

# Public Document Pack

Sefton Council 

MEETING: CABINET  
DATE: Thursday 7th January, 2021  
TIME: 10.00 am  
VENUE: Remote Meeting

DECISION MAKER: **CABINET**

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

COMMITTEE OFFICER: Ruth Harrison  
Democratic Services Manager  
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The Cabinet is responsible for making what are known as Key Decisions, which will be notified on the Forward Plan. Items marked with an \* on the agenda involve Key Decisions

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

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

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

We endeavour to provide a reasonable number of full agendas, including reports at the meeting. If you wish to ensure that you have a copy to refer to at the meeting, please can you print off your own copy of the agenda pack prior to the meeting.

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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><br><br>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.<br><br>Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room by switching their camera and microphone off during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation.<br><br>Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer to determine whether the Member should withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting or remain in the meeting and vote on the relevant decision. |                                  |
| 3               | <b>Minutes of the Previous Meeting</b><br><br>Minutes of the meeting held on 3 December 2020.   | (Pages 7 - 14)                   |
| * 4             | <b>Infection Control Fund</b><br><br>Report of the Executive Director of Adult Social Care and Health   | All Wards<br><br>(Pages 15 - 22) |

|      |  |            |                 |
|------|--|------------|-----------------|
| * 5  | <p><b>Parkhaven Court Maghull - Award of Contract for the provision of Extra Care</b></p> <p>Report of the Executive Director of Adult Social Care and Health</p>  | All Wards  | (Pages 23 - 28) |
| * 6  | <p><b>Kickstart Jobs Scheme</b></p> <p>Report of the Head of Economic Growth and Housing</p>   | All Wards  | (Pages 29 - 40) |
| * 7  | <p><b>Provision of Council (Social Rented) Housing Buckley Hill Lane, Netherton</b></p> <p>Report of the Head of Economic Growth and Housing</p>   | St. Oswald | (Pages 41 - 52) |
| * 8  | <p><b>Microsoft Office 365 &amp; Azure Renewal</b></p> <p>Report of the Executive Director of Corporate Resources and Customer Services</p>  | All Wards  | (Pages 53 - 58) |
| * 9  | <p><b>Council Tax Reduction Scheme, Council Tax Base 2021/22</b></p> <p>Report of the Executive Director of Corporate Resources and Customer Services</p>  | All Wards  | (Pages 59 - 76) |
| * 10 | <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 January Update</b></p> <p>Report of the Executive Director of Corporate Resources and Customer Services</p> | All Wards  | (Pages 77 - 94) |

## 11 **Exclusion of Press and Public**

To comply with Regulation 5(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, notice has been published regarding the intention to consider the following matter(s) in private for the reasons set out below.

The Cabinet is recommended to pass the following resolution:

That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public be excluded from the meeting for the following 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.

- |      |   |             |                  |
|------|---|-------------|------------------|
| * 12 | <b>Land at Grange Farm Lunt</b>   | Manor; Park | (Pages 95 - 96)  |
|      | Report of the Executive Director of Corporate Resources and Customer Services |             |                  |
| 13   | <b>Re Admit Press and Public</b>  |             |                  |
| * 14 | <b>Land at Grange Farm Lunt</b>   | Manor; Park | (Pages 97 - 102) |
|      | Report of the Executive Director of Corporate Resources and Customer Services |             |                  |

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**THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON FRIDAY 11 DECEMBER, 2020.**

## **CABINET**

### **REMOTE MEETING HELD ON THURSDAY 3RD DECEMBER, 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

#### **65. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

#### **66. DECLARATIONS OF INTEREST**

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

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

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

That the Minutes of the Meeting held on 5 November 2020 be approved as a correct record.

#### **68. OUR LADY OF WALSINGHAM CATHOLIC PRIMARY - DISPOSAL OF LAND TO HIGHWAYS ENGLAND (OUTCOME OF CONSULTATION)**

The Cabinet considered the report of the Executive Director of Children's Social Care and Health in relation to a request received from Highways England to purchase a small area of land which forms part of the playing fields at Our Lady of Walsingham Catholic Primary School. The purchase of the land would enable the pedestrian bridge over the A5036 towards the junction of Dunnings Bridge Road and Park Lane/Park Lane West, Netherton to be replaced and relocated.

The report set out the consultation process undertaken and stated that no objections had been received.

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

- (1) the report be noted;
- (2) officers be authorised to proceed with the application to the Secretary of State under Section 77 of the Schools Standards and Framework Act 1998, in order that the necessary approvals

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CABINET- THURSDAY 3RD DECEMBER, 2020

required to dispose of the playing field land are obtained, be approved; and

- (3) officers be authorised to proceed with the disposal of the land following successful Section 77 approval, be approved.

## **Reasons for the Decisions:**

The recommendations are made in accordance with the Authority's constitution.

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

No other options have been considered. Highways England wish to proceed with relocating the pedestrian bridge as soon as possible. There is a possibility that they could apply for a compulsory purchase order to facilitate this.

## **69. DRAFT EXECUTIVE/SCRUTINY PROTOCOL**

Further to Minute No. 27 (3) of the meeting of the Cabinet held on 30 July 2020 the Cabinet considered the report of the Chief Legal and Democratic Officer in relation to the feedback received from the four Overview and Scrutiny Committees and the Overview and Scrutiny Management Board on the Executive/Scrutiny Protocol as attached as an Appendix to the report.

The Cabinet Member for Regulatory, Compliance and Corporate Services requested that the Overview and Management Board be thanked for its work on the development of the Executive/Scrutiny Protocol and also highlighted the importance of a similar approach in engaging with and holding Partners to account.

## **Decision Made:**

That the Executive/Scrutiny Protocol be approved.

## **Reason for the Decision:**

To comply with a previous decision of the Cabinet (Minute No. 27 (3) of the meeting held on 30 July 2020) seeking the production of an Executive/Scrutiny Protocol in Sefton.

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

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



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## 70. PROGRAMME OF MEETINGS – 2021/22 MUNICIPAL YEAR

The Cabinet considered the report of the Chief Legal and Democratic Officer that sought approval of a Programme of Meetings for the 2021/22 Municipal Year.

The Chief Legal and Democratic Officer highlighted that the report was scheduled to be considered by the Council at its Meeting on 21 January 2021 and referred to paragraph 3 to the report in relation to the Planning Committee and more specifically the start time of Planning Committee.

The Leader of the Council, Councillor Maher requested that recommendation (3) to Council be amended as follows:

- (3) that in consultation with the Chair of the Planning Committee consideration be given to the starting time of meetings of the Planning Committee if remote meetings continue to be held in 2021/22.

### **Decision Made:**

- (1) that the Programme of Meetings for the Cabinet, Public Engagement and Consultation Panel, Sefton Safer Communities Partnership and the Health and Wellbeing Board for 2021/22 as set out in Annexes A and D of the report be approved; and
- (2) that the Cabinet commends the report and the following recommendations to Council for approval:
  - (a) that the programme of Meetings for the Council, Member Briefing Sessions; Regulatory Committees; and Overview and Scrutiny Committees for 2021/22 as set out in Annexes B and C of the report be approved;
  - (b) that the programme of Meetings for the Cabinet, Public Engagement and Consultation Panel, Sefton Safer Communities Partnership and the Health and Wellbeing Board for 2021/22 as set out in Annexes A and D of the report be noted; and
  - (c) that in consultation with the Chair of the Planning Committee consideration be given to the starting time of the meetings of the Planning Committee if remote meetings continue to be held in 2021/22.

### **Reasons for the Decision:**

To enable the business of the Council and its various Committees/bodies to be conducted during the 2021/22 Municipal Year.

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

None. The Council is required to produce a programme of meetings.

## **71. ANNUAL HEALTH AND SAFETY REPORT**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services in relation to the progress of implementation of the Councils Health and Safety policy during the 2019/20 financial year.

### **Decision Made:**

That the progress on implementing the Council's Corporate Health and Safety Policy for the 2019/20 financial year, be noted.

### **Reasons for the Decision:**

The annual report provides assurance to the Cabinet, which has strategic responsibility for employee health and safety, that there is continued progress to implement and enhance an effective health and safety system across the Council.

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

None

## **72. 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 - DECEMBER UPDATE**

The Cabinet considered the report of the Executive Director for 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 October 2020 relating to:
  - the forecast expenditure to year end;
  - variations against the approved budgets and an explanation of those variations for consideration by Members;

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- updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects are also presented for approval.

The Executive Director of Corporate Resources and Customer Services referred to the recent Government Spending Review Announcement and reported that Officers were working through the detail and as such would report back accordingly.

The Leader of the Council, Councillor Maher thanked all Finance Officers for their continued support and hard work.

### **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;
- (3) 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, be noted;
- (4) the current forecast revenue outturn position for 2020/21 be noted;
- (5) it be acknowledged that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved; and

(B) in respect of the Capital Programme:

- (1) the spending profiles across financial years for the approved Capital Programme (paragraph 7.1.1 of the report) be noted;

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- (2) the latest capital expenditure position as at 31 October 2020 of £10.600m (paragraph 7.2.1 of the report) with the latest full year forecast of £33.233m (paragraph 7.3.1 of the report) be noted;
- (3) the explanations of variances to project budgets (paragraph 7.2.3 of the report) be noted;
- (4) the Council be recommended to approve the supplementary capital estimate of £0.352m for Ainsdale Coastal Gateway (paragraph 7.4 of the report);
- (5) the capital virement of £0.149m to the Bootle Strategic Acquisitions project from Council Wide Essential Maintenance (paragraph 7.5 of the report), be approved; and
- (6) 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 7.6.3 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 October 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.



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# Agenda Item 4

|                                      |  |                                  |                |
|--------------------------------------|--|----------------------------------|----------------|
| <b>Report to:</b>                    | Cabinet  | <b>Date of Meeting:</b>          | 7 January 2021 |
| <b>Subject:</b>                      | Infection Control Fund                             |                                  |                |
| <b>Report of:</b>                    | Executive Director of Adult Social Care and Health | <b>Wards Affected:</b>           | (All Wards);   |
| <b>Portfolio:</b>                    | Cabinet Member - Adult Social Care                 |                                  |                |
| <b>Is this a Key Decision:</b>       | Yes  | <b>Included in Forward Plan:</b> | Yes            |
| <b>Exempt / Confidential Report:</b> | No   |                                  |                |

## Summary:

To seek approval of proposals relating to the utilisation of discretionary funding from the Department of Health & Social Care Infection Control Fund.

## Recommendation(s):

Cabinet is asked to note the contents of the report and;

- (1) Approve the proposals for the use of the discretionary 20% of the Infection Control Fund;
- (2) Delegate authority to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Members for Adult Social Care and Health and Wellbeing, to make decisions on specific amounts from the discretionary element of the fund (and potentially any remaining funding from the initial 80% of the fund) to be allocated to each proposal, in accordance with the limits included in the Financial Procedure Rules; and
- (3) Delegate authority to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Members for Adult Social Care and Health and Wellbeing to allocate any funding from the discretionary element of the fund (and potentially any remaining funding from the initial 80% of the fund), in accordance with the limits included in the Financial Procedure Rules, to any subsequently identified proposals arising following further engagement with Providers and Stakeholders.

## Reasons for the Recommendation(s):

To agree initial proposals on the use of the remaining 20% of the Infection Control Fund and any amounts unallocated from the initial 80% of the fund.

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

The following options were considered and rejected;

1. **Not utilising the 20% of the fund and also returning to DHSC and unallocated amounts from the initial 80% of the fund** – this option was considered and rejected as the full use of allocation Sefton has received from the national Infection Control Fund should be used to deal with issues arising from the COVID-19 pandemic and to support Providers and other sectors in order to then ensure that they can continue to safely deliver services to vulnerable people in Sefton.

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

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

There are no additional revenue costs associated with the proposals outlined in this report as the costs are being met from the Infection Control Fund received by the Council from the Department of Health & Social Care.

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

None

## **Implications of the Proposals:**

|   |
|---|
| <b>Resource Implications (Financial, IT, Staffing and Assets):</b><br><br>No revenue implications for Sefton as this is a ringfenced grant. |
| <b>Legal Implications:</b><br><br>Coronavirus Act 2020<br>Care Act 2014   |
| <b>Equality Implications:</b><br><br>The equality Implications have been identified and mitigated.  |

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

|  |
|--|
| Protect the most vulnerable:<br><br>By implementing the proposals, Providers will receive additional funding to deliver services, thus ensuring that these services continue to operate and provide valuable care and support services during the COVID-19 pandemic. |
| Facilitate confident and resilient communities:  |



|  |
|--|
| <p>Commission, broker and provide core services:</p> <p>The proposals reflect wider Care Act obligations relating to supporting the entire Sefton care and support market and other services and not just those services commissioned by Sefton Council.</p> |
| <p>Place – leadership and influencer:</p> <p>The proposals represent an acknowledgement of the impact of COVID-19 on the whole care and support sector, and also not simply on just Sefton Council commissioned care and support services</p>                |
| <p>Drivers of change and reform: N/A</p>   |
| <p>Facilitate sustainable economic prosperity: N/A</p>   |
| <p>Greater income for social investment: N/A</p>   |
| <p>Cleaner Greener:N/A</p>   |

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

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6206/20) and the Chief Legal and Democratic Officer (LD4398/20) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

Consultation has taken place with key partners such as Public Health and the Sefton Clinical Commissioning Groups (CCGs) around the proposals as part of a joint commitment to supporting Providers. Consultation has also taken place with Providers in order to further understand their cost pressures and areas in which they may require further financial support.

## Implementation Date for the Decision

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

|                         |                               |
|-------------------------|-------------------------------|
| <b>Contact Officer:</b> | Deborah Butcher               |
| Telephone Number:       | Tel: 0151 934 3329            |
| Email Address:          | Deborah.Butcher@sefton.gov.uk |

## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection.

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## 1. Introduction/Background

1.1 The Adult Social Care Infection Control Fund was first introduced by the Department of Health & Social Care (DHSC) in May 2020 and was initially worth £600 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

1.2 On the 1<sup>st</sup> October 2020 the DHSC announced an extension to the fund until March 2021 and a further £546m of national funding.

1.3 For Sefton the total allocation from the further funding is £4,260,125, which is paid to the Council in two instalments (on 1<sup>st</sup> October 2020 and in December 2020) with Sefton (as with all Local Authorities) required to allocate the funding based on the following;

- 80% of each instalment to care homes within the Sefton geographical area on a 'per beds' basis and to CQC-regulated community care providers registered within the Sefton geographical area on a 'per user' basis, including to social care providers with whom Sefton does not have existing contracts; and
- Sefton having discretion to use the remaining 20% of each instalment on other COVID-19 infection control measures, including providing support to other care settings, and wider workforce measures in relation to COVID-19 infection control.

1.4 In Sefton, the split of the total £4,260,125 funding is;

- Care Homes = £2,506,549
- Community Providers = £901,551
- Remaining 20% = £852,025

1.5 There are Grant Conditions associated with the use of the fund which, in summary state that it must be used to support the following measures;

In respect of **Care Homes**:

- Ensuring that staff who are isolating in line with government guidance receive their normal wages while doing so. At the time of issuing the grant circular, this includes:
- Limiting all staff movement between settings unless absolutely necessary, to help reduce the spread of infection.
- limiting or cohorting staff to individual groups of residents or floors/wings, including segregation of COVID-19 positive residents
- To support active recruitment of additional staff (and volunteers) if they are needed to enable staff to work in only one care home or to work only with an assigned group of residents

- Steps to limit the use of public transport by members of staff (taking into account current government guidance on the safe use of other types of transport by members of staff)
- Providing accommodation for staff who proactively choose to stay separately from their families in order to limit social interaction outside work.
- Supporting safe visiting in care homes, such as dedicated staff to support and facilitate visits, additional IPC cleaning in between visits, and capital-based alterations to allow safe visiting such as altering a dedicated space
- Ensuring that staff who need to attend work for the purposes of being tested (or potentially in the future, vaccinated) for COVID-19 are paid their usual wages to do so

In respect of CQC-regulated **Community Care** Providers;

- Ensuring that staff who are isolating in line with government guidance receive their normal wages while doing so;
- Steps to limit the number of different people from a homecare agency visiting a particular individual or steps to enable staff to perform the duties of other team members/partner agencies (including, but not limited to, district nurses, physiotherapists or social workers) when visiting to avoid multiple visits to a particular individual
- Meeting additional costs associated with restricting workforce movement for infection control purposes.
- Ensuring that staff who need to attend work for the purposes of being tested (or potentially in the future, vaccinated) for COVID-19 are paid their usual wages to do so
- Steps to limit the use of public transport by members of staff

1.6 In order to receive the funding Providers must adhere to the Grant Conditions and firstly submit a signed declaration to the Council that they will adhere to the conditions and comply with the reporting requirements associated with the fund.

1.7 Sefton received the first instalment of the funding on 1<sup>st</sup> October 2020 and transferred the first instalment to providers within twenty working days, as per the Grant Conditions for the fund and subject to Providers being compliant with the Grant Conditions for Round 1 of the Infection Control Fund. The payment of the second instalment of the grant is contingent on Sefton:

- Having fully transferred the 80% 'per bed'/'per user' allocation of the first instalment to providers no longer than twenty working days after receipt of the funding; and
- and having returned templates specifying how providers (i) have spent funding in the first month, and (ii) are intending to use the rest of the funding at reporting point 1.

1.8 Sefton has met the above conditions and has made payments to those Providers that have submitted the required declaration. However, at this present time, not all Providers have submitted the declarations and this, coupled with the possibility that some Providers may state that they do not require the funding may mean that

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there is remaining funding from the 80% allocation which could be 'added' to the remaining 20% and then allocated in line with the Grant Conditions.

1.9 However, at this stage this level of potential further available funding is not known as Providers are still being contacted regarding their use of the funding initially allocated to them. As at early December 2020, the payments made to date have been;

- **Care Homes** = £1,073,491 (payments to 92 of the 133 eligible Care Homes)
- **Community Providers** = £320,392 (payments to 21 of the 42 eligible Providers)
- **Total = £1,393,883** (from the £3,408,100 allocation, thereby resulting in £2,014,217 remaining to potentially be paid out)

1.10 In some instances, care homes have struggled to use the grant allocation, either within timeframes or within the prescriptive terms set out by set down by DHSC – in these instances where there may be hardship to a care home we will seek to negotiate flexible use of grant with the DHSC rather than return any unused funding to Central Government.

1.11 For the remaining 20% of the fund, the Grant Conditions stipulate that it must be used *“to support the sector to put in place other COVID-19 infection control measures, but this can be allocated at their discretion. This can include providing support on the infection prevention and control measures to a broader range of care settings (for instance, community and day support services) and other measures that the local authority could put in place to boost the resilience and supply of the adult social care workforce in their area to support effective infection control”*

1.12 As the remaining 20% of the fund is classed as discretionary funding, this report has been submitted to seek approval on the initial / high-level proposals for its use and to seek delegated authority to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Members for Adult Social Care and Health and Wellbeing, to make decisions on specific amounts from the discretionary element of the fund to be allocated to each proposal and to allocate any funding to newly identified proposals arising following further engagement with Providers and Stakeholders.

## 2. Proposals on the use of the discretionary 20% of the Fund

2.1 It has been identified that in line with the Grant Conditions the remaining 20% of the fund could be used for the following;

- **Care Homes** – with respect to providing funding to support the national vaccination programme, such as to provide funding for care home staff travel costs to attend vaccination hubs (this may need to be subject to DHSC approval), and the implementation of Lateral Flow Testing (rapid COVID-19 tests) for scheduled visitor testing and increased resident and staff testing. In addition, the funding could also support the wider

aim of supporting safe visiting for care home residents. It has been identified that reduced visiting is having a detrimental impact on both care home residents and their families. In addition, engagement with Care Home Providers has identified that there will be additional staffing resources required to both conduct testing and facilitate safe visiting;

- **Day Centres** – support to facilitate safe re-opening of services and adherence to required Infection, Prevention and Control measures;
- **Infection Prevention and Control Team** – to secure additional staffing capacity within the team. During the COVID-19 pandemic the team have provided essential support to Providers, providing specialist advice, support and guidance to them on various issues. It has been identified that the team would benefit from additional staffing capacity as existing resources are stretched due to the impact of the pandemic on Providers, particularly care homes;
- **Shared Lives Carers** – funding to these services in order to ensure that this sector receives support as they are delivering services to vulnerable people in the community
- **Voluntary / Community / Faith (VCF) Sector** – funding to support this sector to adhere to Infection Prevention and Control requirements;
- **Community Providers** – further support in line with the primary aims of the fund; and
- **Personal Assistants and Informal Carers** – funding to support these groups to adhere to Infection Prevention and Control requirements, subject to engagement with Sefton Carers Centre.

2.2 As outlined in sections 1.8 to 1.10 of this report, definitive information on the amount of the 20% of the funding to be allocated to each of the above proposals cannot be provided at this present time and it may also be the case that further proposals are identified following further engagement with Providers and Stakeholders.

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# Agenda Item 5

|                                      |   |                                  |                |
|--------------------------------------|---|----------------------------------|----------------|
| <b>Report to:</b>                    | Cabinet   | <b>Date of Meeting:</b>          | 7 January 2021 |
| <b>Subject:</b>                      | Parkhaven Court Maghull - Award of Contract for the provision of Extra Care |                                  |                |
| <b>Report of:</b>                    | Executive Director of Adult Social Care and Health                          | <b>Wards Affected:</b>           | (All Wards);   |
| <b>Portfolio:</b>                    | Cabinet Member - Adult Social Care  |                                  |                |
| <b>Is this a Key Decision:</b>       | Yes   | <b>Included in Forward Plan:</b> | Yes            |
| <b>Exempt / Confidential Report:</b> | No  |                                  |                |

## Summary:

To seek approval for a Direct Award of a Contract for the provision of Care and Support at Parkhaven Court Extra Care Scheme.

## Recommendation(s):

- (1) Note that Parkhaven Trust were successful in their bid to access the Liverpool City Region (LCR) Pseudo Dynamic Purchasing System (PDPS) for the provision of care and support which members approved in March 2018;
- (2) Approve the award of a contract using the LCR PDPS Purchasing System which allows for the direct award of a contract in exceptional circumstances for the period of 2 years, with an option to extend for 1 further year, commencing on the 1st April 2021, to Parkhaven Trust for the provision of Care and Support at Parkhaven Court Extra Care Housing Scheme;
- (3) Delegate decisions with regards to the specification, contract terms and referral processes to the Executive Director for Adult Social Care and Health in consultation with the Cabinet Member for Adult Social Care. Such decisions will be made prior to the award; and
- (4) Delegate the decision with regards to the 1 year extension to the Executive Director for Adult Social Care and Health in consultation with the Cabinet Member for Adult Social Care.

## Reasons for the Recommendation(s):

The land and buildings where the Parkhaven site sits are owned by the Parkhaven Trust, a charity going back many years in the area. Your Housing Group are the Landlord for the Extra Care Housing.

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The site is dedicated to people living with Dementia and in addition to Extra Care housing the site has a day service, a brand-new nursing home, offices and a purpose-built respite unit. Parkhaven provide all the care and support across the whole site and provide the housing management function related to the Extra Care Scheme under an exclusive arrangement with the Landlord.

The LCR PDPS allows direct award of a contract to a provider on the PDPS in exceptional circumstances such as those described above, including “If the provider has a genuine existing exclusive arrangement with the landlord of the scheme” and “where the provider is already providing other services at the premises and it is impracticable / not commercially feasible for another provider to be appointed to the Individual Contract”. Parkhaven have a place on the LCR Extra Care PDPS and this was awarded through a competitive tendering exercise.

As part of the development of the Councils Strategic Approach to Extra Care Provision, the Cabinet Member for Adult Social Care and the Cabinet Member for Communities and Housing have approved an Extra Care Prospectus. This document will set the baseline and direction of travel for the development of Extra Care provision in the Borough and how we will seek to work with Extra Care Housing providers including any new schemes to be developed alongside existing schemes. This will ensure we enable consistency in our commissioning, alignment of specifications, contract terms, processes, pathways and utilise an agreed yet to be developed housing allocations policy. The Services at Parkhaven Court would be considered as part of this work and any future commissioning and procurement needs developed in accordance with the strategy developed.

The Prospectus recognises however that there will be different models and provider configurations which will require different commissioning and procurement approaches to ensure that communities in Sefton benefit from the opportunities these provide.

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

An open procurement process was considered for the contract for Extra Care services at Parkhaven Court but was rejected due to the need to ensure stable provision on site whilst further consideration is given to the longer-term arrangements for the provision of Extra care in the borough.

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

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

£610,000 for the 2 year contract period and £915,000 including the 1 year extension option (subject to any annual rate increase).

Revenue costs will be met from existing Adult Social Care budgets.

Extra Care housing provides a cost-effective alternative to other current services, principally Residential care.

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

None



## Implications of the Proposals:

|  |
|--|
| <b>Resource Implications (Financial, IT, Staffing and Assets):</b>   |
| none   |
| <b>Legal Implications:</b>   |
| Care Act 2014<br>Care and Support Statutory Guidance<br>Public Contract Procedure Rules 2015 - The Provider completed a competitive tendering exercise and the contract has been awarded according to the terms set out in the tender documentation. |
| <b>Equality Implications:</b>  |
| The equality Implications have been identified and mitigated.  |

## Contribution to the Council's Core Purpose:

|  |
|--|
| <b>Protect the most vulnerable:</b>  |
| Parkhaven Court provides care and support in an Extra Care setting to people living with dementia assessed as requiring such services, thus ensuring that the Authority meets their assessed needs.  |
| <b>Facilitate confident and resilient communities:</b>   |
| Extra Care housing is a model of service which supports the maintenance of independence, including ensuring that Service Users remain as part of, and can continue to access their local community.<br><br>The scheme enables the residents to retain as much independence as possible, by providing them with their own home in a safe and secure environment with support.                 |
| <b>Commission, broker and provide core services:</b>   |
| The service will act as a key support for the person living with Dementia, helping coordinate their lives to retain independence for as long as possible in the least intrusive way.   |
| <b>Place – leadership and influencer:</b>  |
| The Extra Care scheme contributes positively to the local area, providing attractive buildings/sites and a wider variety of accommodation that enable people to remain as part of a community for longer.<br><br>The service has a positive influence on the lives of people living with Dementia by having strategies in place to prevent neglect, through organising activities aligned to |

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|   |
|---|
| their interests and proving care by consent with the service user exercising choice and control.  |
| Drivers of change and reform:<br><br>The service will ensure that people living with dementia can sustain living independently for as long as possible, and are fully aware and informed about the choices available exercising choice and control over their future. |
| Facilitate sustainable economic prosperity: N/A   |
| Greater income for social investment: N/A   |
| Cleaner Greener<br>The scheme is set in a woodlands site and there are plots available for residents to grow their own fruit and veg and a gardening activity to learn the skill, join a group.   |

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

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6221/20) and the Chief Legal and Democratic Officer (LD4413/20) have been consulted and any comments have been incorporated in the report.

Procurement colleagues have been consulted and confirmed that they are satisfied the recommendations of the report are compliant with Contract Procedure Rules and procurement legislation based upon the conditions contained within the PDPS.

### (B) External Consultations

Consultation has taken place with LCR colleagues and also housing and care providers as part of the development of the Extra Care Strategic Approach and the Extra Care Housing Prospectus.

## Implementation Date for the Decision

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

|                          |                             |
|--------------------------|-----------------------------|
| <b>Contact Officer:</b>  | Alison Taylor               |
| <b>Telephone Number:</b> | Tel: 0151 934 3936          |
| <b>Email Address:</b>    | alison.taylor@sefton.gov.uk |

## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection.

## **1. Introduction/Background**

- 1.1 Parkhaven Court is an Extra Care Housing Scheme for people living with dementia.
- 1.2 The Parkhaven site consists of a unique facility which is dedicated to support people living with Dementia and in addition to the provision of Extra Care housing on the site there is a day service, a newly developed nursing home, offices and a purpose built respite unit.
- 1.3 The land where the facilities are located is owned by Parkhaven and over the years Parkhaven Trust have sold off portions of their land resources to support the development of its dementia specialist facilities, wanting to provide these locally for the benefit of communities in the area.
- 1.4 For the Extra Care provision, Parkhaven lease the proportion of the land where the scheme is located to Your Housing Group, who are the legal landlord.
- 1.5 The Extra Care scheme has 24 flats (12 one bedroom, 12 two bedroom) and accommodates single people, couples, friends and siblings enabling people to continue to live together even if only one of them needs care and support.
- 1.6 Parkhaven have provided 24/7 Care and Support and support funded through adult social care funding and the housing management function as part of a management agreement with Your Housing Group.
- 1.7 Funding arrangements for people within the scheme consists of a rent element, accessible through housing benefit where applicable, a service charge and the Care and Support contract.
- 1.8 The Care and Support model aims to maximise independence through the individual doing as much as they are able to do for themselves with the help of family and friends where possible.
- 1.9 Once a referral has been made by the Council, Parkhaven undertake an initial assessment to develop a support plan with the individual and their next of kin. This helps to establish the persons individual preferences and builds on past experiences, family history to ensure support is provided around how the individual wishes to live their life. The ethos is to support as much choice and control as possible around the persons needs and how they want services delivered.
- 1.10 To avoid social isolation various activities are in place and tenants are encouraged to engage, this includes gardening and a range of other group and individual based sessions, support accessing spiritual and cultural needs and activities which promote retaining of skills around movement and cognitive ability which aids with their dementia and enhances independence.
- 1.11 During the COVID -19 pandemic Tenants have been assisted to use electronic tablets to keep in touch with family and join in activities.
- 1.12 The service works closely with the community mental health and social work teams to support individual needs as they change and individuals are encouraged and supported to attend a local health services.
- 1.13 Feedback from Service Users and their families on the care and support offered is consistently good with the most recent CQC report rating the service as "Good" in January 2019.

## **2 The Contract**

- 2.1 The annual value of the Care and Support Contract is £305k per annum.
- 2.2 The contract provides for 20000 hours of support annually including night cover, for which each individual can access the services to meet their needs in a flexible way.

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- 2.2 The current Contract with Parkhaven is due to expire 31<sup>st</sup> March 2021 so there is a need to ensure contractual arrangements are in place for the service for the period commencing 01 April 2021.
- 2.3 Cabinet approved Sefton joining the LCR Pseudo Dynamic Purchasing System (PDPS) in March 2018 and using it to procure Extra Care Housing, Care and Support provision when it was established that this approach would meet Sefton's needs.
- 2.4 The PDPS is hosted by Liverpool and served Knowsley, Liverpool and Sefton with Wirral added recently.
- 2.5 Parkhaven Trust were successful in accessing the PDPS in November 2020.
- 2.6 The PDPS allows for the direct award of a contract to a provider in exceptional circumstances.
- 2.7 The circumstances as outlined above, have considered the stability of the current service, whilst ongoing work is in place to develop the Strategic Approach to the development of Extra Care provision in Sefton, alongside the commissioning, referral and procurement processes required to ensure consistent and sustainable care and support provision is in place.
- 2.8 The service is part of a wider portfolio of provision for people living with dementia on the site owned by Parkhaven Trust where the Trust invested significantly in the development of the Extra Care scheme and entered into leasing arrangements with a housing provider to enable the scheme to be registered as an Extra Care provision.
- 2.9 All of the care delivery on the site and across all services is provided by the Trust enabling continuity of care and the ability to deliver wrap around or enhanced support and where necessary enable people to move between services as their needs change however being supported by the same provider.
- 2.10 This reduces the impact of changes to people living with dementia and provides an opportunity for all their needs to be met by one trusted organisation.
- 2.11 It would be difficult to procure an alternative provider given the structure in place and the Trusts portfolio on the one site.
- 2.12 It was recognised within the development of the LCR PDPS that there would be a range of models for Extra Care provision and therefore commissioning arrangements required to support this. In this case the direct award to Parkhaven Trust would support this as an exceptional circumstance and enable the council to benefit from using the scheme and other services on the site for the benefit of Sefton residents with adult social care needs. If such commissioning arrangements were not agreed the Trust would look to use the scheme to provide services outside of the Sefton commissioning arrangements.

## **3 Conclusion**

- 3.1 Cabinet are therefore asked to approve the award of the contract to Parkhaven Trust for the provision of Extra Care on the site as this is consistent with the procurement processes enabled through the LCR PDPS and the exceptional circumstances contained within this. This will also provide continuity of provision for people living with dementia on the site. The work which will continue with regards to the strategic approach and development of Extra Care in Sefton recognises the need to have a range of provisions to meet the needs of people in Sefton and Parkhaven Trust will be engaged as part of this ongoing process.

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|                                    |  |                                  |                |
|------------------------------------|--|----------------------------------|----------------|
| <b>Report to:</b>                  | Cabinet                                | <b>Date of Meeting:</b>          | 7 January 2021 |
| <b>Subject:</b>                    | Kickstart Jobs Scheme for Young People |                                  |                |
| <b>Report of:</b>                  | Head of Economic Growth & Housing      | <b>Wards Affected:</b>           | All Wards      |
| <b>Cabinet Portfolio:</b>          | Regeneration and Skills                |                                  |                |
| <b>Is this a Key Decision:</b>     | Yes                                    | <b>Included in Forward Plan:</b> | Yes            |
| <b>Exempt Confidential Report:</b> | / No                                   |                                  |                |

## Summary:

This report is to:

- Provide information to Cabinet regarding the introduction of the Government's Kickstart job creation scheme for young benefit claimants
- Seek approval to host Kickstart places to meet the demand expressed by local employers wishing to work with the Council, thereby supporting local businesses and young people
- Request authority to accept Kickstart funding into the Council to host Kickstart jobs within Council departments which will be additional to the existing workforce

The Government has announced its job creation scheme for workless young people aged 16 – 24 during the summer of 2020, as part of the Plan for Jobs. The new scheme, called Kickstart, will provide wage subsidies to employers that create new work experience placements and forms a key part of the wider response to economic downturn and job losses resulting from the impact of COVID-19.

Cabinet Member Regeneration and Skills has already granted authorisation to apply to Department for Work and Pension (DWP) to become part of this scheme as an “Intermediary” to offer up to 60 places with small employers in Sefton. This application has been made and awaits appraisal by DWP. DWP has experienced significant delays in carrying out appraisal of Kickstart Intermediary applications from across the country.

However, the Council has identified significant interest from employers which indicates there is scope to provide many more places under the scheme, both within external employers and within various departments within the Council. Given the dramatic increase the Council has seen in Sefton's rate of unemployment within the Scheme's target group of 18 – 24 year olds during 2020, this approval will allow the Council to be well placed to respond to local demand and have a more meaningful impact for our communities.

In line with the Council's commitments to promote economic recovery and the strong alignment with the existing work carried out by Sefton@work the expanded delivery of Kickstart jobs scheme offers an effective strategic fit for the Council as it will benefit employers and younger residents alike. Sefton@work has the necessary expertise, systems and delivery track record to undertake the work required by this Scheme, as

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Kickstart job offers will sit alongside and enhance the suite of employability support already provided to young people. Kickstart jobs will be offered as a progression opportunity for clients already case-loaded for assistance with Sefton@work.

DWP is placing considerable onus on Kickstart employers and intermediaries to demonstrate that the jobs taken by the young people do not displace or place at risk any existing employment within the businesses. This would of course be the case for any opportunities to be offered within Council departments and consultation with Trade Unions will be undertaken to ensure this applies in all cases across Sefton Council.

The Kickstart scheme will operate throughout 2021 and is due to close for new opportunities in Dec 2021, with final placements in place for 6 months to June 2022

## **Recommendation(s):**

That Cabinet:

(1) Delegate authority to the Head of Service Economic Growth and Housing in consultation with Executive Director of Corporate Resources and Customer Services to enter into a contract with Department for Work and Pensions to act as a Kickstart Jobs Scheme Intermediary body on behalf of local employers, in order to best respond to local demand and maximise opportunities for local residents; and

(2) Endorse the Head of Service Economic Growth & Housing to undertake further work to allow the Council to optimise future opportunities presented by the Scheme as a direct employer of Kickstart jobs, in consultation with the Executive Director of Corporate Resources and Customer Services.

## **Reasons for the Recommendation(s):**

Sefton@Work is the Council's well-known and trusted job brokerage service which has provided quality employment programmes in Sefton for many years. Involvement in the Kickstart Scheme will enable the Council to have assurance that the jobs created for Sefton residents are of good quality and offer possibilities to improve longer term sustainable progression and complementarity with other aspects of the service provision.

There is considerable demand from local companies seeking to enter the scheme who are not large enough to apply themselves directly. Many of these employers have already contacted the Sefton@Work service to request support to be able to create jobs for young people who are unemployed and claiming benefits, primarily Universal Credit. Given the corporate objectives on economic recovery, tackling worklessness and stimulating inclusive growth, this allows the Council to provide a very significant support to our employer base and our young people during very difficult times.

Sefton@Work funds its operations with a combination of external grants and contracts, with some additional Council revenue from the Growth budget. Acting as an intermediary for Kickstart offers the opportunity to generate an element of financial surplus which can potentially reduce the level of future funding requirements from Council budgets. The level of financial surplus for the Council will be a direct correlation with the number of places offered within each employer and each Council department, with £800 being retained for each external place and £500 for each internal place within the Council.

## Alternative Options Considered and Rejected:

**The alternative option would be for the Council not to be involved in this scheme.**

This option was discounted for several reasons - .

- Commitment to a job creation / wage subsidy scheme was proposed within the LCR CA Economic Recovery proposals recently submitted to Government and endorsed by Sefton Council. To avoid involvement in the Kickstart scheme, which is the national youth unemployment job creation scheme would be at odds with this endorsement.
- There are clear expectations of the Council to act as a broker in this scheme and an arbiter of quality. To opt not to play this role could potentially expose our young people to low quality provision.
- Youth unemployment in Sefton has climbed to unprecedented levels during the pandemic and the Council and local employers can act on this important issue through this Scheme. In March 2020 there were 1,190 16 -24 claimants looking for work. By August 2020 this number had increased to 2,410, a rise of just over 102%. The current claimant rate for young people is 12.7%, this is more than double the 6.2% rate in March 2020, higher than the north west average and the national average.

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

### (A) Revenue Costs

The costs of the Scheme will be fully funded by Department for Work and Pensions. This programme also offers the potential to create an income stream to the Council and it is proposed that this should be used to reduce existing match funding requirements in the Sefton@Work service and thereby release resources in the Council's Growth budget. The amount of income depends on the number of places provided. Based on an initial cohort of 60, followed by a further 120 to 300 this would equate to a range between a minimum of £30,000 and a maximum of £240,000 by quarter 3 of 2022.

### (B) Capital Costs

**There are no Capital costs associated with this Scheme.**

## Implications of the Proposals:

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

The proposal can be operated utilising existing resources within Sefton@Work due to the close alignment with existing workstreams and employability programmes

**Legal Implications:** DWP will issue a grant funding agreement to Sefton Council as an intermediary related to the payment of funds to the employers. The individuals participating in the Scheme will be the employees of the host employers, subject to the employer's terms and conditions of employment and there will be no employment relationship with the Council for these places.

**Equality Implications:** The equality implications of this Scheme are positive. This

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proposal will improve the lives of young people from across Sefton who have been affected by COVID-19 and have lost their employment. This scheme targets people under the age of 25, and it is evident that the impact of COVID-19 has disproportionately affected the employment retention of this group, so the Scheme seeks to redress this economic and social imbalance.

## Contribution to the Council's Core Purpose:

### **Protect the most vulnerable:**

This scheme allows the Council to provide real employment opportunities for younger people whose education, training and employment have been interrupted by COVID-19 and who have found themselves workless and claiming welfare benefits.

### **Facilitate confident and resilient communities:**

Employment is a key indicator in improving resilience within our communities, as young people will be more able to make a positive and confident contribution

### **Commission, broker and provide core services:**

This Scheme allows the Council to work pro-actively with employers who would not otherwise be able to take advantage of this funding opportunity.

### **Place – leadership and influencer:**

This scheme will underline the Council's economic leadership role, particularly in relation to promoting our base of smaller businesses in recovery from COVID-19 and in terms of providing a range of high-quality employment opportunities for workless young people

### **Drivers of change and reform:**

The Council will help bring about real structural change for young people coping with unemployment through the provision of attractive and high-quality jobs available in the local area. The Council will furthermore be able to model good practice in youth employment with participating employers, reducing the number of young people reliant on unpredictable and precarious work contracts.

### **Facilitate sustainable economic prosperity:**

Many of the positions which will commence with subsidy from the Kickstart scheme are intended to provide sustainable, longer term employment. The scheme therefore has a direct impact on sustainable economic prosperity both in terms of the individuals continuing to earn a salary rather than claim benefits and for the employers selecting young people able to add real value to their businesses.

### **Greater income for social investment:**

The scheme can be accessed by any type of employer. As a local intermediary, the Council will seek out opportunities to support social investment and community-based employment.

### **Cleaner Greener**

There are numerous opportunities for Kickstart jobs to be created in sectors which have a direct and measurable impact on our environmental sustainability agenda and these jobs will be prioritised. All job opportunities will be fully analysed, and discussions held with businesses to identify how they can contribute to this agenda in terms of carbon reduction targets, reducing plastics etc.

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



## **(A) Internal Consultations**

The Executive Director Corporate Resources and Customer Services (FD.6226/20) and the Chief Legal and Democratic Officer (LD.4418/20.) have been consulted and any comments have been incorporated into the report.

## **(B) External Consultations**

Extensive Consultations with the Employment & Learning teams of all the Liverpool City Region Councils have been undertaken and these have resulted in a consistent Kickstart Offer and Service Menu for local employers who work with their local Councils as Kickstart intermediaries.

Further consultation have also been held with Department for Work and Pensions ( Jobcentre Plus) and the Liverpool City Region Combined Authority Employment & Skills Teams. The Scheme has also been discussed by the LCR Employment & Skills Portfolio Holders Group.

## **Implementation Date for the Decision**

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

|                         |  |
|-------------------------|--|
| <b>Contact Officer:</b> | <b>Claire Maguire</b>  |
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| Email Address:          | <a href="mailto:Claire.maguire@sefton.gov.uk">Claire.maguire@sefton.gov.uk</a> |

## **Appendices:**

**There are no appendices to this report**

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## 1. BACKGROUND

### Introduction to Kickstart:

1.1 Launched in September 2020 as part of the government's Plan for Jobs, 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.

1.2. The first placements were scheduled to be available from November 2020, and the scheme will run to June 2022, with final starts commencing in December 2021. Young people will be referred to the opportunities via their Jobcentre Plus (JCP) Work Coach and through referrals from Sefton@Work. There is no compulsion for young people to take part in the Scheme and employers are free to select the candidate they feel best meets their requirements.

1.3 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

1.4. There will also be additional start-up funding to support young people to build their experience and help them move into sustained employment after they have completed their Kickstart Scheme funded job. This is for a sum of **£1500** per person and 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, etc.

1.5. The scheme is targeted at employers intending to create new, additional jobs in their own workforces who are invited to apply to DWP to commence the scheme. However, the threshold to become a Kickstart employer has been set at a minimum of 30 new job opportunities which is not feasible for many smaller and medium sized enterprises.

### 2. The role of a Kickstart Intermediary

2.1 For those employers with fewer than 30 placements, they will need to group together or work with an "Intermediary" organisation such as a Local Authority to make an application for funding on their behalf. The intermediary will need to act on behalf of all the employers, liaising with DWP / JCP, processing wage payments and providing the necessary checks and balances to ensure that jobs created are truly additional, that the companies offering the employment are legally trading and registered for PAYE and that high quality "wraparound support" for the young person is offered. Intermediaries will receive an additional £300 payment per placement for these administration costs. The administration of payments will be in line with similar existing arrangements Sefton@Work has in place for payment to employers through previous wage subsidy initiatives.

2.2 An ongoing programme of "Wraparound" support activities has been designed to support the young people entering the Kickstart jobs to enable them to adopt positive workplace behaviours, optimise their jobsearch activity and maintain contact with an

advisor. These activities which will be reinforced and extended as the young people progress through the six month period. The aim will be to build resilience and improve employability in the longer term, with specific guidance and practical support available for securing next steps at the end of the Kickstart jobs. These support arrangements will form a key element of the Intermediary agreement with employers.

### **3.The Sefton Council approach:**

3.1 The proposal is that Sefton@Work will offer a complete service as an intermediary to employers and young people accessing the scheme. These functions include:

- Providing the Primary link with DWP (JobcentrePlus)
- Working with employers to promote the Scheme to identify suitable new opportunities which do not displace existing staff and carry out necessary quality and viability checks on the companies
- Assist employers to design appropriate recruitment materials such as job descriptions for Kickstart jobs
- Submit the bundle of Kickstart jobs opportunities for due diligence checks by DWP
- Support the recruitment process to encourage eligible young people to make applications for the Kickstart jobs
- Support employers with interviews and selection processes as necessary
- Deal with recruitment administration as requested by the employer
- Maintain contact with the appointed young people throughout the six months employment
- Provide personalised employability support to match the young person's needs and aspirations
- Undertake rapid response advocacy and other interventions to avoid early leavers
- Make necessary payments to the employers, ensuring the payments are made in a timely and accurate way once the Council receives funding from DWP.
- Make appropriate introductions to other Council services such as Sefton Community Learning and Invest Sefton to promote the resilience of local business and improve productivity in the workforce.

3.2 These functions fit well with the track record and expertise of Sefton@Work and there is a high level of confidence that the level of additional work required for the introductory phase of the scheme can be accommodated by the Service without additional resource. The offer of a Kickstart job running alongside the intensive employability support provided by the Ways to Work programme via Sefton@Work will provide a holistic local pathway for our young people to progress into employment and avoid the scarring effects of falling into longer term worklessness.

3.3 DWP will make £1500 available per person to the Council for start-up and wraparound costs and there is an expectation that employers will provide a range of support services funded by this payment. Employers wishing to access the Sefton@Work Intermediary Offer will be asked to sign an Intermediary agreement that confirms their understanding that these services will be provided and that payment for these will be retained by the Council from the DWP "start-up and wraparound" payment. As Sefton@Work will be delivering the necessary wraparound services on behalf of the employers, £500 will be retained to cover costs and the remaining £1000 will be passed on to the employer taking on the young person. This offer will be mirrored by all the participating LAs in the LCR and the existing co-operation and partnership working in

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place between the LA services delivering the Ways to Work Employment project will underpin the Kickstart Scheme

3.4 Sefton@Work is well placed to deliver this service to employers and has trained and experienced staff in place to undertake the employer engagement and individual employability support that is required. The service’s track record of delivering externally funded programmes is strong and provides assurance that the delivery will be operated to the highest standards of probity and effectiveness.

3.5 The Council has developed this local proposal to provide a quality offer for young people that is fair and transparent for employers and is undertaken freely by those employers who wish to work with us on this basis. It is important to note that Kickstart jobs will be additional to the workforce and cannot be used to displace staff or replace any planned general recruitment.

3.6 The Council’s local offer will be delivered in line with the set of principles for the Scheme which have been developed through the Liverpool City Region Combined Authority in a protocol document called “Kickstart – What Good Looks Like in Liverpool City Region”. This has been endorsed by the LCR Employment & Skills Portfolio Holders group

## 4.Financial Implications

4.1 The financial structure of the programme is as follows:

**Table 1**

|  |   |  |
|--|---|--|
| Start up and Wrap Around payment                       | £1500 paid by DWP to Sefton Council on commencement of each starter into an approved DWP Kickstart job.   | £1000 paid to the employer by Sefton Council<br><br>£500 retained by Sefton@Work to cover costs for the provision of agreed services |
| Intermediary Payment made by DWP                       | £300 per starter paid to Sefton Council where the job is offered with a local employer<br><br>Note: this £300 payment will not apply to any Kickstart jobs offered within Council departments | £300 retained by Sefton@Work for the provision of agreed services  |
| Salary/NI/Minimum Auto Enrolment pension contributions | Salary confirmed via HMRC Real Time data based on National Minimum Wage for age at 25 hours per week. Paid by DWP to Sefton Council at end of month 3   | Employers costs reimbursed to employer only after the Council receives payment from DWP.   |
| Salary/NI/Minimum Auto Enrolment pension               | Salary confirmed via HMRC Real Time data  | Employers costs reimbursed to employer only after the  |

|               |  |                                    |
|---------------|--|------------------------------------|
| contributions | based on National Minimum Wage for age at 25 hours per week. Paid by DWP to Sefton Council at end of month 6 | Council receives payment from DWP. |
|---------------|--|------------------------------------|

4.2 The precise costs will vary according to the age of each young person entering a Kickstart job, to reflect the two bands of pay within the National Minimum Wage. The other potential variable factor will be the retention of all the young people on the scheme. DWP will only reimburse the employer with the actual costs they have paid out in salary, NI and pensions for the period when the young person has remained in employment. In all cases, employers will only be reimbursed for salaries etc once DWP has released the payment to Sefton, thereby mitigating any financial risk for the Council.

4.3 The following tables outline the potential payments into the Council and payments out to Employers based on the example cohort of 60 within the Initial phase.

**Table 2** Payment flow based on an example cohort of 60 places

|                                    |        | <b>Total DWP Funding for 60 starters</b> | <b>Start Up fee paid to Employers at £1000 per start</b> | <b>Salary/NI/Pensions costs paid out to employers once Council paid by DWP</b> |
|------------------------------------|--------|--|--|--|
| <b>Minimum Unit Cost Age 18-20</b> | £6,831 | £ 409,860                                | £ 60,000   | £ 301,860  |
| <b>Maximum Unit Cost Age 21-24</b> | £8,196 | £491,760                                 | 60,000   | £ 383,760  |

4.4 Employers will be informed throughout the process that funding will only be paid to them once DWP has paid the appropriate sums to the Council. We do not envisage any instances where the Council will be required to “ front-load “ this Scheme.

4.5 The sum of £1000 for start-up costs will be paid to the employer after confirmation has been received that an eligible young person has commenced employment. This is expected to be within the first month of employment. An employer agreement will be signed by each employer to confirm they are aware of the items they will need to cover through this funding ( e.g. Staff uniforms , DBS clearance etc)

## **5.Estimating demand for the Kickstart Scheme in Sefton**

5.1 The introductory phase of Kickstart is due to commence once DWP has approved the Council’s initial application. This will be to provide 60 places. However Sefton@Work has to date received expressions of interest from more than 100 local employers, many with multiple jobs to create for unemployed young people. In addition, a number of Council departments have also requested to be included in the Kickstart scheme to enable them to carry out additional work above and beyond the scope of the current workforce. These include, but are not limited to, Green Sefton, Economic Growth and Housing, Cleansing and Active Sefton.

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5.2 The estimated demand for places in Sefton, both within the Council and with external employers could be between 120 and 300 places over the lifetime of the Scheme. This would provide the Council with an income source of between £30,000 and £240,00 which will release existing match funding from the Growth budget for the Sefton@work. Whilst additional numbers will be welcomed, these will be subject to due process and authorised and validated by the DWP (just like the initial application for 60 places).

**Table 3** Illustration of Funding Flow reflecting Expected Demand for the Scheme

|                                    | Per Person based on age band | Total DWP Funding for 60 starters | Total DWP Funding for 120 starters | Total DWP Funding for 300 starters |
|------------------------------------|------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| <b>Minimum Unit Cost Age 18-20</b> | £6,831                       | £ 409,860                         | £819,720                           | £ £2,049,300                       |
| <b>Maximum Unit Cost Age 21-24</b> | £8,196                       | £491,760                          | £983,520                           | £ £2,458,800                       |
|                                    |                              |                                   |                                    |                                    |

**Table 4** Illustration of the Range of Potential surplus generated by the Scheme based on Expected Demand

| Number of Places   | 60 Places       | 120 Places | 300 Places      |
|--|-----------------|------------|-----------------|
| Minimum ( based on younger cohort up to 20 based in the Council where unit rate is £500) | <b>£30, 000</b> | £60,000    | £150,000        |
| Maximum( based on older cohort up to 24 in external employers where unit rate is £800    | £48,000         | £96,000    | <b>£240,000</b> |

5.3 The maximum surplus which could be generated, if the Council responds to expected demand, allowing other Council resources to be freed up within the Growth Programme could be £240,000.

## 6. Potential Financial Risks and Mitigations

6.1 Table 5 below identifies the main risks and mitigations.

Table 5

| Risk | Mitigating Actions Taken   |
|------|--|
|      | Lack of take-up would not place the Council open to financial risk in itself, as |

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|   |   |
|---|---|
| <p>Too few employers wish to participate in the Scheme</p>  | <p>the DWP would only make payments in line with the number of employers accepted onto the Scheme.</p> <p>However, Sefton@Work has already been contacted by numerous small employers wishing to access the Scheme, indicating that local demand will be strong.</p>  |
| <p>Up-Front Payments may be made to employers which place the Council at risk</p>                                   | <p>The Council will not receive any up-front funding from the DWP. In designing the documentation to be sent to employers, it has been made very clear that payments will only be made to them once the funding has been received into the council from DWP. No exceptions will be made to this.</p>  |
| <p>Employers do not actually employ any young people and attempt to use the funding for other purposes</p>          | <p>The funding made available will be verified by DWP using the Real Time Data systems available through HMRC. The payments will therefore accurately reflect the salaries, NI contributions and minimum auto-enrolments received by the young people.</p>  |
| <p>Employers do not sign up to the Intermediary agreement from the Council outlining roles and responsibilities</p> | <p>This is an absolute criteria. Any employers not willing to sign up to the Council's Kickstart agreement will not be accepted into the Council's intermediary. This agreement has been consulted on with Legal and is based on previous similar programmes with employers such as the Intermediary Labour Market wage subsidy agreement, Future Jobs Fund and the AGE Apprenticeship grant run through Sefton@Work.</p> |
| <p>Incorrect payments are made to Employers</p>   | <p>Payments will be made to employers accurately reflecting the remittances we have received into the Council for each employer.</p>  |
| <p>Any Kickstart employee commits gross misconduct, does not attend or is dismissed</p>                             | <p>The Kickstart employees are not employees of the Council, so the HR responsibilities lie with the employer, but the Council will work with employees and employers in these situations as part of the ongoing relationship management. As the intermediary, the Council's relationship with the employer is as described in the report and no employment rights or</p>   |

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|  | liabilities are entered into.  |
| A Kickstart employee within a Council department commits gross misconduct, does not attend or is dismissed | In this instance the employee would be subject to all the HR policies and procedures of the Council and would also have access to support in the same way as any other employee. |



# Agenda Item 7

|                                      |   |                                  |                |
|--------------------------------------|---|----------------------------------|----------------|
| <b>Report to:</b>                    | Cabinet   | <b>Date of Meeting:</b>          | 7 January 2021 |
| <b>Subject:</b>                      | Provision of Council (Social Rented) Housing at Buckley Hill Lane Netherton |                                  |                |
| <b>Report of:</b>                    | Head of Economic Growth and Housing   | <b>Wards Affected:</b>           | St. Oswald;    |
| <b>Portfolio:</b>                    | Cabinet Member - Communities and Housing                                    |                                  |                |
| <b>Is this a Key Decision:</b>       | Yes   | <b>Included in Forward Plan:</b> | Yes            |
| <b>Exempt / Confidential Report:</b> | No  |                                  |                |

## Summary:

The report seeks approval for Sefton Council to re-enter the social housing market through the provision of council housing for rent, and to set out a direction of travel in order to achieve this.

## Recommendation(s):

Cabinet:

- (1) agree the strategic case for Sefton Council re-entering the social housing market through the provision of council housing for rent set out in this report
- (2) give authority to negotiate the terms to acquire one block, comprising nine apartments, as the start of its future stock of council housing from Sandway Homes, as part of Sandway's development at Buckley Hill Lane Netherton.
- (3) give approval to register Sefton Council with the Regulator of Social Housing as a social housing provider
- (4) give authority to apply to Homes England to become an Investment Partner,
- (5) instruct officers to develop a Business Plan for council housing provision which sets out greater detail for the operational requirements, including financial modelling and management arrangements
- (6) give authority to pursue the procurement of a suitable housing association to provide the required housing management services, and delegate authority to the Head of Economic Growth and Housing in consultation with the Cabinet Member for Communities & Housing to appoint a management agent
- (7) agree to the procurement and appointment of suitable consultant(s) to assist undertake associated tasks set out in this report and arising from the recommendations in this report. The costs will be met from within the existing budget for the Economic Growth and Housing Service. Delegate the appointment of the consultants to the Head of Economic Growth and Housing in consultation with the

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Cabinet Member for Communities and Housing; and

(8) note that a further report will be submitted to Cabinet setting out the terms to acquire the council housing stock from Sandway Homes, and which sets out the Business Plan and proposed operational arrangements

## Reasons for the Recommendation(s):

to pursue the actions and recommendations set out in this report to Cabinet approval.

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

The Council could opt not to provide council housing, but this would limit the opportunity to increase the pace and scale of (affordable) housing delivery. It would also rely on Housing Associations to be the primary provider of social housing. While the provision of HA Affordable Rent housing is generally welcomed, provision of council housing can offer a complimentary alternative which can maximise the use of available and ringfenced resources. **What will it cost and how will it be financed?**

### (A) Revenue Costs

Revenue resources will be required to fund the future management and maintenance of the council housing stock, the cost of which will be offset by rental income. A Business Plan will be prepared for future consideration by Cabinet

### (B) Capital Costs

Capital resources will be required to fund the acquisition of properties from Sandway Homes. The level of funding required will be included in a future report

## Implications of the Proposals:

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

Capital resources will be required to fund the acquisition of properties from Sandway Homes. Revenue resources will be required to fund the future management and maintenance of the council housing stock, the cost of which will be offset by rental income.

Specialist resources will be required in order to fulfil operational functions identified in this report

### Legal Implications:

Any local housing authority that is a landlord of social housing is subject to compulsory registration with the Regulator of Social Housing under Section 114 of the Housing and Regeneration Act 2008.

Section 27 of the Housing Act 1985 (HA 1985) requires local housing authorities to seek the approval of the Regulator of Social Housing to the making of management agreements for its social housing.

### Equality Implications:

There are no equality implications.

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

|   |
|---|
| Protect the most vulnerable:<br>Many vulnerable people rely on accessing social housing for a home to live in.  |
| Facilitate confident and resilient communities:<br>Providing a stable home is a primary way of creating sustainable and resilient communities and lifestyles                  |
| Commission, broker and provide core services:<br>Provision of Council housing would become a core service and a social housing allocations scheme is an existing core service |
| Place – leadership and influencer:<br>NA  |
| Drivers of change and reform:<br>Providing Council housing would be a key change to the market of social housing provision in Sefton  |
| Facilitate sustainable economic prosperity:<br>NA   |
| Greater income for social investment:<br>NA   |
| Cleaner Greener<br>New build council housing will meet high quality standards and be energy efficient   |

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

**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD.6222/20.....) and the Chief Legal and Democratic Officer (LD.4414/20.....) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Not Applicable

**Implementation Date for the Decision**

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

|                         |                           |
|-------------------------|---------------------------|
| <b>Contact Officer:</b> | Neil Davies               |
| Telephone Number:       | Tel: 0151 934 4837        |
| Email Address:          | neil.davies@sefton.gov.uk |

**Appendices:**

There are no appendices to this report

**Background Papers:**

There are no background papers available for inspection.

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## 1. Introduction/Background

- 1.1 Cabinet has previously expressed a wish to pursue the future provision of Council housing for social rent. At the Cabinet meeting of July 2019, the Cabinet considered a report on the work that had been undertaken to update Sandway Home's Business Plan for their Phase 1 new-build housing programme, and resolved:

*the request to Sandway Homes Limited to identify up to 5 affordable homes for purchase by the Council for the purpose of providing Council Housing and that a subsequent report, detailing the exact assets to be purchased and the financial implications be provided to support the decision in accordance with the Council's Constitution and Financial Procedure Rules be approved.*

- 1.2 This report seeks to set out further information for Cabinet to consider relating to the strategic case for pursuing council housing provision and the proposed acquisition of a block of nine apartments from Sandway Homes - the Council's wholly owned housing company - to provide the initial stock. The report also sets out the further work required in order to make progress to provide council housing.

## 2 Strategic Case for council rented housing

- 2.1 Over the past two years there has been a growing acceptance in Government that councils need to play a greater role in meeting new build housing targets. There also appears to be an acceptance from within MHCLG that higher levels of house building can only be achieved through the active participation of local councils acting as developers and landlords. Sefton Council has already partly responded to this through the establishment of Sandway Homes, its wholly owned private housing development company.
- 2.2 Over the last 15 to 20 years, nationally, there has been a change in the housing market and the growth of the Private Rented Sector (PRS), indicating a growing demand for rented homes. Sefton has similarly seen a growth in the levels of its PRS. In part this growth in PRS and demand has been fuelled by a shortage of (alternative) social housing provision. The PRS offers a different kind of tenure option. While it may seem more accessible to many households, or in preferable locations, it also comes with perceived shortcomings for some households: eg a reliance upon short term tenancies and variable quality of provision offered – in particular the poor quality often offered by the lower to middle end of the PRS market.
- 2.3 The demand for the return to 'Council housing' has also been partly driven by the perceived commercialisation and independence of the broader housing association (HA) movement. In some cases HAs are perceived to have moved away from their traditional role of rehousing people in 'housing need'. Over recent years HAs pursuing Government grant funding to support new housing developments have been forced to build for 'Affordable rent', which in many parts of the country can result in much higher rent levels than traditional 'social rents'. This calls into question the true affordability of these newer rental properties.

- 2.4 Sefton's Local Plan identifies the need for a supply of affordable (including rented) homes. The latest Strategic Housing Market Assessment (SHMA) 2019 evidence continues to support the need for more affordable rented homes; particularly in the north of the borough. Therefore, the Council may wish to be seen to contribute to meeting such needs by directly delivering new council housing for social rent.
- 2.5 The latest SHMA would suggest that there is an adequate supply of general needs social housing across the south of the borough (Bootle/Netherton), other than 1 and 2 bedroom homes, some larger (4 bedroom +) homes, and some specialist accommodation such as homes for people with disabilities. Across the remainder of the borough there is a shortage of general needs rented accommodation of most types.
- 2.6 The Council has a statutory duty to maintain a social housing allocations policy and housing register, which is administered via the Property Pool Plus (PPP) scheme in Sefton. All HAs would normally offer at least 50% of their property vacancies under this scheme (75% for OVH), though some offer a higher proportion than required. Direct provision of council houses would allow all (100%) vacancies to be let via PPP to households in need.
- 2.7 The Council adopted a new Housing Strategy (2016-21) in June 2016. The Strategy recognises that;

*"Housing should provide a secure foundation for individuals to live the lives they want to live. Finding the right home, in the right place, can be an essential platform for people seeking to support their families and sustain work".*

*"Within Sefton access to suitable housing, which is of good quality and affordable, is a key priority for all its residents and communities and this strategy sets out ways to identify and more importantly deliver improvements."*

Provision of Council housing, as suggested in this report, would potentially help achieve this strategic objective.

- 2.8 A trend among some HAs is a desire to target the rehousing of economically active households. For HAs they probably see this as a way of creating mixed and sustainable communities, and also not relying on rental income from a large portion of tenants on Welfare (eg Universal Credit) Benefits. However, it could also be seen as turning away from households who have greater (affordable) needs for social housing. The Council could take a slightly different approach and offer 100% of its own stock, under its (PPP) Allocations policy, and ensure it all gets allocated to households with the greatest needs.
- 2.9 The majority of the existing HA social rented stock will have rents set at (historic) Social rent levels. But since 2011, nearly all of the new-build HA rented stock will have rents set at Affordable rent levels. Social rent typically provides lower rents at 50-60% of the market rent, and are based on a formula for calculating rent levels. Affordable rents are usually higher, set at 'up to' 80% of market rent. By providing new homes at social rent levels the Council will be providing homes at more affordable rental levels.

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- 2.10 SHMA evidence suggests the greatest social housing need is increasing the supply of 1 and 2 bedroom properties. Some HAs are reluctant to deliver new 1 bedroom homes, due to perceived longer term demand risks, and a desire to target the traditional family housing market.

The Council may be motivated to provide council homes to high-quality property standards (e.g. including energy efficiency and environmental sustainability). There is the opportunity for the Council (and Sandway Homes) to set an Exemplar role of council housebuilding to illustrate to other providers what can be achieved. This would help underpin the Council's Climate Emergency declaration. Standards set by Homes England for homes built by HAs under their grant funding programmes tend to be higher than delivered in the private sector. (These standards are currently under review by Homes England).

- 2.12 Accepting the evidence of the need for more social housing in Sefton, the Council could opt to rely upon Housing Associations (HA) to continue to deliver affordable rented housing for the borough. While the provision of HA Affordable Rent housing is generally welcomed, provision of council housing can offer a complimentary alternative. Benefits of council housing over HA provision could include;

- rents could be set at lower social rent levels
- all the homes could be offered to households on the Council's social housing register
- the Council can have greater control over the types of housing units provided
- the Council can have greater control and influence over how the homes are managed
- provision and management of social housing becomes democratically controlled

- 2.13 Based upon the above analysis, the case for the Council contributing toward the provision of social rented housing is strong.

## **4. Sandway Homes**

- 4.1 Sandway Homes is the Council's wholly owned housing development company, which is currently pursuing new-build developments on land purchased from the Council. Their developments will comply with Council Planning policy, including for provision of affordable housing. While the majority of the homes Sandway provide will be market housing for owner occupation, they would provide 15% of homes as affordable housing on sites in the south of the borough (Bootle and Netherton) and 30% on sites elsewhere in the borough, to comply with the Council's planning policies.

- 4.2 As the Council's wholly owned company, this presents an opportunity for the Council to acquire some of the property Sandway delivers to offer as council housing. Sandway Homes have submitted their planning application for the Buckley Hill site – planning ref; DC/2020/01853. On this particular site there is an opportunity to acquire a block of nine, one- and two-bedroom flats to offer as council rented housing to meet the highest priority housing needs identified by the Council.

- 4.3 The proposed acquisition of a block of nine flats would be a greater number of social housing units than Cabinet originally requested Sandway Homes to provide in July 2019; which was a request for “up to five units”.
- 4.4 By working with Sandway Homes, the Council would not need to employ its own technical and design team to oversee construction and delivery of new build homes. However, Sandway Homes is a commercial entity and the Council will need to agree commercial terms to acquire these homes. Recommendation (2) seeks authority to negotiate the terms to acquire the nine proposed affordable dwellings from Sandway Homes, as part of Sandway’s development at Buckley Hill Lane Netherton. It is anticipated that the new homes will have been completed by April 2022, and terms for their acquisition will need to be completed prior to then. Also the issues outlined below will have to have been resolved or sufficiently progressed in advance of acquisition.

## 5. Further work required

### *Homes England Affordable Housing grant programme*

- 5.1 It would be beneficial if the Council were to explore whether it could bid for and obtain Affordable Housing Grant from Homes England (HE) to assist and support the acquisition costs for purchasing the block of nine flats from Sandway Homes. This dialogue is ongoing currently. If the Council are going to apply to HE for Affordable Housing Programme grant funding, attaining ‘Investment Partner’ status with HE is a requirement. The Council have options for attaining this status. To receive grant funding, the Council will need to be a qualified Investment Partner of Homes England in its own right or be working with an organisation that is. Investment Partner status confirms that organisations have the financial and technical capacity to deliver their proposed schemes, and that they have financial and legal good standing. On balance officers believe that it is usually better to become an Investment Partner in the Council’s own right. The process to attain this status shouldn’t be overly difficult for a Local Authority, though accessing expert (external consultancy) assistance would be helpful with navigating the application process.
- 5.2 HE launched their 2021-26 Affordable Housing funding programme in September 2020, to deliver up to 130,000 affordable homes by March 2026 – outside of London. Funding will begin to become available from April 2021. Fifty percent of this funding will be available to support delivery of homes for rent. This grant is in high demand from a well-developed housing association sector who will be well placed to submit competitive bids. The Council would benefit from accessing (external consultancy) expertise to help guide its own funding bids with HE.
- 5.3 Capacity and expertise would be required to assist the Council to become an Investment Partner and to manage the grant application process, and oversee compilation of competitive bids. The Council do not have the capacity or expertise in-house to do this. One thing of importance to note is around the use of Homes England’s ‘Investment Management System’ (IT system). Bids and any grant awarded is managed via this system. Unless an organisation is using the system all of the time it is a difficult one to use. Therefore, it is recommended to consider employing a consultancy to do this work on the Council’s behalf.

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## ***Regulatory Requirements;***

- 5.4 In delivering council rented homes, the Council would need to re-register with the Social Housing Regulator and abide by the rules (including rental limits) set out by the Regulator and the broader regulatory regime. The Government issued its new Social Housing White Paper in November 2020. This includes proposals, post Grenfell, for a tighter housing regulation regime. Among other measures, the Government proposes to establish a new arm of the Regulator of Social Housing to proactively regulate on consumer standards including quality of homes, repairs, meaningful engagement with tenants and complaints handling. While the proposals in the White Paper are broadly welcomed they also make the management of social housing more challenging.
- 5.5 Further work is required to consider the Council's decision-making framework and constitution in order that there is proper democratic accountability for its future decision making for council housing stock, and its future tenants. This will likely include the need for an annual report on the past years performance and plans for the following year; including operational and financial issues. Reports will also likely need to address the Council's compliance with regulatory requirements.

## ***Financial Issues***

- 5.6 The Council could deliver less than 200 homes through the General Fund and without re-opening the Housing Revenue Account (HRA). Alternatively, the Council would need to re-open the HRA to deliver a larger number of units than the 200 threshold. Should the Council re-open the HRA, it has already been confirmed by MHCLG (and reported previously to Council in response to questions raised) that there is no risk of the pre-stock transfer debt being re-activated. There had been concern about a potential financial barrier related to historic pre-stock transfer HRA debt which had been written off by Government. Officers sought written clarification from MHCLG on the issues relating to the financial arrangements following the Council's stock transfer in 2006, and were informed by MHCLG:

*You asked if the council would be required to repay any of the historic debt and/or gap funding that was provided as part of Sefton's 2006 stock transfer. I can confirm that neither the debt nor the gap funding will need to be repaid if Sefton builds 199 council homes outside the HRA, or if it builds 200 or more homes that are accounted for in a Housing Revenue Account.*

- 5.7 ***Capital Funding;*** Capital resources are required to fund the acquisition of properties from Sandway Homes. Sufficient capital resources are available to purchase these initial nine units from Sandway Homes, arising from the historic Right To Buy Sharing Agreement included in the stock transfer arrangements, subject to a full business case being presented to Cabinet in future. These receipts are intended to be used to pursue the Council's housing objectives. Also to be noted is the possible future availability of Planning S106 commuted sum receipts for the provision of off site affordable housing. Further work will be undertaken to determine potential future capital requirements and funding sources. Being clear on the availability of capital funding will be a key matter to



satisfy Homes England of the Council's financial standing in order to help become an investment partner.

- 5.8 The Council will seek to explore opportunities for capital grant funding from Homes England, but they would only expect to offer grant in the region of 25%-35% of scheme costs. They would expect the Council to identify funding to meet the remainder of the capital costs. The lower the proportion of costs sought from Homes England the more competitive the funding bid would be seen from a HE 'value for money' perspective.
- 5.9 *Revenue Funding*; The council will need to meet the costs of managing its housing stock, meeting the costs of day to day responsive repairs, and setting aside funding for future planned maintenance works. The Council would receive rental income from the new property's tenants. Further financial work is required to develop an operating financial model that will test whether this income will be sufficient to meet the operational costs, but this will also become clearer when a housing management partner has been procured.

### ***Risks***

- 5.10 Providing council housing requires identification and management of the risks appropriately. A thorough risk register will need to be developed. This will need to consider external risks, which may include national policy issues including: future rent setting policies, impact of the right to buy, cumulative effect of numerous welfare changes, and changes to the regulatory framework. Local risks might include: land supply, site development experience and capacity, access to grant funding, planning, and commissioning appropriate management services.

### ***Stock and Tenancy Management arrangements***

- 5.11 The Council will need to put in place suitable arrangements for the management and maintenance of its housing stock, to perform a suitable landlord function. Given the low numbers of properties it will own – initially at least – it would be uneconomic to manage them in-house and recruit staff to do this. Alternatively the Council could procure and appoint a HA partner to manage its housing stock. A HA would be familiar with the Regulator of Social Housing's regulatory requirements. This might offer a quicker, lower risk, and more cost effective initial response. At some point in the future, the Council might want to consider and determine the likely point at which (ie number of properties and rental income) it would be more feasible to bring the management and maintenance functions in house.
- 5.13 Section 27 of the Housing Act 1985 (HA 1985) requires local housing authorities to seek the approval of the Regulator of Social Housing to the making of management agreements. The regulator's general approval under Section 27 states:

*The regulator has issued a general approval which allows for certain types of management agreements to be made without seeking specific approval. The general approval can be found on the regulator's website and should be considered in full, but in summary a local housing authority may enter into a management agreement which complies with the following conditions: the*

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*agreement is for no more than five years duration; tenants have been consulted as required by the HA 1985; the selection process for the manager has been fair and open, in accordance with European Union and national law.*

*The following categories of agreement which meet the above conditions are covered by the general approval:*

- those subject to tendering conditions and containing certain terms; or*
- those dealing with a small number of homes (i.e. no more than ten homes or twenty hostel spaces); or*

- 5.16 Consideration will need to be given to the type of performance framework the HA Management Agent will use to report to the Council. This will need to cover operational and financial performance and frequency of reporting, and where those reports will be considered within the Council.
- 5.17 The Council may need to put in place some support services. Certainly it will need a 'client role' to oversee the procurement of a suitable consultant and support the work of that consultant, relating to: registration with the Regulator of Social Housing, application for HE Investment Partner status, submission of grant funding bid to HE, and procurement of a HA Management partner.
- 5.18 The Council will need to decide whether or not it wants to provide any other support services once the new homes are in management, such as finance, or any of its services that could support the management of the dwellings (eg grounds maintenance, property maintenance, anti-social behaviour service). The Council will be better placed to determine whether provision of such support services are required when it appoints a HA Management Partner and agrees the extent of their role and the cost of their services.

## **6. Conclusion**

- 6.1 Delivering a new generation of Council homes is not simply about building or acquiring stock. It is also about re-entering a world where service provision is externally regulated, where rent levels are controlled by national formula and where capital subsidy from Government is scarce and difficult to acquire. Whilst the Council may own new stock, it will be required to develop and manage the homes in line with broader Government policy and regulatory requirements. There will be challenges to deliver new council housing but the potential benefits could outweigh the challenges and be significant.
- 6.2 Initial proposals for providing council housing rely on new-build homes being provided by Sandway Homes. This can be considered to be the first phase of council housing provision. Sustaining the growth of council housing through Sandway Homes will rely on the Council providing further council owned sites for Sandway Homes to develop. In time the Council will need to consider the scale of any council housing provision it aims to deliver. Longer term the Council may consider other options to grow its social housing stock; which may include acquiring existing (poor quality) private sector stock and refurbishing/remodelling this. This could present a 'regeneration' motivation for council housing provision. For example, the Council could consider acquiring poor quality HMO stock, with a view to refurbishing/remodelling this to provide better quality 1 bedroom self contained flats accommodation.

- 6.3 In considering the above, the scale of Council housing delivery when nearing the 200 unit threshold, will ultimately lead to a decision to consider whether it should reopen the Housing Revenue Account. Re-entering the provision of council housing is clearly a major commitment, with significant potential benefits but not without its challenges. This report is intended to seek the initial approvals and outline the thought processes, resource planning and governance through which the Council will need to progress.

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# Agenda Item 8

|                                      |   |                                  |                              |
|--------------------------------------|---|----------------------------------|------------------------------|
| <b>Report to:</b>                    | Cabinet   | <b>Date of Meeting:</b>          | 7 <sup>th</sup> January 2021 |
| <b>Subject:</b>                      | Procurement of Microsoft Office 365 & Azure licences            |                                  |                              |
| <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 for the provision of Microsoft Office 365 end user licences and the Council's cloud environment; Microsoft Azure. The report also details the associated procurement route(s) available to the authority to renew these licences and services due to the current contract expiring on 30 April 2021.

## Recommendation(s):

- (1) That the Executive Director of Corporate Resources & Customer Services be authorised to select an appropriate procurement route and conduct a procurement exercise to renew Office 365 licences used by end users (staff) and also licences for the Council's cloud environment Microsoft Azure (which is used to store some Council data and also run a number of cloud migrated software applications) with a view to entering into a contract for a maximum period of 4 years comprising an initial 2 year period with an option to extend for up to 2 periods of 12 months; and
- (2) That the Executive Director of Corporate Resources & Customer Services in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services be granted delegated authority to award the Contract resulting from the procurement exercise and any subsequent contract extensions.

## Reasons for the Recommendation(s):

- (1) To ensure that end users can continue using Microsoft Office 365 applications and that software applications and data stored within the Council's cloud environment (Microsoft Azure) are still available for use upon the expiry of the current contract.

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

- (1) There are no alternative options being considered.

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

### (A) Revenue Costs

The current cost of this service is around £703,000 per annum. The cost flexes each year due to increases and decreases in both end users using Microsoft O365 applications and the level of usage of Microsoft Azure.

The funding for this contract renewal exists already within ICT contract revenue streams.

### (B) Capital Costs

There are no expected capital costs expected from this procurement.

## Implications of the Proposals:

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

#### Financial:

It is the aim of the procurement exercise being undertaken for prices to remain in the region of their current cost or where possible, to reduce the cost through a competitive process. Microsoft have made changes to their licencing model since the current contract commenced which will allow the Council to potentially resize its Azure provision and potentially reduce costs.

The procurement evaluation will also consider the longer-term opportunities to reduce overall licencing costs to the authority by providing an option within the contract for Sefton to procure other ICT software licences from the successful bidder where this is economically advantageous to Sefton. The decision to take advantage of such options for the delivery of specific licences will be subject to the appropriate decision-making process to obtain approval for any associated spend.

#### IT:

There are no negative implications expected.

#### Staffing:

The awarding of a new contract is not envisaged to have any staffing implications for the Council.

#### Assets:

There are no expected implications regarding Council assets expected in relation to this procurement exercise.

#### Legal Implications:

There are no Legal implications

#### Equality Implications:

There are no equality implications

## Contribution to the Council's Core Purpose:

This proposal will support the delivery of each element of the Council's core purpose as set out below as both officers and Members will be equipped with the necessary technology to discharge their roles.

|  |
|--|
| Protect the most vulnerable: Not applicable                    |
| Facilitate confident and resilient communities: Not applicable |
| Commission, broker and provide core services: Not applicable   |
| Place – leadership and influencer: Not applicable              |
| Drivers of change and reform: Not applicable                   |
| Facilitate sustainable economic prosperity: Not applicable     |
| Greater income for social investment: Not applicable           |
| Cleaner Greener: Not applicable                                |

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

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6207/20.) and the Chief Legal and Democratic Officer (LD.4399/20) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

The Council has discussed options with its ICT Service Delivery Partner and Microsoft directly which explored licencing options for Cloud to ensure the Council is not over licensed. The Council will meet again with Microsoft before any procurement exercise is released to the market.

Council Officers are also continuing to engage and consult with Crown Commercial Services and Microsoft regarding the procurement frameworks which will be available to the authority in the first quarter of 2021.

|                         |                            |
|-------------------------|----------------------------|
| <b>Contact Officer:</b> | David Harris               |
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## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection.

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## Introduction/Background

- 1.1 The Council uses both end user Microsoft Office 365 licences for its workforce to conduct their duties and Microsoft Azure as its Cloud provision to store some of its data and as a platform to host some of its software applications.
- 1.2 The current contract is due to expire on 30 April 2021 so there is a requirement to enter into a new agreement for these services from 1 May 2021.

## Current Arrangements

- 1.3 **Microsoft Office 365:** The Council has around 2,800 users who are using a standard 'E3' licences, there are around 64 users using light touch web based 'F1' licences. There are also small numbers of enhanced E5 licences to ensure that the authority is licenced for products such as MS Power BI. In addition, Sefton has licences for MS Visio and MS Project as required by specific service areas.
- 1.4 **Microsoft Azure (Cloud based systems):** There are a number of 'Virtual Machines' and 'Reserved Instances' which make up the cloud provision within Microsoft Azure. This is where some of the Council's data is stored and where several applications are hosted.

## Scoping and preparation activity

- 1.5 The Council and its ICT provider will run a final review of its current licence numbers and Azure usage in advance of any procurement exercise to which those figures and information will be provided to suppliers to enable them to submit bids.

## Proposed Procurement Route

- 1.6 Following recent discussions with Microsoft the Council was advised that Microsoft and Crown Commercial Services are currently renegotiating pricing for all of the UK Public Sector with the aim of those discussions forming an agreement in early 2021.
- 1.7 Upon those agreements concluding, the Council will then use the most appropriate way to run this tender exercise. This may be through a Crown Commercial Services Framework (such as RM6068 Lot 3) or another method directly set up by Central Government. The method will ensure however that compliance to both the Council's Contract Procedure Rules and Public Contract Regulations will be strictly adhered to.
- 1.8 The Council's Head of Procurement will also be consulted prior to any procurement activity commencing.
- 1.9 The procurement exercise will be led by the Council's ICT Lead for Contracts, Procurements and Schools in conjunction with and supported by the Procurement Team, other members of the ICT Client Team and the Council's ICT Service Provider.



1.10 The evaluation panel will be made up of a combination of the staff listed above, evaluating questions in line with their individual skills and expertise.

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

|              |     |
|--------------|-----|
| Price        | 50% |
| Quality      | 40% |
| Social Value | 10% |

1.12 It must also be highlighted that a number of vendors within this area also resell licences for other systems and ICT services in place at Sefton. There is therefore the opportunity to maximise the value of the contract by consolidating many lower value contracts across Sefton into a commercial proposal for the reseller thereby securing best value for the Council. The quality section of this tender will therefore include questions around this opportunity and it is proposed to add this into the contract as an option for Sefton to take up post award. As highlighted previously within the report the decision to take advantage of such options for the delivery of specific licences will be subject to the appropriate decision-making process to obtain approval for the associated spend.

1.13 It is proposed that the new contract, will run for 2 years and it is recommended that two optional single year extensions are included giving a maximum contract length of 4 years.

## Next Steps

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

| Activity  | Timescales               |
|---|--------------------------|
| Consultation with Microsoft and final decision on appropriate procurement route | January 2021             |
| Publication and bidder response time  | January/Feb 2021         |
| Evaluation leading to Award   | Feb/March 2021           |
| Contract Start  | 1 <sup>st</sup> May 2021 |

2.2 Depending on approval, the intention is to commence the procurement activity at the start of January 2021, with a view to an award of a new contract taking place by the middle of March 2021. This will give the required amount of time to have services with a new provider in place in advance of when the current contract ends on 30<sup>th</sup> April 2021.

2.3 Timescales may flex depending on the number of suppliers who decide to submit a proposal and depending on staff resource however this will align with starting a new contract on 1<sup>st</sup> May 2021.

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|                                      |   |                                  |  |
|--------------------------------------|---|----------------------------------|--|
| <b>Report to:</b>                    | Cabinet<br><br>Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services)<br><br>Council | <b>Date of Meeting:</b>          | 7 <sup>th</sup> January 2021<br><br>12 <sup>th</sup> January 2021<br><br>21 <sup>st</sup> January 2021 |
| <b>Subject:</b>                      | Council Tax Reduction Scheme, Council Tax Base 2021/22  |                                  |  |
| <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:**

The purpose of this report is to provide details of the review of the local Council Tax Reduction Scheme for 2020/21 and to recommend that there is no change to the scheme for 2021/22 for working age claimants.

The report also provides an updated Council Tax Base for Sefton Council and each Parish area for 2021/22.

## **Recommendation(s):**

### **Cabinet:**

- (1) Note the contents of the review of the Council Tax Reduction Scheme for 2020/21;
- (2) Recommend to Council that there are no changes to the existing Scheme for 2021/22 for working age claimants; and
- (3) Recommend that Council approves the relevant Council Tax Base for Sefton Council and each Parish Area as set out in Annex A.

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## **Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services):**

(1) That the report be noted.

## **Council:**

- (1) Notes the contents of the review of the Council Tax Reduction Scheme for 2020/21;
- (2) Approve that there are no changes to the existing Scheme for working age claimants for 2021/22; and
- (3) Approve the relevant 2021/22 Council Tax Base for Sefton Council and each Parish Area as set out in Annex A.

## **Reasons for the Recommendation(s):**

### **Council Tax Reduction Scheme**

Each financial year, the Council must consider whether to revise or replace its local Council Tax Reduction Scheme. The Council must approve and adopt the 2021/22 Council Tax Reduction Scheme by 11 March 2021, as set out in the Council Tax Reduction Scheme (Amendment) (England) Regulations 2017.

The report provides an update on key aspects of the local Council Tax Reduction Scheme. After consideration of the factors outlined later in the report it is proposed that the local Council Tax Reduction Scheme for 2021/22 remains unchanged for working age claimants

### **Council Tax Base**

In accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as amended, the Council is required to set a tax base for both Sefton Council and each Parish Area for 2021/22 before 31<sup>st</sup> January 2021.

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

### **Council Tax Reduction Scheme**

The Council Tax Reduction Scheme was last revised in 2018/19 following a public consultation process. The changes introduced then continue to address the Council's priorities to minimise the impact on vulnerable residents, by striking a balance between dealing with Council priorities. Ongoing monitoring and evaluation assess the impact of those changes to ensure that they remain fit for purpose. No alternative options have been considered for 2021/22.

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

**(A) Revenue Costs**

**Council Tax Reduction Scheme 2021/22**

There would be no additional revenue implications as a result of a decision to retain the current scheme. The cost of the current council tax reduction scheme discounts has been reflected in the council tax base.

**Council Tax Base**

Changes to the council tax base will have an impact on the level of Council Tax income transferred from the Collection Fund to the Council's General Fund in 2021/22. It will also impact on the amounts due to the Police and Crime Commissioner, the Fire and Rescue Service, and the Combined Authority.

The following table shows the impact of the changes to the tax base between 2020/21 and 2021/22, based on the 2020/21 Council Tax Band D charge:

| Council Tax Income | Sefton Council<br>£ million | Police & Crime<br>£ million | Fire & Rescue<br>£ million | Combined Authority<br>£ million |
|--------------------|-----------------------------|-----------------------------|----------------------------|---------------------------------|
| Budget 2020/21     | 138.651                     | 17.997                      | 6.826                      | 1.613                           |
| Forecast 2021/22   | 135.088                     | 17.535                      | 6.651                      | 1.572                           |
| Change             | -3.563                      | -0.462                      | -0.175                     | -0.041                          |

**(B) Capital Costs**

No capital costs applicable.

**Implications of the Proposals:**

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

The local Council Tax Reduction Scheme will continue to be administered from existing resources.

**Legal Implications:**

**Local Council Tax Reduction Scheme**

By Section 5 of Schedule 1A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) for each financial year each billing authority must:

- a. Consider whether to revise its Council Tax Reduction Scheme or to replace it with another scheme
- b. Make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement is to have effect.
- c. If any revision to a scheme, or any replacement scheme, has the effect of

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reducing or removing a reduction to which any class of person is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.

- d. Before revising its scheme or making a replacement scheme, an authority must:
  - i. Consult any major precepting authority which has power to issue a precept to it.
  - ii. Publish a draft scheme in such manner as it thinks fit, and
  - iii. Consult other such persons as it considers are likely to have an interest in the operation of the scheme.

**Equality Implications:** The equality implications have been identified and mitigated.

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

Protect the most vulnerable: The Council Reduction Scheme proposed for 2021/22 will help to maintain fairness and consistency. The Scheme provides support to those experiencing financial hardship as well as supporting those making the transition to Universal Credit.

Facilitate confident and resilient communities: Not applicable

Commission, broker and provide core services: Not applicable

Place – leadership and influencer: Not applicable

Drivers of change and reform: Not applicable

Facilitate sustainable economic prosperity: Provide support to those in financial hardship as well as supporting people into work.

Greater income for social investment: Not applicable

Cleaner Greener: Not applicable

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

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

The Executive Director of Corporate Resources and Customer Services (FD.6216/20) and the Chief Legal and Democratic Officer (LD4408/20.) have been consulted and any comments have been incorporated into the report.

### **(B) External Consultations**

## **Implementation Date for the Decision**

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Following the expiry of the “call-in” period for the Minutes of the Cabinet recommendation to Council and approval by Council on 21<sup>st</sup> January 2021.

|                         |   |
|-------------------------|---|
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## **Appendices:**

Annex A: Council Tax Base Report 2021/22

## **Background Papers:**

There are no background papers available for inspection.

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## 1. Local Council Tax Reduction Scheme

### 1.1 Introduction/Background

1.2 Local Council Tax Reduction replaced Council Tax Benefit (CTB) from 1<sup>st</sup> April 2013. The Council Tax Reduction Scheme is a discount awarded to households on a low income to help towards Council Tax payments. The amount awarded is based on a person's household and income. The local scheme rules only apply to working-age Council Tax payers. Pensioners are protected by legislation and must be provided with the level of Council Tax support specified by the Government.

1.3 The grant transferred to the Council, Police and Crime Commissioner and Fire Service in 2013/14, £24.2M; to fund the local scheme was £3M lower than had previously been provided to fund CTB in 2012/13. The Council therefore had to introduce changes to the national default Council Tax Support Scheme in order to ensure that the local scheme was cost neutral. As the Government had specified the level of support that had to be provided to pensioners, the saving requirement had to be met by reducing the level of support available to working age claimants and through changes to Council Tax empty property discounts.

1.4 The Council is required, by law, to review the Scheme each year irrespective of whether it is being amended.

1.5 The Council Tax Reduction Scheme for 2021/22 must be agreed by Council by 11<sup>th</sup> March 2021.

## 2. Review of the Council Tax Reduction Scheme for 2020/21

2.1 To satisfy the requirement to review the Scheme, the following areas have been evaluated:

- Claimant caseload
- Scheme expenditure
- Impact on most vulnerable claimants
- Council Tax collection
- Attachment of Benefits
- Review of the Council's principles for the Scheme
- Council Tax Exceptional Hardship Fund.

### 2.2 Claimant Caseload

The table below shows the caseload data at 30<sup>th</sup> September 2020 compared to caseload data at the end of each year since the Council Tax Reduction Scheme was introduced in 2013/14:



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| Year    | Date     | Pensioners | Working Age | Total  | Change |
|---------|----------|------------|-------------|--------|--------|
| 2013/14 | 03.04.14 | 14,655     | 16,025      | 30,680 | n/a    |
| 2014/15 | 01.04.15 | 13,925     | 15,349      | 29,274 | -1,406 |
| 2015/16 | 31.03.16 | 13,206     | 14,886      | 28,092 | -1,182 |
| 2016/17 | 31.03.17 | 12,541     | 14,524      | 27,065 | -1,027 |
| 2017/18 | 31.03.18 | 11,970     | 14,005      | 25,975 | -1,090 |
| 2018/19 | 31.03.19 | 11,404     | 14,160      | 25,564 | -411   |
| 2019/20 | 31.03.20 | 10,871     | 14,326      | 25,197 | -367   |
| 2020/21 | 30.09.20 | 10,691     | 15,505      | 26,196 | +999   |

The working age caseload can be split further:

| Year    | Date     | Employed | Other  | Total  | Change |
|---------|----------|----------|--------|--------|--------|
| 2013/14 | 03.04.14 | 2,874    | 13,151 | 16,025 | n/a    |
| 2014/15 | 01.04.15 | 2,748    | 12,601 | 15,349 | -676   |
| 2015/16 | 31.03.16 | 2,504    | 12,382 | 14,886 | -463   |
| 2016/17 | 31.03.17 | 2,193    | 12,331 | 14,524 | -362   |
| 2017/18 | 31.03.18 | 1,900    | 12,105 | 14,005 | -519   |
| 2018/19 | 31.03.19 | 1,597    | 12,563 | 14,160 | +155   |
| 2019/20 | 31.03.20 | 1,268    | 13,058 | 14,326 | +166   |
| 2020/21 | 30.09.20 | 1,049    | 14,456 | 15,505 | +1,179 |

2.3 Pensioner Claimants: Since the initial implementation of the scheme in 2013/14 the number of Pensioner claimants has declined in every year. Claimant numbers reduced by -312 between 2018/19 and 2019/20. Pensioner claimant numbers have continued to fall in 2020/21.

2.4 Working Age Claimants: The number of working age claimants reduced each year between 2013/14 and 2017/18 before starting to increase in 2018/19. Claimant numbers have increased significantly in 2020/21 as a result of the economic impact of Covid-19. Claimant numbers are expected to continue to rise into 2021/22 as the Government removes support provided through the job support scheme and self-employed scheme.

2.5 Scheme Expenditure

The following table shows the Council Tax Reduction Scheme expenditure reported in the Revenue Outturn Return compared to the mid-year estimate for 2020/21:

| Year    | Source    | Pensioners<br>£000 | Working Age<br>£000 | Total<br>£000 | Change<br>£000 |
|---------|-----------|--------------------|---------------------|---------------|----------------|
| 2013/14 | RO Return | 13,305             | 9,907               | 23,212        | n/a            |
| 2014/15 | RO Return | 12,152             | 10,364              | 22,516        | -696           |
| 2015/16 | RO Return | 11,895             | 9,760               | 21,655        | -861           |
| 2016/17 | RO Return | 11,540             | 10,559              | 22,099        | +444           |
| 2017/18 | RO Return | 11,378             | 10,948              | 22,326        | +227           |
| 2018/19 | RO Return | 11,695             | 11,069              | 22,764        | +438           |

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|         |           |        |        |        |        |
|---------|-----------|--------|--------|--------|--------|
| 2019/20 | RO Return | 11,790 | 11,784 | 23,574 | +810   |
| 2020/21 | Estimate  | 11,961 | 13,492 | 25,453 | +1,879 |

## Notes:

2020/21 Estimate: Pensioner & Working Age cost have been split based on the weekly average recorded on the monthly CTR304 reports up to 30 September 2020.

## 2.6 Council Tax Base Return Data

The following table provides a view of the Council Tax Reduction Scheme expenditure based on weekly payments recorded in early October as reported in the Council Tax Base Return:

| <b>Year</b> | <b>Source</b> | <b>Pensioners<br/>£000</b> | <b>Working<br/>Age<br/>£000</b> | <b>Total<br/>£000</b> | <b>Change<br/>£000</b> |
|-------------|---------------|----------------------------|---------------------------------|-----------------------|------------------------|
| 2013        | CTB Return    | 12,602                     | 10,214                          | 22,816                | n/a                    |
| 2014        | CTB Return    | 12,491                     | 10,260                          | 22,751                | -65                    |
| 2015        | CTB Return    | 11,991                     | 10,033                          | 22,024                | -727                   |
| 2016        | CTB Return    | 12,503                     | 9,918                           | 22,421                | +397                   |
| 2017        | CTB Return    | 12,579                     | 9,816                           | 22,395                | -26                    |
| 2018        | CTB Return    | 12,634                     | 9,742                           | 22,376                | -19                    |
| 2019        | CTB Return    | 11,995                     | 11,780                          | 23,775                | +1,399                 |
| 2020        | CTB Return    | 12,021                     | 13,503                          | 25,524                | +1,749                 |

## 2.7 Impact on the most vulnerable claimants

The local Council Tax Reduction Scheme addresses the Council's priorities to minimise the impact on the most vulnerable, by seeking to strike a balance between dealing with Council priorities whilst supporting those experiencing financial challenges. The Council, having recognised the impact on communities, has introduced a range of mitigating actions, including:

- Provision of an Exceptional Hardship Fund (see Section 2.11)
- Allowing a Universal Credit notification, received from the Department for Work and Pensions (DWP), to be treated as a claim for local Council Tax Reduction, thus removing the need for those in receipt of Universal Credit to have to make a separate claim for support towards their Council Tax.
- Making provision in the local Council Tax Reduction Scheme for awards to be backdated for up to 6-months for working-age vulnerable claimants.
- Deciding that the Council's local Council Tax Reduction scheme for working-age families should not to replicate the rules that are in place in the national Housing

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Benefit scheme and the Council Tax Reduction Pensioner scheme whereby the removal of the family premium and the “2-child” rule restrict the level of award.

- Offering 12-month (rather than 10-month) instalment payments to Council Tax payers.
- Adopting a sensitive approach to enforcement action to consider the potential vulnerability of Council Tax Reduction claimants. Before cases are referred to Enforcement Agents a vetting stage has been introduced and cases are dealt with under a separate debt recovery process to minimise potential increases in debt.
- Establishing a co-ordinated working relationship between the Council’s contracted Enforcement Agents and Citizens Advice Sefton to support people in debt. Citizens Advice Sefton has direct lines of communication with the Enforcement Agents and can arrange for recovery action to be placed on hold whilst discussing and agreeing affordable payment arrangements.
- Implementing processes for Council staff to refer claimants to the Money Advice and Pension Service, or Citizens Advice Sefton for help and support with debt/budgeting advice or making/maintaining their Universal Credit claim.
- Putting an escalation process in place for the debt advisor based at South Sefton foodbank to contact nominated Council Tax staff to request a hold on recovery action or discuss affordable payment arrangements.
- Participating in Sefton’s Welfare Reform Anti-Poverty Partner’s Group – staff from the Council’s Council Tax and Benefit team, work with partner organisations and other Council services to support residents suffering financial vulnerability and to provide practical support such as signposting claimants for winter coats, school uniforms.

## 2.8 Council Tax Collection

The table below shows the amount of Council Tax billed and collected during 2019/20:

| Recorded at 31 March 2020  | Liability Raised<br>£000 | Received In Year<br>£000 | Collection Rate<br>% |
|----------------------------|--------------------------|--------------------------|----------------------|
|                            |                          |                          |                      |
| CTRS Cases - Working Age   | 4,225                    | 3,060                    | 72.4                 |
| CTRS Cases - Pensioner Age | 1,650                    | 1,714                    | 103.9                |
| Other Council Tax Payers   | 155,781                  | 150,103                  | 96.4                 |
| Total (in-year collection) | 161,656                  | 154,877                  | 95.8                 |

The in-year collection rate reduced from 97.2 % in 2012/13 under the council tax benefit system to 96.2% in 2013/14 when council tax support was localised. Since then the overall collection rate has remained within a narrow range from 95.8% to 96.3%. The in-year collection rate for 2019/20 was 95.8%, which is the lowest collection rate recorded to date, but 0.8% higher than the average for Metropolitan Districts.

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In-year collection rates have continued to decline in 2020/21 as a result of the impact of Covid-19.

## Council Tax Collection 2020/21

As at 31<sup>st</sup> October 2020, the in-year Council Tax collection figure was 62.94%. This is a drop of 1.2% on the equivalent comparison in 2019/20.

The main reason for the lower collection rate for 2020/21 has been the impact of Covid-19 on the economy. The Council has adopted a sensitive approach to Council Tax collection throughout the pandemic as detailed below: -

- A greater awareness of vulnerability has meant that as soon as an issue is identified, in most cases, recovery action is placed on hold whilst the vulnerability aspect is assessed. It may result in the Council entering into payment arrangements which take slightly longer to repay because of a genuine financial vulnerability being identified.
- There was no recovery action taken on accounts for 2020/21 until 30<sup>th</sup> June 2020 when the Council issued informal, "soft reminders" to 14,412 taxpayers who had fallen into arrears. A second batch of soft reminders was issued on 19<sup>th</sup> August 2020 to 3,548 taxpayers. On 8<sup>th</sup> October 2020, 9,844 second reminders were issued. This time the wording on the reminder was slightly stronger than the initial reminder.
- The emphasis of the soft reminder letters has been to encourage engagement with the Council to discuss options around payment arrangements and to advise about the support that is available, such as the Exceptional Hardship Fund, benefits advice, and signposting to debt advice agencies for help with managing finances.
- As there has been no formal recovery action taken, the Council has not issued Magistrates Court summons to apply for Liability Orders. As a Liability Order must be obtained prior to taking deductions from benefits and earnings, and also in order to refer cases to Enforcement Agents, there has not been any revenue from these recovery options.
- All applications for Liability Orders in the Liverpool City Region area were put on hold in April 2020 due to Covid-19. Magistrates Courts in the area will be commencing Liability Order hearings again in January 2021 and the Council will put steps in place to recommence formal recovery for appropriate cases.
- Enforcement Agent visits were suspended by 23<sup>rd</sup> March 2020 when national lockdown commenced. Enforcement visits were able to restart from 24<sup>th</sup> August 2020. The Civil Enforcement Agency (CIVEA) implemented a post-lockdown plan whereby prior to visits recommencing, Enforcement Agents had to issue pre-engagement letters to identify vulnerability and those affected by Covid-19. The Council asked Enforcement Agents to issue pre-engagement letters in August 2020 in respect of debt that had been referred before the pandemic. The letters gave 30 days for the taxpayer to engage with the firms to seek support and/or

arrange payment. Enforcement Agents commenced visits from 11<sup>th</sup> September 2020. Agents are trained in how to identify vulnerability and offer support. CIVEA has set out requirements for safe visits, i.e. they should be contactless, and agents do not enter the premises.

## 2.9 Attachment of Benefits

Since the introduction of the Council Tax Reduction Scheme in April 2013 the number of working age claimants falling into arrears continues to grow. One recovery option open to the Council in respect of benefit claimants is to apply for an Attachment of Benefit (AOB) via the courts. Under this option the Court can require a payment of up to £3.70 per week to be made by the DWP directly from the claimant's benefits to meet Council Tax arrears.

Payments by AOB do provide some certainty to both the Council and the debtor. For the Council, the payments do guarantee regular income from the debtor. For the debtor, there is the security of knowing that a debt is being paid by a deduction from their benefit.

However, AOB is not a perfect solution to the problem of growing debt for the following reasons: -

- An AOB cannot be applied without first having taken the debtor to court to obtain a Liability Order. Due to the need to follow the correct legislative timeline for obtaining a Liability Order, payment by AOB cannot commence until part-way through the year. Typically for a bill issued in March the first payments would not be made by the DWP until August of the same year.
- Many debtors have arrears outstanding for multiple years Council Tax. An AOB can only be used to collect one debt at a time. In addition, current legislation does not allow the Council to take any other form of debt recovery (e.g. use of Enforcement Agents) whilst an AOB is in place. To mitigate this, letters have been issued to people on AOB asking them to contact the Council for advice, to make alternate payment arrangements or seek financial advice from Citizens Advice Sefton. However, this initiative met with only a few people contacting the Council to make payment arrangements.
- Collection of Council Tax debt by way of AOB is not the highest priority of debt administered by the DWP. The level of recovery will therefore be affected when a person has multiple debts, e.g. rent and energy debts are given higher priority. The impact of Covid-19 meant that there were no new referrals to the DWP for new deductions between April – October 2020, which is the reason for the drop in live cases in the table below. The Council has recommenced issuing new instructions and these will be processed by the DWP when work priorities allow.
- Many new claimants for local Council Tax Reduction have already accrued debts before an AOB can be considered.
- At the commencement of the scheme in 2013 the maximum deduction of £3.70 was lower than the minimum weekly Council Tax charge for all property bands. The minimum contribution of 20% towards the Council Tax was greater than the amount

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that could be collected within the year by AOB. This created a problem of debt being carried forward to the following year. Therefore, whilst debt payments were being collected regularly the amount of debt at the end of each year kept growing.

- To try and break the cycle of debt, the Council Tax Reduction Scheme was amended with effect from 1st April 2016 to reduce the minimum contribution rate to 16%. This rate was calculated so that the AOB payment of £3.70 per week was more than would be due from Council Tax for many of the claimants.
- A significant number of customers have arrears for more than one financial year. As only one AOB order may be deducted at a time there has been a significant increase in the number of pending cases. These cases are effectively stacked up until an earlier order is paid. No recovery action may be taken in the interim and the value of such cases is increasing year on year.
- The following table shows the amount of debt being recovered by AOB, and the amount of debt still waiting recovery by AOB as at 31<sup>st</sup> October 2020: -

|                 | <b>01.04.18</b> | <b>01.04.19</b> | <b>31.10.19</b> | <b>01.04.20</b> | <b>31.10.20</b> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| AOB in payment  | £916,181        | £1,121,179      | £1,268,727      | £1,160,881      | £1,011,275      |
| Number of cases | 5,200           | 6,276           | 6,642           | 5,803           | 4,528           |
| AOB Pending     | £3,216,978      | £3,987,625      | £4,801,112      | £4,382,203      | £4,425,238      |
| Number of cases | 14,083          | 16,919          | 19,602          | 18,163          | 18,076          |

## 2.10 Review of Scheme Principles

The local Council Tax Reduction Scheme is based on five principles and the review is summarised below:

| <b>Principle</b>                                      | <b>CTRS working for non-pensioner claimants?</b>  |
|---|---|
| The Council will continue to support work incentives  | <p><b>Yes</b> – The Council continues to operate a system which disregards certain amounts of money from customers earnings through employment and self-employment when calculating entitlement.</p> <p>This results in some additional support to those customers receiving Universal Credit who are in low paid work, following the removal of UC work allowances from April 2016</p> |
| The Council will continue to recognise the additional | <p><b>Yes</b> – The Council continues to make additional allowances and give additional support to those</p>  |

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|  |  |
|--|--|
| <p>needs of our most vulnerable residents.</p>   | <p>receiving certain DWP sickness benefits, disability benefits and benefits for Carers when calculating entitlement.</p> <p>Additionally, the Council continues to disregard certain disability benefits as income when calculating entitlement</p> <p>Procedures were reviewed for the collection of non-payment of Council Tax to ensure non-disproportionate impact on the most vulnerable households. Also budgeting support and advice is made available to all claimants.</p> <p>The Council Tax Exceptional Hardship Fund is available to those in the greatest financial need with fair and transparent criteria for awards.</p>  |
| <p>The Council will continue to recognise the additional needs of families with children</p>                             | <p><b>Yes</b> – Child Benefit and Child Maintenance payments are not considered as income when calculating entitlement to CTRS.</p> <p>Additional allowances are given when calculating entitlement for where there is a disabled child in the family.</p> <p>The CTRS also mirrors provisions in the Housing Benefit scheme by taking child care costs into account for low income working families</p> <p>The Council continues to include the Family Premium when calculating the Council Tax Reduction. This was removed for all new Housing Benefit claims from May 2016. The Council has also chosen not to mirror the Housing Benefit scheme which restricts the amount of support given to families with more than two children within its CTRS;</p> |
| <p>The Council supports households staying together to make better use of housing in Sefton and reduce homelessness.</p> | <p><b>Yes</b> - The amount of Council Tax Reduction taken away from a customer when other adults live in the household (known as a non-dependant deduction), was reduced in 2013 and remains at those lower levels.</p>  |
| <p>The Council will continue to have due regard to the Armed Forces Covenant</p>   | <p><b>Yes</b> – War Disablement and War Widows pensions in calculating CTRS, including any Armed Forces compensation in accordance with the covenant is disregarded. This also includes the service attributable element of the armed forces pension could also be disregarded as income when calculating entitlement.</p>   |

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## 2.11 Council Tax Exceptional Hardship Fund (EHF)

A key feature of the local Council Tax Reduction scheme was the creation of an exceptional hardship fund. In 2013/14, the Council set an annual budget for EHF of £150,000, agreeing to increase the budget to £170,000 with effect from 1<sup>st</sup> April 2020. The scheme was introduced by the Council to mitigate against potential issues that may have arisen because of the abolition of Council Tax Benefit and the introduction of the local Council Tax Reduction Scheme.

The fund aims to help vulnerable working age people experiencing financial hardship by reducing their Council Tax bill. Each year, approximately £20,000 is also used to fund council tax discounts for care leavers.

The fund is administrated within an agreed policy, the Discretionary Reduction in liability policy, approved by Cabinet Member for Regulatory, Compliance and Corporate Services.

As part of its response to Covid-19, the Government announced in the Budget Statement on 11 March 2020, that an extra £500 million of new grant funding would be made available to local authorities in 2020/21 to deliver support to economically vulnerable people and households in their local area. Sefton Council's grant allocation was £3,036,603, based on a client caseload of 14,058 working age claimants at 31 December 2019.

The Government's expectation was for billing authorities to provide all recipients of working age local council tax reduction during 2020/21 with a further reduction in their council tax bill of £150, using their discretionary powers to reduce the liability of council tax payers outside of their formal council tax reduction scheme design.

The Council utilised the allocation by providing a grant of £150 to existing working age council tax reduction scheme claimants, with any remaining funds used to provide this discount to new working age claimants in 2020/21 and to provide additional exceptional hardship discounts to council tax payers on a case by case basis in line with the Council's existing policy.

As stated at 2.4 above, it is assumed that the local council tax reduction caseload will continue to increase due to the economic impact of the pandemic and as the Government removes support provided through the job support scheme and the self-employed scheme. Each new claimant during 2020/21 will receive the automatic £150 discount.

The following table shows an illustration of how the Council thought its grant funding may be allocated at the beginning of 2020/21: -

| New Hardship Funding 2020/21               | £m           |
|--|--------------|
| <u>Automatic £150 Discount</u>             |              |
| Existing Working-Age CTRS caseload 14,244  | 2.137        |
| 25% Increase in case load assumed (+3,500) | 0.525        |
|  | <b>2.662</b> |



|  |              |
|--|--------------|
| Other<br>Exceptional Hardship Discounts* | 0.375        |
| <b>Total</b>                             | <b>3.037</b> |

\* In addition to the existing £0.150 million already available after care leavers discounts have been applied.

As at 4<sup>th</sup> November 2020, the Council had allocated £2.491m by way of automatic £150 discounts to working age council tax reduction scheme claimants.

As at 30<sup>th</sup> November 2020, Exceptional Hardship payments of approximately £125,000 have been awarded. The Council will continue to target spend of the remaining funding to those struggling to make Council Tax payments as a result of the pandemic.

Regular updates about the availability of the Exceptional Hardship fund are shared with partner organisations participating in Sefton's Welfare Reform Anti-Poverty group, such as Citizens Advice Sefton, the local Foodbanks, Sefton CVS and registered social landlords.

## 2.12 Summary of local Council Tax Reduction Scheme Review 2020/21

The number of claimants has increased in 2020/21 as a result of the impact of Covid-19 on working age households. In the first 6 months of the year the total number of claimants increased by 999 (4.0%) to 26,196 (10,691 pensioner age and 15,505 working age).

The forecast cost of the scheme has increased by £1.879m (8.0%) in 2020/21 to £25.453m (at 30/09/20). This is due to the impact of rising working age claimant numbers and an average council tax increase of 4.0%.

Working-age claimant numbers are expected to continue to rise into 2021/22 as the Government removes support provided through the job support scheme and self-employed scheme.

Council Tax in year collection rates fell by 1.0% to 96.2% in 2013/14 after the replacement of Council Tax Benefit with the local Council Tax Reduction scheme. The collection rate has remained at a similar level since, with a collection rate of 95.8% being achieved in 2019/20. This was 0.8% higher than the average collection rate for all Metropolitan Districts. The in-year collection rates have continued to decline in 2020/21 as a result of the impact of Covid-19. The collection rate recorded at the end of October 2020 was 1.2% lower than at the same point in 2019.

## **3. Council Tax Reduction Scheme - Consultation**

The statutory provisions are silent on the consultation required when a council is not proposing to change its Council Tax reduction scheme.

Letters will be issued to the precepting authorities – Merseyside Police and Crime Commissioner and Merseyside Fire and Rescue Service notifying them that no change is being proposed. The combined Authority will also be notified of no change.

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## 4. Local Council Tax Reduction Scheme - Equality Impact Assessment

Department for Communities and Local Government issued a report in February 2014 reminding local authorities of their key duties when deciding on local Council Tax Reduction Schemes:

- Public Sector Equality Duty (The Equality Act 2010)
- Duty to mitigate the effects of child poverty (The Child Poverty Act 2010)
- The Armed Forces Covenant
- Duty to prevent Homelessness (The Housing Act 1996)

A detailed equality assessment was undertaken and published as part of the design and implementation of CTRS for 2013/14. This assessment had been reviewed in the context of the proposed options for 2016/17 and found there was no disproportionate impacts as the mitigating actions put in place for the 2013/14 scheme remained. The assessment can be found at Annex D of the Council Report dated 24 January 2013.

### ANNEX A

#### SETTING THE COUNCIL TAX BASE FOR 2021/22

##### 1. **Setting the Council Tax Base**

- 1.1 The council tax base is the link between the Council's budget and the level of council tax. The tax base will be used to calculate the council tax in Sefton, once the Council's budget has been agreed. The Council is required to calculate its own tax base as well as the tax base for each parish council within its boundary and have them approved by the 31 January 2021.
- 1.2 The calculation of the council tax base takes into account many factors such as the rate of new building and the trends in people living on their own (Sole Occupier Discounts).
- 1.3 The tax base calculation assumes a collection rate of 97.0% in 2021/22, which is 1.25% lower than applied in 2020/21. This reflects the negative impact Covid-19 has had on council tax collection in the current year.

##### 2. **Council Tax Base for Sefton Council in 2021/22**

- 2.1 The tax base for 2021/22 is 82,772.1 Band D equivalent dwellings for Sefton Metropolitan Borough Council. This is a reduction of 2,182.3 (-2.6%) in comparison with the tax base for 2020/21. An analysis of the changes between the 2020/21 and the 2021/22 tax base is provided in the table below:

| Tax Base for Sefton Council |                               | Band D Equivalents |           |        |
|-----------------------------|-------------------------------|--------------------|-----------|--------|
|                             |                               | 2020/21            | 2021/22   | Change |
| H                           | <u>Chargeable Dwellings</u>   |                    |           |        |
|                             | Dwellings on the Banding List | 111,059.3          | 111,551.2 | 491.9  |
|                             | Exempt Dwellings              | -2,134.1           | -2,216.8  | -82.7  |
|                             | Disabled Persons Reductions   | -149.6             | -150.2    | -0.6   |

|   |                                   |                 |                 |                 |
|---|-----------------------------------|-----------------|-----------------|-----------------|
|   |                                   | 108,775.6       | 109,184.2       | 408.6           |
| Q | <u>Discounts</u>                  |                 |                 |                 |
|   | Sole Occupier & Status Discounts  | -10,092.1       | -10,278.5       | -186.4          |
|   | Empty Property Discounts          | -60.6           | -49.4           | 11.2            |
|   | Total                             | -10,152.7       | -10,327.9       | -175.2          |
| E | Empty Homes Premium               | 630.8           | 704.0           | 73.2            |
| J | <u>Adjustments</u>                |                 |                 |                 |
|   | New Dwellings on the Banding List | 309.7           | 121.7           | -188.0          |
|   | Banding Reductions                | -166.6          | -167.3          | -0.7            |
|   | Exemptions, Discounts, & Premium  | -420.4          | -634.4          | -214.0          |
|   |                                   | -277.3          | -680.0          | -402.7          |
| Z | Council Tax Support Scheme        | -12,567.8       | -13,608.0       | -1,040.2        |
| B | Collection Rate Adjustment        | -1,512.2        | -2,558.2        | -1,046.0        |
|   | MOD Properties                    | 8.0             | 8.0             | 0.0             |
|   | <b>Council Tax Base</b>           | <b>84,904.4</b> | <b>82,722.1</b> | <b>-2,182.3</b> |

2.2 The impact of Covid-19 has seen the Council's tax base reduce for the first time since 2013/14, when local council tax support discounts were introduced to replace the previous system of council tax benefit.

2.3 The main reasons for the changes in the tax base are:

Dwellings on the Banding List: The number of properties on Banding List has increased by 523 (0.4%) in the year.

Exempt Dwellings: The number of dwellings subject to a specific exemption (Class A to W) have increased by 117 (4.6%). The largest increases were in the number of Class F exemptions (dwellings left empty by deceased persons) and Class E exemptions (an unoccupied dwelling which was previously the sole main residence of a person who has moved into a hospital or a care home).

Sole Occupier & Status Discounts: The number of dwellings receiving a 25% discount due to single occupancy or where one person is disregarded, has increased by 871 (1.8%).

Adjustments: A lower level of new house building has been forecast for 2021/22 due to the impact of Covid-19 on the economy. The number of exemptions and discounts are forecast to increase by a greater number than usual in 2021/22 due to the ongoing impact of Covid-19.

Council Tax Support Scheme (CTRS): There has been a significant increase in the number of claims for CTRS discounts since the first Covid-19 lockdown was announced in March 2020. The number of CTRS claimants has increased by 945 (3.8%) between 30 November 2019 and 30 November 2020. A further increase in claimant numbers is anticipated when the Government Furlough Scheme ends in April 2021. The Government anticipate unemployment to peak at the end of the second quarter in 2021/22. The tax base calculation assumes that CTRS discounts will increase by a further 5.0% in 2021/22.

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## 3. Council Tax Base in Parish Areas for 2021/22

- 3.1 There are also new tax base figures for each parish area in 2021/22. The following table provides details of the new tax base for each parish compared to 2020/21:

| Tax Base for Parish Areas | Band D Equivalents |         |        | %      |
|---------------------------|--------------------|---------|--------|--------|
|                           | 2020/21            | 2021/22 | Change | Change |
| Parish of Aintree Village | 2,077.3            | 2,017.8 | -59.5  | -2.9%  |
| Parish of Formby          | 9,205.7            | 9,010.7 | -195.0 | -2.1%  |
| Parish of Hightown        | 873.1              | 855.0   | -18.1  | -2.1%  |
| Parish of Ince Blundell   | 170.5              | 166.0   | -4.5   | -2.6%  |
| Parish of Little Altcar   | 333.3              | 327.2   | -6.1   | -1.8%  |
| Parish of Lydiate         | 2,072.0            | 2,028.6 | -43.4  | -2.1%  |
| Parish of Maghull         | 6,766.5            | 6,697.7 | -68.8  | -1.0%  |
| Parish of Melling         | 1,014.7            | 1,029.5 | 14.8   | +1.5%  |
| Parish of Sefton          | 237.2              | 247.5   | 10.3   | +4.3%  |
| Parish of Thornton        | 788.8              | 767.4   | -21.4  | -2.7%  |

- 3.2 The tax base calculation for each of the parish areas is based on the same assumptions made in the calculation for Sefton Metropolitan Borough Council.
- 3.3 Most parish areas are experiencing a reduction in their tax base as a result of the impact of Covid-19. However, some parishes have experienced higher levels of housing growth in the past 12 months which has offset the impact of Covid-19.

|                                      |   |                                  |                |
|--------------------------------------|---|----------------------------------|----------------|
| <b>Report to:</b>                    | Cabinet   | <b>Date of Meeting:</b>          | 7 January 2021 |
| <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 - January Update |                                  |                |
| <b>Report of:</b>                    | Executive Director of Corporate Resources and Customer Services   | <b>Wards Affected:</b>           | (All Wards);   |
| <b>Portfolio:</b>                    | Cabinet Member - Regulatory, Compliance and Corporate Services  |                                  |                |
| <b>Is this a Key Decision:</b>       | Yes   | <b>Included in Forward Plan:</b> | Yes            |
| <b>Exempt / Confidential Report:</b> | No  |                                  |                |

**Summary:**

To inform **Cabinet** of:

1. The 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 November 2020:
  - The forecast expenditure to year end;
  - Variations against the approved budgets and an explanation of those variations for consideration by Members;
  - Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects are also presented for approval.

**Recommendation(s):**

**Cabinet** is recommended to:

**Revenue Budget**

- 1) Note the current estimated impact of COVID-19 on the 2020/21 Budget together with the key issues that will influence the final position.
- 2) Recognise the financial risks associated with the delivery of the 2020/21 revenue budget and the material variations that are to be expected to the current estimates contained in this report, and agree that subsequent reports provide updates and where appropriate remedial actions plans as appropriate;
- 3) Note the current forecast revenue outturn position for 2020/21;
- 4) Acknowledge that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved;

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## **Capital Programme**

- 5) Note the spending profiles across financial years for the approved capital programme (paragraph 6.1.1);
- 6) Note the latest capital expenditure position as at 30 November 2020 of £11.530m (paragraph 6.2.1) with the latest full year forecast of £31.147m (paragraph 6.3.1);
- 7) Note explanations of variances to project budgets (paragraph 6.2.3);
- 8) Approve the additional School Condition Grant of £0.680m for inclusion in the capital programme (paragraph 6.4);
- 9) Approve the additional Highways Active Travel Tranche 2 Grant of £0.700m and the School Streets allocation of £0.030m (section 6.5) for inclusion in the capital programme;
- 10) Approve the additional Disabled Facilities Grant allocation of £0.572m for inclusion in the capital programme (paragraph 6.6); 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 6.7.3).

## **Reasons for the Recommendation(s):**

To ensure Cabinet are informed of the forecast outturn position for the 2020/21 Revenue Budget as at the end of November 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 £0.605m. 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.

## (B) Capital Costs

The Council's capital budget in 2020/21 is £31.534m. As at the end of November 2020 expenditure of £11.530m has been incurred and a full year outturn of £31.147m 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:

|  |
|--|
| <p><b>Resource Implications (Financial, IT, Staffing and Assets):</b><br/>There is currently a budget deficit of £0.605m 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.</p> |
| <p><b>Legal Implications:</b><br/>None</p>   |
| <p><b>Equality Implications:</b><br/>There are no equality implications.</p>   |

### 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.

|  |
|--|
| <p><b><u>Protect the most vulnerable:</u></b><br/>See comment above</p>                    |
| <p><b><u>Facilitate confident and resilient communities:</u></b><br/>See comment above</p> |
| <p><b><u>Commission, broker and provide core services:</u></b><br/>See comment above</p>   |
| <p><b><u>Place – leadership and influencer:</u></b><br/>See comment above</p>              |
| <p><b><u>Drivers of change and reform:</u></b><br/>See comment above</p>                   |
| <p><b><u>Facilitate sustainable economic prosperity:</u></b><br/>See comment above</p>     |
| <p><b><u>Greater income for social investment:</u></b><br/>See comment above</p>           |

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**Cleaner Greener:**

See comment above

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

**(A) Internal Consultations**

The Executive Director of Corporate Resources & Customer Services is the author of the report (FD 6229/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4421/20).

**(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               |
| Telephone Number:       | Tel: 0151 934 4106        |
| Email Address:          | paul.reilly@sefton.gov.uk |

**Appendices:**

The following appendices are attached to this report:

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

**Background Papers:**

There are no background papers available for inspection.



## 1. Introduction

- 1.1 In February 2020, Council approved the budget for 2020/21. This report provides an update on the forecast revenue outturn position for 2020/21, including the significant impact of COVID-19 on the Council's 2020/21 budget.
- 1.2 The report also outlines the current position regarding key income streams for the Authority, namely Council Tax and Business Rates. Variations against expected receipts in these two areas will also affect the Council's financial position in future years.
- 1.3 The capital section of the report informs Members of the latest estimate of capital expenditure for 2020/21 and forecast expenditure for 2021/22 and 2022/23. The capital budget to date is presented in section 6.1. Sections 6.2 and 6.3 review progress of the capital programme. Finally, Section 6.7 confirms that there are adequate levels of resources available to finance the capital programme.

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

- 2.1 At the Cabinet meeting on 30 July 2020, Members received a comprehensive report that outlined the full range of financial issues that were being faced by the Council (and all other councils within the country) arising from the pandemic.
- 2.2 At the Cabinet meeting on 3 December 2020, Members were provided with an update that based on an update to the monthly return to central government (MHCLG) the Council would have a net shortfall of £18.5m in 2020/21 when these issues had been taken into account and the use of the £23.7m emergency fund from central government had been applied. These figures reflected actual expenditure and receipts as at the end of October 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 local and national restriction measures, social behaviour and the conditions within the local economy that drive employment and business activity.

### Latest Submission to MHCLG - December 2020

- 2.3 As Members will be aware each month the Council has been required to outline its cost pressures in its return to MHCLG. The latest submission relating to December was provided on 11 December 2020. The latest estimates included on the return are detailed below along with the figures included in the return for October:

|  | October 2020<br>£'m | November<br>2020<br>£'m |
|--|---------------------|-------------------------|
| Forecast cost of responding the pandemic | 16.0                | 17.0                    |
| Loss of income from fees and charges     | 14.9                | 14.9                    |
| Reduced Council Tax receipts             | 4.3                 | 5.2                     |
| Reduced Business Rates receipts          | 7.0                 | 7.0                     |
| <b>Sub Total</b>                         | <b>42.2</b>         | <b>44.1</b>             |
| Government Funding Received              | (23.7)              | (23.7)                  |
| <b>Current Shortfall</b>                 | <b>18.5</b>         | <b>20.4</b>             |

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- 2.4 The forecast cost of responding to the pandemic has increased due to costs being incurred by the Merseyside Waste and Recycling Authority which will be recharged to the Council now being included. The current forecast for reduced Council Tax receipts has worsened due to an assessment of the current levels of collection on the level of arrears from previous years; further work will be undertaken to refine the assessment.

## Central Government Advice and Guidance

- 2.5 As outlined in previous reports to Cabinet, 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 2.3 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 £5.4m. Therefore, total losses of £8.9m will need to be funded by the Council during the current year.

In addition, in the Spending Review for 2020, the government announced a further scheme to support 75% of irrecoverable losses in 2020/2021 for Council Tax and Business Rates. Details of the scheme have still to be announced. Based on the figures reported to the MHCLG, the Council is estimating losses of £12.2m. If all of this amount is eligible for support, then the Council would need to fund £3.050m. However, under regulations this sum would need to be funded in future years. This will need to be funded from the emergency funding received by the Council.

## Potential Impact for Sefton

### 2020/21

- 2.6 As stated, there are two primary issues that need to be addressed in the current year for the Council:-
- The Council has a statutory responsibility to balance its budget, therefore needs to meet the net loss of fees and charges of £8.9m 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.
- 2.7 The proposed approach to balancing this year's budget was set out in the previous Cabinet report and this remains the Council's preferred approach 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 £8.9m and will be met from emergency funding.

- 2.8 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.
- 2.9 As Members have discussed in recent months this position will inevitably be the subject of change between now and the end of the financial year and both the approved budget and the impact of the pandemic will require forensic monitoring and cost and income control as the risk to the financial sustainability of the Council has been significantly escalated.

### **Cost of responding to the pandemic**

- 2.10 It can be seen from the table presented earlier in this report that the current forecast is that the Council has potential commitments totalling £17.0m from its emergency fund budget (this includes the contingency sum previously agreed by members).
- 2.11 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. 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 national 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**

- 2.12 The Government announced a one-year Spending Review for 2021/2022 on 25 November 2020. This provided some details of the overall funding available for local government and what additional support will be provided to address the ongoing impact of COVID into next year. Some of the main announcements were:
- An additional £300m of Social Care Grant would be paid to local authorities in 2021/22
  - The core principle for Council Tax increases will remain at 2%.
  - Local authorities have been given the power raise Council Tax by a further 3% on top of the core principle as an Adult Social Care Precept
  - Additional emergency funding of £1.55bn nationally will be made available to support the ongoing financial implications of COVID-19 in 2021/22.
  - An additional £670m to support reductions in Council Tax receipts due to increases in the number of Council Tax Reduction Scheme claimants.
  - Extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021.
- 2.13 The Local Government Finance Settlement for 2021/22 was announced on 17 December 2020 and included more detail on the exact implications of the above

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announcements on Sefton. At the time of writing this report officers were still assessing these implications – a verbal update will be provided to Members.

- 2.14 A report to Cabinet in October 2020 presented an updated Medium-Term Financial Plan (MTFP) for 2021/2022 – 2023/2024 which included an assessment of the ongoing financial implications of the pandemic. Work is ongoing within the Council to update the MTFP and evaluate the potential impact of COVID-19 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 well as the implications of the Settlement. A Budget Plan for 2021/22 will be presented to Budget Cabinet on 11 February 2021 that will allow the Council to set and then deliver a sustainable budget for the year.

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

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

| <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>           |

- 3.4 Given the uncertainty around COVID-19 it is vital that the Council ensures the 2020/21 budget does not overspend. Therefore, following the April monitoring position being determined, it was identified that a remedial plan needed to be developed. This has initially focussed on vacancy management with external recruitment being prioritised in Children’s Services, Family and Well Being Centres/Early Help and SEND, stopping all non-essential expenditure within the Council, with the exceptions of Children’s Social Care (due to the budget issues in that service) and Public Health (due to the current pandemic) and as per the Budget Report of February 2020, bringing through savings from the Framework for Change programme - these will be developed and shared with Members as per the

Council's established governance processes. A budget shortfall of £5.7m equates to needing to identify savings to the value of 3.5% of the Council's remaining budget and as this pressure is permanent long-term savings to this value are required moving into next year.

- 3.5 As a result of this work undertaken, the latest forecast of service expenditure indicates an overspend of **£0.605m**, an increase of £0.007m from the October position. However, this represents the forecast with four months of the financial year remaining which encompasses the winter period which can have a material impact on the budget in a number of areas hence the outturn forecast and those savings that are being developed will vary in value over the next six months. It is however critical that in the event that budget pressure increases, corresponding savings are identified within the Council's existing budget. The table below highlights the variations:

|  | <b>Budget</b>  | <b>Forecast<br/>Outturn</b> | <b>Variance</b> | <b>Variance<br/>to<br/>October<br/>Position</b> |
|--|----------------|-----------------------------|-----------------|---|
|  | <b>£m</b>      | <b>£m</b>                   | <b>£m</b>       | <b>£m</b>                                       |
| <b>Services</b>                          |                |                             |                 |   |
| Strategic Management                     | 3.136          | 2.953                       | -0.183          | -0.012  |
| Adult Social Care                        | 94.800         | 94.800                      | 0.000           | 0.000   |
| Children's Social Care                   | 34.977         | 39.876                      | 4.899           | 0.102   |
| Communities                              | 18.359         | 19.515                      | 1.156           | 0.072   |
| Corporate Resources                      | 7.605          | 7.380                       | -0.225          | 0.006   |
| Economic Growth & Housing                | 5.659          | 5.758                       | 0.099           | -0.021  |
| Education Excellence                     | 9.783          | 10.131                      | 0.348           | 0.020   |
| Health & Wellbeing                       | 18.498         | 18.388                      | -0.110          | -0.004  |
| Highways & Public Protection             | 10.553         | 10.557                      | 0.004           | -0.027  |
| Locality Services                        | 12.240         | 12.435                      | 0.195           | -0.204  |
| <b>Total Service Net<br/>Expenditure</b> | <b>215.610</b> | <b>221.793</b>              | <b>6.183</b>    | <b>-0.068</b>                                   |
| Budget Pressure Fund                     | 1.000          | 0.000                       | -1.000          | 0.000   |
| In year savings                          | 5.411          | 0.000                       | -5.411          | 0.000   |
| Council Wide Budgets                     | 14.360         | 15.393                      | 1.033           | 0.075   |
| Levies                                   | 34.701         | 34.701                      | 0.000           | 0.000   |
| General Government Grants                | (46.376)       | (46.576)                    | -0.200          | 0.000   |
| <b>Total Net Expenditure</b>             | <b>224.706</b> | <b>225.311</b>              |                 |   |
| <b>Forecast Year-End Deficit</b>         |                |                             | <b>0.605</b>    | <b>0.007</b>                                    |

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

- **Adult Social Care (forecast nil variance)** – The current forecast assumes that the Adult Social Care budget will break-even during 2020/2021. However, there are a

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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 and have paid an initial sum; there are also ongoing discussions with the CCGs relating to other 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. This will impact not only this year's budget but also that for 2021/22.

- **Children's Social Care (£4.899m net overspend)** – Based on the current numbers of Looked After Children, and assuming a further increase in line with the increase seen in 2019/20, the Placement and Packages budget is forecast to overspend by £4.309m in 2020/21.

In addition, there is a forecast overspend on staffing costs of £0.590m. 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.

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 – (£1.156m overspend)** – The cost of placements and packages for Children with Disabilities is forecast to overspend by £0.890m (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 (£0.348m overspend)** - Home to School transport external provision has a projected overspend of £0.635m 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 (£0.195m overspend)** – Some of the service pressures experienced in 2019/20 have continued into 2020/21.
  - Security Service (£0.665m overspend) – The forecast deficit is a reflection of an under recovery of income to support the cost base. The forecast overspend is based on a prudent view of the income due. The Service is to undertake a full review as part of the saving proposals below.
  - Cleansing (£0.570m underspend) – The underspend is mainly due to the reduced costs of vehicles as the purchase of the new fleet will occur later than originally anticipated, resulting in lower prudential borrowing costs.

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

3.7 The forecast budget deficit as at October 2020 is **£0.605m**. 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. Council Tax Income – Update**

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

4.2 The forecast outturn for the Council at the end of November 2020 is a deficit of +£1.132m. This variation is primarily due to: -

- The deficit on the fund at the end of 2019/20 being higher than estimated (+£0.047m);

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- Gross Council Tax Charges in 2020/21 being higher than estimated (-£0.278m);
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£1.360m). This is mainly as a result of a significant increase in the number of claimants for the Council Tax Reduction Scheme (CTRS).

4.3 It should be noted that the deficit is expected to increase due to an increasing number of CTRS claimants and the impact of a reduction in the amount of Council Tax being collected (currently estimated at £4.5m).

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

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

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

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

5.2 The forecast outturn for the Council at the end of November 2020 is a deficit of £37.887m 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 (£0.632m);
- 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 (+£38.374m).

5.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net surplus of £0.764m is forecast. However, it should be noted that this doesn't take account of the impact of the number of appeals being registered by businesses in response to the pandemic or the reduction in the amount of Business Rates being collected. A significant forecast deficit is therefore anticipated with the current estimate being a £7.0m deficit.



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

5.5 A forecast surplus of £0.622m was declared in January 2020. Sefton's share of this is £0.616m. This is the amount that will be distributed from the Collection Fund in 2020/21 and any additional surplus or deficit will be distributed in future years.

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

### 6.1 Capital Budget

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

|                |                 |
|----------------|-----------------|
| <b>2020/21</b> | <b>£31.534m</b> |
| <b>2021/22</b> | <b>£33.429m</b> |
| <b>2022/23</b> | <b>£1.452m</b>  |

6.1.2 The following updates have been made to the Capital Programme since the last report to Cabinet:

- Adult Social Care:
  - £0.309m has been rephased from 2021/22 for an increase in Disabled Facilities Grants forecast to be spent in 2020/21
  - £0.190m has been phased to 2021/22 for the Assistive Technology Supported Living project that has been delayed due to access issues and restrictions resulting from Covid-19.
- Corporate Resources:
  - £0.221m has been phased to 2021/22 for Public Sector Reform.
- Economic Growth and Housing:
  - A new allocation of £0.090m has been added to the capital programme under delegated authority, externally funded by an MHCLG grant for the Next Steps Accommodation Funding Programme.
  - A new allocation of £0.100m has been added to the capital programme under delegated authority as part of the Southport Town Deal Accelerated Grant from the MHCLG.
- Education Excellence:
  - £0.276m has been phased from 2021/22 to 2020/21 for schemes to be delivered at Linacre Primary, Lydiate Primary, Northway Primary and Melling Primary.
- Highways & Public Protection

Following a review of several Highways schemes, the following adjustments have been made to phase delivery into 2021/22:

  - Kirkby to Maghull Cycle Route (£0.162m)

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- Southport East West Links (£0.250m)
  - Local Safety Schemes (£0.125m)
  - A565 Corridor Improvements - Great Georges Road (£0.290m)
  - A59 Maghull Route Management (£0.250)
  - Scarisbrick Avenue (£0.420m)
  - A565 Northern Key Corridor Improvements (£0.100m).
- Locality Services:
    - £0.213m has been phased from 2020/21 to 2021/22 for the ongoing replacement of Green Sefton Plant and Machinery, and vehicles and equipment for the insourcing of the Burials and Cremation service.
    - £0.087m has been phased from 2020/21 to 2021/22 for the delivery of the Surface Water Management Plan.

## 6.2 **Budget Monitoring Position to November 2020**

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

| <b>Service Area</b>                     | <b>Budget to Nov-20</b> | <b>Actual Expenditure to Nov-20</b> | <b>Variance to Nov-20</b> |
|---|-------------------------|-------------------------------------|---------------------------|
|   | <b>£m</b>               | <b>£m</b>                           | <b>£m</b>                 |
| <b>Adult Social Care</b>                | 1.029                   | 1.032                               | 0.003                     |
| <b>Communities</b>                      | 0.089                   | 0.077                               | -0.012                    |
| <b>Corporate Resources</b>              | 0.115                   | 0.152                               | 0.037                     |
| <b>Economic Growth &amp; Housing</b>    | 0.802                   | 0.732                               | -0.070                    |
| <b>Education Excellence</b>             | 2.808                   | 2.784                               | -0.024                    |
| <b>Highways &amp; Public Protection</b> | 5.970                   | 5.973                               | 0.003                     |
| <b>Locality Services</b>                | 0.885                   | 0.780                               | -0.105                    |
| <b>Total Programme</b>                  | <b>11.698</b>           | <b>11.530</b>                       | <b>-0.168</b>             |

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

## 6.3 Capital Programme Forecast Outturn 2020/21

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

| Service Area                            | Full Year Budget 2020/21 | Forecast Out-turn | Variance to Budget | Full Year Budget for Ongoing Schemes 2021/22 | Full Year Budget for Ongoing Schemes 2022/23 |
|---|--------------------------|-------------------|--------------------|--|--|
|   | £m                       | £m                | £m                 | £m   | £m   |
| <b>Adult Social Care</b>                | <b>2.841</b>             | <b>2.804</b>      | -0.037             | 7.765  | -  |
| <b>Communities</b>                      | <b>0.258</b>             | <b>0.258</b>      | -                  | 0.265  | -  |
| <b>Corporate Resources</b>              | <b>1.242</b>             | <b>1.221</b>      | -0.021             | 4.149  | -  |
| <b>Economic Growth &amp; Housing</b>    | <b>5.442</b>             | <b>5.442</b>      | -                  | 3.905  | -  |
| <b>Education Excellence</b>             | <b>3.690</b>             | <b>3.631</b>      | -0.059             | 5.305  | 0.427  |
| <b>Highways &amp; Public Protection</b> | <b>13.731</b>            | <b>13.731</b>     | -                  | 3.500  | -  |
| <b>Locality Services</b>                | <b>4.331</b>             | <b>4.330</b>      | -0.001             | 8.539  | 1.026  |
| <b>Total Programme</b>                  | <b>31.534</b>            | <b>31.417</b>     | <b>-0.117</b>      | <b>33.429</b>                                | <b>1.452</b>                                 |

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

6.3.2 Analysis of significant spend variations over budget profile in 2020/21:

### Education Excellence

| Scheme   | Variation       | Reason  | Action Plan   |
|--|-----------------|---|---|
| <b>Linaker Primary – Additional 1 Form Entry Classroom</b> | <b>-£59,631</b> | Project is now complete and a saving on the scheme has been identified. | Surplus resources will be used to fund essential works on the Schools General Planned Maintenance budget. |

6.3.3 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. With only four months of the financial year remaining, achieving the current forecast for the year will be challenging hence the comprehensive review each quarter. This estimate is the best available at this time but will be dependent on a number of factors including local restrictions.

## 6.4 Additional School Condition Allocation Grant

6.4.1 Sefton has received an additional £0.680m for repairs and upgrades to school buildings, on top of funding already allocated this year. This has been allocated through the School Condition Allocation for 2020/21. Approval is sought for the inclusion of this additional grant in the capital programme that will be spent on the ongoing programme of school's essential maintenance.

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## **6.5 Highways Active Travel Tranche 2**

- 6.5.1 Sefton has been allocated, via the Liverpool City Region Combined Authority, a further £0.700m under the second tranche of the Department for Transport Active Travel Fund. Further funding of £0.030m has also been allocated to support School Streets schemes.
- 6.5.2 Approval is sought for the inclusion of this additional grant in the capital programme. It is not envisaged that all of this funding can be spent in the current financial year due to the requirement to prioritise schemes under the first tranche of the Active Travel Fund. The majority of the additional funding will therefore be included in the 2021/22 capital programme.

## **6.6 Additional Disabled Facilities Grant**

- 6.6.1 The government announced on 3 December an additional £68m in capital funding to be made available to local authorities through the Disabled Facilities Grant (DFG) in 2020/21. This extra boost in DFG funding is to help support local authorities to deliver more home adaptations for those people with disabilities who qualify for a DFG. The Council has received notification from the MHCLG of the grant award and approval is now sought to include an additional allocation of £0.572m in the current capital programme.

## **6.7 Programme Funding**

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

| <b>Source</b>                     | <b>£m</b>     |
|-----------------------------------|---------------|
| Grants                            | 22.852        |
| Contributions (incl. Section 106) | 0.495         |
| Capital Receipts                  | 1.487         |
| Prudential Borrowing              | 6.700         |
| <b>Total Programme Funding</b>    | <b>31.534</b> |

- 6.7.2 The programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital expenditure are in place, the future years programme is fully funded, and the level of prudential borrowing remains affordable.
- 6.7.3 The Executive Director Corporate Resources and Customer Services will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the Council.

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

| Capital Project  | Budget       |              |              |
|--|--------------|--------------|--------------|
|  | 2020/21<br>£ | 2021/22<br>£ | 2022/23<br>£ |
| <b>Adult Social Care</b>                                 |              |              |              |
| Care Homes - Fire Alarms & Emergency Lighting            | 102,000      | -            | -            |
| Core DFG Programme                                       | 975,000      | 849,000      | -            |
| Wider Social Care Programme                              | 1,763,973    | 6,9157,37    | -            |
| <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       | 2,482,283    | -            |
| STCC Essential Maintenance                               | 100,000      | 1,298,634    | -            |
| Victoria Baths Essential Works                           | 393,873      | 147,374      | -            |
| St John Stone Site - Infrastructure Works                | 623,210      | -            | -            |
| Public Sector Reform – Cost of Change                    | 106,914      | 220,738      | -            |
| <b>Economic Growth &amp; Housing</b>                     |              |              |              |
| Housing Investment (HMRI)                                | 18,078       | 36,180       | -            |
| Next Steps Accommodation Programme                       | 90,000       | -            | -            |
| Southport Pier Project                                   | 179,920      | -            | -            |
| Southport Tree Lights                                    | 100,000      | -            | -            |
| Strategic Acquisitions - Land at Bootle                  | 1,398,500    | 149,000      | -            |
| Town Centre Fund   | -            | 250,000      | -            |
| Southport Market Redevelopment                           | 900,000      | 500,000      | -            |
| Cambridge Road Centre Development                        | 1,253,717    | 70,000       | -            |
| Crosby Lakeside (CLAC) Development                       | 1,200,000    | 1,900,000    | -            |
| Strategic Acquisitions – Ainsdale                        | 301,859      | 1,000,000    | -            |
| <b>Education Excellence</b>                              |              |              |              |
| Healthy Pupils Fund                                      | 26,241       | -            | -            |
| Schools Programme  | 2,571,634    | 4,568,195    | 401,625      |
| Planned Maintenance                                      | 400,831      | 300          | -            |
| Special Educational Needs & Disabilities                 | 691,238      | 736,499      | 25,000       |
| <b>Highways and Public Protection</b>                    |              |              |              |
| Accessibility  | 107,320      | 180,000      | -            |
| Completing Schemes/Retentions                            | 20,000       | -            | -            |
| Healthy Lifestyles                                       | 2,500,000    | 560,200      | -            |
| Road Safety  | 15,000       | 125,000      | -            |
| A565 Route Management and Parking                        | 780,000      | 1,280,000    | -            |

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|   | 2020/21<br>£      | 2021/22<br>£      | 2022/23<br>£     |
|---|-------------------|-------------------|------------------|
| Strategic Planning                                    | 303,000           | 45,000            | -                |
| Traffic Management and Parking                        | 815,000           | 289,550           | -                |
| Emergency Active Travel Fund                          | 610,457           | -                 | -                |
| Port Access   | 179,000           | -                 | -                |
| Highway Maintenance                                   | 4,005,433         | 820,000           | -                |
| 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                               | 987,500           | 200,000           | -                |
| <b>Locality Services</b>                              |                   |                   |                  |
| Burials & Cremation Insourcing - Vehicles & Equipment | 45,000            | 90,210            | -                |
| Formby Strategic Flood Risk Management Programme      | -                 | 43,851            | -                |
| Merseyside Groundwater Study                          | -                 | 31,508            | -                |
| 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                         | 56,439            | 48,561            | 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                         | 46,847            | 87,631            | -                |
| Surface Water Modelling & Mapping                     | 20,020            | -                 | -                |
| Small Watercourse Works                               | 15,000            | -                 | -                |
| Water Level Monitoring Pilot                          | 18,000            | -                 | -                |
| Hightown Coastal Protection Interim Options           | 10,000            | -                 | -                |
| Parks Schemes   | 90,070            | 192,497           | -                |
| Tree Planting Programme                               | 85,750            | 38,600            | 126,783          |
| Golf Driving Range Developments                       | 256,080           | 280,280           | -                |
| Green Sefton – Plant & Machinery                      | 177,000           | 123,000           | -                |
| Vehicle Replacement Programme                         | 1,344,000         | 7,281,905         | 113,000          |
| Wheeled Bins  | 1,650,000         | -                 | -                |
| <b>TOTAL PROGRAMME</b>                                | <b>31,534,148</b> | <b>33,428,731</b> | <b>1,452,247</b> |

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>          | 7 January 2021 |
| <b>Subject:</b>                      | Land at Grange Farm Lunt  |                                  |                |
| <b>Report of:</b>                    | Executive Director of Corporate Resources and Customer Services   | <b>Wards Affected:</b>           | Manor and Park |
| <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, 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. The Public Interest Test has been applied and favours the information being treated as exempt |                                  |                |

**Summary:** To report on the principal terms and conditions that have been agreed for the Surrender of the agricultural tenancies on the land and the subsequent disposal of the land with vacant possession following a marketing exercise.

**Recommendations:**

- (1) That the tenant farmer surrenders the Farm Business and Agricultural Holdings Act tenancies in place on the land to the Council and following such Surrender the Council pays the agreed compensation package.
- (2) That the Council sells the land with vacant possession for the existing use to the highest bidder following an informal tender exercise for the figure submitted.
- (3) That the Chief Legal and Democratic Officer complete the Surrender and Sale contract documentation on the terms detailed in this report.

**Reasons for the Recommendations:**

The Council needs to complete the Surrender of the agricultural tenancies in order for it to sell the land on the open market with vacant possession to the highest bidder following the marketing of the land. The Chief Legal and Democratic Officer will complete the legal documentation. The Asset Disposal Strategy requires a decision by Cabinet for disposals over £500,000 in value.

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

The Council could retain the land in its ownership and continue to rent it to the tenant farmer on existing terms. This would not generate a capital receipt to fund the Growth and Strategic Investment Programme and the Cost of Change budget for Framework for

# Agenda Item 14

Change 2020. The sale of the Grange land is included in Phase 1 of the Asset Maximisation proposals.

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

### (A) Revenue Costs

There will be a loss of rental income from the Council's Investment Portfolio. See point 1 in Appendix 1 for details of the current rent

### (B) Capital Costs

Agent's fees plus VAT plus expenses will be met out of the capital receipt under Local Authority Capital Accounting Regulations. See point 2 in Appendix 1 for details of the fees.

## Implications of the Proposals:

|   |
|---|
| <b>Resource Implications (Financial, IT, Staffing and Assets):</b><br>Property and Facilities Management will work alongside the Agent and Legal and Democratic Services to complete the work |
| <b>Legal Implications:</b><br>The Chief Legal and Democratic Officer will complete the legal documentation for the surrender of the tenancies and the sale of the land.                       |
| <b>Equality Implications:</b><br><br>There are no equality implications   |

## Contribution to the Council's Core Purpose:

|  |
|--|
| Protect the most vulnerable: Not applicable  |
| Facilitate confident and resilient communities: Not applicable   |
| Commission, broker and provide core services: The sale of the land to generate a capital receipt will support a number of Council service priorities under the Growth and Strategic Investment Programme and Framework for Change.   |
| Place – leadership and influencer: This presents an asset management opportunity 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 Council's disposal strategy of which this land forms part of Phase 1 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

The Executive Director of Corporate Resources and Customer Services (FD6231/20..) and the Chief Legal and Democratic Officer (LD.4423/20..) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

Not applicable

## Implementation Date for the Decision

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

|                          |                         |
|--------------------------|-------------------------|
| <b>Contact Officer:</b>  | Andy Bond               |
| <b>Telephone Number:</b> | Tel: 0151 934 3247      |
| <b>Email Address:</b>    | andy.bond@sefton.gov.uk |

## Appendices:

Appendix 1 Financial Details

## Background Papers:

There are no background papers available for inspection.

### 1. Introduction/Background

- 1.1 The Grange land at Lunt comprises 193 acres of farmland let to the Council’s tenant farmer under a Farm Business Tenancy and an Agricultural Holdings Act tenancy. The land is designated as Green Belt within the Council’s Local Plan for the area.
- 1.2 The Agent acting for the Tenant Farmer contacted the Council indicating that their Client was looking to retire and wanted to investigate if the Council would be responsive to considering an early surrender of his tenancies on terms and conditions to be negotiated. This presented the Council with an asset management opportunity to generate a substantial capital receipt.
- 1.3 Agricultural valuation is a specialised field of valuation so the Council procured quotes from two firms to advise it on the terms and conditions for an early surrender and subsequent sale of the land with vacant possession following a period of marketing.

# Agenda Item 14

- 1.4 SHP Valuers from Preston submitted the most advantageous fee quote and were appointed to handle negotiations on the Council's behalf for the surrender of the tenancies preparation of the tender details the marketing of the land with vacant possession compilation of offers negotiation of appropriate terms and recommendations for the sale of the land.
- 1.5 The Agent's fees can be paid out of the eventual capital receipt under the Local Authority Capital Accounting Regulations. The Council is entitled to use up to 4% of a capital receipt to meet the incidental costs of a disposal. Incidental costs can include professional fees.

## **2 Surrender of Tenancies**

- 2.1 The Council's Agent and the Tenant's Agent negotiated the following terms and conditions for the surrender of the agricultural tenancies;
  - a. The landlord and the tenant shall enter into a Deed of Surrender in respect of both holdings, subject to contract, at an early date but to exchange prior to 30 September 2020, which shall complete on 20 January 2021 when vacant possession will be available.
  - b. The landlord will pay to the tenant the surrender compensation as detailed in point 3 of Appendix 1 with a deposit of 10% on signing of a Surrender Deed and the balance payable on 20 January 2021.
  - c. This surrender consideration includes any compensation payable to the tenant under any Statutory or other Head of Claim that could otherwise be payable at the end of tenancy and includes vacant possession premium.
  - d. The surrender consideration allows for any Statutory or other Head of Claim that would otherwise have been payable by the tenant to the landlord at the end of tenancy.
  - e. For the avoidance of doubt, the tenant will not be liable for any dilapidations, or other liabilities whatsoever on the surrender of the tenancies and any tenant's fixtures including gates shall become the property of the landlord.
  - f. The tenant shall not be required to pay any further rent instalments after 2 August 2020. Any outstanding rent due prior to 2 August 2020 remains due and payable.

## **3 Marketing of Land**

- 3.1 The Council's Agent marketed the land with vacant possession by way of informal tender with a closing date of 12 noon on Thursday 26 November 2020 for receipt of offers. The guide price for the land was £1,365,000 and the land was offered as a whole or in up to 12 lots.
- 3.2 The marketing brochure included for an overage clause on any sale of the land for non-agricultural or non-equestrian purposes for a higher value use within 25 years of sale. The Council will share on a 50:50 basis any uplift in value arising from a more valuable use than agricultural or equestrian use in that period. Overage or clawback clauses are commonly used in land sales so that a Vendor shares in any increase in value during the period stipulated.
- 3.3 Eight bids were received for the land as a whole (see point 4 in Appendix 1) and fourteen bids for the individual lots (see point 5 in Appendix 1)

- 3.4 The highest bid received shown in point 4 of Appendix 1 was non-compliant as it proposed an overage period of 3 years as opposed to the 25 years set out in the tender details. The Council's Agent considers that the difference in the first two offers is not sufficient to outweigh the reduction in the overage period. The offer has been rejected on that basis.
- 3.5 The next highest offer for the land as a whole as shown in point 4 of Appendix 1 is recommended for approval. This has been submitted by a local Company with an excellent covenant. The offer is a cash offer and not subject to survey so can complete quickly by the end of this financial year. The offer is confidential and cannot be disclosed.
- 3.6 The Agent acting for this Company has confirmed that his Client has an existing farm of some 800 acres. A proportion of the produce from the land is retailed through their store network including potatoes salads and spring and winter cereals. A proportion of their land is used for growing turf through a contract Farming Agreement. The land at Lunt would continue to be used for agricultural purposes.
- 3.7 Of the individual Lots offered for sale only two of the offers received for Lots 3 and 12 were at rates per acre higher than the rate per acre to sell the land as a whole. These individual Lots comprised only 6.61 acres out of a total acreage of 193 acres and the increase over the offer for the land as a whole is considered to be nominal in value terms. As the offer submitted by the Company for the land as a whole is a cash purchase from an excellent covenant and is not conditional on a valuation or survey the recommendation is to sell the land as a whole to the highest compliant bidder. It also means there will be one sale contract rather than the possibility of three contracts.

## **4 Terms for the Sale**

- 4.1 The Council's Agent has proposed the following terms and conditions for the sale of the land to the highest bidder subject to contract and Council approval
- a. Vendor Sefton Council
  - b. Purchaser See point 4 in Appendix 1
  - c. Purchase Price See point 4 in Appendix 1
  - d. VAT Not applicable
  - e. Overage Deed The purchaser shall enter into an Overage Deed with the Vendor for a period of 25 years in respect of any future residential use and for non-agricultural or non-equestrian development. The overage payment shall be 50% of the uplift in value following the grant of planning permission for residential non-agricultural or non-equestrian purposes.
  - f. The land is to be sold subject to any existing rights of way public footpaths Easements and Wayleaves in force
  - g. The purchase shall be cash funded with no chain and no requirement for survey or valuation
  - h. Exchange and completion shall take place as soon as practicable after Cabinet approval before the end of the financial year.
  - i. Each party to bear its own costs.

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## **5 Best Consideration**

- 5.1 The land has been advertised on the open market for sale by way of informal tender by the Council's Agent. This complies with the Council's Asset Disposal policy and meets the requirements for best consideration under Section 123 of the Local Government Act 1972 (as amended).