greengrocer that focused on local or specialist produce? 78% responded that they would with 14% answering ‘don’t know’ and 8% no they would not.

Question 12 was an open question which asked (in addition to food and drink) what other uses or retail options would they like to see in a new market. The top 10 responses to this are listed below:

	%

Traditional mixed goods including clothing	17
Focus on art and crafts	15
Deli including spices/cheese	11
Leisure and entertainment	11
Start-up business space	8
Community space	8
Café /coffee shop	7
Space for creative courses	7
Haberdashery	7
Greengrocer	4
Butcher	4
Bakery	4
More food & drink	4
Vintage / antique offer	4

There remains a focus on the desire for elements found in a ‘traditional mixed good market’. But it is interesting to note here the suggestion that the space could be given over to providing courses to local people, a variety of community uses and also providing an opportunity for start-up businesses.

Question 13 moved onto the back of the market and advised that it is proposed that this area will become a ‘flexible events space’. Respondents were asked if they would visit any of the following events:

Option	
Artisan and local food market	72%
Craft market	64%
Live music event	51%
Antiques fair	42%
Film screening	38%
Comedy night	37%

Other – please state	21%
Yoga/Pilates/fitness session	20%
Parent and baby events	19%

Question 14 asked is respondents would consider hiring the space for their own function such as party or a wedding. On reflection this question is slightly redundant given the lack of information people had about the potential for the space. It received the following response:

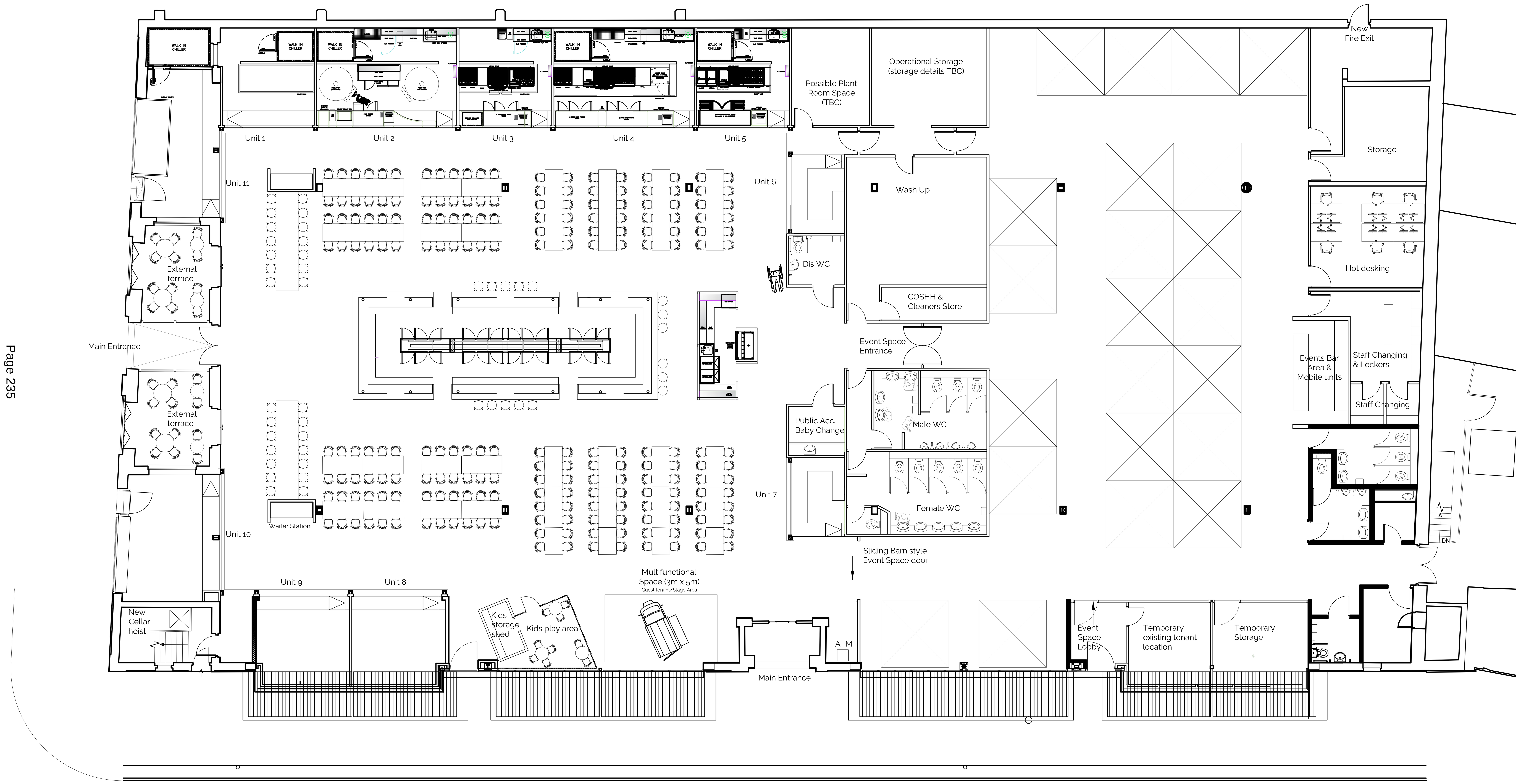
Yes – 18%

No - 41%

Don't know – 24%

Not applicable – 17%

Question 15 asked for any other comments on the proposals. Once again these were very varied and covered many of the comments previously raised from agreeing with the proposals set out, to completely disagreeing and suggesting that the market should be moved to an alternative location.



NOTE: All Drawings provided by architects. Site survey required by contractors prior to manufacture.

Notes:

Revision	Description	Date
REV L	2No. hatches added back into bar servery.	15.08.19
REV K	Existing escape door to be re-opened to rear to provide additional means of escape with new as requested by Building Control. New fire escape corridor formed to rear. Bar footprint altered to suit Dawnvale layout. Sliding barn door added to Events space to replace bi-fold door. Temporary tenant re-located & new temporary store formed. New external security gates added to frontage. New double feature HW timber doors to main entrance. Existing doorway to Unit 1 blocked up to facilitate walk-in chiller.	14.08.19
REV J	Dawnvale equipment layout indicated to plan. New bi-fold door added to Event Space Entrance. Possible location of Plant Room indicated BOH. Temporary tenant unit divided into 2. Unit 1 hatch relocated as advised by Dawnvale. New opening formed within Unit 11 to access shared Cold Room.	09.08.19
REV I	Bar Backfitting updated to allow for double-sided bottle coolers. Ambulant cubicle divider changed to stud wall in female toilets.	07.08.19
REV H	Cellar drop re-located away from main entrance. Faux cellar drop in-lay formed within floor to maintain symmetry. New columns formed to left hand side units to create visible divides between stalls. New studwork wall formed to Unit 11 to accommodate new column under beam. Toilet layout revised to allow for 1No. ambulant cubicle in each. Back wall into events space extended to suit. Existing escape route door indicated to Unit 8 - kids play area re-positioned to suit. Possible ATM position indicated.	30.07.19
REV G	Unit 1 divided into 2. New Unit 11 formed as per Dawnvale's request.	25.07.19
REV F	Alterations to plan as per consultants feedback 23.07.19.	23.07.19
REV E	Alterations to plan as per consultants feedback.	22.07.19
REV D	Alterations to plan after meeting with client / consultant.	18.07.19
REV C	Additional duel swing door added to service corridor.	05.02.19
REV B	Plan revised following discussions with Dawnvale.	01.02.19
REV A	Plan revised following discussions with Dawnvale.	24.01.19

DV8 DESIGNS
ARCHITECTURE•INTERIORS

PROPOSED

NOTE:DO NOT SCALE FROM THIS DRAWING.ALL DIMENSIONS TO BE CHECKED ON SITE.TO BE READ IN CONJUNCTION WITH ALL RELEVANT CONSULTANTS DOCUMENTATION

SCALE m 0 1 2 3 4 5 6 7 8 9 10
1:100

Client: SEFTON COUNCIL

Project No.	Project:
1759	SOUTHPORT MARKET

Drawing No.	Drawing Title:
101	PROPOSED PLAN

Revision:	Scale:	Date:	Drawn by:
L	1:100 @ A1	18/07/19	RB

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Southport Market						Reported to: Mark Catherall, Service Manager, Tourism Date: August 2020						
Details of Risk								Actions				
Ref	Risk Description	Trigger	Result	Owner	Inherent Risk Score	Existing Controls	Residual Risk Score	Proposed Action Plans	Action Owner	Target Date	Target Score	Action Status
	Funding											
1	Combined Authority Town Centre funding defrayal	Project meets delay not allowing drawdown of CA Town Centre funding	If funding not committed by June 2021 then it must be returned to funder (CA)	M Catherall	14	Programme management approach adopted, flexible GFA agreement with CA due to Covid-19	10	Continued actions of existing controls	Mark Catherall	Ongoing		
2	Town Deal Acceleration grant funding defrayal	Project meets delay not allowing drawdown of Town Deal funding	Funding must be committed (project on site) by March 2021	M Catherall	10	Programme management approach, project due on site in October 2020	10	Continued actions of existing controls	Mark Catherall	Ongoing		
	Business Case											
3	Viability/accuracy of operating model post covid	Covid impact on operating and financial model due to social distancing measures and public willingness to eat out	Financial forecast and assumptions not met	M Catherall	21	Further review carried out by industry expert following Covid, business case also contains a number of sensitivity analysis	18	Continued actions of existing controls	Mark Catherall	ongoing		
4	Another food hall or similar opening in the area	Private operator opens up similar offer in an empty property	Potential fewer visitors and new market does not achieve projected P&L	M Catherall	8	Competition is common place	6	Continued actions of existing controls	Mark Catherall	Ongoing		
5	Marketing and relaunch of market fails to reach target audience	Ineffective planning and poor marketing strategy	Fewer visitors/low spend visitors, new market does not achieve projected P&L	M Catherall	10	Full marketing strategy to be completed and marketing officer recruited	6	Draw up multimedia marketing strategy early in process to build momentum around new market. Visit Southport Team and corporate comms team work in conjunction.	Mark Catherall	Ongoing		
6	Failure to secure quality concessions	Poor letting strategy and unable to sell vision	Offer at new market of not of quality standard. Fewer visitors and does not achieve projected P&L	M Catherall	14	Key operators already targeted	6	Commence engagement with concessions early in process with traders and legal advice Marketing material provided for potential operators	Mark Catherall	Ongoing		
7	Comms: Failure , local community, local groups, retailers etc	Poor communication strategy	Failure to bring key stakeholders on board will have major impact on the project teams ability to deliver the project	Mark Catherall	12	. Consultation and Engagement Panel - and PR	5	Corporate comms are part of project group, while a robust comms plan will form part of the marketing strategy.	Mark Catherall	Ongoing		
8	Stricter social distancing measures introduced	Increase in Covid-19 cases	Potentially less covers impacting on projected P&L	Mark Catherall	17	Business case has allowed for sensitivity in numbers, design lends to social distance measures	12	Continued actions of existing controls	Mark Catherall	Ongoing		
	Construction/Procurement											
9	Delay with construction tender invitation	Lack of resource, and failure to complete tender pack	Delay in formalising construction contract, subsequent construction contract is delayed with knock-on effect to overall project programme, incl delayed opening date	Design Project Team	21	Internal resourcing communication and management, ensure sufficient time in programme to obtain all senior management and political approvals	14	Forward planning in advance of Cabinet approval, ensure programme includes sufficient time for cost management such as Stage 3 value engineering should this be required, ensure Procurement Team and others have sufficient resources to manage contractor procurement process.	Alan Lake	Sep-20		
10	Unable to secure suitable contractor	Not suitable contractor identified as part of the consultation process	Delay in commencing construction phase with knock-on effect on completion and opening date	Design Project Team	10	Client has undertaken thorough research of similar facilities and identified a shortlist of suitable contractors. Dialogue has taken place to gauge the appetite of the construction services market to tender for this project	10	Design and construction procurement process informed by intelligent client, robust bidder selection process, reference checks, client research and dialogue with similar operators, allowance of sufficient time in programme	Alan Lake	Sep-20		
11	Failure of contractor to complete building works to the programme - delayed start	Poor weather, contractor financial difficulties, unforeseen works, resource / programming issues	Delayed handover, loss of income and trade, potential claims from tenants, reputational damage	Design Project Team	10	The Project Team has considerable experience of managing similar refurbishment projects and will anticipate all external factors which could create this risk. Appropriate actions will be informed by the team's previous experience and the legal / contract management framework which can be utilised	10	Undertake due diligence incorporating robust contractor selection and assessment process, engage in early contractor dialogue, prepare comprehensive and detailed contract documents, robust contract monitoring and management, include a performance bond, explore appropriate penalties for delay especially regarding Council's obligations to 3rd party operators etc	Alan Lake	Ongoing		
12	Poor contractor performance	Poor quality contractor appointed	Delays to completion, poor quality works, disputes with contractor	Design Project Team	18	The Project Team has considerable experience of managing similar refurbishment projects and will anticipate all external factors which could create this risk. Appropriate actions will be informed by the team's previous experience and the legal / contract	10	Regular communication, monitoring and progress meetings with contractor throughout period.	Alan Lake	Ongoing		
13	Late additions to project work scopes	Client/bar operator asking for design changes while building works commenced	Delays to contract completion, costs increase, pressure on project budget	Design Project Team	9	Regular project meetings throughout Delivery phase.	6	Continued actions of existing controls	Alan Lake	Ongoing		

Notes

1 Risk Register is a working document

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