

# Public Document Pack



MEETING: CABINET  
DATE: Thursday 5th November, 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

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

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

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

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

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# A G E N D A

Items marked with an \* involve key decisions

<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 1 October 2020		(Pages 5 - 12)
* 4	<b>Procurement of Telephony solution</b>  Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 13 - 20)
* 5	<b>Treasury Management Mid-Year Report 2020/21</b>  Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 21 - 30)

- |      |  |           |                 |
|------|--|-----------|-----------------|
| * 6  | <p><b>Financial Management 2020/21 to 2023/24 and Framework for Change 2020 - Revenue and Capital Budget Update 2020/21 including the Financial Impact of COVID-19 on the 2020/21 Budget</b></p> <p>Report of the Executive Director of Corporate Resources and Customer Services</p>  | All Wards | (Pages 31 - 56) |
| 7    | <p><b>Exclusion of Press and Public</b></p> <p>To comply with Regulation 5(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, notice has been published regarding the intention to consider the following matter(s) in private for the reasons set out below.</p> <p>The Cabinet is recommended to pass the following resolution:</p> <p>That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public be excluded from the meeting for the following item on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The Public Interest Test has been applied and favours exclusion of the information from the Press and Public.</p> |           |                 |
| * 8  | <p><b>Phase 1 Asset Disposals</b></p> <p>Report of the Executive Director of Corporate Resources and Customer Services</p>   | All Wards | (Pages 57 - 64) |
| 9    | <p><b>Re-Admit Press and Public</b></p> <p>To invite the press and public back into the meeting to consider the following report:</p>  |           |                 |
| * 10 | <p><b>Phase 1 Asset Disposals</b></p> <p>Report of the Executive Director of Corporate Resources and Customer Services</p>   |           | (Pages 65 - 74) |

**THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON TUESDAY 13 OCTOBER, 2020.**

## **CABINET**

### **REMOTE MEETING HELD ON THURSDAY 1ST OCTOBER, 2020**

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

**ALSO PRESENT:** Councillor Sir Ron Watson viewed the meeting  
remotely

#### **45. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

#### **46. DECLARATIONS OF INTEREST**

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

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

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

That the Minutes of the Meeting held on 3 September 2020 be approved as a correct record.

#### **48. PLANNING WHITE PAPER**

The Cabinet considered the report of the Chief Planning Officer in relation to the recently published, for consultation, Planning White Paper "Planning for the Future". The report set out the implications of the Planning White Paper on future Planning Services.

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

- (1) the report be noted; and
- (2) the Chief Planning Officer in consultation with the Cabinet Member for Planning and Building Control be requested to submit the Council's response before 31 October 2020.

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CABINET- THURSDAY 1ST OCTOBER, 2020

## **Reason for the Decisions:**

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

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

None.

## **49. ANNOUNCEMENT**

The Chair, Councillor Maher left the meeting.

Vice Chair, Councillor Fairclough in the Chair.

## **50. SOUTHPORT TOWN DEAL**

The Cabinet considered the report of the Executive Director in relation to the recent progress of the Southport Town Deal, the Town Deal Board and the Town Investment Plan of which will be submitted to Government at the end of October 2020.

The report set out that Southport was one of the 100 towns across the country invited to bid for £25 million in funding as part of the Government's Town Fund. Further guidance received included the opportunity to pursue up to £50 million of funding and that this would be subject to greater level of scrutiny.

In order to secure a share of the funding and in line with the guidance, a Town Deal Board was established with the responsibility of developing and agreeing an evidenced based Town Investment Plan; developing a clear programme of interventions and coordinating resources and influencing stakeholders.

The report also set out Membership details of the Town Deal Board, the Consultation and Engagement processes undertaken and the Town Investment Plan Approval Process.

The Cabinet Member for Regeneration and Skills, Councillor Atkinson thanked the Town Deal Board Members for all their hard work, commitment, passion and vision and paid tribute to the sterling work of the Chair and Vice Chair of the Board, Mr Rob Fletcher and Mr Andrew Booth.

Councillor Atkinson also paid tribute to the hard work of Sefton Officers and emphasised how their commitment had played a pivotal role in driving the bid forward.

The need for Government Funding to be made available to all Town Centres across the Borough was also highlighted.

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**Decision Made:** That:

- (1) the work undertaken by the Town Deal Board, be noted;
- (2) Sefton Council will undertake the role of Accountable Body for the submission of the Bid at the end of October 2020; for negotiation of Heads of Terms; agreement of the Town Deal and the administration of grant funding thereafter, be agreed;
- (3) 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, be agreed;
- (4) the Head 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, be noted; and
- (5) the Executive Director in consultation with the Cabinet Member for Regeneration and Skills be granted delegated authority for the finalisation of the bid and Town Investment Plan, for submission at the end of October 2020 on behalf of the Town Deal Board.

**Reasons for the Decisions:**

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

**Alternative Options Considered and Rejected:**

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 the economic recovery in Southport given the impact of the COVID-19 pandemic on the town and its economy.

**51. GAS CONTRACT RENEWAL 2022 - 25**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services in relation to the award of the gas supply contract to North-East Purchasing Organisation (NEPO) Gas Framework for a three year plus one year contract, in order to secure value for money and excellent customer service.

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## **Decision Made:** That:

- (1) Sefton Council remain on the North-East Purchasing Organisation framework contract for the supply of gas to cover the period 1 April 2022 – 31 March 2025 with the option to extend for one year to 31 March 2026;
- (2) the Executive Director of Corporate Resources and Customer Services in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services be granted delegated authority to award an extension; and
- (3) the Executive Director of Corporate Resources and Customer Services be granted delegated authority to approve purchasing decision.

## **Reasons for the Decisions:**

Sefton have recently reviewed its 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 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:**

### 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

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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.

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

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

- (1) the current estimated financial impact of COVID-19 on the 2020/21 Budget;
- (2) the current forecast revenue outturn position for the Council for 2020/21;
- (3) the current forecast on Council Tax and Business Rates collection for 2020/21; and
- (4) the monitoring position of the Council's capital programme to the end of August 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.

### **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, 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;

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- (3) the current forecast revenue outturn position for 2020/21 be noted;
- (4) 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 6.1.1 of the report) be noted;
- (2) the latest capital expenditure position as at 31 August 2020 of £5.417m (paragraph 6.2.1 of the report) with the latest full year forecast of £36.871m (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) 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 of the report), be approved;
- (5) the outcome of the approved procurement process for the replacement fleet for the Cleansing Service (paragraph 6.5 of the report), be noted
- (6) the most favourable tenders received for the required Cleansing Services vehicles (paragraph 6.5 of the report), be accepted;
- (7) the Head of Highways & Public Protection and the Chief Legal and Democratic Officer be authorised to enter into contracts with the successful tenderers for supply of the required Cleansing Service vehicles (paragraph 6.5 of the report);
- (8) 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 of the report), be approved;
- (9) subject to approval by the Liverpool City Region Combined Authority of a request for further funding for phase two of the Bootle Strategic Acquisitions scheme,

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an additional supplementary capital estimate of £0.040m in the 2020/21 programme (Paragraph 6.6.3 of the report), be approved; and

- (10) the Executive Director of Corporate Resources and Customer Services will manage capital resources 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 of the report), be noted.

### **Reasons for Decision:**

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 regarding the collection of Council Tax and Business Rates.

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

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

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

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

None.

### **53. FINANCIAL MANAGEMENT 2020/21 TO 2023/24 AND FRAMEWORK FOR CHANGE 2020 - MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2023/24**

The Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services that advised of the latest position regarding Government funding announcements for 2021/22; and provided an update to the Medium-Term Financial Plan for 2021/22 to 2023/24 taking account of the most up to date information available.

The Cabinet Member for Regulation, Compliance and Corporate Services, Councillor Lappin commended and thanked staff within the Corporate Resources team for all their hard work in working under difficult circumstances with very little information from Central Government in relation to the Local Government Financial Settlements.

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## **Decision Made:**

That the updated Medium-Term Financial Plan for 2021/22 to 2023/24 including any assumptions made, be approved.

## **Reasons for the Decision:**

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:**

None.

# Agenda Item 4

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	5 November 2020
<b>Subject:</b>	Procurement of Telephony Solution		
<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:

This report sets out the background to the Council's current telephony solution and proposes procurement route(s) for a new cloud telephony service

## Recommendation(s):

- (1) That the Executive Director of Corporate Resources & Customer Services be authorised to conduct a procurement exercise for cloud telephony solution(s) with a view to entering into a contract for a maximum period of 2 years plus one year.
- (2) That the Executive Director Corporate Resources & Customer Services in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services be granted delegated authority to award the Contract(s) resulting from the procurement and to award any extension thereof.

## Reasons for the Recommendation(s):

- (1) To have an appropriate and best value contract(s) in place for telephony service provision.

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

To continue with existing telephony solution, however this requires significant investment, does not support the Councils move to cloud based telephony and does not support agile working (soft telephony)

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

### (A) Revenue Costs

Costs can be contained within existing revenue budgets, associated savings are anticipated from the existing spend on mobile telephony and will contribute to the PSR ICT and Digital project.

### (B) Capital Costs

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

## Implications of the Proposals:

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

#### Financial:

The move to a cloud telephony solution will mean that the authority will not have to invest to upgrade existing central telephony infrastructure, which is approaching end of life. In addition, there will be no further investment required to move the authority from ISDN and PSTN (analogue phone lines) when they are decommissioned nationally in 2025.

#### IT:

The awarding of a new contract will enable the decommissioning of the legacy telephony infrastructure within the onsite data centre, in line with the authority's ICT Transformation programme and the termination of existing contracts with Virgin for voice communications. The solution(s) will also provide increased resilience for voice communications and improved service delivery by directly integrating to the new Contract Centre Cloud solution where required. Furthermore, the solution will enable the implementation of soft telephones thereby facilitating staff to work in a flexible and agile way.

#### Staffing:

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

#### Assets:

There are likely to be asset implications associated with this procurement. Equipment currently owned by Sefton Council will be released for disposal reducing maintenance of those assets.

### Legal Implications:

There are no legal implications

**Equality Implications:**

There are no equality implications.

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

Protect the most vulnerable:

This project will ensure the maintenance of systems and services used by Council staff to deliver services to the most vulnerable members of our communities and allow agile officers to communicate from any location. In addition, the integration (where required) with the core contact centre system will support transparent service delivery across front and back office functions.

Facilitate confident and resilient communities:

This project will ensure the provision of telephony of systems and services used by Council staff to deliver services to our communities

Commission, broker and provide core services:

Adopting a soft telephony solution will provide a resilient and scalable solution for voice communications. We will be providing a service at the best value

Place – leadership and influencer:

Not applicable

Drivers of change and reform:

This project supports the delivery of the Council's ambitious change programme and 2030 vision.

Facilitate sustainable economic prosperity:

The potential for added Social Value will be included within the tender documentation if possible.

Greater income for social investment:

Not applicable

Cleaner Greener

Adopting cloud based telephony for the council will reduce carbon emissions associated with the operation of the local infrastructure.

**What consultations have taken place on the proposals and when?****(A) Internal Consultations**

The Executive Director of Corporate Resources & Customer Services (FD6151/20) and the Chief Legal & Democratic Officer (LD4343/20) has been consulted and any comments have been incorporated into the report.

# Agenda Item 4

## **(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

<b>Contact Officer:</b>	Helen Spreadbury
<b>Telephone Number:</b>	07583 057822
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## **Appendices:**

There are no appendices to this report

## **Background Papers:**

There are no background papers available for inspection.

## **Introduction/Background**

- 1.1 Technology solutions for voice communication have progressed significantly over the last few years, moving away from the use of landlines towards internet based services.
- 1.2 Sefton’s voice communication is run through both ISDN and analogue lines, these are not digital and this technology will be obsolete by 2025.
- 1.3 The central infrastructure within Sefton to support telephony is aging and cannot be upgraded to the most recent version of the software operating system currently used across the authority.
- 1.4 The COVID pandemic has necessitated a need for staff to work in a much more agile way and as a result spend on mobile telephony has increased
- 1.5 To ensure business continuity of the Councils Contact Centre during the pandemic Sefton has already moved to a cloud (internet hosted off site) based telephony solution for its contact centre operations
- 1.6 Sefton has already invested in Office 365 and implemented Microsoft (MS) Teams as a collaboration platform but does not use the cloud telephony solution available via the Teams platform. There is an opportunity to develop an integrated cloud based hybrid telephony solution for the Council, which would provide operational improvements.

## **Telephony Current Position – Infrastructure**

- 1.7 Sefton currently uses Mitel Telephony software to run his voice system, Sefton is on version 6 of this software. The most recent version is version 7 and at the time of writing there is no release date for version 8. However, as soon as this is available version 6 will be removed from support. Should Sefton therefore wish to continue to use Mitel it would be recommended to move to version 7 within the next 12-24 months.
- 1.8 Much of the hardware that provides the gateways to telephony at sites will need to have a hardware update prior to moving to version 7, it would also be recommended to move away from the legacy ISDN and analogue lines concurrently to ensure that Sefton's telephony solution can be sustained beyond 2025.
- 1.9 In line with hardware end of life an investment of approximately 350,000 would be needed to upgrade the current infrastructure to ensure the provision of a fully supported solution, this excludes costs associated with the national decommissioning of analogue technology.

## **Telephony Current Position – Usage**

- 1.10 Prior to the Covid-19 Pandemic approximately 50% of current phone lines were not used to make outgoing calls, which indicates that a significant proportion of such communications could be redirected to the existing MS Teams Platform. At the current time this has reduce to around 25%.
- 1.11 It must also be highlighted that in addition to the traditional voice solution Sefton has now over 2,200 mobile phones in operation. Over 500 of which were issued as a response to the COVID pandemic and the immediate need for staff to operate in a more agile way. This has in turn contributed to the reduction in the use of traditional lines. The contract awarded to EE in 2019 allowed the organisation to reduce its spend on mobile telephony and the proposals within this paper will enable the authority to move to a single device solution per person for voice communications, either softphone or mobile phone further reducing spend in this area.

## **Opportunity for maximising Office 365 Telephony combining with a full cloud based telephony solution**

- 1.12 Sefton has made significant investment in agile devices and Office 365 as part of the ICT Transformation Programme, and most recently the authority has deployed MS Teams as its internal video conferencing and communication tool to support agile/home working during the COVID-19 pandemic. However, Sefton has not yet explored the telephony solutions also available within this platform, a solution which has been deployed across other authorities during recent months. Conversations are already underway with Microsoft to explore the potential but as a minimum the functionality exists for internal and external voice communications. However, this opportunity would be considered in context of the wider market to ensure it is the most economically advantageous solution for the Council.

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- 1.13 As the authority already has a support contract for Microsoft products there would be no procurement exercise required to progress this option, however there would need to be investment in licence costs to include telephony functionality.

## Contact Centre Solution

- 1.14 In April 2020 Sefton awarded a Contract to 8x8 for the provision of virtual Contact Centre Services. This decision was made based on the necessary response to the COVID-19 virus which meant that Customer Services had to be operational 7 days a week and if required 24 hours to support residents during a particularly intense period. This investment moved the service to a cloud based and agile model and has been a huge success for both residents and staff.
- 1.15 The award of the contract to 8x8, was based on a G-Cloud procurement, supported by the Central Procurement team, and included an analysis of the ability of suppliers on this framework to meet the requirements of Sefton Council.
- 1.16 It is recognised that other officers and teams across the Council may also need Contact Centre functionality including integrated call handling and associated reporting.

## Proposed Next steps

- 2.1 Officers have conducted a review of telephony requirements across Sefton, this has included consultation with relevant Heads of Service and Service Managers to fully understand the Council's business requirements.
- 2.2 Officers now propose to further develop these requirements to develop profiles for telephony which can be linked to the options available
- Internal Only – can be fulfilled using MS Teams functionality
  - Standard telephony – to be fulfilled using a soft telephony solution MS Teams Telephony or Similar
  - Extended telephony – to include key contact centre functions
- 2.3 Procurement will be required to fulfil the requirements for both standard and extended telephony profiles

## Procurement Route for Hybrid Telephony Solution

- 2.4 **MS Teams/Soft Telephony Solution** - As highlighted previously no formal procurement will be required for the MS Teams solution as this is functionality currently available within the product set and only requires a change of licence. Should the authority determine that MS Teams cannot meet all standard telephony requirements in a cost effect manner then the recommendation is that G-Cloud will be used to procure an additional solution. This will enable the Council to identify the most cost-effective solution.
- 2.5 **Extended Telephony – Contact Centre Functions** Following discussions with the Council's Procurement Team, the recommendation is that G-Cloud is used for the procurement of the additional solution required. This will enable the Council to

review all suppliers to identify the most economically advantageous solution in line with the business requirements of the authority

- 2.6 It is recommended that the term of any contract is 3 years in line with the contract awarded in April for the virtual Contact Centre

## Next Steps

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

<b>Activity</b>	<b>Timescales</b>
Profiling of telephony requirements	End Nov 2020
G- Cloud Procurement Activity	December 2020
Implementation of Soft Telephony Solution(s)	Dec-March 2020
Implementation of additional Contact Centre Telephony	Feb/March 2020
Decommissioning of legacy telephony infrastructure	End March 2020

- 2.8 In conclusion, the move towards a cloud based telephony solution allows the decommissioning of the legacy architecture in Sefton as well as supporting the Council of 2023 programme of work.

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# Agenda Item 5

<b>Report to:</b>	Cabinet Council	<b>Date of Meeting:</b>	5 November 2020 19 November 2020
<b>Subject:</b>	Treasury Management Mid-Year Report 2020/21		
<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>	No	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

This report provides Members with a review of the Treasury Management activities undertaken to 30<sup>th</sup> September 2020. This document is the second report of the ongoing quarterly monitoring provided to Audit & Governance Committee and the mid-year report to Cabinet and Council, whose role it is to carry out scrutiny of treasury management policies and practices.

## Recommendation to Cabinet and Council:

Members are requested to note the Treasury Management update to 30<sup>th</sup> September 2020, to review the effects of decisions taken in pursuit of the Treasury Management Strategy and to consider the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

## Reasons for the Recommendation:

To ensure that Members are fully apprised of the treasury activity undertaken to 30<sup>th</sup> September 2020 and to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

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

N/A

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

### (A) Revenue Costs

The financial position on the external investment budget to the end of September indicates a deficit to the end of the period. The forecast to the end of the financial year also shows that investment income will fall below the level set in the budget.

# Agenda Item 5

## (B) Capital Costs

None.

### Implications of the Proposals:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> External interest income is forecast to fall below the target set for the year.
<b>Legal Implications:</b> The Council has a statutory duty to review its Treasury Management activities from time to time during the financial year.
<b>Equality Implications:</b>  None.

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

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

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

#### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6154/20) is the author of the report.

The Chief Legal and Democratic Officer (LD 4346/20) has been consulted and any comments have been incorporated into the report.

## **(B) External Consultations**

N/A

## **Implementation Date for the Decision**

With immediate effect.

<b>Contact Officer:</b>	Graham Hussey
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## **Appendices:**

There are no appendices to this report

## **Background Papers:**

There are no background papers available for inspection.

## **1. Background to the Report**

- 1.1. As recommended under CIPFA's revised 2017 Code of Practice on Treasury Management in Public Services, the Council's Treasury Management Policy and Strategy document for 2020/21 (approved by Council on 27<sup>th</sup> February 2020) included a requirement for regular updates to be provided on the investment activity of the Authority. This report is the second of such reports for the year and presents relevant Treasury Management information for the period ending 30<sup>th</sup> September 2020.
- 1.2. The report includes information on the investments held / entered into during the period and the interest rates obtained (with a comparison of performance against a standard benchmark figure). In addition, the report highlights whether there has been any variance from the Treasury Management Policy and Strategy and the Council's approved Prudential Indicators (the operational boundaries within which the Council aims to work).

## **2. Investments Held**

- 2.1. Investments held at the 30/09/2020 comprise the following:

<b>Institution</b>	<b>Deposit £m</b>	<b>Rate %</b>	<b>Maturity</b>	<b>Rating</b>
<b>Money Market Funds:</b>				
Aberdeen	6.99	0.08	01/10/20	AAA

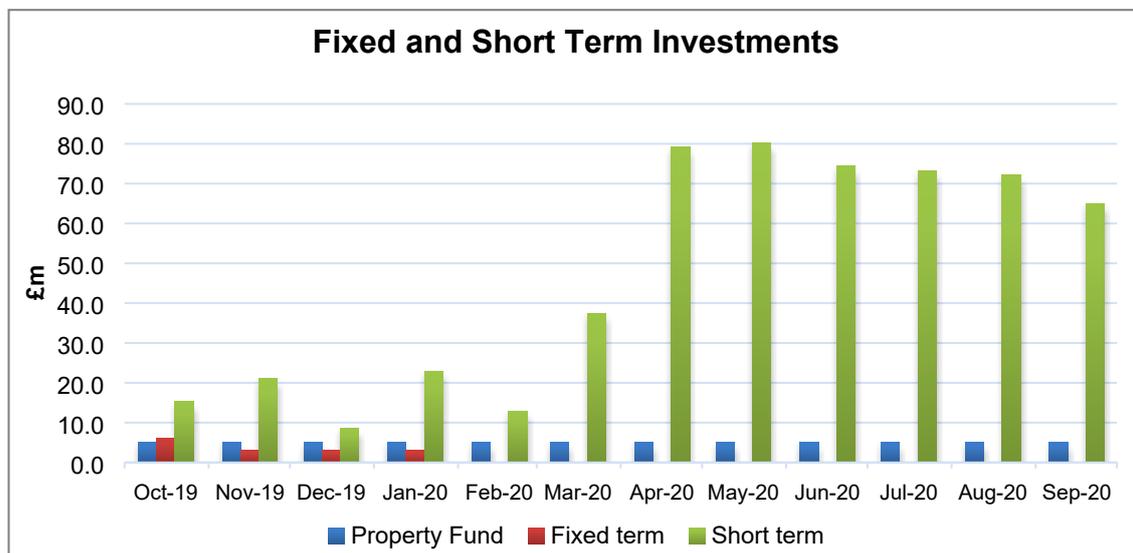
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<b>Institution</b>	<b>Deposit £m</b>	<b>Rate %</b>	<b>Maturity</b>	<b>Rating</b>
Amundi	6.99	0.01	01/10/20	AAA
Aviva	6.99	0.06	01/10/20	AAA
BNP Paribas	6.99	0.04	01/10/20	AAA
Goldman-Sachs	3.27	0.01	01/10/20	AAA
Invesco	6.99	0.04	01/10/20	AAA
Morgan Stanley	6.99	0.01	01/10/20	AAA
Federated	6.61	0.05	01/10/20	AAA
Insight	6.61	0.01	01/10/20	AAA
Total	58.43			
<b>Deposit Accounts:</b>				
Santander	6.49	0.12	01/10/20	A+
Total	6.49			
<b>Property Fund:</b>				
CCLA	5.00	4.26	n/a	n/a
Total	5.00			
<b>TOTAL INVESTMENTS</b>	<b>69.92</b>			

- 2.2. The above cash balances represent the full range of earmarked reserves such as school's balances. The balances also include money received from the government's COVID-19 response fund which is being redistributed to local businesses. The cash is initially held in a number of highly liquid Money Market Funds to ensure security of the funds until they required to be paid out. This approach is consistent with the Council's approved Treasury Management Policy and Strategy for 2020/21. The balance of investments is therefore expected to fall significantly over the coming months as the funds are fully distributed.
- 2.3. All of the investments made since April 2020 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £25m. Whilst the maximum should be retained, in light of current economic conditions, a day to day operational maximum of 10% of the total portfolio is currently being imposed for specified investments. This will spread the risk for the Council but will have a small detrimental impact on the returns the Council will receive in the future. The Council has remained within that boundary during the year. At present, it is not expected that there will be any need to review this limit.
- 2.4. Credit rating agencies changed their outlook on many UK banks from stable to negative outlook during the first quarter of 2020/21, due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic. The majority of ratings were however, affirmed due to the continuing strong credit profiles of UK banks. CDS prices (market indicators of credit risk) for UK banks also spiked upwards at the end of March due to the liquidity crisis

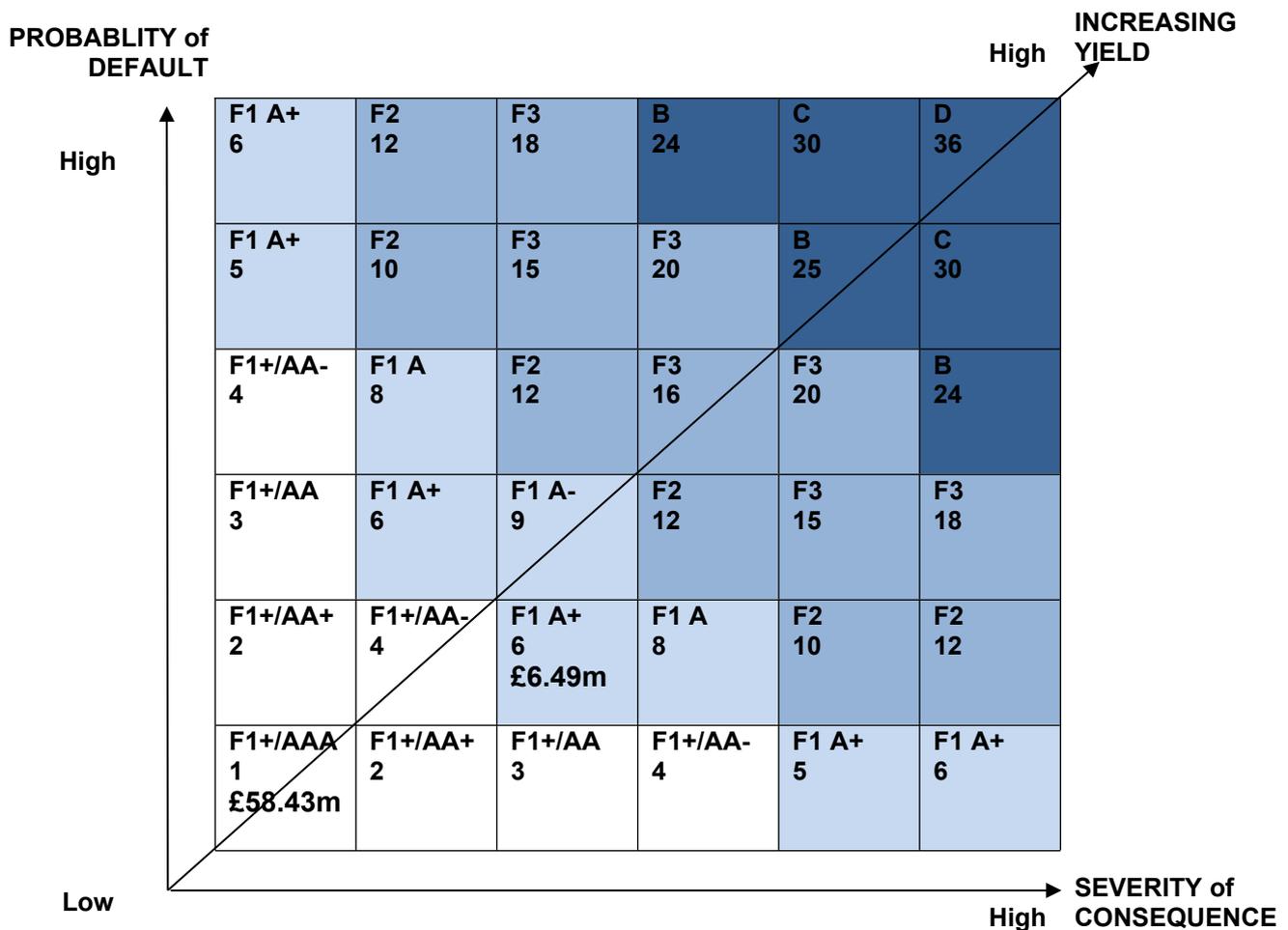
throughout financial markets. Those CDS prices have returned to more average levels since then.

- 2.5. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 2.10).
- 2.6. An investment has been made with the Church, Charities and Local Authority Investment Fund (CCLA) in June 2014. CCLA invest in commercial property which is rented out to enterprises such as retail units, warehousing, and offices. The majority of properties owned are in the south of the country where the market is often more buoyant than the north. The Council has in effect bought a share of the property portfolio and returns paid are in the region of 4%. This is seen as a long-term investment with the potential for the capital value of the investment to vary as property prices fluctuate.
- 2.7. The Net Asset Value (NAV) of the Property Fund has decreased over a 12-month period to September 2020 from 303.00p per unit to 283.43p per unit, a decrease of 6.5%. Much of this decrease has been during the period March to May 2020 as the COVID-19 crisis has impacted on the property market, weakening values in the retail sector. The value of the Council's investment is still in line with the original deposit and NAV in the fund has now stabilised in recent months.
- 2.8. The yield on the Property fund at the end of September 2020 was 4.26% which is consistent with returns received in the past. Rents collected by the fund since the onset of COVID-19 however, have fallen to around 50% but are anticipated to improve to around 75% later in the year. The forecast income from investments (see 3.1, below) has therefore been adjusted to reflect a prudent estimate of a 50% reduction from the property fund.
- 2.9. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:



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



### SEFTON RISK TOLERANCE:

Risk Level	Score	Grade	Amount Invested
LOW	1 - 4	Investment Grade	£58.43m
LOW - MEDIUM	5 - 9	Investment Grade	£6.49m
MEDIUM	10 - 20	Investment Grade	£0
HIGH	21 - 36	Speculative Grade	£0

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

### 3. Interest Earned

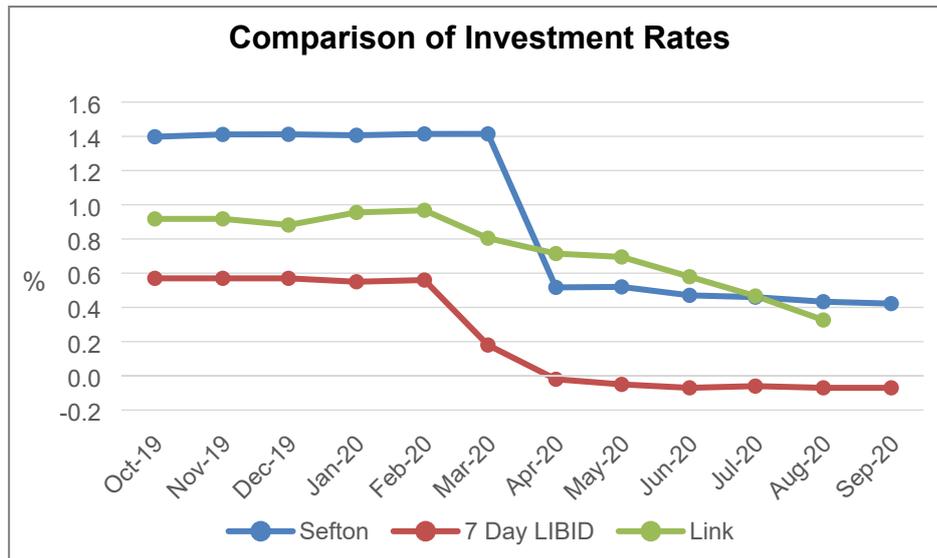
- 3.1. The actual performance of investments against the profiled budget to the end of September 2020 and the forecast performance of investments against total budget at year end is shown below:

Profile	Budget £m	Actual £m	Variance £m
September 2020	0.145	0.127	0.018

Profile	Budget £m	Forecast £m	Variance £m
Outturn 2020/21	0.415	0.208	0.207

- 3.2. The forecast outturn for investment income shows a significant shortfall against the budget for 2020/21. The impact of COVID-19 and declining economic conditions in general mean that investment rates are low, and yields are expected to be well below the estimate originally forecast in the budget.
- 3.3. The Council invests the majority of its funds in AAA rated Money Market Funds in order to ensure security and liquidity of its cash balances. These funds however, have experienced a marked decline in yields since the onset of the pandemic. At the time of setting the budget for 2020/21 yields were around 0.75% on average. These rates have now declined to around 0.04% and hence forecast income is now much lower than the estimate.
- 3.4. In addition to the above funds, the Council also invests in the CCLA property fund, and as mentioned in paragraph 2.8 the fund is only expected to yield 50% of the forecast income for 2020/21. The total income before the COVID-19 crisis was predicted to be £0.250m whereas at present it is anticipated that the amount to be collected will be around £0.125m.
- 3.5. In the current economic climate, it is considered prudent to keep investments in the short term to meet any exceptional demand for cash and to ensure payments to local businesses from the government response fund can be made as and when required. It is therefore not envisaged that improved investment yields will be achieved during 2020/21 as cash balances are diminishing and held in short term deposits.
- 3.6. The Council has achieved an average rate of return across all of its investments of 4.22% that has out-performed the 7-day LIBID to the end of September 2020. As can be seen from the chart below, investment rates are declining since March 2020 and this is consistent with the model portfolio provided by our previous treasury advisors (Link Asset Services – see section 6).

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

## 4. Interest Rate Forecast

4.1. Link Asset Services have supplied the interest rate forecast and commentary below:

Link Group Interest Rate View 11.8.20		Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View		0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month average earnings		0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
6 Month LIBID		0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
12 Month LIBID		0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-	-
5yr PWLB Rate		1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate		2.10	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate		2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate		2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

The coronavirus outbreak has done huge economic damage to the UK and around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left the Bank Rate unchanged at its last meeting on 6<sup>th</sup> August, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31<sup>st</sup> March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

## 5. Compliance with Treasury and Prudential Limits

5.1. During the first half of 2020/21 financial year, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

- 5.2. The key treasury indicators compared to the actuals as at 30<sup>th</sup> September 2020 are shown below:

<b>External Debt:</b>	<b>2020/21 £m</b>
<b>Authorised limit for external debt</b>	249.000
<b>Operational boundary for external debt</b>	239.000
<b>Actual external debt 30.09.20</b>	212.492

<b>Maturity structure of fixed rate borrowing:</b>	Upper Limit %	Lower Limit %	Actual %
<b>Under 12 months</b>	35	0	13
<b>12 months to 24 months</b>	40	0	9
<b>24 months to 5 years</b>	40	0	23
<b>5 years to 10 years</b>	40	0	7
<b>10 years to 15 years</b>	40	0	17
<b>15 years +</b>	90	25	32

<b>Upper limit for principal sums invested for longer than 365 days:</b>	Limit %	Actual %
<b>Principal sums invested</b>	40	8

## 6. Outcome of the Treasury Consultant Tender Exercise

- 6.1. Members will be aware that local authorities are required under the Prudential Code to receive appropriate Treasury Management advice in order to inform effective and informed decision making in what is recognised as a complex area of council business.
- 6.2. The Council has procured this advice for some time and has ensured that decisions made by members and officers are supported by specialist expertise to reduce the risk faced by the council.
- 6.3. The previous treasury management contract with Link Asset Services came to an end on 30<sup>th</sup> September 2020. Following a successful tender exercise, the Council has now appointed Arlingclose as its treasury management adviser from the 1<sup>st</sup>

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October 2020 for a period of three years with an option to extend for a further 12 months.

- 6.4. The Council will continue to receive investment advice, economic and interest rate forecasts, and general technical advice from this new provider to ensure the efficient operation of its treasury management functions continues.

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<b>Report to:</b>	Cabinet Council	<b>Date of Meeting:</b>	5 November 2020 19 November 2020
<b>Subject:</b>	Financial Management 2020/21 to 2023/24 and Framework for Change 2020 - 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 September 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 Government grant funding that has been received to support individuals and businesses with the response to the pandemic, and which has been distributed in accordance with central government guidance, and the Liverpool City Region Hospitality & Leisure Support grant which is providing additional help

# Agenda Item 6

to local businesses;

- 4) Note the current forecast revenue outturn position for 2020/21;
- 5) Acknowledge that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved;

## **Capital Programme**

- 6) Note the spending profiles across financial years for the approved capital programme (paragraph 7.1.1);
- 7) Note the latest capital expenditure position as at 30 September 2020 of £9.551m (paragraph 7.2.1) with the latest full year forecast of £39.388m (paragraph 7.3.1);
- 8) Note explanations of variances to project budgets (paragraph 7.2.3);
- 9) Note the capital programme outputs to the end of September (paragraph 7.4)
- 10) Recommend to Council the approval of a supplementary capital estimate of £1.2m for an Essential Maintenance Programme at Dunes Splashworld, to be funded from Council resources paragraph 7.5); and,
- 11) Note that capital resources will be managed by the Executive Director Corporate Resources and Customer Services to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council (paragraph 7.6.3).

**Council** is recommended to:

Approve a supplementary capital estimate of £1.2m for an Essential Maintenance Programme at Dunes Splashworld, to be funded from Council resources (paragraph 7.5).

## **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 September 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 £0.547m. 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 £39.194m. As at the end of September 2020 expenditure of £9.551m has been incurred and a full year outturn of £39.388m 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 £0.547m 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 6157/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4349/20).

### (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

<b>Contact Officer:</b>	Paul Reilly
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## Appendices:

The following appendix 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 7.1. Sections 7.2 and 7.3 review progress of the capital programme. Finally, Section 7.6 confirms that there are adequate levels of resources available to finance the capital programme.

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

- 2.1 At the 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 Cabinet meeting on 1 October 2020, Members were provided with an update that based on the monthly return to central government (MHCLG) the Council would have a net 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 September and estimates until the end of the year. It was acknowledged that these figures could be the subject of material change depending on the impact of 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.
- 2.3 Subsequently, additional restrictions were placed on the Liverpool City Region (LCR) which were then increased further when the region was placed in Tier 3 when the government introduced its three-tier alert system. Funding to support enhanced test and trace capability and enforcement activity will be provided to the LCR. In addition, discussions are continuing with the government over additional funding for LCR authorities to support cost pressures and income losses, as well as provide additional support to businesses.
- 2.4 Details of new government grant funding that has been received, that will be used to support the response to the pandemic, and which will be distributed in accordance with central government guidance, are outlined in section 3.

### Latest Submission to MHCLG - October 2020

- 2.5 As Members will be aware each month the Council has been required to outline its cost pressures in its return to MHCLG. The latest submission relating to the end of October will need to be provided by 7 November 2020. At the time of this report

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being published work is ongoing on the return, however an estimate of the latest figures that will be provided are detailed below:

	September 2020 £'m	October 2020 £'m
Forecast cost of responding the pandemic	14.2	14.2
Loss of income from fees and charges	15.3	14.9
Reduced Council Tax receipts	6.4	5.3
Reduced Business Rates receipts	7.0	7.0
<b>Sub Total</b>	<b>42.9</b>	<b>41.4</b>
Government Funding Received	(20.1)	(20.1)
<b>Current Shortfall</b>	<b>22.8</b>	<b>21.3</b>

- 2.6 The current forecast for reduced Council Tax receipts has improved based on the current levels of collection and numbers of Council Tax Reduction Scheme claimants.

#### Central Government Advice and Guidance

- 2.7 As outlined in the last Cabinet report on 1 October, the government has introduced a scheme to cost share the income losses being incurred by the Council from sales, fees and charges.

The Council will make three claims relating to 2020/2021. The first claim was submitted in September 2020 and covered losses incurred between April and July. It is estimated that £9.1m of the overall losses shown in 2.5 fall under the remit and the conditions set out by central government for the scheme. Under the cost sharing arrangement, the Council is estimated to receive £5.6m. Therefore, the Council will need to fund £3.5m of these losses.

Those losses for which the Council is not entitled to any support is estimated to be £5.8m. Therefore, total losses of £9.3m will need to be funded by the Council during the current year.

#### Potential Impact for Sefton

##### **2020/21**

- 2.8 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 net loss of fees and charges of £9.3m after government support (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.
- 2.9 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 responding further to the pandemic and the receipt of 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 £9.3m.

- 2.10 In respect of cashflow, the current analysis suggests that the Council will not need to borrow funds before the end of 2020/21 in order to support its expenditure plans. However, if any borrowing is required later in the year the approved Treasury Management Strategy and prudential indicators for 2020/21 can accommodate this.
- 2.11 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**

- 2.12 It can be seen from the table presented earlier in this report that the current forecast is that the Council has potential commitments totalling £14.2m from its emergency fund budget (this includes the contingency sum previously agreed by members). This remains unchanged from the forecast of the previous month. However, there have been new commitments totalling £0.330m relating to additional staffing resources to support Children's Social Care. In addition, the Council have committed £0.125m to put in place a scheme to support families / children on Free School Meals during the autumn half-term holiday. These new commitments were made under the delegation approved at the July meeting.
- 2.13 Within the dialogue with Central Government that led the Liverpool City Region moving into Tier 3 , each council will receive a sum of £8 per head of population. For Sefton that will amount to approximately £2.2m. This sum is to support track and trace activity and enforcement and plans are currently being developed with public sector partners, Public Health England government on how this will be utilised.
- 2.14 When the cost of responding to the pandemic to date and the loss of income that needs to be funded are taken into account then the preferred approach to meeting the cost of the pandemic can be delivered. However, there would be little room for any further expenditure or income losses to be funded. At a recent Prime Minister's press conference, it was announced that a further £1bn would be made available to local authorities across the country. Of this £900m will be allocated to councils as a fourth tranche of emergency funding, with the remaining £100m being used to provide support to council leisure centres most in need of support. Sefton has been allocated £3.544m as its share of the fourth tranche. The basis of the allocation means that this is a much lower proportion of funding than has been received in previous allocations. It is clear that the current wave of the pandemic and the restrictions that are being applied will require the Council to support residents as it did in the first wave and will see further pressure being placed upon income streams. Therefore, due to the increase in cases of COVID-19 and local restrictions, it is anticipated that the fourth tranche of emergency funding will be fully utilised in directly supporting the Council's response to the pandemic and the further loss of income that is anticipated between now and the end of the year.

### **2021/22**

- 2.15 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

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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 to Cabinet in October 2020 presented an updated Medium-Term Financial Plan for 2021/2022 – 2023/2024 which included an assessment of the ongoing financial implications of the pandemic. Work nationally continues to progress in terms of engagement and lobbying of government in order that councils receive an early indication of the funding they will receive next year and importantly, additional support is provided to compensate for loss of income from council tax and business rates, loss of income for fees and charges which will fall into next year and the additional pressure that is being, and will continue to be, experienced on key demand led services, e.g. Adults and Children's Social Care. As information is received from central government the Council's MTFP will be updated and budget package developed.

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

- 3.1 As part of its role in responding to the pandemic, Central Government has requested that all councils administer a number of grant programmes that have been designed to support residents, businesses and care homes. These are:-
- Infection Control Fund;
  - Test and Trace Support Payments;
  - Local Restrictions Support Grant Scheme; and,
  - Kickstart Job Creation Scheme.
- 3.2 For each of these programmes, government advice and guidance has been prescriptive with little or no flexibility offered to local government on how to apply them. A summary of each of the programmes, key details and their value is included below.
- 3.3 In addition, the local authorities in the Liverpool City Region have introduced a Hospitality & Leisure Support Grant scheme, a summary of which is also included below.

### **Infection Control Fund**

- 3.4 The Adult Social Care Infection Control Fund was first introduced in May 2020 and was initially worth £600 million. The second-round national allocation is a further £546 million. The purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID-19 transmission within and between care settings, in particular by helping to reduce the need for staff movements between sites.
- 3.5 Round 2 of the grant covers the period October to 31 March 2021 and will be paid in two tranches (October and December). The total fund to be paid to the Council is £4,260,125
- 3.6 It is expected that 80% of the funding will be used to provide each care home with an amount per CQC registered bed and each community care provider should receive an amount per CQC registered community care user. This has been administered by the Council for the October tranche of funding. The remaining 20% is to be allocated by the local authority to other care settings which can include voluntary sector, day care or care homes or to support wider workforce resilience.

Further work will be undertaken to determine how the remaining 20% will be used and brought to Cabinet in a future report.

## **Test and Trace Support Payments**

- 3.7 The Department of Health & Social Care recently announced the introduction of a Test and Trace Support Payment Scheme to assist employed / self-employed individuals who have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive.
- 3.8 The main components of the scheme are as follows:
- The amount payable is a one-off lump sum of £500.
  - If a person has to self-isolate more than once, they can make claims for each period of incidence;
  - Sefton's scheme went live on Monday 12 October and applications can be backdated from 28 September 2020;
  - The scheme will operate until 31 January 2021.
- 3.9 The scheme applies to people who have tested positive for coronavirus through the NHS test and trace system and are in receipt of at least one of the following benefits:
- Universal Credit
  - Working Tax Credit
  - Income based Employment and Support Allowance
  - Income based Job Seeker's Allowance
  - Income Support
  - Housing Benefit and / or Pension Credit
  - Payments will subject to taxation

## **Local Restrictions Support Grant Scheme**

- 3.10 The Chancellor of the Exchequer has announced that businesses legally required to close on or after the 14 October 2020 as a result of the latest Covid-19 Tier 3 restrictions in the Liverpool City Region (LCR), will be eligible for support for each two-week period the measures are in place. The Council will be funded for the cost of these grants, although the specific arrangements regarding payment – frequency and timings – is still to be finalised.
- 3.11 Assistance will be given in the form of a grant payment for each complete two-week period a business is instructed to remain closed. Grants will be tied to Business rates liability and the rateable value (RV) of the business property.
- 3.12 Grants will be payable on a complete two-week cycle in accordance with RV of the business property:
- £667 for properties with a RV up to and including £15,000
  - £1,000 for properties with a RV of between £15,001 and £51,000
  - £1,500 for properties with a RV greater than £51,000

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## **Kickstart Job Creation Scheme**

- 3.13 The Kickstart Scheme provides funding to employers to create new 6-month job placements for young people, aged 16-24, who are receiving Universal Credit and are at risk of long-term unemployment.
- 3.14 The scheme is due to launch the introductory phase on the 2 November 2020 and is due to close for new opportunities in December 2021, with final placements in place for six months to June 2022.
- 3.15 The Sefton@work team will enter into a contract with the Department for Work & Pensions (DWP) for the Kickstart Job Creation Scheme introductory phase of up to 60 starters at a maximum value of £492,000 which will be fully funded by Department for Work and Pensions. This was approved by the appropriate Cabinet Members in line with the Financial Procedure Rules.
- 3.16 For each job placement the funding available from Department for Work and Pensions (DWP) will include
- 100% of the relevant National Minimum Wage for age for 25 hours a week
  - The associated sum to cover employer National Insurance contributions
  - Employer minimum automatic enrolment contributions
- 3.17 There will be additional start-up funding of £1,500 per person to support young people to build on their experience and help them move into sustained employment after they have completed the Kickstart Scheme funded job. It can be used to fund training, licenses, travel and provide necessary “wrap around support” to help young people with improving their employability and job search.

## **Hospitality & Leisure Support Grant Scheme**

- 3.18 The Hospitality & Leisure Support Grant is focused on supporting the retention of jobs in the sector during periods of difficult trading, creating a link between the amount of grant provided and the Government’s new Job Support Scheme and providing an additional grant on top of the Local Restrictions Support Grant.
- 3.19 The grant fund will be co-ordinated and administered by the six local authorities that form the Liverpool City Region Combined Authority and will adopt the following priorities:
- Providing the greatest assistance to those eligible micro and small businesses which protect the highest number of jobs;
  - Providing support to as many businesses as possible within the available financial resource;
  - Providing support for businesses in the hospitality sector employing one or more full time equivalent (FTE) staff;
  - Delivering a grant application which is simple, straightforward and makes decisions as quickly as possible.
- 3.20 The grant will support hospitality and leisure businesses that are remaining open and those ordered to close subject to eligibility criteria and availability of funds. Applications opened on the 15 October and will close a fortnight later on the 29 October. In an announcement on 18 October 2020, Central Government has provided £30m in support for this scheme. The Liverpool City Region authorities

had previously announced that up to £40m of local emergency funding would be made available to support the scheme.

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

- 4.1 Members are provided with updates of the Council’s forecast financial position each month during the financial year from June onwards.
- 4.2 Given the unprecedented financial challenges faced by the Council in relation to COVID-19, it is vital that the Council is able to achieve a balanced forecast outturn position for its normal activities, ignoring the impact of COVID-19 pressures. Therefore, the Council undertook initial budget monitoring during April and May to get an earlier indication on the likely pressures to be incurred.
- 4.3 As in previous years, significant pressures have been identified in several service areas at this early stage of the year, particularly Children’s Social Care, Communities (Children with Disabilities) Education Excellence (Home to School Transport) and Locality Services. Initial indications of the budget pressures are shown below:

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

- 4.4 Given the uncertainty around COVID-19 it is vital that the Council ensures the 2020/21 budget does not overspend. Therefore, following the April monitoring position being determined, it was identified that a remedial plan needed to be developed. This has initially focussed on vacancy management with external recruitment being prioritised in Children’s Services, Family and Well Being Centres/Early Help and SEND, stopping all non-essential expenditure within the Council, with the exceptions of Children’s Social Care (due to the budget issues in that service) and Public Health (due to the current pandemic) and as per the Budget Report of February 2020, bringing through savings from the Framework for Change programme - these will be developed and shared with Members as per the Council’s established governance processes. A budget shortfall of £5.7m equates to needing to identify savings to the value of 3.5% of the Council’s remaining budget and as this pressure is permanent long-term savings to this value are required moving into next year.
- 4.5 As a result of this work undertaken, the latest forecast of service expenditure indicates an overspend of **£0.547m**, an increase of £0.155m from the August 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 six months. It is however critical that in

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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 August 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	0.000
Strategic Support	2.374	2.363	-0.011	-0.005
Adult Social Care	94.335	94.335	0.000	0.000
Children's Social Care	34.681	39.338	4.657	0.082
Communities	17.916	19.037	1.121	0.260
Corporate Resources	4.605	4.364	-0.241	-0.010
Economic Growth & Housing	5.513	5.629	0.116	0.046
Education Excellence	9.688	9.968	0.280	0.337
Health & Wellbeing	18.473	18.390	-0.083	0.000
Highways & Public Protection	10.404	10.370	-0.034	-0.037
Locality Services	11.837	12.183	0.346	-0.027
<b>Total Service Net Expenditure</b>	<b>212.966</b>	<b>218.951</b>	<b>5.985</b>	<b>0.646</b>
Budget Pressure Fund	6.411	0.000	-6.411	0.000
Council Wide Budgets	17.004	18.177	1.173	-0.291
Levies	34.701	34.701	0.000	0.000
General Government Grants	(46.376)	(46.576)	-0.200	-0.200
<b>Total Net Expenditure</b>	<b>224.706</b>	<b>225.253</b>		
<b>Forecast Year-End Deficit</b>			<b>0.547</b>	<b>0.155</b>

4.6 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, the CCGs have now been invoiced for this funding; there are ongoing discussions with the CCGs relating to ongoing costs that need to be funded. Similarly, detailed work is underway to evaluate and then estimate the financial impact of the pandemic on the services residential and day care services budgets. An outline position was reached on this in September however as a result of the recent surge in cases, this will now need to be fundamentally reviewed.

- **Children's Social Care (£4.657m 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 £3.299m 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 £4.149m.

In addition, there is a forecast overspend on staffing costs of £0.508m. 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.

The pressure in this area of the Council will continue to be evaluated during the remainder of the year and the current and potential final financial position will inevitably be further impacted by the current COVID restrictions. As a result, work will be undertaken to determine to what extent central government support via the emergency fund will contribute to this pressure.

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. The Council is currently working on developing a range of options to address the inherent demand and costs of Looked After Children whilst supporting the most vulnerable residents, but this budget remains under pressure and purely from a financial point of view this is likely to continue during this year and into the next financial year.

- **Communities – (£1.121m overspend)** – The cost of placements and packages for Children with Disabilities is forecast to overspend by £0.916m (excluding the estimated additional costs relating to COVID-19). This budget has been under increasing pressure in recent years but overspends have previously been offset by underspends elsewhere on the service.

In addition, there is a residual savings target from PSR2 of £0.584m for which specific savings have yet to be identified. In 2019/20 these were achieved by vacancy savings and a number of one-off measures which are only partially contributing to achieving the target in 2020/21.

- **Education Excellence (£0.280m overspend)** - Home to School transport external provision has a projected overspend of £0.527m due to an increase in the number of children being transported plus an increase in the number of children in receipt of personal travel budgets. These demand pressures have meant the budget has overspent for a number of years, despite increases being made to the budget, including £0.200m in 2020/21.
- **Locality Services (£0.346m overspend)** – Some of the service pressures experienced in 2019/20 have continued into 2020/21.

- Security Service (£0.722m overspend) – The forecast deficit is a reflection of an under recovery of income to support the cost base. The forecast overspend is

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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 (£0.405m underspend) – The underspend is mainly due to the reduced costs of vehicles as the purchase of the new fleet will occur later than originally anticipated, resulting in lower prudential borrowing costs.

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

4.7 The forecast budget deficit as at September 2020 is **£0.547m**. 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.

4.8 As has been discussed previously, the financial landscape for local government this year is uncertain – it is hoped based on some briefings that central government will support the sustainability of the sector but this budget position will not be helped by that process so as a minimum this in year budget must be balanced as this also directly impacts the 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 were considered in the report on the Medium-Term Financial Plan for 2021/2022 – 2023/2024 presented to Cabinet in October 2020.

## **5. Council Tax Income – Update**

5.1 Council Tax income is shared between the billing authority (Sefton Council) and the three major precepting authorities (the Fire and Rescue Authority, the Police and Crime Commissioner and the Combined Authority – Mayoral Precept) pro-rata to their demand on the Collection Fund. The Council's Budget included a Council Tax

Requirement of £139.830m for 2020/21 (including Parish Precepts), which represents 84.1% of the net Council Tax income of £166.267m.

5.2 The forecast outturn for the Council at the end of September 2020 is a deficit of +£1.338m. 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 (-£0.145m);
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£1.436m). This is mainly as a result of a significant increase in the number of claimants for the Council Tax Reduction Scheme (CTRS).

5.3 It should be noted that the deficit is expected to increase due to an increasing number of CTRS claimants (the current estimated deficit is a further £0.3m in addition to the figure quoted in paragraph 5.2) and the impact of a reduction in the amount of Council Tax being collected (currently estimated at £2.8m).

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

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

## 6. **Business Rates Income – Update**

6.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £66.169m for 2020/21, which represents 99% of the net Business Rates income of £66.838m. Business Rates income has historically been very volatile making it difficult to forecast accurately.

6.2 The forecast outturn for the Council at the end of September 2020 is a deficit of £37.565m 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 (£0.475m);
- 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 (+£38.209m).

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- 6.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net surplus of £0.927m is forecast. However, it should be noted that this doesn't take account of the impact of the number of appeals being registered by businesses in response to the pandemic or the reduction in the amount of Business Rates being collected. A significant forecast deficit is therefore anticipated with the current estimate being a £7.0m deficit.
- 6.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2020/21 but will be carried forward to be recovered in future years.
- 6.5 A forecast surplus of £0.622m was declared in January 2020. Sefton's share of this is £0.616m. This is the amount that will be distributed from the Collection Fund in 2020/21 and any additional surplus or deficit will be distributed in future years.

## 7. **Capital Programme 2020/21 – 2022/23**

### 7.1 **Capital Budget**

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

<b>2020/21</b>	<b>£39.194m</b>
<b>2021/22</b>	<b>£24.655m</b>
<b>2022/23</b>	<b>£1.427m</b>

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

- **Adult Social Care**
  - £0.335m has been allocated from the Wider Social Care Programme to 2020/21 for the Community Equipment Store upgrade and vehicle replacement approved in August.
  - £0.076m has been reallocated to 2021/22 for double to single handed care equipment.
- **Education Excellence:**
  - £0.136m has been phased to 2020/21 from the £3.444m previously approved for new education schemes to fund brick work and minor schemes at 3 schools and to commence rewiring and fire alarm system works at 6 schools;
  - Hudson Primary School – £0.234m has been rephased from 2020/21 to future years due to asbestos issues.
- **Highways and Public Protection:**
  - Highways maintenance budgets have been updated to include the £2.625m Highways Challenge Fund (HCF) and the £0.590m Emergency Active Travel Fund allocated from the Combined Authority in July and approved for inclusion in the capital programme in August;

- £0.389m has been allocated to the M58 Junction 1 project from the £2.680m additional funding approved for the Transport programme in January 2020;
  - Several Highways schemes (£1.364m) have now been rephased to 2021/22 due to the need to prioritise limited resources available for delivery of essential schemes including the new HCF and Emergency Active Travel funding identified above.
- £0.650m has been added to the Strategic Acquisitions scheme in Bootle following the allocation of additional funding from the Combined Authority.
- Green Sefton:
    - An allocation of £0.075m has been rephased to future years for 4 flood defence schemes;
    - £0.145m has been rephased to future years for the CERMS project;
    - £0.129m has been reallocated to future years for park schemes.

## 7.2 Budget Monitoring Position to September 2020

7.2.1 The current position of expenditure against the budget profile to the end of September 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 Sep-20	Actual Expenditure to Sep-20	Variance to Sep-20
	£m	£m	£m
<b>Adult Social Care</b>	0.631	0.672	0.041
<b>Communities</b>	0.069	0.073	0.004
<b>Corporate Resources</b>	0.059	0.058	-0.001
<b>Economic Growth &amp; Housing</b>	0.802	0.701	-0.101
<b>Education Excellence</b>	2.269	2.248	-0.021
<b>Highways &amp; Public Protection</b>	5.159	5.159	-
<b>Locality Services</b>	0.622	0.640	0.018
<b>Total Programme</b>	<b>9.611</b>	<b>9.551</b>	<b>-0.060</b>

7.2.2 Due to the impact of the COVID-19 crisis, delivery of schemes during the first five months (April to September) 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

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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.

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

## Education Excellence

Scheme	Variation	Action Plan	Progress to Date
Hudson Primary School – Heating Ducts	-£138,444	Works have experienced delays but will catch up and the year-end forecast remains unchanged.	The project has been reviewed due to asbestos and drainage issues and budgets realigned over 2020/21, 2021/22 and 2022/23.

## 7.3 Capital Programme Forecast Outturn 2020/21

7.3.1 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 £m	Forecast Out-turn £m	Variance to Budget £m	Full Year Budget 2021/22 £m	Full Year Budget 2022/23 £m
Adult Social Care	2.873	3.055	0.182	7.733	-
Communities	0.258	0.258	-	0.265	-
Corporate Resources	1.610	1.610	-	4.001	-
Economic Growth & Housing	6.750	6.760	0.010	1.286	0.402
Education Excellence	3.597	3.599	0.002	5.423	-
Highways & Public Protection	15.348	15.348	-	1.864	-
Locality Services	8.758	8.758	-	4.083	1.025
<b>Total Programme</b>	<b>39.194</b>	<b>39.388</b>	<b>0.194</b>	<b>24.655</b>	<b>1.427</b>

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

7.3.2 The Council has a significant forecast delivery (£29.837m) for the remainder of the financial year. An update on the major schemes profiled for the second half of 2020/21 is provided in the table below:

Capital Project	Budget	Comment
Care Home Improvements (Wider Social Care Programme)	£0.400m	Grant programme is due to launch in quarter 4 but delivery will depend upon number of applications received and processed before the year end.

<b>Victoria Baths Essential Works</b>	£0.541m	Tender process has now been successful. Work is anticipated in quarters 3 and 4.
<b>St John Stone – Infrastructure Works</b>	£0.623m	Grant payment for the work is anticipated to be made before the end of the financial year.
<b>Strategic Acquisitions – Bootle</b>	£1.399m	Land and property acquisitions have now been completed. The second phase of the project to carry out demolition and temporary site treatment work will now commence.
<b>Cambridge Road Redevelopment</b>	£1.252m	Tender process has now been completed successfully. Work is anticipated in quarters 3 and 4.
<b>Crosby Lakeside Redevelopment</b>	£3.100m	The scheme and spend profile are currently under review and a further update will be provided in future reports.
<b>Town Centre Fund</b>	£0.500m	A business case has been agreed for the scheme at Southport Market Hall and the delivery plan will now commence. Scheme anticipated to complete in 2021/22.
<b>Highways Challenge Fund</b>	£2.625m	Funding has been allocated to maintenance schemes and the Highways team are working to profile the spend.
<b>Vehicle Replacement Programme</b>	£7.053m	Purchase of the vehicles is anticipated in Feb/Mar 2021.
<b>TOTAL</b>	<b>£17.493m</b>	

7.3.3 Schemes will be kept under review, but it is anticipated that due to the limited amount of resource available to complete delivery, plus the impact of COVID-19, some schemes may have to be rescheduled into 2021/22 financial year. An update will be provided on subsequent monitoring reports.

## **7.4 Capital Programme Outputs and Progress**

7.4.1 The Council has spent £9.551m on its Capital Programme to the end of September 2019. The paragraphs below summarise the key areas of delivery and progress to date:

### **7.4.2 Adult Social Care – Disabled Facilities Grant Core Programme**

From 1<sup>st</sup> April to 30<sup>th</sup> September, 31 adaptations were certified as complete on behalf of clients including items such as stair lifts, vertical lifts, bathroom adaptations, extensions and hoists.

### **7.4.3 Education Excellence**

#### **Schools Programme –**

- Farnborough Road Infants – new boiler replacement works completed;

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- Hudson Primary – continuation of the replacement of the existing deteriorating heating installation;
- Netherton Moss Primary – completion of Phase 2 of the electrical rewiring scheme;
- Grange Primary – installation of a high efficiency boiler completed;
- Great Crosby Primary – extension to form three new classrooms, a range of supporting accommodation and a programme of external improvements;
- Freshfield Primary School – new high efficiency boiler installation;
- Woodlands Primary School – phase 1 of a 2-phase rewiring scheme complete.

## **Special Educational Needs and Disabilities (SEND) –**

The following has been accomplished in support of SEND provision:

- Crosby High – widening of door openings for DDA compliance;
- Rowan Park School – extension to form new classroom, hygiene room, physiotherapy office, store and external works.

### 7.4.4 Highways and Public Protection

- Approximately £100k has been used to support 100,000m<sup>2</sup> of carriageway surface dressing, 42,000m<sup>2</sup> of carriageway micro surfacing and 2,500m<sup>2</sup> of carriageway resurfacing.
- The maintenance programme has replaced:
  - 42 Street Lighting Columns;
  - 57 Bollards;
  - 54 Illuminated signs; and
  - 340 Street Lighting Lanterns.
- The M58 Junction 1 slip roads scheme has been completed and the slip roads open following the inspection and safety audit by Highways England.
- Works are nearing completion on the North Liverpool Key Corridor scheme. This follows the demolition of the last remaining building over the border in Liverpool and the rebuilding of a potentially dangerous building on Regent Road allowing for the final surfacing works to be undertaken.
- Outline Business cases for a series of improvement works within both the Maritime Corridor (in Bootle) and the Southport Eastern Access are nearing completion and will shortly be submitted to the Liverpool City Region Combined Authority (LCRCA) for scrutiny and approval. A period of consultation will follow, and a Full Business case developed.

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- Works are nearing completion on the Southport East-West cycle links. Much of the work to the coastal road was completed during the summer when a closure to traffic was implemented.
- Following the successful completion of the works to the junction of the A59 and Dover Road, the LCRCA approved the underspend on the project to be allocated to further improvements on the corridor, including the junction with Damfield Lane. Design works are progressing with a view to tenders being invited shortly.
- Following approval of the proposals for the cycleway at Great Georges Road and some further site investigation at the bridge spanning the A565, the scheme for the introduction of the cycle track has been designed and tenders invited.
- Works for the remainder of the Maghull to Kirkby cycle track have been tendered and works will shortly commence. This follows the successful negotiation for the acquisition of the remaining land required for the scheme.
- Sustrans have been appointed to work with the Council on the development of a Southport Liveable Neighbourhoods scheme where the scheme will be developed with the local community.
- Two Emergency Active Travel schemes have been implemented at short notice following the award of funding from the LCRCA. Further measures are planned.
- Works have commenced on the surfacing of Dibb Lane in Little Crosby to provide a surface capable of being used by cyclists, walkers and horse riders.
- Design works are being undertaken on the delivery of a new cycle and walking route in Crosby Coastal Park. Consultation, planning and detailed design will follow.
- Works have commenced on the stairs and ramps at Hightown Footbridge.
- The purchase of the Winter Service Facility located at Heysham Road, Netherton has now been completed.

## 7.4.5 Locality Services – Green Sefton

- Surface Water Management Plan – initial modelling updates and hotspot analysis has been completed for the three areas: Formby, Maghull and Seaforth & Litherland.
- The Pool Watercourse – the project has completed the modelling of options that includes a range of natural flood management features, deculverting of watercourse and wider improvements to existing drainage systems.
- Regional Coastal Monitoring Programme – work has been ongoing to deliver the programme with the collection of topographic and hydrodynamic data.

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Bathymetric surveys and data processing have been completed for the open North West coast. A tender was awarded for systems to collect topographic, bathymetric, and tide data that can operate around the clock and collect data in all conditions. Locations are now being identified to install them across the North West. In addition, an asset management programme for the North West is being developed to be consistent with the Environment Agency's standards. Information gathered by this programme is being used to support the review and delivery of the Shoreline Management Plan and several coastal schemes.

- Plant & Equipment – procurement has been completed for essential plant and machinery to support routine grounds maintenance of our parks and green spaces, sports fields, football pitches, bowling greens and coastal sites. Purchases include: tractor trailed flail field mowers, ride on rotary mowers and hand & pedestrian machines for strimming, mowing, hedge trimming and cleansing, and also supporting specialist mowing machinery required for commercial works.
- Burial & Cremation – procurement has been for essential plant and machinery to support burial excavations and routine mowing and grounds maintenance of our cemetery and crematorium sites. Including a 360 mini-excavator, ride on and stander rotary mowers and hand & pedestrian machines for strimming, mowing, hedge trimming and cleansing.

## **7.5 Essential Maintenance Programme – Dunes Splashworld**

7.5.1 Essential repairs are required to the structure and fabric of this key Council facility, which was closed in December 2019 due to significant health and safety concerns. The period of closure has resulted in a considerable loss in income for the Council. The repair works will allow for it to re-open and thereby continue to generate income for the Council, as well as attracting visitors to the area and in turn stimulating the local economy. The programme of essential repair work is estimated to cost £1.2m and will be funded from Council resources pending the outcome of an ongoing legal claim regarding defects with the developer. Approval is therefore sought for a supplementary capital estimate.

## **7.6 Programme Funding**

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

<b>Source</b>	<b>£m</b>
Grants	25.499
Contributions (incl. Section 106)	0.680
Capital Receipts	1.722
Prudential Borrowing	11.293
<b>Total Programme Funding</b>	<b>39.194</b>

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

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

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## 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	2,104,884	6,574,826	-
<b>Communities</b>			
Crosby Lakeside Watersports	2,217	-	-
Libraries - Centres of Excellence	83,623	265,088	-
Bootle Library	38,749	-	-
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	2,703,000	-
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>			
Housing Investment (HMRI)	18,078	36,180	-
Southport Pier Project	179,920	-	-
Strategic Acquisitions - Land at Bootle	1,398,500	-	-
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	2,528,745	4,611,384	401,625
Planned Maintenance	400,831	-	-
Special Educational Needs & Disabilities	641,238	811,499	-
<b>Highways and Public Protection</b>			
Accessibility	107,320	180,000	-
Completing Schemes/Retentions	20,000	-	-
Healthy Lifestyles	2,912,200	148,000	-
Road Safety	140,000	-	-

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	2020/21 £	2021/22 £	2022/23 £
A565 Route Management and Parking	1,090,000	970,000	-
Strategic Planning	303,000	45,000	-
Traffic Management and Parking	1,084,550	20,000	-
Emergency Active Travel Fund	590,457	-	-
Port Access	179,000	-	-
Highway Maintenance	4,425,433	400,000	-
Bridges & Structures	232,670	1,000	-
Drainage	50,000	-	-
Street Lighting Maintenance	300,000	-	-
UTC Maintenance	193,660	-	-
Winter Service Facility	2,632,000	-	-
Major Transport Schemes	1,087,500	100,000	-
<b>Locality Services</b>			
Burials & Cremation Insourcing - Vehicles & Equipment	135,210	-	-
Formby Strategic Flood Risk Management Programme	-	43,851	-
Merseyside Groundwater Study	10,000	21,508	-
Four Acres Multi Agency Flood Options	-	1,570	-
CERMS	458,213	220,000	-
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	127,867	154,700	-
Tree Planting Programme	85,750	38,600	126,783
Golf Driving Range Developments	256,080	280,280	-
Green Sefton – Plant & Machinery	300,000	-	-
Vehicle Replacement Programme	7,052,905	3,223,000	113,000
<b>TOTAL PROGRAMME</b>	<b>39,194,419</b>	<b>24,655,460</b>	<b>1,427,247</b>

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	5 November 2020
<b>Subject:</b>	Phase 1 Asset Disposals		
<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>	<p>No but the information appearing in Appendix 1 of the Report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).</p> <p>The Public Interest Test has been applied and favours the information in Appendix 1 being treated as exempt.</p>		

**Summary:**

Cabinet at its meeting on 9 January 2020 approved the Asset Maximisation Report that detailed those assets that would make up the first phase of potential Asset Disposals.

The Recommendations from Cabinet are detailed below;

- (i) Approve the disposal of the assets detailed within the report with a view to generating capital receipts to support the Growth and Investment Programme and the Council’s Framework for Change Programme;
- (ii) Provide the authority for Officers to negotiate terms and conditions for each disposal in line with normal delegations set out in the Council’s Asset Disposal Policy;
- (iii) Note that a progress update will be provided to Cabinet in April 2020.

In accordance with recommendation iii) the purpose of this report is to provide an update on the progress of Asset Disposals for information purposes.

The proceeds from asset disposals would be used to fund the Cost of Change budget from the Framework for Change 2017 programme which has already been incurred and for which a short term funding solution was put in place (for cashflow purposed only), to raise capital receipts in order to fund the Growth and Strategic

# Agenda Item 10

Investment Programme and to fund the cost of change budget for Framework for Change 2020 as approved at Budget Council in February 2020.

## **Recommendation:**

That Cabinet:

- i) Note the contents of this update report on progress of the Asset disposals

## **Reasons for the Recommendation:**

- (i) As requested at Cabinet on 9 January 2020 under recommendation iii)

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

There are no alternative options to be considered

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

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

There are no revenue implications arising from this report

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

All financial implications are referenced in the report

## **Implications of the Proposals:**

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

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> Property and Facilities Management will work alongside Legal and Democratic Services to complete the work.
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<b>Legal Implications:</b> The Chief Legal and Democratic Officer will complete legal documentation for each disposal.
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<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: Disposal of sites will in some instances facilitate redevelopment to provide new housing in the Borough, including forms of affordable housing to benefit local communities.
--

Commission, broker and provide core services: Progressing the disposals will support a number of Council service priorities including economic regeneration and the provision of Housing (including Affordable Housing)
Place – leadership and influencer: The disposal programme will support the Council’s objectives e.g. delivery of the Local Plan and to maximise the capital sums available in order to contribute to both the Framework for Change, ‘Cost of Change Budget’ and the first phase of projects within the Growth and Investment programme.
Drivers of change and reform: Not applicable.
Facilitate sustainable economic prosperity: The draft disposal strategy is phased over a three year period and is critical to facilitating the delivery of the wider Growth Programme and individual economic development projects.
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

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

**(A) Internal Consultations include:**

The Executive Director Corporate Resources and Customer Services (FD 6163/20 ) and the Chief Legal and Democratic Officer (LD4355/20) have been consulted and their comments included in 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.

<b>Contact Officer:</b>	Dominic Ellis
Telephone Number:	0151 934 2751
Email Address:	dominic.ellis@sefton.gov.uk

**Appendices:**

Appendix 1 – Summary update on progress of the asset disposals in the Disposal Programme

**Background Papers:**

Not applicable

# Agenda Item 10

## 1.0 Introduction

- 1.1 As part of the Framework for Change Programme set out and agreed by Council in March 2017, the Asset Maximisation project was identified as part of the Public Sector Reform list of projects that would help the Council meet its stated objectives and deliver financial sustainability.
- 1.2 A key feature of the Asset Maximisation project was that assets would be identified as supporting operational activity, having heritage value, being required for economic growth purposes or would be considered for disposal.
- 1.3 Cabinet at its meeting on 9 January 2020 approved the Asset Maximisation Report that detailed those assets that would make the first phase of potential Asset Disposals. In doing so the following recommendations were approved
  - (i) Approve the disposal of the assets detailed within the report with a view to generating capital receipts in order to support the Growth and Investment Programme and the Council's Framework for Change Programme;
  - (ii) Provide the authority for Officers to negotiate terms and conditions for each disposal in line with normal delegations set out in the Council's Asset Disposal Policy;
  - (iii) Note that a progress update will be provided to Cabinet in April 2020.
- 1.4 The proceeds from asset disposals would be used to fund the Cost of Change budget from the Framework for Change 2017 programme which has already been incurred and for which a short term funding solution was put in place (for cashflow purposed only), to raise capital receipts in order to fund the Growth and Strategic Investment Programme and to fund the cost of change budget for Framework for Change 2020 as approved at Budget Council in February 2020.
- 1.5 The list of prospective disposal assets agreed by Cabinet in January includes a range of sites identified in the Local Plan for housing development, vacant and under-utilised assets, and assets that have been previously been allocated to the Council's Housing Development Company, Sandway Homes Limited. The initial list of sites for disposal to be included in the first phase of the Council's disposal programme is shown in paragraph 1.6 below. It should be noted that those Assets numbered 5 6 7 and 11 denoted by asterisks have been removed for reasons detailed below.
- 1.6 Phase 1 Disposal Assets

1	Meadow Lane, Ainsdale (Sandway Homes)		
2	Barton's Close, Crossens (Sandway Homes)		
3	Z Blocks, Buckley Hill Lane, Netherton (Sandway Homes)		
4	Land at Holgate, Thornton		
5	Grange Land, Lunt		
6	Ainsdale ATC and Meadows, Sandbrook Road, Ainsdale, Southport		
7	Brooklea House Hostel and ATC, Pendle Drive Litherland		
8	St Wifreds High School		
9	Land at Isle of Wight Farm, Bentham's Way, Southport		
10	Bootle High School Copy Lane, Netherton		
11	Ainsdale Hope, Sandringham Road, Ainsdale Southport		
12	Pavilion Buildings, Lord Street, Southport		
13	Coffee House Bridge		
14	Vine House, Kepler Street, Seaforth		
15	Holy Trinity School, Lonsdale Road, Formby **		
16	25 Crosby Road North, Crosby *		
17	18 Great Georges Road, Waterloo *		
18	255/257 Knowsley Road, Bootle *		

Holy Trinity School\*\* numbered 15 is no longer a disposal site following its inclusion as "local greenspace" in the Formby Neighbourhood Plan whilst the three properties\* numbered 16, 17 and 18 are being considered as to their most appropriate use to support the Council's temporary housing needs. On this basis they have been removed from the Asset Disposals.

1.7 Significant work has been done on a number of the assets and negotiation of terms and conditions for some of these are at a stage where legal documentation can be entered into for these. These are part detailed below and in Appendix 1 to this report

## 1.8 Meadow Lane Ainsdale

1.9 Transfer of the site to Sandway Homes Limited was completed on 21 September 2020 for the sum of £1,491,000 plus VAT including grant funding. This corresponds with the original forecast set out in the January 2020 report.

1.10 The site will be developed by the Company for 48 houses with an anticipated start on site of November 2020. The works on site are programmed to be completed by February 2022 and the sales of the houses completed by July 2022.

1.11 The Council receives the capital receipt within 24 months or the date upon which the last dwelling is sold.

## 2.0 Barton's Close Crossens

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2.1 The Transfer of the site to Sandway Homes is expected to complete imminently for the sum of £575,000 plus VAT which corresponds with the original forecasted receipt

2.2 The site will be developed by the Company for 30 houses. Anticipated start on site November 2020 with the works completed November 2022 and sales of houses completed by April 2023. The Council receives the capital receipt within 24 months or the date upon which the last dwelling is sold

## **3.0 Z Blocks, Buckley Hill Lane Netherton**

3.1 The site will be transferred to Sandway Homes Limited for £166,000 plus VAT. Transfer documents have been sent to the Company by the Council and completion is expected shortly. This corresponds with the forecasted receipt in January 2020

3.2 A planning application has been submitted for the development of the site for 70 houses. Subject to the receipt of planning permission the anticipated start on site is March 2021 with works completed by November 2022 and sales completed by April 2023. The Council receives the capital receipt within a period to be agreed or upon the sale of the last house.

## **4.0 Land at Holgate**

4.1 Detailed in Appendix 1

## **5.0 Grange Land Lunt**

5.1 Detailed in Appendix 1

## **6.0 Ainsdale ATC**

6.1 This is a negotiated sale of vacant land and premises to Riverside Housing Group who occupy premises nearby for housing development for a specialist respite facility that comprises 90 units of extra care accommodation, 20 shared ownership houses, 20 affordable rented houses and wheelchair bungalows.

6.2 Initial discussions with Riverside were on the basis that the Council would demolish the premises on site at its expense leaving a cleared site for sale. However Riverside have now confirmed that they will undertake the demolition. In this respect principal terms and conditions have been provisionally agreed

6.3 Adult Social Care have submitted a Stage1 capital funding bid to NHS England and Riverside have been providing supporting information for this bid. If the bid is successful there would be external funding to support this element of the

scheme. As part of the funding application the Council will gift the area of land that will house the Respite Unit to Riverside Group.

## **7.0 Brooklea ATC and Hostel Pendle Drive**

7.1 Detailed in Appendix 1

## **8.0 St Wilfrid's High School**

8.1 This is a negotiated sale in conjunction with the RC Archdiocese to Bellway Homes Limited for residential development. Both parties' own part of the land that forms the site of the old High School. The Council has exchanged legal documentation for the sale of its interest in the site with Bellway subject to Section 77 Consent from the Secretary of State for residential development.

8.2 Following a resubmission of its application Section 77 approval has been granted by the Secretary of State and confirmed in August 2020. The proceeds to be paid by Bellway for the site will be split between the RC Archdiocese and the Council, with the Council's share being earmarked for a number of Schools' projects.

8.3 The capital receipt is subject to a S.106 of £300,000 to be applied pro rata to the RC Archdiocese and Council, based upon land area. The Planning Committee provided feedback on the original proposed S.106 and its inability to cover the costs of the provision of those sports facilities being lost. At their request, negotiations took place and an additional financial contribution by the Council of £300,000 was agreed making a total of around £600,000.

## **9.0 Land at Isle of Wight Farm Southport**

9.1 Detailed in Appendix 1

## **10.0 Bootle High School Browns Lane**

10.1 This is a Council owned vacant site with part earmarked for residential development in the Local Plan. As the School has been closed for more than 10 years there is no requirement for Secretary of State consent. A sketch scheme has been designed by the Council's Architects for development of the site for 58 residential units on a site of 4.36 acres or thereabouts. A pre application enquiry has been submitted to Planning for comments and to establish the type of surveys required

10.2 The Council has appointed a number of Consultants to undertake the various technical surveys and site surveys that will be required before a planning application can be submitted. To date reports have been received for the topographical survey the preliminary Ecology Appraisal Transport Statement and

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Travel Plan Drainage Strategy Ground Investigations and Geo Tech. A planning application will be submitted once all these surveys are to hand.

- 10.3 The Council will look to sell the site with the benefit of a Planning consent so that all parties are bidding on the same basis.

## **11.0 Ainsdale Hope**

- 11.1 This is a Council owned site designated as residential in the Local Plan. The area totals 22.61 acres or thereabouts and includes operational Council offices for training purposes. As the site adjoins the local Nature Reserve it is anticipated that the area for development may reduce depending on surveys of its relationship with the Reserve.

## **12.0 Pavilion Buildings Southport**

- 12.1 Detailed in Appendix 1

## **13.0 Coffee House Bridge Bootle**

- 13.1 There is nothing further to report on this particular disposal. The legal documentation has been entered into with SAFE Regeneration who have five years from February 2020 to complete due diligence and meet the milestones and programme set out in the Building Lease.

## **14.0 Vine House Seaforth**

- 14.1 Vine House is an empty block of flats in the Seaforth area. The Council have tried on a number of occasions to sell the premises and accepted an offer which was reported to Cabinet Member for Regulatory Compliance and Regulatory Services and approved in January 2018. Instructions for disposal of the premises are with the Legal Department.

## **15.0 Holy Trinity School**

- 15.1 No Longer a disposal site as designated local in local greenspace in Formby Neighbourhood Plan.

## **16.0 Best Consideration**

- 16.1 The Council is under an obligation to ensure that any offers received for its assets' represents "best consideration" in accordance with Section 123 of the Local Government Act 1972 (as amended). As such, all work and subsequent negotiations and offers must be undertaken and considered in this context.

- 16.2 The estimated receipt values set out in Appendix 1 are gross figures and do not include for reductions for cost of sale / disposal e.g. Surveys, Agent's fees and administration costs.
- 16.3 The Council ensures it receives best consideration for its assets by following the provisions set out in the Asset Disposal Policy. Where necessary valuations are commissioned from external Valuers to assess market value. Terms of Transfer include overage clauses where necessary to protect against development for a more valuable use and onward disposal without having undertaken any works.
- 16.4 On some of the sites the Council will commission technical surveys submit applications for pre application advice and where appropriate obtain Planning consent as a means of de risking any offers it receives for assets. Forecasted and anticipated receipts are detailed in Appendix 1 for each of the Assets.
- 16.5 The Asset Disposal Policy provides the framework for the governance of this area of Council business and was referenced in the Cabinet Report on 9 January 2020. Included within that policy are the following delegations and all decisions will be made in accordance with that document;

Value: < £100,000 – Decision delegated to Head of Corporate Resources  
Value: £100,001 to £500,000 – Decision made by Cabinet Member Regulatory, Compliance and Corporate Services  
Value: > £500,001 – Decision made by Cabinet.

## **17.0 Summary**

- 17.1 This report provides an update on progress arising from the first phase of the Asset Review that is an integral part of the Public Sector Reform project Asset Maximisation. The disposal programme will enable the Council to support development on these sites, particularly in respect of delivering housing in accordance with the Local Plan and the generation of capital receipts in order to support the Council's Growth and Investment programme and the Cost of Change budget within the Framework for Change programme

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