

# Public Document Pack

Sefton Council 

MEETING: CABINET  
DATE: Thursday 1st October, 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  
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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

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# A G E N D A

Items marked with an \* involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>
1	<b>Apologies for Absence</b>	
2	<b>Declarations of Interest</b>  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 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	<b>Minutes of the Previous Meeting</b>  Minutes of the meeting held on 3 September 2020	(Pages 5 - 22)
4	<b>Planning White Paper</b>  Report of the Chief Planning Officer	All Wards (Pages 23 - 44)
* 5	<b>Southport Town Deal</b>  Report of the Executive Director	(Pages 45 - 54)

- |     |  |           |                 |
|-----|--|-----------|-----------------|
| * 6 | <b>Gas Contract Renewal 2022 - 25</b>  | All Wards | (Pages 55 - 60) |
|     | Report of the Executive Director of Corporate Resources & Customer Services  |           |                 |
| * 7 | <b>Revenue and Capital Budget Update 2020/21 including the Financial Impact of COVID-19 on the 2020/21 Budget</b>            | All Wards | (Pages 61 - 78) |
|     | Report of the Executive Director of Corporate Resources & Customer Services  |           |                 |
| * 8 | <b>Financial Management 2020/21 to 2023/24 and Framework for Change 2020 - Medium Term Financial Plan 2021/22 to 2023/24</b> | All Wards | (Pages 79 - 92) |
|     | Report of the Executive Director of Corporate Resources & Customer Services  |           |                 |

**THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON TUESDAY 15 SEPTEMBER, 2020.**

## **CABINET**

### **REMOTE MEETING HELD ON THURSDAY 3RD SEPTEMBER, 2020**

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

#### **29. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

#### **30. DECLARATIONS OF INTEREST**

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

#### **31. MINUTES OF THE PREVIOUS MEETING**

##### **Decision Made:**

That the Minutes of the Meeting held on 30 July 2020 be approved as a correct record.

#### **32. IMPLEMENTING THE CHILDREN AND YOUNG PEOPLE'S COMMISSIONING STRATEGY**

The Cabinet considered the report of the Head of Children's Social Care that sought approval to progress the procurement of a Provider/Partner agreement (PPA) with residential and independent foster agencies within the Liverpool City Region (LCR). The procurement was 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 would result in a Purchasing System being available.

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

##### **Decision Made:**

That:

- (1) 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, encompassing a Flexible Purchasing System (FPS)

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being implemented for the provision of Residential and Foster Services for children and young people, be approved;

- (2) the Head of Children's Social Care in consultation with the Cabinet Member for Children, Schools and Safeguarding be granted delegated authority regarding matters in relation to the development of the Provider Partner Agreement (PPA), acknowledging that such decisions will be collective decisions by all participating authorities;
- (3) following its establishment, the 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 the report, has determined it to be the most appropriate approach, be authorised;
- (4) delegated authority be granted to the Head of Children's Social Care and nominated Service Managers in the awarding of any contracts called off the Provider Partner Agreement (PPA); and
- (5) the block contracting arrangement as described in paragraphs 5.5 of the report, via a direct award using the previously approved North West Flexible Purchasing System, be approved and the Head of Children's Social Care in consultation with the Cabinet Member for Cabinet Member for Children, Schools and Safeguarding be granted delegated authority to the awarding of any further block contracting arrangements from this purchasing system or the PPA when in place.

## **Reasons for the Decision:**

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

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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:**

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.

### **33. NORTH WEST FLEXIBLE PURCHASING SYSTEM FOR CHILDREN & YOUNG PEOPLE WITH SEND**

The Cabinet considered the report of the Head of Communities that sought 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 was 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 would result in a Flexible Purchasing System being available.

### **Decisions Made:**

That:

- (1) 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, be approved;
- (2) the Head of Communities in consultation with the Cabinet Member for Children, Schools and Safeguarding be granted delegated authority to make decisions regarding the FPS procurement evaluation criteria, service specification and contractual terms. 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, be approved; and
- (4) the awarding of any contracts called off the FPS be delegated to the Head of Communities and nominated Service Managers.

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## **Reasons for the Decisions:**

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 intentions and meet local needs more effectively.

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 (EHP), 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:**

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.



## **34. DISCRETIONARY BUSINESS GRANT 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 deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response in Sefton, be noted.

### **Reason for the Decision:**

To inform members that in accordance with the Constitution of the Council, the Leader of the Council had exercised his powers to make urgent decisions due to 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:**

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.

## **35. PROCUREMENT OF 120 LITRE BLUE WHEELED BINS FOR GLASS RECYCLING**

The Cabinet considered the report of the Head of Highways and Public Protection that sought 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.

### **Decisions Made:**

That the Head of Highways & Public Protection be:

- (1) 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;

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- (2) 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; and
- (3) 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 Decisions:**

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:**

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.

## **36. PROCUREMENT AND CHANGE OF SERVICE FOR SCHOOLS ICT PROVISION**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services in relation to the procurement and changes of service for Schools ICT. The report detailed the historical background to the current ICT connectivity provision provided to approximately 75 schools within the authority and also set out the proposed change to the delivery model to improve performance and internet speeds at schools. The report also referred to the associated procurement route required to make the necessary changes.

## **Decisions Made:**

That the Executive Director of Corporate Resources & Customer Services:

- (1) 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; and
- (2) 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.

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## **Reasons for the Decisions:**

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:**

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.

### **37. PROCUREMENT OF BULK PRINT & HYBRID MAIL SOLUTION**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services in relation to the Council's current bulk print and mail arrangements and detailed a proposed procurement route for a new bulk print and mail contract.

## **Decisions Made:**

That the Executive Director of Corporate Resources & Customer Services:

- (1) 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 of an initial 3 year period with an option to extend for up to 2 periods of 12 months; and
- (2) 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.

## **Reason for the Decisions:**

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

## **Alternative Options Considered and Rejected:**

None

### **38. 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

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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 July 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.

The Cabinet Member for Regulation, Compliance and Corporate Services, Councillor Lappin extended her appreciation to all staff concerned who have worked hard to protect the residents of Sefton.

Both the Leader of the Council, Councillor Maher and Councillor Lappin highlighted the importance of continuing to lobby the Government regarding the funding that was promised to Local Councils to support the ongoing extra costs of the Covid-19 pandemic.

## **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) the government grant funding that has been received and

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that has been used to support the response to the pandemic and which has been distributed in accordance with central government guidance be noted;

- (4) the current forecast revenue outturn position for 2020/21 be noted; and
- (5) 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 6.1 of the report) be noted;
- (2) the latest capital expenditure position as at 31 July 2020 of £3.869m (paragraph 6.2.1 of the report) with the latest full year forecast of £35.930m (paragraph 6.3.1 of the report) be noted;
- (3) the explanations of variances to project budgets (paragraph 6.2.3 of the report) be noted;
- (4) 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 6.4 of the report); and
- (5) That in relation to Grant Funding the offer of £969,724 Adult Education Budget funding available to Sefton Council, ring-fenced for the delivery of adult community learning provision for residents aged over 19 be noted and accepted.

## **Reasons for Decision:**

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 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

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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.

### **39. EXCLUSION OF PRESS AND PUBLIC**

#### **Decision Made:**

That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public be excluded from the remote meeting for the following items of business on the grounds that they involve 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.

### **40. SEFTON COUNCIL- SANDWAY HOMES LIMITED**

The Cabinet considered the joint report of the Chief Executive and the Executive Director of Corporate Resources and Customer Services in relation to exempt information regarding Sefton Council Housing Development Company – Sandway Homes Limited.

#### **Decision Made:**

That the exempt information be considered as part of the public report in relation to this matter, reference Minute No: 43 refers.

#### **Reason for the Decision:**

The exempt information is required to be considered with the information in the public report in order that an informed decision may be made.

#### **Alternative Options Considered and Rejected:**

None.

### **41. SOUTHPORT MARKET**

The Cabinet considered the report of the Head of Economic Growth and Housing in relation to exempt information regarding Southport Market.

#### **Decision Made:**

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That the exempt information be considered as part of the public report in relation to this matter, reference Minute No: 44 refers.

**Reason for the Decision:**

The exempt information is required to be considered with the information in the public report in order that an informed decision may be made.

**Alternative Options Considered and Rejected:**

None.

**42. RE-ADMIT PRESS AND PUBLIC**

**Decision Made:**

That the press and public be re-admitted to the remote meeting.

**43. SEFTON COUNCIL - SANDWAY HOMES LIMITED**

The Cabinet considered the joint report of the Chief Executive and Executive Director of Corporate Resources and Customer Services that updated Members of progress made over the last 12 months in relation to Sandway Homes Limited. The report detailed the most up to date financial position against the business case of the Housing Development Company.

The Cabinet Member for Communities and Housing, Councillor Hardy welcomed the report and referred to the development of the operational plan and how that reflected the quality of controls in place in ensuring that the operational plan was aligned with the Local Plan in meeting the Social Housing needs of the Council.

**Decisions Made:**

That:

- (1) 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, be noted and approved;
- (2) 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 those, be noted;
- (3) the risk management arrangements that continue to be in place in respect of Sandway Homes Limited, be noted;
- (4) the changes to key personnel within Sandway Homes Limited as set out in the report, be noted;

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- (5) based on the information contained within the report Sandway Homes Limited continuing to progress with the delivery of the Phase 1 Business Plan, be approved;
- (6) Sandway Homes Limited and the Council be authorised to continue to work together to determine the exact assets the Council could purchase from the company as social housing and the financial implications, and that a further report be submitted to a future meeting of the Cabinet in that respect to support a decision in accordance with the Council's Constitution and Financial Procedure Rules, be approved; and
- (7) that the Council be authorised to engage with the Company in developing Phase 2 of the Business Case and that a further report be submitted to a future meeting of the Cabinet in that respect.

## **Reasons for the Decisions:**

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.

## **44. SOUTHPORT MARKET**

The Cabinet considered the report of the Head of Economic Growth and Housing that provided an update on the previous and current performance of Southport Market, and presented a preferred option that will provide a sustainable future for Southport Market and outlined the additional benefits to the wider Town Centre of Southport linking to the future Town Deal.

The Leader of the Council, Councillor Maher referred to the excellent work that had been progressed and reported that this was a good way forward for Southport Market. The Leader of the Council requested that a Changing Places unit be included in the design.



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The Cabinet Member for Adult Social Care, Councillor Cummins also sought reassurance that a Changing Places unit would be included in the design.

Executive Director, Mr Stephen Watson reassured the Cabinet that a Changing Places unit would be included in the design.

The Cabinet Member for Regulation, Compliance and Corporate Services, Councillor Lappin reported that this was an excellent opportunity for Southport and asked what the interest had been from traders.

Executive Director, Mr Stephen Watson reported that the Council had consulted widely, and the results were included within the Business Case and that consultation with current and future potential market traders had shown that interest had remained positive. It was further reported that the Town Centre Regeneration Initiatives should also capture the interest of market traders.

The Cabinet Member for Regeneration and Skills, Councillor Atkinson referred to the excellent work in securing investment of 1.4 million pounds for the refurbishment project of Southport Market.

Councillor Atkinson stated that the project would deliver a revitalised market space with a shift in focus to a quality food and beverage offer providing a vital boost to the local economy and continued regeneration of Southport's market quarter and King Street. Councillor Atkinson also highlighted the importance of the project in providing opportunities to new business start up's whilst also creating new employment opportunities and safeguarding existing jobs.

Councillor Atkinson extended her appreciation to the Town Deal Board for their support.

## **Decision Made:**

That:

- (1) option 3 be progressed as the preferred option and the Business Case, be agreed;
- (2) the Head of Economic Growth & Housing be 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 be 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 be granted delegated authority to award the contract resulting from the procurement;
- (4) the Head of Economic Growth & Housing be authorised to further

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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 be granted delegated authority to award a lease.

- (5) officers be authorised to further engage in appropriate consultation with existing market traders;
- (6) the capital cost of the project and refurbishment of £1.400m, being funded from a £0.500m direct grant by the Combined Authority, with the remaining £0.900m being funded by the Government's accelerated grants fund as part of the Southport Town Deal, be noted along with a subsequent supplementary capital estimate for this sum being recommended to Council for approval;
- (7) the Head of Economic Growth and Housing be requested to include a Changing Places unit in the finalised design, and
- (8) the Cabinet note the following recommendation to the Council:
  - (a) 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, be approved; and
  - (b) the future years revenue implications arising from the proposal and approve that such revenue implications be built into the Council's medium-term financial planning and annual budgets, be noted.

## Reason for the Decisions:

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:

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
<b>Option 0 - Do nothing</b>	No requirement for capital investment  Additional budget required of £209k over and above the existing budget of £75k (as at year 3)

OPTION	VALUE AND RISK ASSESSMENT
	<p>Number of traders will continue to reduce potentially leading to closure of Market Hall (estimated April 2021)</p> <p>Decline in revenues over time as remaining traders leave</p> <p>Will not contribute to regeneration of Southport</p> <p>Will weaken Southport's tourism offer</p> <p>Continued market uncertainty in context of COVID-19</p> <p><b>Overall assessment: not a sustainable option.</b></p>
<p><b>Option 1 - Mixed goods market with rent reduction</b></p>	<p>Reduction in rent may attract a small number of new traders</p> <p>No material changes to quality of offer.</p> <p>Rental reductions and rent-free periods have been used before with little or no effect</p> <p>Additional budget required of £226k over and above the existing budget of £75k (as at year 3)</p> <p>Unlikely to contribute to the regeneration of Southport</p> <p>Continue to be difficult to include into the overall tourism offer</p> <p>Capital investment still required</p> <p>Continued market uncertainty in context of COVID-19</p> <p><b>Overall assessment: not a sustainable option.</b></p>
<p><b>Option 2 - Food concessions with Council operated bar – Full refurbishment</b></p>	<p>Change in operation and offer that would significantly contribute to the wider regeneration of Southport</p> <p>Become an active part in Southport's tourism offer</p> <p>Opportunities for new business start ups</p>

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OPTION	VALUE AND RISK ASSESSMENT
	<p>Additional budget required of £175k over and above the existing budget of £75k (as at year 3)</p> <p>Council having to run bar and market floor with no prior experience</p> <p>Large staff costs and no to little experience of managing a bar and food floor operation</p> <p>Continued market uncertainty in context of COVID-19</p> <p><b>Overall assessment: not a sustainable option.</b></p>
<p><b>Option 3 – Food &amp; Bar Concessions with flexible events/market space</b></p>	<p>Profitable by year 3 (£101k surplus) even with prudent assumptions</p> <p>Change in operation and offer that would significantly contribute to the wider regeneration of Southport</p> <p>Become an active part in Southport's tourism offer</p> <p>Opportunities for new business startups, safeguarding jobs and job creation</p> <p>Bar operator taking risk of bar and responsibility of running market floor</p> <p>Partnership approach with the operator to create food offer along with marketing/events</p> <p>Increased financial performance allowing a greater contribution to the historic borrowing on previous scheme.</p> <p>New turnover rental model means Council not guaranteed set amount of rental income</p> <p>New offer in Southport, therefore no actual comparison how it may perform</p> <p>Additional budget required of £61k over and above the existing budget of £75k (as at year 3)</p> <p>Continued market uncertainty in context of COVID-19</p>

# Agenda Item 3

CABINET- THURSDAY 3RD SEPTEMBER, 2020

OPTION	VALUE AND RISK ASSESSMENT
	<b>Overall assessment: Sustainable and preferred option</b>

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# Agenda Item 4

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	1 October 2020
<b>Subject:</b>	Planning White Paper		
<b>Report of:</b>	Chief Planning Officer	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Planning and Building Control		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

## Summary:

To inform Cabinet Members of the recently published Planning White Paper for consultation and the implications this will have for Planning Services.

## Recommendation(s): That:

- (1) the report be noted; and
- (2) in consultation with Cabinet Member for Planning and Building Control that the Council submit a formal response before 31<sup>st</sup> October 2020

## Reasons for the Recommendation(s):

To allow Cabinet Members to express views on the Council's draft response to the Planning White Paper.

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

None

## What will it cost and how will it be financed?

### (A) Revenue Costs

N/a

### (B) Capital Costs

N/a

## Implications of the Proposals:

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This report is just seeking views to allow the Council to submit formal comments to the government's proposed changes to the planning system, as set out in the Planning White Paper. Whilst there will be resource, legal and equalities implications of the Council enacting the provisions of the proposals, if and when enacted, these will be set out at an appropriate time when a new Local Plan is progressed.

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>
There are no resource implications with submitting comments to a consultation
<b>Legal Implications:</b>
There are no legal implications with submitting comments to a consultation
<b>Equality Implications:</b>
There are no equality implications with submitting comments to a consultation

## Contribution to the Council's Core Purpose:

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

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6122/20) and the Chief Legal and Democratic Officer (LD4313/20) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

Not applicable

## Implementation Date for the Decision

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



# Agenda Item 4

<b>Contact Officer:</b>	Ian Loughlin
Telephone Number:	Tel: 0151 934 3558
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## **Appendices:**

Draft Sefton Council consultation response to Planning White Paper

## **Background Papers:**

There are no background papers available for inspection.

# Agenda Item 4

## 1. Background

1.1 The Government has foreshadowed significant changes to the planning system in recent months with various changes to the Use Class Order and Permitted Development Rights and the Prime Minister's announcement to 'Build, Build, Build'. The changes are intended to significantly increase the number of new homes built, a move to 'beauty' in development and streamlining and modernising the planning process. These changes and announcements have now been expanded and formalised within proposals set out in the Planning White Paper 'Planning for the Future'. The Planning Paper sets out the most radical changes to the Planning System since it was introduced in the immediate period after the Second World War.

## 2. Proposals within the Planning White Paper

2.1 The Planning White 'Planning for the Future' was published on 6 August 2020 with huge publicity and media interest. It has been heralded by many as the most radical reform of the planning system in England since the establishment of the current system. Probably the key driver of the proposed reforms is the need to deliver, as a nation, 300,000 new homes per year.

2.2 The proposals are set out under a number of 'pillars' with each having a number of specific proposals. The pillars for change are:

- Planning for development
- Planning for beautiful and sustainable places
- Planning for Infrastructure and connected places

2.3 The remainder of this report will set out each of the 24 detailed proposals as set out in the White Paper with an explanation of each. An initial response to the proposals is provided at Annex A.

*Proposal 1: The role of land use plans should be simplified. We propose that Local Plans should identify three types of land – Growth areas suitable for substantial development, Renewal areas suitable for development, and areas that are Protected.*

2.4 The term 'substantial' has not yet been defined but it is considered that growth areas will be new settlement and urban extension areas but also large urban regeneration areas. Sites annotated in the new Local Plan as growth areas would have automatic outline planning permissions (see proposal 5). Areas of flood risk and other land with important constraints, would be excluded unless the risk can be fully mitigated.

2.5 Renewal areas will cover existing built-up areas where smaller scale development is appropriate. It could include the 'gentle densification' and infill of residential areas, development in Town Centres and small sites within or on the edge of a village. There would be statutory presumption in favour of development being granted for the uses specified as being suitable in each area.

2.6 Protected Areas would include sites and areas which, as a result of their environmental and/or cultural characteristics, would justify more stringent development controls to ensure sustainability. This would include areas such as Green Belt, Conservation Areas, Local Wildlife Sites, areas of significant flood risk and important

areas of green space. At a smaller scale it can continue to include gardens in line with existing policy in the National Planning Policy Framework.

*Proposal 2: Development management policies established at national scale and an altered role for Local Plans.*

2.7 Development management policy contained in the plan would be restricted to clear and necessary site or area-specific requirements, including broad height limits, scale and/or density limits for land included in Growth areas and Renewal areas, established through the accompanying text. The National Planning Policy Framework would become the primary source of policies for development management; there would be no provision for the inclusion of generic development management policies which simply repeat national policy within Local Plans

*Proposal 3: Local Plans should be subject to a single statutory “sustainable development” test, replacing the existing tests of soundness.*

2.8 This would consider whether the plan contributes to achieving sustainable development in accordance with policy issued by the Secretary of State. Specifically:

- It is proposed to abolish the Sustainability Appraisal system and develop a simplified process for assessing the environmental impact of plans
- the Duty to Cooperate test would be removed
- a slimmed down assessment of deliverability for the plan would be incorporated into the “sustainable development” test
- Plans should be informed by appropriate infrastructure planning, and sites should not be included in the plan where there is no reasonable prospect of any infrastructure that may be needed coming forward within the plan period

*Proposal 4: A standard method for establishing housing requirement figures which ensures enough land is released in the areas where affordability is worst, to stop land supply being a barrier to enough homes being built. The housing requirement would factor in land constraints and opportunities to more effectively use land, including through densification where appropriate, to ensure that the land is identified in the most appropriate areas and housing targets are met.*

2.9 Local Plans will need to identify areas to meet a range of development needs – such as homes, businesses and community facilities – for a minimum period of 10 years.

2.10 It is proposed that the standard method would be a means of distributing the national housebuilding target of 300,000 new homes annually, and one million homes by the end of the Parliament, having regard to:

- the size of existing urban settlements (so that development is targeted at areas that can absorb the level of housing proposed);
- the relative affordability of places (so that the least affordable places where historic under-supply has been most chronic take a greater share of future development);
- the extent of land constraints in an area to ensure that the requirement figure takes into account the practical limitations that some areas might face, including the presence of designated areas of environmental and heritage value, the Green Belt and flood risk.

# Agenda Item 4

- the opportunities to better use existing brownfield land for housing, including through greater densification. The requirement figure will expect these opportunities to have been utilised fully before land constraints are taken into account;
- the need to make an allowance for land required for other (non-residential) development; and
- inclusion of an appropriate buffer to ensure enough land is provided to account for the drop off rate between permissions and completions as well as offering sufficient choice to the market.

2.11 The proposed method for calculating the housing requirement taking account of all the factors above has not yet been published. The current 'standard methodology' is subject to a proposed revision but this does not factor in all the points above. The government, however, is confident that the proposed approach would make sure enough land is identified for new housing and therefore proposes that a five year supply of housing land is no longer needed to be demonstrated, although the Housing Delivery Test would remain.

*Proposal 5: Areas identified as Growth areas (suitable for substantial development) would automatically be granted outline planning permission for the principle of development, while automatic approvals would also be available for pre-established development types in other areas suitable for building.*

2.12 In areas suitable for substantial development (Growth areas) an outline permission for the principle of development would be confirmed on adoption of the Local Plan. Further details would be agreed, and full permission achieved, through streamlined and faster consent routes which focus on securing good design and addressing site-specific technical issues.

2.13 Detailed planning permission could be secured in one of three ways:

- a reformed reserved matters process for agreeing the issues which remain outstanding;
- a Local Development Order prepared by the local planning authority for the development which could be prepared in parallel with the Local Plan and be linked to a master plan and design codes; or
- for exceptionally large sites a Development Consent Order under the Nationally Significant Infrastructure Projects regime

2.14 In areas suitable for development (Renewal areas), there would be a general presumption in favour of development established in legislation (achieved by strengthening the emphasis on taking a plan-led approach, with plans reflecting the general appropriateness of these areas for development). Consent for development would be granted in one of three ways:

- for pre-specified forms of development such as the redevelopment of certain building types, through a new permission route which gives an automatic consent if the scheme meets design and other prior approval requirements (as discussed further under the fast-track to beauty proposals set out under Pillar Two);
- for other types of development, a faster planning application process where a planning application for the development would be determined in the context of the Local Plan description, for what development the area or site is appropriate for, and with reference to the National Planning Policy Framework; or
- a Local or Neighbourhood Development Order.

2.15 In both the Growth and Renewal areas it would still be possible for a proposal which is different to the plan to come forward (if, for example, local circumstances had changed suddenly, or an unanticipated opportunity arose), but this would require a specific planning application. It is expected that this is the exception rather than the rule.

2.16 In areas where development is restricted (Protected areas) any development proposals would come forward as now through planning applications being made to the local authority (except where they are subject to permitted development rights or development orders) and judged against policies set out in the National Planning Policy Framework.

*Proposal 6: Decision-making should be faster and more certain, with firm deadlines, and make greater use of digital technology*

2.17 For all types of planning applications regardless of the category of land, the Government want to see a much more streamlined and digitally enabled end to end process which is proportionate to the scale and nature of the development proposed, to ensure decisions are made faster. The well-established time limits of eight or 13 weeks for determining an application from validation to decision should be a firm deadline – not an aspiration which can be got around through extensions of time as routinely happens now.

2.18 In order that this is achieved several proposals to standardise and digitise the processes are proposed. The Government believe there should be a clear incentive on the local planning authority to determine an application within the statutory time limits. This could involve the automatic refund of the planning fee for the application if they fail to determine it within the time limit. But they also want to explore whether some types of applications should be deemed to have been granted planning permission if there has not been a timely determination, to ensure targets are met and local authorities keep to the time limit in the majority of cases.

2.19 There will remain the ability for applicants to appeal against a decision by a local planning authority. However, by ensuring greater certainty about the principle of development in Local Plans, the Government expect to see fewer appeals being considered by the Planning Inspectorate. To promote proper consideration of applications by planning committees, where applications are refused, it is proposed that applicants will be entitled to an automatic rebate of their planning application fee if they are successful at appeal.

*Proposal 7: Local Plans should be visual and map-based, standardised, based on the latest digital technology, and supported by a new template.*

2.20 Interactive, map-based Local Plans will be built upon data standards and digital principles. To support local authorities in developing plans in this new format, the Government will publish a guide to the new Local Plan system and data standards and digital principles, including clearer expectations around the more limited evidence that will be expected to support “sustainable” Local Plans, accompanied by a “model” template for Local Plans and subsequent updates, well in advance of the legislation being brought into force.

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*Proposal 8: Local authorities and the Planning Inspectorate will be required through legislation to meet a statutory timetable for key stages of the process, and we will consider what sanctions there would be for those who fail to do so.*

2.21 It is proposed that the Local Plan process covers five stages, with meaningful public engagement at two stages:

- Stage 1 [6 months]: The local planning authority “calls for” suggestions for areas under the three ‘zoning’ categories
- Stage 2 [12 months]: The local planning authority draws up its proposed Local Plan, and produces any necessary evidence to inform and justify the plan.
- Stage 3 [6 weeks]: The local planning authority simultaneously (i) submits the Plan to the Secretary of State for Examination; and (ii) publicises the plan for the public to comment on. Responses will have a word count limit.
- Stage 4 [9 months]: A planning inspector appointed by the Secretary of State considers whether the three categories shown in the proposed Local Plan are “sustainable” as per the statutory test and accompanying national guidance and makes binding changes which are necessary to satisfy the test.
- Stage 5 [6 weeks]: Local Plan map, key and text are finalised, and come into force.

2.22 To support the transition to the new system, the Government propose a statutory duty for local authorities to adopt a new Local Plan by a specified date – either 30 months from the legislation being brought into force, or 42 months for local planning authorities who have adopted a Local Plan within the previous three years. This should be accompanied by a requirement for each planning authority to review its Local Plan at least every five years. Reviews should be undertaken sooner than five years where there has been a significant change in circumstances. Local planning authorities that fail to do what is required to get their plan in place, or keep it up to date, would be at risk of government intervention.

2.23 Alternative options for Local Plan production is the removal of examination stage altogether and requiring Local Authorities to undertake a self-assessment against a set of set criteria and guidance.

*Proposal 9: Neighbourhood Plans should be retained as an important means of community input, and we will support communities to make better use of digital tools*

2.24 Neighbourhood Plans should be retained in the reformed planning system, but the Government want to consider whether their content should become more focused to reflect proposals for Local Plans, as well as the opportunities which digital tools and data offer to support their development and improve accessibility for users.

*Proposal 10: A stronger emphasis on build out through planning*

2.25 The Government propose to make it clear in the revised National Planning Policy Framework that the masterplans and design codes for sites prepared for substantial development should seek to include a variety of development types by different builders which allow more phases to come forward together. They will explore further options to support faster build out as we develop our proposals for the new planning system.

*Proposal 11: To make design expectations more visual and predictable, we will expect design guidance and codes to be prepared locally with community involvement, and ensure that codes are more binding on decisions about development.*

2.26 As national guidance, the Government will expect the National Design Guide, National Model Design Code and the revised Manual for Streets to have a direct bearing on the design of new communities. But to ensure that schemes reflect the diverse character of our country, as well as what is provably popular locally, it is important that local guides and codes are prepared wherever possible. These play the vital role of translating the basic characteristics of good places into what works locally, and can already be brought forward in a number of ways:

- by local planning authorities to supplement and add a visual dimension to their Local Plans;
- through the work of neighbourhood planning groups;
- or by applicants in bringing forward proposals for significant new areas of development.

2.27 It is proposed that these different routes for bringing forward design guides and codes should remain, although in all cases it will be essential that they are prepared with effective inputs from the local community, considering empirical evidence of what is popular and characteristic in the local area. To underpin the importance of this, the Government intend to make clear that designs and codes should only be given weight in the planning process if they can demonstrate that this input has been secured. And, where this is the case, it will also be made clear that decisions on design should be made in line with these documents. Where locally-produced guides and codes are not in place, the Government also propose to make clear in policy that the National Design Guide, National Model Design Code and Manual for Streets should guide decisions on the form of development.

*Proposal 12: To support the transition to a planning system which is more visual and rooted in local preferences and character, we will set up a body to support the delivery of provably locally-popular design codes, and propose that each authority should have a chief officer for design and place-making.*

2.28 The Government will explore the options for establishing a new expert body which can help authorities make effective use of design guidance and codes, as well as performing a wider monitoring and challenge role for the sector in building better places. They will also bring forward proposals later this year for improving the resourcing of planning departments more broadly; and their suggestions in this paper for streamlining plan-making will allow some re-focusing of professional skills. However, effective leadership within authorities will also be crucial. To drive a strong vision for what each place aspires to, and ensure this is integrated across council functions, the Government believe that each authority should appoint a chief officer for design and place-making, as recommended by the Building Better, Building Beautiful Commission.

*Proposal 13: To further embed national leadership on delivering better places, we will consider how Homes England's strategic objectives can give greater emphasis to delivering beautiful places.*

2.29 This proposal doesn't have specific implications for Local Authorities except that Homes England would be expected to prioritise schemes (and hence funding opportunities) to schemes that promote 'beautv'.

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*Proposal 14: We intend to introduce a fast-track for beauty through changes to national policy and legislation, to incentivise and accelerate high quality development which reflects local character and preferences.*

2.30 In the first instance, through updating the National Planning Policy Framework, the Government will make clear that schemes which comply with local design guides and codes have a positive advantage and greater certainty about their prospects of swift approval.

2.31 Second, where plans identify areas for significant development (Growth areas), it will be legislated to require that a masterplan and site-specific code are agreed as a condition of the permission in principle which is granted through the plan. This should be in place prior to detailed proposals coming forward, to direct and expedite those detailed matters. These masterplans and codes could be prepared by the local planning authority alongside or subsequent to preparing its plan, at a level of detail commensurate with the size of site and key principles to be established.

2.32 Third, it also proposed to legislate to widen and change the nature of permitted development, so that it enables popular and replicable forms of development to be approved easily and quickly, helping to support 'gentle intensification' of our towns and cities, but in accordance with important design principles. This could be through the use of 'pattern books' setting out what would be acceptable in areas identified for Renewal.

*Proposal 15: We intend to amend the National Planning Policy Framework to ensure that it targets those areas where a reformed planning system can most effectively play a role in mitigating and adapting to climate change and maximising environmental benefits.*

2.33 The Government want to provide important opportunities to strengthen the way that environmental issues are considered through the planning system. They also want the reforms to be clear about the role that local, spatially-specific policies can continue to play, such as in identifying important views, opportunities to improve public access or places where renewable energy or woodland and forestry creation could be accommodated.

*Proposal 16: We intend to design a quicker, simpler framework for assessing environmental impacts and enhancement opportunities, that speeds up the process while protecting and enhancing the most valuable and important habitats and species in England.*

2.34 The current frameworks assessing environmental impacts – which include Strategic Environmental Assessment, Sustainability Appraisal, and Environmental Impact Assessment – can lead to duplication of effort and overly-long reports which inhibit transparency and add unnecessary delays.

2.35 The government see this is an area that needs reforming to simplify the process, make information more accessible and easier to understand and avoid duplication. This will be the subject of a separate and more detailed consultation in the autumn.

*Proposal 17: Conserving and enhancing our historic buildings and areas in the 21st century.*



2.36 The government will review and update the planning framework for listed buildings and conservation areas, to ensure their significance is conserved while allowing, where appropriate, sympathetic changes to support their continued use and address climate change. In doing so, they want to explore whether there are new and better ways of securing consent for routine works, to enable local planning authorities to concentrate on conserving and enhancing the most important historic buildings. This includes exploring whether suitably experienced architectural specialists can have earned autonomy from routine listed building consents.

*Proposal 18: To complement our planning reforms, we will facilitate ambitious improvements in the energy efficiency standards for buildings to help deliver our world-leading commitment to net-zero by 2050.*

2.37 The Planning White Paper acknowledges planning system is only one of the tools that we need to use to mitigate and adapt to climate change. Last year the government consulted on proposals to move towards a Future Homes Standard, which was a first step towards net zero homes. From 2025, they expect new homes to produce 75-80 per cent lower CO2 emissions compared to current levels. These homes will be 'zero carbon ready', with the ability to become fully zero carbon homes over time as the electricity grid decarbonises, without the need for further costly retrofitting work.

*Proposal 19: The Community Infrastructure Levy should be reformed to be charged as a fixed proportion of the development value above a threshold, with a mandatory nationally-set rate or rates and the current system of planning obligations abolished.*

2.38 The government believe that the current system of planning obligations under Section 106 should be consolidated under a reformed, extended 'Infrastructure Levy'. This would be based upon a flat-rate, valued-based charge, set nationally, at either a single rate, or at area-specific rates. This would address issues in the current system as it would:

- be charged on the final value of a development;
- be levied at point of occupation, with prevention of occupation being a potential sanction for non-payment;
- include a value-based minimum threshold below which the levy is not charged, to prevent low viability development becoming unviable;
- provide greater certainty for communities and developers about what the level of developer contributions are expected alongside new development.

2.39 To better support the timely delivery of infrastructure, the government would also allow local authorities to borrow against Infrastructure Levy revenues so that they could forward fund infrastructure. Enabling borrowing combined with a shift to levying developer contributions on completion, would incentivise local authorities to deliver enabling infrastructure, in turn helping to ensure development can be completed faster.

2.40 Another option the government are asking for views on is for the Infrastructure Levy to be optional and for each local authority to set their own. However, as planning obligations would be consolidated into the single Infrastructure Levy, the government anticipate that there would be a significantly greater uptake than with CIL.

2.41 Alternatively, the national rate approach could be taken, but with the aim of capturing more land value than currently, to better support the delivery of infrastructure. While developers would be liable for paying the levy, the cost of this would be capitalised

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into land value. This would ensure that the landowners who benefit from increases in value as a result of the grant of planning permission contribute to the infrastructure and affordable housing that makes development acceptable.

*Proposal 20: The scope of the Infrastructure Levy could be extended to capture changes of use through permitted development rights*

2.42 In making this change to developer contributions for new development, the scope of the Infrastructure Levy would be extended to better capture changes of use which require planning permission, even where there is no additional floorspace, and for some permitted development rights including office to residential conversions and new demolition and rebuild permitted development rights. This approach would increase the levy base and would allow these developments to better contribute to infrastructure delivery and making development acceptable to the community. However, it is proposed to maintain the exemption of self and custom build development from the Infrastructure Levy.

*Proposal 21: The reformed Infrastructure Levy should deliver affordable housing provision*

2.43 Developer contributions currently deliver around half of all affordable housing, most of which is delivered on-site. It is important that the reformed approach will continue to deliver on-site affordable housing at least at present levels.

2.44 Affordable housing provision is currently secured by local authorities via Section 106, but the Community Infrastructure Levy cannot be spent on it. With Section 106 planning obligations removed, it is proposed that under the Infrastructure Levy, authorities would be able to use funds raised through the levy to secure affordable housing.

2.45 This could be secured through in-kind delivery on-site, which could be made mandatory where an authority has a requirement, capability and wishes to do so. Local authorities would have a means to specify the forms and tenures of the on-site provision, working with a nominated affordable housing provider. Under this approach, a provider of affordable housing could purchase the dwelling at a discount from market rate, as now. However, rather than the discount being secured through Section 106 planning obligations, it would instead be considered as in-kind delivery of the Infrastructure Levy. In effect, the difference between the price at which the unit was sold to the provider and the market price would be offset from the final cash liability to the Levy. This would create an incentive for the developer to build on-site affordable housing where appropriate. First Homes, which are sold by the developer direct to the customer at a discount to market price, would offset the discount against the cash liability.

2.46 Local authorities could also accept Infrastructure Levy payments in the form of land within or adjacent to a site. Through borrowing against further Infrastructure Levy receipts, other sources of funding, or in partnership with affordable housing providers, they could then build affordable homes, enabling delivery at pace.

2.47 Another option in the Planning White Paper is to create a 'first refusal' right for local authorities or any affordable housing provider acting on their behalf to buy up to a set proportion of on-site units (on a square metre basis) at a discounted price, broadly equivalent to build costs. The proportion would be set nationally, and the developer

would have discretion over which units were sold in this way. A threshold would be set for smaller sites, below which on-site delivery was not required, and cash payment could be made in lieu. Where on-site units were purchased, these could be used for affordable housing, or sold on (or back to the developer) to raise money to purchase affordable housing elsewhere. The local authority could use Infrastructure Levy funds, or other funds, in order to purchase units.

*Proposal 22: More freedom could be given to local authorities over how they spend the Infrastructure Levy*

2.48 It is important that there is a strong link between where development occurs and where funding is spent. Currently, the Neighbourhood Share of the Community Infrastructure Levy ensures that up to 25 per cent of the levy is spent on priorities in the area that development occurred, with funding transferred to parish councils in parished areas. There are fewer restrictions on how this funding is spent, and the government believes it provides an important incentive to local communities to allow development in their area. It is therefore proposed that the Neighbourhood Share would be kept, and the government would be interested in ways to enhance community engagement around how these funds are used, with scope for digital innovation to promote engagement.

2.49 The government are also seeking views about allowing Council's to spend the Infrastructure Levy more flexibly, including on other policy priorities or lowering Council Tax, if all the infrastructure has been provided – with the caveat that levy secured for affordable housing is protected.

*Proposal 23: As we develop our final proposals for this new planning system, we will develop a comprehensive resources and skills strategy for the planning sector to support the implementation of our reforms.*

2.50 The cost of operating the new planning system should be principally funded by the beneficiaries of planning gain – landowners and developers – rather than the national or local taxpayer. Currently, the cost of development management activities by local planning authorities is to a large extent covered by planning fees, although the current fee structure means the cost of processing some applications can be significantly greater than their individual fee. However, the cost of preparing Local Plans and enforcement activities is now largely funded from the local planning authority's own resources.

2.51 If a new approach to development contributions is implemented, a small proportion of the income should be earmarked to local planning authorities to cover their overall planning costs, including the preparation and review of Local Plans and design codes and enforcement activities. Some local planning activities should still be funded through general taxation given the public benefits from good planning, and time limited funding will be made available by the Government in line with the new burdens principle to support local planning authorities to transition to the new planning system as part of the next Spending Review.

2.52 Local planning authorities should be subject to a new performance framework which ensures continuous improvement across all planning functions from Local Plans to decision-making and enforcement – and enables early intervention if problems emerge with individual authorities.

*Proposal 24: We will seek to strengthen enforcement powers and sanctions*

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2.53 The government will review and strengthen the existing planning enforcement powers and sanctions available to local planning authorities to ensure they support the new planning system. They intend to introduce more powers to address intentional unauthorised development, consider higher fines, and look to ways of supporting more enforcement activity.

## **3. Next Stages**

3.1 Comments are sought on the Planning White Paper by 29 October 2020. Views have been sought from relevant departments in the Council, including Housing, Regeneration, Conservation, Highways, Flooding and Drainage, Green Sefton, Legal Services and Property Services. Comments put forward from both officers and members will inform a comprehensive Council response to be submitted by the deadline. An initial Council response setting out early observations is provided at Annex A. Members are asked to provide feedback on this draft response advise on whether changes or additions should be made. The final response will be agreed by the Cabinet Member for Planning and Building Control prior to submission.

## Annex A - Draft Council response to Planning White Paper



MHCLG

**Derek McKenzie**  
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Date:  
Our Ref: [reference]

Dear Sir or Madam

### **Re: Planning White Paper Consultation Response**

The Planning White Paper contains a significant number of proposals and would, if brought forward, result in a complete change in the planning system. Some of the proposed changes will have obvious and clear impacts, whilst others will only become apparent once the system is enacted. In many cases the proposals put forward are without detail how they will work in practice. Rather than answer each of the questions separately in the Planning White Paper consultation document, many of which are designed to establish the views from a wide range of stakeholders and public, this response is setting out the views of Sefton Council across a number of the key themes from the Planning White Paper.

The rationale behind the proposed reforms is that the planning system is outdated and cumbersome and does not deliver the development, notably the number of homes, the country needs. However, this viewpoint fails to recognise the effort and results that many Local Planning Authorities have had in supporting growth and regeneration in their areas. Sefton Council have worked incredibly hard with a range of stakeholders and residents to adopt a Local Plan which is now starting to deliver the homes we need. Sefton also perform extremely well in the determination of major and minor planning applications within statutory timescales, has an excellent appeals performance, and performs well in relation to speed and quality targets. This collective effort has enabled Sefton Planning Service to consistently score highly for customer service and outcomes through surveys of our customers and agents. This is despite significant cuts to Local Authority funding in recent years.

Whilst it is acknowledged that not all Local Planning Authorities are providing for the homes its residents need, this Planning White Paper does appear to be advocating change for change sake. It is the view of Sefton Council that this is not necessary to meet the homes, jobs and other development that people need. The emphasis in the Planning White Paper seems to be heavily weighted to the perceived shortcomings of the planning system and Local Planning Authorities, without acknowledging or seeking to address the responsibilities that landowners, housebuilders, financial institutions and others have. Sefton Council believe the Planning White Paper should take a more holistic approach to dealing with under delivery of homes and not just seek to reform the role of the planning authority.

### Statutory requirement to produce new style Local Plan in 2.5 years

It is true that production of a Local Plan has become an industry and proposals to regulate the time taken to prepare a Local Plan is welcomed. The timescale of 2.5 years from start (which will

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be set when the White Paper becomes a Planning Act) to finish would seem to be reasonable if challenging. Of course, this will depend on the level of organised opposition proposals attract and the amount of evidence that is considered necessary to support the Local Plan. It is suggested that the authorities that fail to produce a new Local Plan in the statutory timescales would be subject to sanctions, although it is not clear what these would be. Whilst it is acknowledged that setting statutory timescales would only have weight if there are sanctions, it is suggested that in addition to these there is a financial reward for meeting the timescales, similar to the housing delivery grant.

Furthermore, if it is assumed that 70-90% of Local Planning Authorities will have to commence a new Local Plan when the new Act comes into force, and each of these have to submit a plan to the Secretary of State for Examination after 18 months, it is difficult to see how the Planning Inspectorate will have the resources to manage this. It may be preferable to introduce a staggered process for undertaking the new Local Plans, with the trigger either linked to the age of the existing Local Plan or performance in the Housing Delivery Test. For example, those authorities with a Local Plan older than 10 years could be required to start immediately the Act comes into force; those with a Local Plan 5-10 years old within 12 months; and those with a plan less than 5 years to start the process within 2 years. Alternatively, those authorities who have delivered less than 60% of the homes required in the Housing Delivery Test could be required to start the Local Plan process immediately the Act comes into force; those who have delivered 60-100% of the required homes within 12 months; and those who have passed the Housing Delivery Test have to start the process within 2 years.

It is also noted that a Local Plan may be published to cover a 10-year period, rather than the 15-year plan that the current Local Plan requires. As the Local Plan must be reviewed every 5-years it is agreed this may be a means of keeping the Local Plan relevant and able to react more quickly to changes in circumstances (e.g. if the housing requirement changes).

## Limit of 3 'zones' in Local Plan in which to place all land

It is possible that limiting the number of zones which a Local Plan must place all land within an authority area could appear restrictive and problematic. It could result in areas that have very different characters being categorised the same and restrict the ability to apply different standards for new development. However, on closer reading it appears that within each zone there will be the ability to set out clear guidelines for what would be considered acceptable. For example, in the 'renewal' areas, which will essentially include most of the existing built up areas of Sefton, areas can be identified as Town Centres, Employment, Residential etc, much as with the current Local Plan. There also doesn't appear to anything to suggest that these areas couldn't be further sub-divided, for example different residential character areas, which could have their own guidelines for what type of infill development may be acceptable. If this is the case, then the three zones proposal doesn't change that much in principle from the land designations that are in the current Local Plan. It would be useful if this could be clarified in future guidance on Local Planning. The Council consider the term 'renewal' is somewhat of a misnomer as it is likely to be applied to land that has not been previously developed, but may be too small for the 'growth' category. The Council would also want clarification that it is able to protect urban open spaces as part of the protected 'zone' in the same manner as Green Belt. The Council consider open spaces in our towns of critical importance to the well-being of our communities and would wish to have the ability to protect these from development.

## Granting of outline permission for Local Plan 'growth areas'

A key difference between the proposed zoning and the current process is land identified for 'growth' will be automatically granted outline planning permission. This effectively removes a stage from the planning process. Whilst many developers will go straight to a full application, many landowners will often apply for an outline permission before selling the land to a developer who will secure details later. The change is intended to give greater certainty to landowners and

enable them to secure a developer, and therefore new homes, sooner. However, this will effectively result in the loss of significant income to the Local Planning Authority. For context, the Council is in receipt of an outline planning application for up to 855 homes in the borough at a cost to the applicant of £46,000. This income is essential to the Local Planning Authority to assess the proposals. If the Council is expected to still undertake this assessment, but through the Local Plan, this will be a significant loss of resource.

In effect, when the Council is undertaking a 'call for sites' to inform the Local Plan, and the landowner puts their site forward for an area for growth, they are effectively applying for outline planning permission. It would appear reasonable that such submissions attract a fee, similar to the outline application fee, regardless of whether the site is ultimately identified as an area of growth in the Local Plan. This will not only help resource the planning service to assess the sites, but also may prevent landowners submitting unsuitable sites. It would be expected that such submissions be subject to similar information requirements as would an outline application, including viability, delivery and availability evidence.

It is not clear what the granting of outline permission would add to the development process, apart from wresting resources and influence from the local planning authority and residents. There is another system available to developers, that of the Permission in Principle. The Government are currently exploring whether this could be applied to major schemes. It may be a better approach that land identified for growth is granted Permission in Principle rather than outline planning permission. This is a softer option but will still give the landowner and developer certainty that, subject the layout, design and other key details, the principle of developing the land is acceptable. An outline or full application will then still be required as is currently the case.

#### Permission in principle and pre approval in 'renewal' areas

In renewal areas there would be a statutory presumption in favour of development being granted for the uses specified as being suitable in each area. In effect this is no different from the current system where there is a presumption in favour of sustainable development that accords with an up-to-date Local Plan. However, the Planning White Paper is proposing a new process to grant automatic permission if proposals accord with design and prior approval parameters set out for that area in the Local Plan. This would appear to be a large expansion of the permitted development rights that the government has recently been implementing. In this case, however, it will be in the gift of the Council, following public engagement, to clearly set out what proposals it would deem 'pre-approved'.

It is considered that allowing a set list of proposals to be 'pre-approved' may free up staff resources to concentrate on more detailed and complex proposals. However, there will still be a role for planning officers to confirm that a proposal accords with the Local Plan, and therefore there needs to be a fee structure that remunerates the Council for this service. The Council would wish to see details of how this would work in practice.

Notwithstanding the above, the Council would not wish to see a reduction of skillset within the planning profession or to see a movement to a perfunctory approach to planning which bypasses negotiation processes that improve development proposals. Ongoing and detailed negotiation should not be viewed as a problem but rather a process between skilled professionals that leads to better design and outcomes. There is a danger that a move to automatic processes, which in themselves have merit, should not be at the cost of good planning. The Council would also wish assurances that processes are not being implemented with the primary purpose of reducing costs, including staff levels, rather than for sound planning purposes. Furthermore, if the frameworks are too rigid we could end up spending more time and resources amending frameworks to deliver suitable schemes.

#### Emphasis on digital engagement in planning

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Sefton Planning Services have already invested heavily in digital systems and a move to a more digital approach, both in plan and decision making, is welcomed. With the ONS reporting<sup>1</sup> that 96% of households have access to the internet this will be the fastest and cheapest way to engage with residents. The traditional approach of printed material available at limited locations is time consuming, expensive and fails to engage with wide sectors of the population. Nevertheless, there will be households who can't access online materials due to cost, lack of skills or poor internet connectivity. Therefore, it is important that the government continues to invest in rolling out high speed broadband and supports households who have limited or no internet access. It is also important that the government funds the necessary skills within Planning Services to allow the continued digital evolution to continue. This may come through innovative ways of funding planning services, for example charging for sites submissions to the Local Plan (see above) through the Infrastructure Levy (see below) or direct funding.

## Greater emphasis on 'place-making' in Local Plans

This element of the Planning White Paper is possibly the most interesting and would completely change the emphasis of policy planning. The primary goal would be to set out clearly the type of place that new development and growth is intended to create. This would be done by the new style Local Plan containing a series of masterplans, design codes and pattern books that will clearly set out what type of community is intended to be created. It is clear from the Planning White Paper that this should be done in close collaboration with residents and the development industry. This is somewhat different from the current Local Plan system which sets out policies that are then interpreted by developers and planning case officers.

Whilst these proposals are interesting and could well engage residents in a far more effective way, it is considered that the government must put resources into Local Planning Authorities to expand the skill base in staff in order to deliver this place making agenda. This can be done through upskilling those officers already in post or through bringing in new staff. Either way this will require a financial commitment. There are avenues that are discussed elsewhere in this response about possible income streams, such as through the Infrastructure Levy and charging landowners a fee to submit their site for consideration in the Local Plan. However, the Planning White Paper also considers financial sanctions for LPAs that fail to have a Local Plan in place, failure to determine applications in a statutory timescale or if decisions are overturned at appeal. It is Sefton Council's view that the government should provide more financial support to LPAs to allow them to change focus, innovate and support growth rather than an emphasis on sanctions. In this respect the government are giving mixed messages about the importance and role of planning policy teams in the process.

## Duty to cooperate issues

It is noted that the Duty to Cooperate is proposed to be removed. The Council do not have any strong objections to this and considers that this was a largely a process that provided few tangible benefits. Whilst we consider that collaboration between neighbouring authorities and other stakeholders is essential to the plan making process, Sefton consider this can be done through a reformed Sustainability Test.

The key issue with cross boundary and sub-regional planning is that Sefton strongly believe in decisions remaining at local authority level and would strongly oppose any decisions being delegated to the city region level. Sefton believe that decisions that impact locally should be made at the local level and that the spirit of place making would not work if decision were being seen to be made a sub-regional level that didn't have the same public scrutiny of local democratic process.

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<https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2020>



## Emphasis on building out developments

There is a section on this but is very brief and lacks detail. The Council seeks assurances that the emphasis is also placed on developers building out permissions that they have received and that options are considered for ensuring this. Also, and possibly more importantly, landowners who have had sites allocated for development in Local Plans, must be encouraged and required to release that land for development. For example, developers could forfeit planning approval, even if technically implemented, if development is not completed within certain timescales. Alternatively, if a permission is secured, for example for new homes, the applicant may be required to pay a proportion of the Council Tax for those properties if they are not built after a certain period, unless they voluntarily request revocation of permission. A landowner who promotes a site for growth or renewal in the Local Plan, but then does not bring that site forward, must have sanctions placed on them. This could be through strengthening the use of Compulsory Purchase Orders that give Local Authorities the ability to purchase land at a discount that is identified for development, if it can be shown that the delay is compromising the ability of the authority to meet its vision. Essentially, the Planning White Paper should not put the burden of delivery solely on local authorities, when this is primarily in the control of the development industry and landowners.

## Reform of developer contributions

The Planning White Paper seeks to address common criticisms of the current system, such as time spent negotiating agreements, the complex and opaque nature of viability discussions and inefficiency in capturing land value uplift. The new infrastructure levy would be charged 'as a fixed proportion of the development value above a threshold, with a mandatory nationally-set rate or rates', levied at the point of occupation, with an offset for any affordable housing provided on-site. Importantly, it would be extended to apply to changes of use, not just the creation of new floor space.

Whilst the principle of a set 'tax' to be applied across the country is welcomed, there are likely to be issues of implementing a process across such a wide variety of markets. It is likely that in lower value areas, such as we have in South Sefton, there may be little, or no levy secured. However, that is no different to the current systems of either Community Infrastructure Levy (CIL) or section 106 planning obligations. We know that, in general terms, greenfield sites are often able to return higher returns, due to lower development costs. Therefore, it may be legitimate that when the detailed guidance looks to set the 'development value' thresholds (below which no levy is charged) then the zone is taken account of, i.e. areas of 'growth' are likely to secure a greater levy than an area of 'renewal'. Also, there are certain types of infrastructure that are essential and should not be subject to viability – for instance highway improvements – and it should not be the case that development is allowed if essential infrastructure can't be provided because a scheme is not deemed to meet the development value threshold (see section on removal of Section 106 agreements below).

It is welcomed that the new levy would allow greater flexibility on how it is spent. In areas that have huge disparities in land value, the Council would need the ability to spend levy secured in one area in another, depending on where the improved infrastructure is required. Whilst the principle of spending a proportion of the levy (25%) in accordance with local priorities is valid, the Council would expect this to be done in accordance with clearly expressed and approved strategies that have public agreement.

Overall, it is suggested the principle of an automatic levy that applies nationally (albeit with local variations) without the need to go through a separate examination process, is strongly supported. Currently, when a Local Planning Authority proposes and publishes a draft Community Infrastructure Levy, it attracts huge objections from developers who have a vested interest in

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seeking to decrease and delay the levy. As proposed, the levy would be automatic and broadly subject to set calculations.

## Delivery of Affordable Housing

The Planning White Paper seems to acknowledge the importance of maintaining affordable housing delivery, and its commitment that the new levy delivers 'at least as much, if not more on-site affordable housing as at present'. The use of the reformed levy to deliver affordable housing may provide the Council with more options, for example the receipt of land as payment in kind or more affordable housing over financial contributions. However, the Council would want certainty that these choices would rest with them and not to be decided by the developer. There also needs to be greater detail on the role of Registered (Social Housing) Providers in the process and how affordable housing can be managed in perpetuity in the absence of a section 106 agreement (see below).

## Removal of the Section 106 process

In their current form, Section 106 Planning Obligations are used for three purposes:

- They prescribe the nature of development (for example, requiring a given portion of housing is affordable)
- They compensate for loss or damage created by a development (for example, loss of open space)
- They mitigate a development's impact (for example, through increased public transport provision).

The new proposals do partly replicate the financial provisions, and securing of affordable housing (see above), however these are not the only uses for a section 106 agreement to mitigate the impacts of a development proposal. A section 106 agreement can also:

- restrict the development or use of the land in any specified way
- require specified operations or activities to be carried out in, on, under or over the land; and/or
- require the land to be used in any specified way.

For example, section 106 agreements will set out very specifically how affordable housing tenures will be managed, who are eligible for them, what rent structure should be used, limitations on sale etc. Section 106 agreements will also be used to ensure that suitable management regimes are put in place for new onsite open space, landscaping and sustainable drainage systems. It is unclear from the proposals how these issues will be secured. It is therefore suggested that some element of legal agreement is retained, even if this requires a local authority to set out in the Local Plan the provisions that they should cover or publish a template agreement online. This way the signing of an agreement should not delay an approval.

## Change in methodology to identify housing requirement

In order to help deliver the 300,000 homes that the country is purported to need, the government have recently reviewed its approach to a standard method at setting an authority's housing requirement. An authority's annual housing requirement will be based on the higher of:

- the average annual increase in the numbers of households over the next ten years, and
- a proportion (0.5%) of the existing housing stock

This will be then be adjusted for affordability issues, with an increase in proportion to how affordable the homes are in the borough. The Planning White Paper also sets out that the housing requirement, for the first time, will consider the environmental constraints that exist in a borough. Previously, the constraints only came in to consideration when a Local Authority were

looking to identify land to meet its requirement. The environmental constraints that will be considered include Green Belt. The Planning White Paper does not set out the mechanism for calculating a reduction to the housing requirement due to environmental constraints, but we suggest this should be linked to the area of land and/or percentage of land in a borough that is subject to that constraint.

The Planning White Paper does propose that the housing requirement figure will expect brownfield land opportunities to have been utilised fully before environmental constraints are considered. However, there must be some consideration of the costs of bringing some brownfield, heavily contaminated land back into use. The Council have prioritised the need to reuse brownfield land and have always looked at funding streams to unlock the potential of heavily contaminated land. However, if the lack of funding and high costs have prevented the redevelopment of brownfield land in the borough, this should not result in an inflated housing requirement which will inevitably have to be met through the release of Green Belt land. There must be a mechanism that considers these difficulties, particularly in low value areas.

## Conclusions

The proposals in the Planning White Paper seem to come from the premise that the failure to deliver homes and other development is primarily due to the failure of the planning system. Sefton Council do not accept this and believe that the current system can meet needs whilst protecting the environment, if the motivation is there to do so. Whilst the proposals put forward do have some merit, such as the emphasis on place-making and reforms of developer contributions, it primarily fails to deal with what the Council considers to be the main obstacles to growth, notably a lack of funding to Local Authorities, lack of requirement for landowners to bring allocated sites forward for development, lack of investment to bring forward brownfield sites and need to invest in infrastructure. Whilst the proposed approach to developer contributions may secure this investment in the higher value parts of the country, it is unlikely to do so in many parts of the north and midlands. The failure to address these concerns will undermine the government's 'levelling up' agenda and severely restrict the ability of these authorities to deliver the levels of growth necessary.

Yours sincerely

*Derek McKenzie*  
Chief Planning Officer  
Sefton Council

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# Agenda Item 5

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	1 <sup>st</sup> October 2020
<b>Subject:</b>	Southport Town Deal		
<b>Report of:</b>	Executive Director	<b>Wards Affected:</b>	Ainsdale, Birkdale, Cambridge, Dukes, Kew, Meols and Norwood
<b>Cabinet Portfolio:</b>	Regeneration and Skills		
<b>Is this a Key Decision?</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

Report to update Cabinet on the Southport Town Deal, the Town Deal Board and the Town Investment Plan which will be submitted to government at the end of October 2020, and to seek approval for Sefton Council to undertake the role of accountable body for the Town Deal.

## Recommendation(s):

Cabinet is recommended to:

- (1) Note the work of the Town Deal Board to date;
- (2) Agree that Sefton Council will undertake the role of Accountable Body for the submission of the bid at the end of October 2020, and subsequently for negotiation of Heads of Terms, agreement of the Town Deal and the administration of grant funding thereafter;
- (3) Agree to the submission of a Town Deal bid to the Ministry of Housing, Communities and Local Government by the end of October 2020, in accordance with the Town Deal bid process;
- (4) Note that Heads of Terms and the Town Deal, and in turn the formalisation of the role of Accountable Body, will require Cabinet and Council approval during the twelve-month period following submission; and
- (5) Delegate the finalisation of the bid and Town Investment Plan to the Cabinet Member for Regeneration and Skills, and the Executive Director, for submission at the end of October 2020 on behalf of the Town Deal Board.

## Reasons for the Recommendation(s):

Southport is one of 100 towns identified as potential recipients of Town Deal funding, for which a bid submission and Town Investment Plan (TIP) is required. The process requires leadership of a Town Deal Board, with a private sector Chair, but the Council is required to undertake the role of Accountable Body for the bid (which in the case of Southport will be submitted at the end of October), and for the subsequent negotiation of

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Heads of Terms, agreement of the Town Deal, and to be the organisation through which funding will flow.

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

The alternative of not undertaking the role of Accountable Body for the bid, or not submitting a Town Deal bid, is rejected given the significance of the funding opportunity, the quality and quantity of project opportunities emerging, and the importance of such funding to economic recovery in Southport given the impact of the COVID-19 pandemic on the town and its economy.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

The revenue implications of producing the Town Investment Plan, to date, have been met by the £173,029 allocation of Capacity Funding received from MHCLG.

**(B) Capital Costs**

No capital costs have been accrued in the production of the Town Investment Plan. Capital costs of the projects included in the Town Investment Plan will be considered on a case by case basis.

**Implications of the Proposals:**

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

Currently resource (people) implications are being managed within the current Council resource envelope and prioritising work as required to deliver all on time activities. When required due to capacity shortfall external resources are considered and used, with external expertise procured where beneficial to the Town Deal board.

Upon completion of negotiations and agreement of a final set of projects all revenue and capital financial implications will be reported to future meetings of Cabinet and Council in accordance with the Councils Financial Procedure Rules.

**Legal Implications:**

Legal implications will be determined through negotiation of Heads of Terms post-submission, and outlined in subsequent Cabinet reports.

**Equality Implications:**

There are no equality implications.

**Contribution to the Council's Core Purpose:**

<p>Protect the most vulnerable: Given the impact of Covid-19 on Southport's economy and its key sectors, the Town Deal should support recovery and projects that deliver the creation of new employment opportunities across the town.</p>
<p>Facilitate confident and resilient communities: The Town Investment Plan is community focussed and the way forward being substantiated by extensive local community consultation, including the voice of the youth gathered in collaboration with local schools and colleges. The Projects are driven to enhance the community and the town as a place to live and work.</p>
<p>Commission, broker and provide core services: The Town Deal and associated TIP will support the core value of providing core services in the optimum way, making best use of digital now and future proofing with services at the front of delivery.</p>
<p>Place – leadership and influencer: The Council will directly contribute to an improved visitor destination as part of The Southport Development Framework and developing Masterplan, creating further confidence in Southport that could lead to further private sector investment.</p>
<p>Drivers of change and reform: Providing a long-term sustainable future for Southport creating a new diverse use meeting the expectations of residents and visitors. Making Southport an increasingly attractive place to live and work and embrace the needs of current and future residents and visitors.</p>
<p>Facilitate sustainable economic prosperity: The proposals will support new business start-ups, and help established businesses to create additional employment and sustainable business growth.</p>
<p>Greater income for social investment: The commercial enterprise of the Town Deal will support the generation of income that can support the delivery and enhancement of positive social impact.</p>
<p>Cleaner Greener: All projects in the Town Investment Plan will establish the best accepted build criteria and follow current best guidance and standards and will contribute to Sefton's objectives in respect of environmental sustainability.</p>

## **What consultations have taken place on the proposals and when?**

### **(A) Internal Consultations**

The Executive Director Corporate Resources & Customer Services (FD: 6132/20) and the Chief Legal & Democratic Officer (LD:4324/20) have been consulted and any comments have been incorporated into the report.

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## **(B) External Consultations**

Extensive external consultation and engagement has taken place throughout the bid development process to date, in line with the advice from of Sefton’s Public Engagement and Consultation Panel. Digital and online communications and engagement has successfully been maximised in light of the restrictions posed by Covid-19 on face-to-face engagement. A full brief on consultation can be seen in section 3 of the report. This work will continue until bid submission at the end of October, and beyond.

### **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:**

There are no appendices to this report

### **Background Papers:**

There are no background papers available for inspection.



## 1.0 Introduction and Background

- 1.1 In September 2019, the UK Government announced an additional £1.325bn funds to be added to a single pot of funds targeted at stimulating regeneration of towns, town centres and high-streets, taking the sum total of this pot to £3.6bn. These additional funds are referred to as “Town Deal Funds” and are aligned to “whole town” proposals, not just town centres.
- 1.2 Southport is one of 100 towns across the country invited to bid for £25 million in funding as part of the Government’s Towns Fund. Further guidance received in June 2020 included the opportunity to pursue up to £50 million of funding, subject to greater levels of scrutiny. To secure a share of this funding, in line with the guidance a Town Deal Board has been established and a Town Investment Plan (TIP) will be submitted. The TIP will provide a long-term vision for Southport to 2050, identifying potential projects that will help to improve the town in the short, medium and long term and support the delivery of innovative regeneration plans
- 1.3 The objective of the Town Deal Fund is to drive the economic regeneration of towns to deliver long term economic and productivity growth through:
- Urban regeneration, planning and land use – ensuring towns are thriving places for people to live and work, including by increasing density in town centres; strengthening economic assets including local cultural assets; site acquisition, remediation, preparation, regeneration, making full use of the planning tools to bring strategic direction and change
  - Skills and enterprise infrastructure - driving private sector investment and ensuring towns have the space to support skills and small business development
  - Connectivity – developing local transport schemes that complement regional and national networks as well as supporting the delivery of local digital connectivity
- 1.4 Since the fund was launched unprecedented challenges have been presented as a result of Covid-19. This does not change the focus of the Town Fund, but it will give it additional purpose as part of the town’s recovery.

## 2.0 The Town Deal Board

- 2.1 The Town Deal Board is the vehicle through which the vision and strategy for the town is defined. It will produce a Town Investment Plan and inform the Town Deal, including the amount of investment secured through the Towns Fund The role of the Board is to:
- Develop and agree an evidenced based Town Investment Plan (TIP)
  - Develop a clear programme of interventions
  - Coordinate resources and influence stakeholders
- 2.3 Southport’s Town Deal Board first met in January 2020 and has met monthly since then. The Board is chaired by Rob Fletcher of Fletchers Solicitors, and vice-chair is

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Andrew Booth from Sefton Advocacy. Full membership of the Town Deal board comprises:

- Robert Agsterribe, Bliss Hotels Ltd
- Rob Anderson, RAL
- Marion Atkinson, Cabinet Member for Regeneration and Skills, Sefton Council
- Mark Basnett, LCR Growth Platform
- Sophie Bevan, Liverpool City Region Combined Authority
- Andrew Booth, Sefton Advocacy
- Michelle Brabner, Principal and CEO, KGV and Southport Colleges
- James Brayshaw, Adaptive Comms
- Greta Fenney, Light for Life
- Robert Fletcher, Fletchers Solicitors
- Peter Hampson, British Destinations
- Alex Hatchman, Fletchers Solicitors
- David Head, Southport Civic Society
- Dwayne Johnson, Chief Executive, Sefton Council
- Mark Lawler, Baltic Creative
- Damien Moore, MP
- Agnes Ng, Dukes Folly Hotel
- Therese Patten, Southport and Ormskirk Hospital NHS Trust
- Susannah Porter, Southport BID
- Ian Raikes, Southport Learning Trust
- Superintendent Graeme Robson, Merseyside Police
- Norman Wallis, Universal Rides Limited
- Stephen Watson, Executive Director, Sefton Council

2.4 All Board meeting agendas and minutes are available through the council's website and Mod.Gov site.

2.5 As stipulated in the guidance, Sefton Council will be the Accountable Body through which funding will flow. The Council have a seat on the board and take responsibility for ensuring that decisions are made by the Town Deal Board in accordance with good governance principles.

2.6 The Council's role as Accountable Body comprises responsibility for the below, according to the guidance received from MHCLG in June 2020:

- Upholding the Seven Principles of Public Life (the Nolan Principles)
- Developing a delivery team, delivery arrangements and agreements
- Ensuring that decisions are made by the board in accordance with good governance principles
- Ensuring transparency requirements are met – through publication of information on their website or a Town Deal specific website (where further reference is made in this guidance to publication on a Lead Council's website this includes Town Deal specific websites)
- Developing agreed projects in detail and undertaking any necessary feasibility studies
- Undertaking any required Environmental Impact Assessments or Public Sector Equalities Duties
- Helping develop detailed business cases
- Liaising with potential private investors in identified local projects and schemes

- Signing the Head of Terms Agreement with government
- Monitoring and evaluating the delivery of individual Towns Fund projects
- Submitting regular monitoring reports to Towns Hub
- Receiving and accounting for the Town's funding allocation.

2.7 One of the first decisions made by the Town Deal Board was that a Masterplan and refreshed vision was needed for the town, which would form the basis of the TIP and something tangible to enable consultation with the public. The Board appointed planning and consultancy agency Turley to support in undertaking this piece of work in partnership with the Board and the council.

2.8 The Masterplan for Southport is being prepared at a time when Southport faces many challenges, but its strengths and qualities offer opportunities for a brighter future. The masterplan is designed to provide a long-term vision and direction for the town to 2030 and beyond. It recognises the challenges ahead – such as the future of the high street, how tourism businesses will emerge from Covid-19 and the challenges of climate change – as well as a range of emerging opportunities.

2.9 Many of the things which have attracted people to live in, stay in and visit Southport for generations are even more relevant in 2020. The Covid-19 pandemic has demonstrated the importance of having access to open space and fresh air, as well as good quality homes and a healthy place to live. As we have all had to adapt to living, working and shopping locally, this has allowed time for reflection into what is special about where we live and the places which we like to visit, as well as what we would like to see improved or changed.

### **3.0 Consultation and Engagement**

3.1 The prospectus and further guidance makes it clear that effective consultation and community engagement will be a key element of agreeing a Town Deal. A Community Engagement Plan was made public in May setting out the Town Deal Board's approach to public consultation and engagement. Following a series of interviews and surveys with targeted groups in Southport, and in light of Covid-19 restrictions, the main consultation was hosted online through the Council's 'Your Sefton Your Say' website and accompanied by a media campaign to raise awareness.

3.2 Building on initial feedback received during the early engagement and consultation, a series of 'Big Ideas' were provided grouped into five wider themes. These themes were:

- World Class Waterfront
- Thriving Town Centre
- Stronger Economy
- Green and Clean
- Better Connected

3.3 Each theme included a series of 'Big Ideas', potential projects that have the potential to attract wider investment both from the Government and from the private sector. These Big Ideas were introduced by a summary paragraph and associated image where appropriate.

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- 3.4 Visitors to the website were asked to provide feedback on the 'Big Ideas' in two ways. Firstly, to generate quantitative data, respondents were asked to identify their top three Big Ideas. To generate qualitative data, respondents were then asked to provide further comment regarding the suggested Big Ideas and to provide further suggestions.
- 3.5 The response to the online questionnaire was incredibly successful, with 2,033 questionnaires being returned and over 800 further comments. With further and wider social media engagement, including via the MHCLG website, a total of more than 5,000 interactions on the subject of the Southport Town Deal have been captured and incorporated into the ongoing bid development process.
- 3.6 Building on the success of the online questionnaire and learning from the data gathered, further consultation has taken place with schools, colleges and university students in order for the views of the younger demographic, who had not responded to the online survey to be included in the TIP narrative. This was delayed until September 2020 and the commencement of the academic year, due to closures during the pandemic, but feedback will be captured and incorporated into the bid submission during October.

## **4.0 Town Investment Plan**

- 4.1 The Town Deal Board is responsible for developing the Town Investment Plan (TIP). The TIP will provide the strategic case for Town Deals, with the evidential and analytical basis for the selection and design of the projects proposed in it. In addition, the TIP will set out a vision for the town with broad ownership and a strategy that can set the direction for the economic turnaround of the town over a decade, including economic recovery from the current crisis.
- 4.2 It has been made clear that it is the Board's plan and not a Council plan and that the Council is a member of the Board. The plan should be reflective of the consultation undertaken.
- 4.3 The Town Investment Plan will comprise of two sections; section 1 sets out the context, strategy and process planning; and section 2 will set out the details of project proposals.
- 4.4 All towns are being offered support through The Towns Fund Delivery Partner, which is a consultancy support team, appointed by MHCLG to support towns successfully accessing the Towns Fund. The Towns Fund Delivery Partner includes Arup, Nichols, FutureGov, Copper, Grant Thornton and Savills. It is providing joined-up support, advice, and tools to support development of the TIP and project business cases.

## **5.0 Town Investment Plan Approval Process**

- 5.1 All towns must have submitted Town Investment Plans by the end of January 2021. All towns will have a second chance to submit their TIP if they are not successful

the first time, no matter which cohort they first come forward in. The Town Deal Board agreed at July's Board meeting that Southport's TIP will be submitted as part of Cohort 2, which has a deadline of 30<sup>th</sup> October 2020.

- 5.2 The governments process for approval of the TIP is in two phases, with a decision gateway at the end of each. First, towns will develop TIPs, which will be assessed by MHCLG to inform a Heads of Terms offer (given the submission is of sufficient quality). The guidance states that final decision on Heads of Terms will rest with ministers. Heads of Terms are an agreement in principle for funding and will be in the form of a Memorandum of Understanding (MOU), signed by the Chair of the Town Deal Board, the Lead Council and by Ministers. Once the town has agreed to the Heads of Terms, the Town Deal will be announced.
- 5.3 The second phase, following agreement of the Heads of Terms, will be to develop agreed projects and business cases in detail. Government have allowed 12 months for this phase. Government will then assess the business case information before releasing funding for implementation.
- 5.4 Further reports will be made to Cabinet as the TIP progresses through the approval phases.

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# Agenda Item 6

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	1 October 2020
<b>Subject:</b>	Gas Contract Renewal 2022 - 2025		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

Report to seek the approval for the award of the gas supply contract to the NEPO Gas Framework for a three year plus one year contract, in order to secure value for money and excellent customer service.

## Recommendation(s):

It is recommended Cabinet approve:

1. That Sefton remain on the North-East Purchasing Organisation (NEPO) framework contract for the supply of gas to cover the period 1<sup>st</sup> April 2022 – 31 March 2025 (with a possible 1 year extension to 31 March 2026);
2. That the Executive Director of Corporate Resources and Customer Services be granted delegated authority to award any extension in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services; and
3. That authority be delegated to Executive Director of Corporate Resources and Customer Services to approve purchasing decisions.

## Reasons for the Recommendation(s):

Sefton have recently reviewed our options across 4 of the largest public sector buying organisation procurement frameworks, including Crown Commercial Services (CCS), North-East Purchasing Organisation (NEPO), Yorkshire Purchasing Organisation (YPO) and Eastern Shires Purchasing Organisation (ESPO). NEPO were able to demonstrate value for money, excellent customer service and consistency of gas supplier. Remaining

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on the NEPO framework will also minimise disruption to services and minimise impact on staff resourcing.

Given the recent volatility in gas prices, a consortium approach to purchasing will bring the most benefit to Sefton.

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

### Option 1

Do nothing – In order to comply with EU and UK Procurement Rules, and due to the 12-18 month lead in times, it is necessary to now either re-procure the above contract directly to market by Sefton Council via the prescribed European Journal (OJEU) route, or receive a supply contract available from an EU compliant Energy Procurement Framework with a Central Purchasing Body (CPB). Therefore, this action was rejected.

### Option 2

Delay this decision - The lead time for making a change to our current gas supply arrangements is significant, so any delay in making a decision would shorten our window for purchasing gas in advance. This would reduce our options and increase the risk associated with market conditions during that time. Therefore, this action was rejected.

### Option 3

Adopt a different procurement strategy – for example purchasing all gas supplies at a fixed price. Whilst Sefton has used this strategy in the past and made savings from it, it does internalise the risk associated with achieving the best prices, increases staff workload and given current volatility in the wholesale gas market increases the risks associated with achieving a competitive price. Therefore, this option was rejected.

## **What will it cost and how will it be financed?**

### **(A) Revenue Costs**

The cost of all utilities is met from individual departmental revenue budgets.

### **(B) Capital Costs**

None

## **Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> None
<b>Legal Implications:</b>
<b>Equality Implications:</b>  There are no equality implications



## Contribution to the Council’s Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Securing best value supplies and continuously reviewing provisions for improvements.
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Positive, through securing competitive prices.
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services is the author of the report (FD6129/20).

The Chief Legal and Democratic Officer (LD4320/20.) 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

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## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection.

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## 1. Introduction/Background

- 1.1 Sefton's existing contract with the North East Procurement Organisation (NEPO) for gas supplies will come to an end on 31 March 2022. The annual Gas Supply contract value, including schools and New Directions sites, is approaching £2.5 million per annum.
- 1.2 Officers have recently completed an appraisal of our current gas framework options to secure best value. Utilising a framework provides access to a consortium approach to purchasing. This approach is recommended by the UK government for all public sector organisations procuring energy. The Pan Government Energy Project, recommends that all public sector organisations adopt aggregated, flexible and risk-managed energy procurement, which can be achieved through a Central Purchasing Body (CPB) framework. The benefits to Sefton from this approach include :-
  - Achieving a more competitive price through economies of scale by buying in bulk,
  - Increased influence on the supplier to perform, with the additional contract management provided via the framework,
  - Increased scale allows suppliers to have more larger support teams with specialist knowledge; and
  - And improved market insight, aligning procurement to future potential aggregation
- 1.3 Four OJEU compliant frameworks were considered as possible options. After conferring with Sefton's procurement team, officers contacted each framework provider and an in-depth interview was carried out using the same set of questions.
- 1.4 Two of the four framework providers were discounted due to short framework periods (CCS and ESPO who use Total Gas & Power, ending during 2023). This would involve one or two major pieces of work to transfer hundreds of sites, with the inherent risk of billing or information transfer problems.
- 1.5 The two remaining frameworks, NEPO and YPO, were further assessed on the themes of previous market performance & procurement strategy and quality of services provided.

## 2 Evaluation Outcome

- 2.1 Both framework providers performed well and both offered a competitive and flexible service. However, the group officer assessment favoured the NEPO offer based on excellent customer service, competitive pricing and flexibility and responsiveness of purchasing strategy.
- 2.2 Council officers have been guided by the need to remain OJEU compliant and achieve best value for the Council and its partners. Risks associated with price volatility will be reduced by being part of a consortium approach to purchasing and bring the most benefit to Sefton. Given the volatility of the current markets and uncertainty regarding Covid 19 outbreaks and Brexit, this option represents the lowest risk profile to current/ future budgets.

## 3 NEPO

- 3.1 Remaining within the NEPO Framework for Supply of Gas will ensure that the procurement of the Councils gas supply will be fully compliant with EU procurement regulations and the Council's Contract Procedure Rules and will provide a comprehensive audit trail.
- 3.2 NEPO have an experienced trading team with robust strategies and governance in place. They have achieved below market average, competitive pricing through the strategies employed. They have recently increased the amount of gas they hedge, to reflect changing market conditions.
- 3.3 The trading team continually monitor market conditions and purchase gas supplies in advance when prices are low. Set amounts are required to be purchased throughout the proceeding 12-18 months prior to supply. The purchases are combined in a 'basket' and an average price is delivered to all consortium members.
- 3.4 The NEPO Framework Gas Supplier is Corona Energy Limited, with whom the supply contract will continue to be awarded and overall supply contract management is undertaken directly with them.
- 3.5 Council Officers will work with NEPO and gas supplier to maximise opportunities to embed social value within the arrangement, for example requesting the successful supplier provides appropriate material and presentations to Council Officers and students across the Borough on the positive impact of environmental sourcing.
- 3.6 The options of securing low Carbon Biogas together with appropriate certification has also been explored as a possibility within this contract at a future date.

## 4 Actions required

- 4.1 To join the consortium basket with the lead times of approximately 18 months. Therefore, the following is proposed;
  - Following Cabinet approval, inform NEPO of our intention to move to a consortium buying strategy from 1 April 2022 until 31 March 2025 (with the option of a 1 year extension to 31 March 2026).
  - Approve the purchasing decision.
- 4.2 On the renewal date (1 April 2022), there will be no disruption to existing routines and account management.
- 4.3 Financial management and billing advice will continue to be issued directly to all budget holders and sites once annual gas prices are received.

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# Agenda Item 7

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	1 October 2020
<b>Subject:</b>	Revenue and Capital Budget Update 2020/21 including the Financial Impact of COVID-19 on the 2020/21 Budget		
<b>Report of:</b>	Executive Director of Corporate Resources & Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	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 August 2020:
  - The forecast expenditure to year end;
  - Variations against the approved budgets and an explanation of those variations for consideration by Members;
  - Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects are also presented for approval.

## Recommendation(s):

**Cabinet** is recommended to:

### Revenue Budget

- 1) Note the current estimated impact of COVID-19 on the 2020/21 Budget together with the key issues that will influence the final position.
- 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 current forecast revenue outturn position for 2020/21;
- 4) Acknowledge that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved;

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## **Capital Programme**

- 5) Note the spending profiles across financial years for the approved capital programme (paragraph 6.1.1);
- 6) Note the latest capital expenditure position as at 31 August 2020 of £5.417m (paragraph 6.2.1) with the latest full year forecast of £36.871m (paragraph 6.3.1);
- 7) Note explanations of variances to project budgets (paragraph 6.2.3);
- 8) Approve the proposal to upgrade Sefton's Community Equipment Store and replace the current vehicle fleet at a cost of £0.335m funded from the Disabled Facilities Grant (paragraph 6.4.2);
- 9) Note the outcome of the approved procurement process for the replacement fleet for the Cleansing Service (section 6.5);
- 10) Accept the most favourable tenders received for the required Cleansing Service vehicles (section 6.5);
- 11) Authorise the Head of Highways & Public Protection and Chief Legal and Democratic Officer to enter into contracts with the successful tenderers for supply of the required Cleansing Service vehicles (section 6.5);
- 12) Approve a supplementary capital estimate of £0.610m in the 2020/21 programme for phase two of the Bootle Strategic Acquisitions scheme (paragraph 6.6.2);
- 13) Subject to approval by the Combined Authority of a request for further funding for phase two of the Bootle Strategic Acquisitions scheme, approve an additional supplementary capital estimate of £0.040m in the 2020/21 programme (paragraph 6.6.3); and,
- 14) Note that capital resources will be managed by the Executive Director Corporate Resources and Customer Services to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council (paragraph 6.7.3).

## **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 August 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 £0.392m. Mitigating measures have been identified in order to arrive at this deficit. Should this deficit remain 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 if the forecast returns to a deficit.

### (B) Capital Costs

The Council's capital budget in 2020/21 is £36.704m. As at the end of August 2020 expenditure of £5.417m has been incurred and a full year outturn of £36.871m 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:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>
There is currently a budget deficit of £0.392m 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.
<b>Legal Implications:</b>
None
<b>Equality Implications:</b>
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.

<b><u>Protect the most vulnerable:</u></b>
See comment above
<b><u>Facilitate confident and resilient communities:</u></b>
See comment above
<b><u>Commission, broker and provide core services:</u></b>
See comment above
<b><u>Place – leadership and influencer:</u></b>
See comment above

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<b><u>Drivers of change and reform:</u></b> See comment above
<b><u>Facilitate sustainable economic prosperity:</u></b> See comment above
<b><u>Greater income for social investment:</u></b> See comment above
<b><u>Cleaner Greener:</u></b> 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 6130/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4321/20).

### (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 6.7 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 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 the meeting on 3 September 2020 members were provided with an update that based on the monthly return to central government (MHCLG) the Council would have an income shortfall of £22.8m 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 July 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, the potential for a second COVID 19 wave, social behaviour and the conditions within the local economy that drive employment and business activity.

### Latest Submission to MHCLG - September 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. It is expected that the latest submission will need to be provided by 2 October 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:

	August 2020 £'m	September 2020 £'m
Forecast cost of responding the pandemic	14.2	14.2
Loss of income from fees and charges	15.3	15.3
Reduced Council Tax receipts	6.4	6.4
Reduced Business Rates receipts	7.0	7.0
<b>Sub Total</b>	<b>42.9</b>	<b>42.9</b>
Government Funding Received	(20.1)	(20.1)
<b>Current Shortfall</b>	<b>22.8</b>	<b>22.8</b>

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## Central Government Advice and Guidance

- 2.4 Since the last Cabinet report on 3 September, the Council has received further guidance from central government on how it should manage the financial impact from the pandemic in 2020/2021 relating to the loss of income from sales, fees and charges.

Officers are currently assessing the guidance on how the cost sharing proposal will operate, specifically around what income losses will fall under the scheme and which losses we won't receive any support for. It is currently estimated that the impact on the current year could be between £5 - £7m of losses after the receipt of government support.

The Council will make three claims relating to 2020/2021. The first claim is due by the end of September 2020 and will cover losses incurred between April and July.

## Potential Impact for Sefton

### **2020/21**

- 2.5 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 £15.3m (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.
- 2.6 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 but will be dependent on the potential cost of a future local outbreaks and any further government support. 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 guidance from central government is assessed.
- 2.7 In respect of cashflow the current analysis suggests that the Council will need to borrow funds (with an approximate maximum value of £20.0m) 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.
- 2.8 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**

- 2.9 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.

## **2021/22**

- 2.10 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. A report elsewhere on today's agenda presents an updated Medium-Term Financial Plan for 2021/2022 – 2023/2024 which includes an assessment of the ongoing financial implications of the pandemic.

### **3. Summary of the Forecast Outturn Position as at the end of August 2020**

- 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:

<b><u>Service</u></b>	<b><u>Budget Pressure</u></b>
	£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
	<b>5.700</b>

- 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

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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 **£0.392m**, an increase of £0.111m from the July position. However, this represents the forecast at this relatively 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 seven 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:

	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>	<b>Variance to July Position</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Services</b>				
Strategic Management	3.140	2.974	-0.166	0.002
Strategic Support	2.374	2.368	-0.006	-0.004
Adult Social Care	94.335	94.335	0.000	0.000
Children's Social Care	34.681	39.256	4.575	-0.034
Communities	17.916	18.777	0.861	-0.090
Corporate Resources	4.105	3.874	-0.231	0.143
Economic Growth & Housing	5.513	5.583	0.070	0.000
Education Excellence	9.688	9.631	-0.057	-0.223
Health & Wellbeing	18.973	18.890	-0.083	0.029
Highways & Public Protection	10.404	10.407	0.003	0.082
Locality Services	11.837	12.210	0.373	0.039
<b>Total Service Net Expenditure</b>	<b>212.966</b>	<b>218.305</b>	<b>5.339</b>	<b>-0.056</b>
Budget Pressure Fund	6.411	0.000	-6.411	0.000
Council Wide Budgets	17.004	18.468	1.464	0.167
Levies	34.701	34.701	0.000	0.000
General Government Grants	(46.376)	(46.376)	0.000	0.000
<b>Total Net Expenditure</b>	<b>224.706</b>	<b>224.754</b>		
<b>Forecast Year-End Deficit</b>			<b>0.392</b>	<b>0.111</b>

- 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 significant 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 (£4.575m 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 £3.242m 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 £4.092m.

In addition, there is a forecast overspend on staffing costs of £0.483m. This relates to the cost of additional social workers that have been required to deal with increased caseloads and agency staff. Levels of staffing and this budget are kept under constant review and relate directly to the level of service that is required. Work is currently being undertaken to determine if any of this sum can be attributed to the impact that the pandemic has had on 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 – (£0.861m overspend)** – The cost of placements and packages for Children with Disabilities is forecast to overspend by £0.626m (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.

- **Locality Services (£0.373m overspend)** – Some of the service pressures experienced in 2019/20 have continued into 2020/21.
  - Security Service (£0.777m 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 (£0.391m 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.

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## **Measures to close the residual gap in 2020/2021**

3.7 The forecast budget deficit as at August 2020 is **£0.392m**. 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 deficit being forecast 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 had 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. The implications for 2021/2022 and beyond are considered in the report on the Medium-Term Financial Plan for 2021/2022 – 2023/2024 presented elsewhere on today's agenda.

## **4. Council Tax Income – Update**

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 August 2020 is a deficit of +£1.545m. 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 (-£0.072m);
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£1.570m). 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 4.2) 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 August 2020 is a deficit of £37.410m 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 (£0.471m);
- 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 (+£38.058m).

5.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net surplus of £0.915m 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.

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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:

<b>2020/21</b>	<b>£36.704m</b>
<b>2021/22</b>	<b>£20.353m</b>
<b>2022/23</b>	<b>£1.026m</b>

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

- Special Educational Needs Schemes at Daleacre, Oakfield, Pinefield and Rowan Tree – an allocation of £0.200m has been rephased to 2020/21 from the future years' capital programme Impact PRU scheme to meet revised needs.
- Emergency Active Travel Scheme – this is a new capital scheme (£0.590m) to fund segregated cycle lanes in Southport and Bootle town centres in response to Covid-19 and is fully funded by the Department of Transport.
- Pothole Funding – an additional £0.167m has been allocated through the Liverpool City Region Combined Authority to further support improvements to the highways in response to Covid-19.
- An allocation of £0.100m has been rephased from the future years' capital programme to 2020/21 for STCC Essential Maintenance.
- An allocation of £0.165m has been rephased from 2020/21 to future years for Woodlands Primary as the rewiring scheme is now scheduled to be undertaken in two phases.

### 6.2 Budget Monitoring Position to August 2020

6.2.1 The current position of expenditure against the budget profile to the end of August 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 Aug-20	Actual Expenditure to Aug-20	Variance to Aug-20
	£m	£m	£m
<b>Adult Social Care</b>	0.452	0.547	0.095
<b>Communities</b>	0.051	0.066	0.015
<b>Corporate Resources</b>	0.060	0.058	-0.002
<b>Economic Growth &amp; Housing</b>	0.635	0.638	0.003
<b>Education Excellence</b>	1.664	1.486	-0.178
<b>Highways &amp; Public Protection</b>	2.032	2.069	0.037
<b>Locality Services</b>	0.479	0.553	0.074
<b>Total Programme</b>	<b>5.373</b>	<b>5.417</b>	<b>0.044</b>

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

### Education Excellence

Scheme	Variation	Reason	Action Plan
<b>Hudson Primary School – Heating Ducts Provision</b>	<b>-£138,444</b>	Works have experienced delay due to drainage issues affecting ducts where asbestos removal was due to take place. This has impacted on the spend incurred to date.	The work will catch up and the year-end forecast remains unchanged.

6.2.4 In the July report schemes that reported variances to budget contained action plans to address the variance. Progress on these is as follows:

### Highways & Public Protection

Scheme	Variation	Action Plan	Progress to Date
<b>Healthy Lifestyles</b>	<b>-£299,104</b>	The work will catch up and full spend on the contract is anticipated by the end of the financial year.	This work is now catching up and the variance is now -£166,350.

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## 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	2.761	0.147	7.992	-
Communities	0.256	0.260	0.004	0.265	-
Corporate Resources	1.610	1.610	-	1.299	-
Economic Growth & Housing	6.100	6.100	-	1.337	-
Education Excellence	3.712	3.713	0.001	5.726	-
Highways & Public Protection	13.304	13.319	0.015	-	-
Locality Services	9.108	9.108	-	3.734	1.026
<b>Total Programme</b>	<b>36.704</b>	<b>36.871</b>	<b>0.167</b>	<b>20.353</b>	<b>1.026</b>

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

6.3.2 The current 2020/21 budgeted spend is £36.704m with a budgeted spend to August of £5.373m. 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 Sefton Community Equipment Store Improvements and Vehicle Fleet Replacement

6.4.1 It is proposed to upgrade Sefton's Community Equipment Store in response to increasing demand for equipment and the need to provide additional storage capacity on site. The current vehicle fleet is also reaching end of life and is scheduled for replacement.

6.4.2 Two new schemes will be included in the Wider Social Care capital programme and funded from resources currently allocated under the Disabled Facilities Grant. The estimated cost is £0.335m which incorporates £0.284m for replacement of vehicles and £0.051 for the upgrade of premises. This proposal was presented to SCIG on the 9 September 2020 and is now presented for approval and inclusion in the capital programme for 2020/21.

## 6.5 Vehicle Replacement Programme Update

6.5.1 In April 2019, Cabinet considered a report "Cleansing Services Vehicle Fleet Procurement", seeking permission to commence the 12-month procurement

process for a replacement vehicle fleet for the cleansing service, and determined that:

- (1) *the requirement to replace the vehicle fleet in 2020/21 be noted and officers be requested to commence the necessary procurement process to obtain tender prices accordingly; and*
- (2) *it be noted that no commitment will be entered into prior to a further report upon completion of the initial procurement process detailing costs and options and funding proposals.*

6.5.2 In February 2020, Cabinet and Council considered the reports “Revenue and Capital Budget Plan 2020/21 – 2022/23 and Council Tax 2020/21” and “Capital Strategy 2020/21 to 2024/25” and agreed provision for the estimated additional revenue costs of the above procurement and inclusion of a capital scheme for Vehicle Plant & Equipment Purchase (5 year programme approved total expenditure £11.780m) within the Capital Programme, respectively.

6.5.3 Following the Cabinet Decision in April 2019, a procurement process has been undertaken under Lot 2 of the North East Procurement Organisation HGV & Specialist Vehicles Procurement Framework – Ref: NEP0224, and tender prices have been received for the required vehicles, namely eleven 26-tonne chassis vehicles and fifteen 32-tonne chassis vehicles of the required specification. The returned tenders were evaluated using the following criteria: Price 50%; Quality 50%. The most favourable tender for the 26-tonne vehicles was from Dennis Eagle with a bid of £178,562.00 per vehicle. The most favourable tender for the 32-tonne vehicles was from Faun Zoeller with a bid of £205,460.96 per vehicle.

6.5.4 It is proposed to award contracts to the successful tenderers and to purchase the vehicles through Prudential Borrowing, which would allow the asset to be purchased over a fixed term (7 years) with the borrowing being repaid in annual instalments of £756,915.00 per annum for all twenty-six vehicles. The annual cost, together with all operating costs, will be recharged to the Cleansing revenue budget on a monthly basis and can be met in full by the budget available. At the end of the 7-year term the vehicles will be paid in full and belong to the Council, with a residual value that can be used to offset any costs of future vehicle replacements and reduce departmental annual revenue costs. The cost to hire equivalent vehicles be excess of £1.217m per annum with no return at the end of the term.

6.5.5 The approved Vehicle Replacement Programme 2020/21 included £5.875m for the replacement of cleansing vehicles. Price increases since the original allocation was approved now mean that this is estimated to be £6.197m which will result in a shortfall in funding of £0.322m. This potential shortfall however, will be managed within the total Vehicle Replacement Programme by postponing and managing other less urgent renewals within the scheme.

## **6.6 Bootle Strategic Acquisitions – Phase Two**

6.6.1 The 2019/20 and 2020/21 capital programmes included a total budget of £0.999m for the acquisition of land and property adjacent to the Strand Shopping Centre in Bootle. This is a key regeneration and economic development project for the Council and the acquisitions are fully funded by a grant from the Liverpool City Region Combined Authority (CA).

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- 6.6.2 Further funding has now been secured from the CA for the second phase of the project to carry out demolition and temporary site treatment work to enable wider repurposing of the site. Approval is sought to include a supplementary capital estimate of £0.610m in the 2020/21 programme, fully grant funded by the CA, for the delivery of the phase two scheme.
- 6.6.3 An additional request for further funding of £0.040m has also been submitted to the CA for this scheme. If this is successful, approval is sought to include a further supplementary capital estimate of £0.040m in the 2020/21 programme.

## **6.7 Programme Funding**

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

<b>Source</b>	<b>£m</b>
Grants	23.139
Contributions (incl. Section 106)	10.704
Capital Receipts	2.052
Prudential Borrowing	0.809
<b>Total Programme Funding</b>	<b>36.704</b>

- 6.7.2 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.
- 6.7.3 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.

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

Capital Project	Budget		
	2020/21 £	2021/22 £	2022/23 £
<b>Adult Social Care</b>			
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	-
<b>Communities</b>			
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	-	-
<b>Corporate Resources</b>			
Corporate Maintenance	17,799	-	-
STCC Essential Maintenance	100,000	1,298,634	-
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	-	-
<b>Economic Growth &amp; Housing</b>			
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	-
<b>Education Excellence</b>			
Healthy Pupils Fund	26,241	-	-
Schools Programme	2,642,954	4,915,843	-
Planned Maintenance	400,831	-	-
Special Educational Needs & Disabilities	642,038	810,699	-
<b>Highways and Public Protection</b>			
Accessibility	287,320	-	-
Completing Schemes/Retentions	20,000	-	-
Healthy Lifestyles	2,885,200	-	-
Road Safety	140,000	-	-

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	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	-	-
Emergency Active Travel Fund	590,457		
Highway Maintenance	2,005,780	-	-
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	-	-
<b>Locality Services</b>			
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	6,000	44,000	-
Ainsdale & Birkdale Land Drainage Scheme	4,000	25,340	-
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
<b>TOTAL PROGRAMME</b>	<b>36,703,815</b>	<b>20,352,497</b>	<b>1,025,622</b>

# Agenda Item 8

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	1 October 2020
<b>Subject:</b>	Financial Management 2020/21 to 2023/24 and Framework for Change 2020 – Medium Term Financial Plan 2021/22 to 2023/24		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

To inform **Cabinet** of: -

1. The latest position with regard to Government funding announcements for 2021/22;
2. The update to the Medium-Term Financial Plan (MTFP) for 2021/22 to 2023/24 taking account of all currently available information.

## Recommendation(s):

**Cabinet** is recommended to: -

- 1) Approve the updated Medium-Term Financial Plan for 2021/22 to 2023/24 and any assumptions made.

## Reasons for the Recommendation(s):

In February 2020 Council approved a one-year budget plan for 2020/21. As part of this report, an indicative budget gap of £19m for 2021/22 to 2022/23 was reported. The MTFP for this period has subsequently been updated to reflect the latest information available and to include extend the MTFP to 2023/24. In approving the recommendation laid out in this report, the Council will continue to ensure resources are well managed and reflect the key priorities of the residents of Sefton.

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

N/A

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## What will it cost and how will it be financed?

### (A) Revenue Costs

The report indicates that a total budget gap of be between **£25.534m** and **£44.234m** is currently forecast for the period 2021/22 to 2023/24, prior to decisions about Council Tax and budget savings being made. However, there is considerable uncertainty around some of the assumptions made, particularly around government funding and any additional support that will be made available for pressures due to COVID-19.

### (B) Capital Costs

None

## Implications of the Proposals:

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

## 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.

<b><u>Protect the most vulnerable:</u></b> See comment above
<b><u>Facilitate confident and resilient communities:</u></b> See comment above
<b><u>Commission, broker and provide core services:</u></b> See comment above
<b><u>Place – leadership and influencer:</u></b> See comment above
<b><u>Drivers of change and reform:</u></b> See comment above
<b><u>Facilitate sustainable economic prosperity:</u></b> See comment above
<b><u>Greater income for social investment:</u></b> 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 and Customer Services is the author of the report (FD 6131/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4322/20).

**(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:**

There are no appendices to this report

**Background Papers:**

There are no background papers available for inspection.

# Agenda Item 8

## 1. Introduction

- 1.1 In February 2020, Council approved a one-year budget plan for 2020/21. The forecast revenue outturn position for 2020/21, including the potential impact of COVID-19 on the Council's financial position, are being reported to Cabinet each month as a key element of effective financial management and ensuring that informed decision making can take place within such a severe financial environment.
- 1.2 The budget report presented to Cabinet on 13 February 2020 and Council on 27 February 2020 outlined an initial forecast for the potential budget gaps for 2021/22 and 2022/23. An initial estimate of the potential budget gap for the two-year period was £19m. However, the report indicated that this initial estimate could vary considerably given the high level of uncertainty, particularly around Government funding.
- 1.3 This report provides an update on the Medium-Term Financial Plan (MTFP) for the three-year period 2021/22 to 2023/24. This takes account of any announcements made by the government, including relating to COVID-19, as well as other issues / spending pressures facing the Council.

## 2. Initial Development of the Medium-Term Financial Plan for 2021/22 and beyond

- 2.1 The Budget Report considered by Cabinet and Council in February 2020 indicated that an initial forecast of the budget gap for 2021/22 to 2022/23 was £19m. This was considered to be the Council's best estimate and included the following assumptions:
  - a) A reduction in general Government funding for the Council based on potential changes to the way funding for local authorities is distributed;
  - b) Reductions in some specific Government grants (New Homes Bonus Funding);
  - c) Resources to fund pay awards, increases in the pension future service rate, specific contracts and potential price increases from care providers;
  - d) No increases in costs relating to demand led services; and,
  - e) No increases in Council Tax.
- 2.2 The report indicated that the initial estimate of £19m could vary considerably given the high level of uncertainty, particularly around Government funding. 2019/20 was the final year of the Government's four-year fixed settlement period for local authorities, as well as the last year covered by the Spending Review period. The Spending Review 2019, published on 4 September 2019, contained a number of announcements relating to local government (see Section 3). However, the Review only covered 2020/21 and a further Spending Review will be published in 2020 to cover future years. This, coupled with the number of short-term additional funding announcements over the past three years, meant that much was unknown regarding medium and long-term core funding from central government beyond 2020/21.
- 2.3 In addition, there were two significant changes to local government funding that were expected to be introduced from April 2020 relating to a Fair Funding Review

and the introduction of 75% Business Rates Retention for all local authorities which have not progressed as intended and as a result were not in place for 2020/21. Based on government advice these were to be developed for 2021/22. However, there is now uncertainty as to when these will be implemented. The two changes are explained below:

## Fair Funding Review:

- 2.4 The Government is currently undertaking a funding review to determine the means of allocating funding across local authorities. Funding allocations for local authorities, as determined in the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind the relative needs assessment was introduced over ten years ago, and data used in the formulae has not been updated since the introduction of the 50% business rates retention system in 2013/14.
- 2.5 The Government wants to introduce a simpler and more transparent methodology reflecting a small number of cost drivers. One key cost driver, as previously, will be population. Sefton's relative population has declined compared to England as a whole since the methodology was last updated. Therefore, this element is likely to have a negative impact on the Council's overall funding position.
- 2.6 The Government has continued to consult with local authorities as well as be influenced by discussions within a number of joint working groups between the Ministry of Housing, Communities and Local Government and the Local Government Association. Sefton has, and will continue to, respond to any consultations to try to influence the final methodology.

## Business Rates Retention:

- 2.7 Sefton's Business Rates baseline was last set in 2013/14. Sefton's retained rates income is forecast to be above its funding baseline for 2019/20, so the Council is expecting to achieve a gain from Business Rate retention. As part of the Liverpool City Region 100% Business Rates Pilot Agreement the Council has retained a 99% share of growth in Business Rates since April 2017.
- 2.8 As part of the Fair Funding Review, the Business Rates baseline will be re-assessed and changed. Therefore, the benefit of these gains is expected to be lost going forward.
- 2.9 Also, nationally the proportion of Business Rates retained by local authorities will increase from 50% to 75%. It is expected that pilot authorities will also move to 75% retention so a lower proportion (74%) of any future growth will be retained by the Council.
- 2.10 As stated, it is now uncertain when these two changes are to be implemented. These issues in addition to the announced Comprehensive Spending Review, to be announced in late 2020, means more uncertainty about the future funding arrangements for the Council beyond 2020/21. In addition, the eagerly awaited publication of the Adult Social Care Green Paper, which was to be published "at the first opportunity in 2019" has still not materialised and there is no indication of when it will be.

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- 2.11 In addition, there are the uncertainties around the impact of COVID-19 on the Council's financial position going forward in terms of:-
- Ongoing costs that may exist as a result of the pandemic; and,
  - Whether central government will provide additional support in respect of collection fund losses as they have suggested maybe the case via the spending review.
- 2.12 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 planned for Autumn 2020, this is too late to ensure that informed decisions can be made, and that financial sustainability can be maintained.
- 2.13 Despite this an updated MTFP is being provided in this report for members' approval including 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.
- 2.14 As a result of these factors, it will be important that the Council continues to engage in the reforms of local government finance both individually and as part of the Liverpool City Region. This will help the assumptions in this MTFP to be refined over the next few months and inform the budget proposals that will come through between 2021/22 and 2023/24.

## **3 Government Funding Impact**

- 3.1 The Spending Review 2019 made a number of announcements relating to the financing of local government in 2020/21. The impact of these funding streams beyond 2020/21 is unknown. These funding streams are described below:

### Social Care Grants

- 3.2 In 2019/20, the Government provided £410m of Social Care Grant funding. Sefton's allocation was £2.605m. The Spending Review 2019 announced that an additional £1,000m of Social Care Grant would be paid to local authorities in 2020/21. Sefton's allocation was £6.710m. As outlined in paragraph 2.2, it was unknown whether these are just short-term additional funding. It is currently assumed that this funding will continue to be paid in 2021/22 and future years.
- 3.3 In addition, local authorities have previously been given the power to raise Council Tax by a further amount on top of the core principle as an Adult Social Care Precept. This is discussed further in section 11.

## Public Health Grant

- 3.4 The Council received a real term increase in the Public Health Grant in 2020/21, increasing Sefton's allocation by £0.993m. It is currently assumed that any change in the level of grant in future years will be passported to fund public health services. It should be noted that Sefton's grant has reduced by nearly £3.6m between 2015/16 and 2019/20.

## New Homes Bonus

- 3.5 It is unknown whether the Government will continue to make payments of New Homes Bonus in 2021/22. Payments made in 2020/21 related to legacy payments for allocations in the previous three years plus new allocations for 2020/21, which the government had announced would be one-off. It is assumed that Sefton's payments from previous years will reduce by **£0.268m** as our 2020/21 allocation drops out.

## Housing Benefit / Council Tax Admin Subsidy

- 3.6 In recent years the amount of subsidy received by the Council to help fund the administration costs of Housing Benefits and the Council Tax Reduction Scheme has been reducing year on year. It is anticipated that this will continue in future years with an estimated reduction of **£0.100m** a year.

## General Government Funding

- 3.7 The implications on potential funding for 2021/22 onwards is considered in Section 9.

## **4 Key MTFP Updated Assumptions**

- 4.1 Within this MTFP, there are a number of key assumptions that will impact upon the funding gap facing the Council in the period 2021/22 to 2023/24 as well as a number of other budget changes. These are set out as follows:

### Resources to fund pay awards, increases in the pension future service rate, specific contracts and potential price increases from care providers

- 4.2 In line with previous MTFPs, the Council makes provision for the estimated costs of annual increases in pay, pensions etc. Provisions for these items total **£6.500m** per year.

### Levy Increases

- 4.3 The Council is required to pay levies to various bodies, the largest two of which are the Liverpool City Region Combined Authority (for Transport) and the Merseyside Recycling and Waste Authority. A provision has been included for the potential costs of increases in these levies in each of the three years (**£0.700m**). Sefton should receive notification of provisional figures for 2021/22 in December 2020.

## **5 Non-Recurring Items**

- 5.1 A number of items built into the 2020/21 budget were only relevant for a limited period and so need to be removed from the budget going forward (**-£2.808m** in total). These include:

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- Treasury Management savings following the review of policy – reduction of £0.200m in 2021/22 with further reductions of £0.200m in 2022/23 and 2023/24;
- Council Tax / Business Rates Net Deficit of £1.158m.
- Contribution to High Needs and Secondary Schools Reserve of £0.750m (after three years of contributions).
- Contribution to General Balances of £1.500m (after three years of contributions).

## **6 Potential Budget Options**

6.1 A number of options have been identified that can be used to mitigate part of the MTFP Funding Gap:

### 2020 Local Government Pension Scheme Valuation

6.2 The 2020 valuation of the Merseyside Pension Fund set contributions that the Council will need to pay for the 2020/21 to 2022/23 period. The financial position of the Fund had significantly improved since the previous valuation. Officers from the Council had been engaged with the Pension Fund to ensure this resulted in a significant saving, with payments relating to the deficit on Sefton's element of the Fund reducing dramatically compared to previous years. The saving to the Council will be £6.840m across the three years, with **£1.200m** relating to 2021/22 and 2022/23.

6.3 In addition, the Merseyside Pension Fund offered the Council the opportunity to prepay (in April 2020) a proportion of the total expected contributions for the three-year valuation period at a discount. After allowing for borrowing costs, the estimated net saving will be **£1.300m** in 2022/23.

### Provision for Pay Inflation and Pension Increases

6.4 The MTFP includes provision for pay awards in future years as well as the increase in the employer pension contribution rate for the Local Government Pension Scheme. The figures provided for include all Council staff. However, a number of staff are within services that either trade or generate significant levels of external income. Therefore, as in 2019/20 and 2020/21, pay inflation and pension increases within these services will be funded from income generated rather than through the Council's central provisions. This will reduce the central provision requirement by **£0.550m** per year.

### Service options agreed by Budget Council in February 2019

6.5 Service Budget Options agreed at last year's Budget Council delivered £2.269m of savings in 2019/20. Some of the savings were only for a part year. The full year effect of these will deliver an additional £0.368m in 2020/21 and **£0.076m** in 2021/22.

## **7 Updated MTFP 2021/22 to 2023/24**

7.1 Based upon the revisions relating to specific Government funding and the updated MTFP assumptions it is now estimated that the initial funding shortfall between 2021/22 and 2023/24 will be **£15.134m**, before any consideration of general government funding, existing service pressures and COVID-19 pressures. In

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addition, it is before any Council Tax decisions are made and any additional service delivery options are considered. A detailed analysis is shown below:

	2021/22	2022/23	2023/24
	£'m	£'m	£'m
<b>Government Funding:</b>			
- New Homes Bonus	0.268	0.000	0.000
- Housing Benefit / Council Tax Admin Subsidy	0.100	0.100	0.100
	<b>0.368</b>	<b>0.100</b>	<b>0.100</b>
<b>Key MTFP updated assumptions:</b>			
- Provision for Pay Inflation	3.800	3.800	3.800
- Provision for Pension Increases	0.600	0.600	0.600
- Provision for Inflation on Contracts	0.100	0.100	0.100
- Assumed increase in Care Provider costs re. Adult Social Care	2.000	2.000	2.000
- Levy increases	0.700	0.700	0.700
	<b>7.200</b>	<b>7.200</b>	<b>7.200</b>
<b>Non-Recurring Items</b>	<b>-0.758</b>	<b>0.000</b>	<b>-2.050</b>
<b>Budget Options:</b>			
- 2020 Local Government Pension Scheme Valuation	-0.600	-0.600	0.000
- Prepayment of Pension Contributions	0.000	-1.300	0.000
- Provision for Pay Inflation and Pension Increases	-0.550	-0.550	-0.550
- Service options agreed by Budget Council in February 2019	-0.076	0.000	0.000
	<b>-1.226</b>	<b>-2.450</b>	<b>-0.550</b>
<b>Revised MTFP Funding Gap</b>	<b>5.584</b>	<b>4.850</b>	<b>4.700</b>
<b>Total MTFP Funding Gap</b>			<b>15.134</b>

## 8 Other Potential Changes to the Budget

### Existing Service Budget Pressures

- 8.1 The current Budget Monitoring reports for 2019/20 are indicating significant ongoing budget pressures in four service areas:

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

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- 8.2 It is considered prudent to build these costs into the 2020/21 budget as these pressures will continue into future years.

## Contingency Provision for Growth in Children's Social Care

- 8.3 As previously reported, the pressure on the Children's Social Care budget from increases in the number of Looked After Children remains significant. Whilst the service is currently undertaking a Major Service Review, it is considered prudent to build in a provision of **£2.000m** per year, to only be made available if costs increase above the current service budget.

## Framework for Change 2020 – Demand Management

- 8.4 The 2020/21 Budget Report presented to Council in February 2020 outlined the workstreams that would be established in order to review demand led budgets. Due to the size, complexity and demand for these services, a continual review would be undertaken to ensure that the cost base for these services reduces, an early intervention and prevention programme is embedded, and residents are supported in 'moving down the system' so as to reduce the demand for Council services and particularly those at the acute end.
- 8.5 From the initial work of the Adult Social Care workstream, savings of **£3.300m** have been identified in 2020/21, which are offsetting some of the service pressures being experienced in 2020/21. These savings are considered to be permanent at this stage but will continue to be reviewed as part of the Demand Management Project.

## **9 Government Funding for 2021/22 to 2023/24**

- 9.1 Given the outcome of the Spending Review 2019, and the central government narrative around a 'new economic decade', it is assumed that nationally there will be no reductions in local government funding in 2021/22 to 2023/24 as there is no further information to base this estimate on. As a result, it is therefore assumed that all grants will continue into future years. However, as mentioned in paragraphs 2.4 to 2.10, there are major reviews of the way local government is financed that could have a significant impact on the funding of the Council once implemented. Given Sefton's relative decline in population, even if the funding envelope for local government is maintained at current levels, the Council may see a reduction in funding of £9.000m, although it would be hoped that protections are put in place as has happened previously. In addition, the Local Government Association has called for no Council to see a reduction in funding once the reviews are implemented.
- 9.2 Given the uncertainty around the level of funding available following the Spending Review in 2020, and the impact and timing of the reviews of local government finance, it is considered prudent to assume that reductions **of up to £4.5m per year** could take place across the three years, equivalent to about 5% of the Council's funding. However, this estimate will inevitably change with the position potentially being much better or more adverse. This is the key estimate that will influence the funding available to the Council and as further information becomes available, Members will be updated immediately.



## 10 Ongoing Financial Impact of COVID-19

- 10.1 There are the uncertainties around the impact of COVID-19 on the Council's financial position going forward:

### Sales, Fees and Charges Income

- 10.2 There has been a significant impact on income from sales, fees and charges for a range of services during 2020/21. Whilst some income streams are recovering since lockdown was eased, others are expected to remain impacted whilst measures are still in place for social distancing, etc. It is currently forecast that this could result in a loss of income of **£1.500m** during 2021/22. This forecast will be reviewed as there is more experience of the impact on reopened facilities. It is assumed that no additional government support will be available to contribute to these losses and that income levels will return to normal from 2022/23.

### Repayment of reserves and balances if needed to fund impact of COVID in 2020/21

- 10.3 Although the government has announced a scheme to contribute to sales, fees and charges income losses in 2020/21, it only covers 75% of losses above a certain level. In addition, losses of certain income streams, e.g. rental income, are not covered by the scheme. It is currently estimated that there could be a shortfall of between £5m and £7m.

- 10.4 The Council has received emergency funding to cover the additional costs being incurred on the pandemic. The Council can also use the funding to contribute towards income losses. Depending on the amount available, the Council may need to temporarily utilise Earmarked Reserves to cover some of the losses. As these Earmarked Reserves have been set aside for specific purposes, they will need to be paid back. It is assumed they will be paid back over three years at a potential cost of **£1.700m** per year.

### Smoothing of Collection Fund deficit arising from COVID-19

- 10.5 The Council, in line with all other local authorities, is experiencing significant reductions in income from both Council Tax and Business Rates. This relates to increases in households eligible to claim under the Council Tax Reduction Scheme and increases in Business Rates appeals as well as reductions in collection rates. Current estimates are that the total impact could be up to £13.400m.

- 10.6 The government have yet to indicate if any support will be provided to offset any of these losses. However, they have announced that regulations will be amended so that any deficit can be transferred to the Council's budget over three years rather than one. It is estimated that the cost to the Council could be between **£1.000m** and **£4.500m** in each of the next three years depending on whether any support is made available and the final level of the deficit.

### Unforeseen pressures from COVID-19

- 10.7 Given the uncertainty around the pandemic, and the potential for additional costs to be incurred in future years, e.g. on home to school transport, it is considered prudent to include a contingency provision of **£1.000m** to help mitigate these potential costs.

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## 11 Potential Additional Funding

### Council Tax Increases

- 11.1 In previous years the Government has set a Core Referendum Principle for Council Tax. As is customary, the government will consult on Council Tax Referendum Principles later this year as part of the Local Government Finance Settlement. A 2.99% increase for Sefton (assuming a referendum principle of 3%) would generate in the region of £4.100m in 2021/22.
- 11.2 As mentioned in paragraph 3.3, local authorities have also previously been given the power to raise Council Tax by a further amount on top of the core principle as an Adult Social Care Precept. A 2% increase would generate an additional £2.700m in 2021/22.
- 11.3 A decision on the level of Council Tax is made by Budget Council each year. The 2020/21 Band C Council Tax is £1,451.58. It should be noted that as part of the Settlement the Government assumes local authorities raise Council Tax by the maximum amount when calculating an individual authority's Spending Power and this will directly influence future years' funding allocations.

### Council Tax Base / Empty Homes Discounts and Premiums

- 11.4 The Council Tax Base is set by Council in January each year. It reflects changes in the number of properties and the value of exemptions and discounts. For forecasting purposes, it had previously been assumed that there will be growth in the Tax Base for additional properties that would generate £0.500m per year. However, given the increased number of households currently in receipt of support through the Council Tax Reduction Scheme it is considered prudent to assume no increase in the Council Tax Base.

## 12 Updated Budget Plan 2021/22 to 2023/24

- 12.1 Based upon the potential budget options, additions and funding it is now estimated that the funding shortfall between 2021/22 and 2023/24 will be between **£25.134m** and **£43.834m**, before any Council Tax decisions are made, and any further service delivery options are considered. A detailed analysis is shown below:

	2021/22		2022/23		2023/24	
	£'m	£'m	£'m	£'m	£'m	£'m
	Lower Range Estimate	Higher Range Estimate	Lower Range Estimate	Higher Range Estimate	Lower Range Estimate	Higher Range Estimate
<b>Revised MTFP Funding Gap</b>	<b>5.584</b>	<b>5.584</b>	<b>4.850</b>	<b>4.850</b>	<b>4.700</b>	<b>4.700</b>
<b>Potential Changes to the Budget:</b>						
- Existing Service Pressures	5.700	5.700	0.000	0.000	0.000	0.000
- Contingency Provision for Growth in Children's Social Care	2.000	2.000	2.000	2.000	2.000	2.000

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- Framework for Change 2020 – Demand Management	-3.300	-3.300	0.000	0.000	0.000	0.000
	<b>4.400</b>	<b>4.400</b>	<b>2.000</b>	<b>2.000</b>	<b>2.000</b>	<b>2.000</b>
<b>Government Funding:</b>	<b>0.000</b>	<b>4.500</b>	<b>0.000</b>	<b>4.500</b>	<b>0.000</b>	<b>4.500</b>
<b>Ongoing Financial Impact of COVID-19:</b>						
Sales, Fees and Charges Income	1.500	1.500	-1.500	-1.500	0.000	0.000
Repayment of reserves and balances	0.000	1.700	0.000	0.000	0.000	0.000
Smoothing of Collection Fund deficit	1.000	4.500	0.000	0.000	0.000	0.000
Unforeseen pressures from COVID-19	1.000	1.000	0.000	0.000	0.000	0.000
	<b>3.500</b>	<b>8.700</b>	<b>-1.500</b>	<b>-1.500</b>	<b>0.000</b>	<b>0.000</b>
<b>Potential Additional Funding:</b>						
Council Tax – Core increase	TBC	TBC	TBC	TBC	TBC	TBC
Adult Social Care Precept	TBC	TBC	TBC	TBC	TBC	TBC
Council Tax Base	TBC	TBC	TBC	TBC	TBC	TBC
	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>
<b>Revised MTFP Funding Gap – excluding Council Tax</b>	<b>13.484</b>	<b>23.184</b>	<b>5.350</b>	<b>9.850</b>	<b>6.700</b>	<b>11.200</b>
<b>Total MTFP Funding Gap</b>					<b>25.534</b>	<b>44.234</b>

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

### 13 **Proposed approach to meeting budget gaps**

13.1 The Budget Report for 2020/21 identified that the Council would extend its Framework for Change programme into 2020/21 and beyond and in addition to being the vehicle that is used to deliver the Council's core purpose would also provide the structure through which budget proposals are developed and subsequently reviewed. Work has been ongoing to develop this programme described in the Budget Report. The Pillars, Projects and Workstreams that make up Framework for Change 2020 are listed below:

#### Public Sector Reform – Council of 2023

*Workstream 1- Service Inputs and New Operating models*

*Workstream 2- New Ways of Working and Taking Advantage of Technology*

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*Workstream 3- Workforce Development*

*Workstream 4- Organisation design across the Council*

## Public Sector Reform – Demand Management

*Workstream 1- Localities - further embedding early intervention and prevention*

*Workstream 2- Children’s Social Care – Delivering the Children’s Plan*

*Workstream 3- Adults’ Social Care*

*Workstream 4- Streetscene*

*Workstream 5- Education Excellence*

*Workstream 6- Special Educational Needs and Disability (SEND)*

## Economic Growth

### Growth and Strategic Investment

- 13.2 Through the Programme a number of initial budget proposals are being developed to contribute to meeting the budget gaps outlined in Section 12, particularly relating to 2021/22. These proposals will be presented to Cabinet in due course and then and then Council for approval so that they can be in place for 1 April 2021
- 13.3 It can be seen from the Table at 12.1 that the budget gaps (excluding any increase in Council Tax) particularly for 2021/22, has a considerable level of uncertainty which is reflected in the potential range of outcomes. The Framework for Change programme budget options will therefore need to reflect both the potential lower range estimate financial scenario as well as options to meet the higher range estimate.