

Public Document Pack

Sefton Council 

MEETING: CABINET
DATE: Thursday 28th July, 2022
TIME: 10.00 am
VENUE: Committee Room, Town Hall, Bootle

DECISION MAKER: **CABINET**

Councillor Ian Maher (Chair)
Councillor Atkinson
Councillor Cummins
Councillor Doyle
Councillor Fairclough
Councillor Hardy
Councillor Lappin
Councillor Moncur
Councillor Roscoe
Councillor Veidman

COMMITTEE OFFICER: Paul Fraser
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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.

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	Apologies for Absence		
2	<p>Declarations of Interest</p> <p>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.</p> <p>Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation.</p> <p>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.</p>		
3	<p>Minutes of the Previous Meeting</p> <p>Minutes of the meeting held on 23 June 2022</p>		(Pages 7 - 20)
4	<p>Governance Documentation for Sandway Homes Limited</p> <p>Report of the Chief Legal and Democratic Officer</p>	All Wards	(Pages 21 - 136)
5	<p>Impact of Covid 19 on the Primary Curriculum Working Group - Final Report</p> <p>Report of the Chief Legal and Democratic Officer</p>	All Wards	(Pages 137 - 154)

6	Appointments to Sefton New Directions Limited Board; to Standing Advisory Committee for Religious Education (SACRE); and Liverpool University Hospital NHS Foundation Trust - Council of Governors Report of the Chief Legal and Democratic Officer	All Wards	(Pages 155 - 160)
7	Local Government Association Peer Review Revisit Report of the Head of Strategic Support	All Wards	(Pages 161 - 194)
8	External Grant Funding to Support the Cost-of-Living Crisis Report of the Head of Communities	All Wards	(Pages 195 - 202)
* 9	High Needs Funding 2022-23 Quarterly Monitoring Update Report of the Executive Director of Children's Social Care and Education	All Wards	(Pages 203 - 226)
* 10	Outcome of the Outline Business Case (OBC) for a Sefton Clean Air Zone (CAZ) Report of the Head of Highways and Public Protection	All Wards	(Pages 227 - 272)
* 11	Procurement for the Provision of Enforcement Agent Services Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 273 - 282)
* 12	Treasury Management Outturn 2021/22 Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 283 - 298)
* 13	Financial and Corporate Performance 2021/2022 Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 299 - 342)
* 14	Financial Management 2022/23 to 2024/25 and Framework for Change 2020 - Revenue and Capital Budget Update 2022/23 – July Update Report of the Executive Director of Corporate Resources and Customer Services	All Wards	(Pages 343 - 360)

15 **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 X 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.

16 **Marine Lake Event Centre - Exempt Appendices**

Cambridge; Dukes (Pages 361 - 1668)

Report of the Executive Director - Place

17 **Public Session**

The Cabinet meeting will now move back into open session to consider the following agenda item.

* 18 **Marine Lake Event Centre**

Cambridge; Dukes (Pages 1669 - 1690)

Report of the Executive Director - Place

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THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON WEDNESDAY 6 JULY 2022. MINUTE NO. 15 IS NOT SUBJECT TO "CALL-IN"

CABINET

MEETING HELD AT THE BIRKDALE ROOM, TOWN HALL, SOUTHPORT ON THURSDAY 23RD JUNE, 2022

PRESENT: Councillor Ian Maher (in the Chair)
Councillors Cummins, Doyle, Fairclough, Hardy,
Roscoe and Veidman

ALSO PRESENT: Councillor Sir Ron Watson

12. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Atkinson, Lappin and Moncur.

13. DECLARATIONS OF INTEREST

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

14. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the Minutes of the meeting held on 26 May 2022 be approved as a correct record.

15. WELFARE REFORM ANTI-POVERTY ANNUAL REPORT

The Cabinet considered the report of the Director of Public Health on this year's Welfare Reform and Anti-Poverty Group (WRAP) annual report which recorded the work of Sefton's multi-agency partnership from March 2021 to March 2022 over a challenging and exceptional twelve-months.

The report highlighted how committed partners had worked hard to rise to the unprecedented challenges of recent times during the global pandemic and outlined many of the local responses to managing the impact of Covid-19 with local communities. The report also provided valuable case studies and summarised how operational teams had been at the centre of the local response to the pandemic.

The Welfare Reform Anti-Poverty Annual Report was attached to the report.

Decision Made:

That

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- (1) it be noted that there is wide evidence on the multiple and overlapping disadvantages experienced by many families and the impact that this has on children and their chances later in life; and it also be noted and recognised that the link between specific types of disadvantages, such as poverty and problem debt, continues to place families and children at greater risk of further problems and the Welfare Reform and Anti-Poverty Group continues to support our most vulnerable communities; and
- (2) it be noted and acknowledged that the report is key to illustrating how better outcomes for people living in disadvantage and deprivation can be delivered and it be ensured that commitment to continue to focus in on these priority areas is made clear in moving forward.

Reasons for the Decision:

To highlight examples of good practice and case studies which illustrate success and identify where we need to scale up our efforts. We recognise that we still need to do more to tackle many problems, such as family instability, unemployment and personal debt which can make families' lives particularly hard. It is important to emphasise how much the WRAP is committed to ensuring that as we move forward in the next phase of our work, our focus and attention remains firm in reducing inequalities, building on what we have already achieved and using best practice and a wide evidence base to tackle these unacceptable problems that persist in our borough.

Alternative Options Considered and Rejected:

None.

16. RE-COMMISSIONING OF 0-19 HEALTHY CHILD PROGRAMME AND CHILDREN'S DRUG AND ALCOHOL SERVICE

The Cabinet considered the report of the Director of Public Health indicating that on 31 March 2023, existing contracts for the 0-19 Healthy Children Programme provided by MerseyCare NHS Foundation Trust, and Sefton's Young People and Family Substance Use Service, provided by Addaction, would expire.

The purpose of the report was to seek approval to complete a tender exercise to re-procure Sefton's 0-19 Healthy Child Programme; and this would include a revised specification aligned to the latest Children's Policy drivers, including the updated National Healthy Child Programme, latest evidence and local need.

The replacement contracts for both services to be reprocured would be for a 5-year core period, with the option to extend for up to 2 (individual) periods of 12 months.

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Both tender exercises would be required to follow a Find a Tender Service (FTS) Light- Touch Regime Open Procedure, as part of this process; approval was sought for the Director of Public Health in consultation with the Cabinet Member - Health and Wellbeing to be given delegated authority to award the contract at the end of the tender process.

Delegated authority was also sought for the Director of Public Health, in conjunction with the Cabinet Member – Health and Wellbeing, to award the remaining subsequent extension options if any future extensions of this contract were deemed appropriate and offered value for money.

Development of the evolving Sefton Partnership and the Health and Care Bill becoming law on 1 July 2022 might impact on the service redesign and recommissioning model. For example, this might mean a change in budget arrangements and the potential delivery model involving partners across the Sefton Health and Care system. Any developments in the model going forward would be overseen by the Sefton Partnership with Public Health leadership and the Cabinet was asked to note this.

Links to appropriate guidance were contained within the report.

Decision Made:

That

- (1) the Director of Public Health be authorised to conduct a Find a Tender Service (FTS) Light Touch Regime tender exercise for the Sefton 0-19 Healthy Child Programme Service to run for a period of five years from 1 April 2023 with the option of two further one-year extensions;
- (2) the Director of Public Health be authorised to conduct a FTS Light Touch Regime tender exercise for the Sefton Young People and Family Substance Use Service to run for a period of five years from 1 April 2023 with the option of two further one-year extensions; and
- (3) the Director of Public Health in consultation with the Cabinet Member - Health and Wellbeing be granted delegated authority to award the contracts resulting from the procurement and to award any extension thereof.

Reasons for the Decision:

1. The current contracts would expire on 31 March 2022.
2. The Local Authority has a Statutory duty to deliver Public Health Services for children under the age of 5 years old.

Alternative Options Considered and Rejected:

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- 1) To work with the existing Providers to further develop services to meet the new specification and emerging needs of Children, Young People and Families in Sefton.

Establishment of the 'Provider Selection Regime' is subject to Parliamentary approval and final formulation of the regulations by government. Therefore, the Council is bound by existing procurement legislation.

The current procurement system for healthcare services is governed by two pieces of legislation.

- The Public Contracts Regulations (PCR 2015)
- The Procurement, Patient Choice, and Competition Regulations 2013 (PPCCR2013),

- 2) Cease service delivery

Rejected based on reputational and financial risk to the authority by the potential failure to perform its statutory duty to deliver public health services for children 0-5 years. Furthermore, the lack of universal service and specialist provision for children, young people and families, would have a significant negative impact on health and wellbeing and increase safeguarding risk.

17. INTEGRATED HEALTH AND CARE

The Cabinet considered the report of the Executive Director of Adult Social Care and Health that sought approval to establish new governance arrangements for supporting and overseeing the integration of Health and Care services in Sefton in preparation for the implementation of the Health and Care Act 2022, which had now received royal assent and would be enacted on 1 July 2022.

The report set out the broader context of why the new arrangements were required, the scope of the new governance and the implications for Members.

The proposals set out in the paper had been developed with the NHS South Sefton Clinical Commissioning Group and NHS Southport and Formby Clinical Commissioning Group (CCGs) and other NHS partners, to ensure a common position on the proposed arrangements between the NHS and the Council.

The Sefton Place Partnership Board Terms of Reference were attached to the report.

Decision Made:

That

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- (1) the intention to enter into a new Section 75 agreement be approved;
- (2) authority be delegated to the following officers: Executive Director of Adult Social Care and Health/Place Director Designate (ICB); Executive Director for Corporate Resources and Customer Services; and Chief Legal and Democratic Officer, to complete the Section 75 agreement with the Cheshire and Merseyside Integrated Care Board to enable further expansion of Sefton's pooled fund arrangements and to govern the delivery of the Sefton Better Care Fund Plan 2022/23;
- (3) authority be granted to the Executive Director of Adult Social Care and Health/ Place Director Designate (ICB) in consultation with the Cabinet Member - Health and Wellbeing to sign the Collaboration Agreement on behalf of the Council which will outline how Health and Care partnerships will work together to improve outcomes to Sefton Residents;
- (4) the Sefton Partnership Board be agreed with place partners from 1 July 2022; and
- (5) authority be delegated to the Executive Director of Adult Social Care and Health/Place Based Director Designate (ICB) in consultation with the Chief Legal and Democratic Officer and the Cabinet Members for Adult Social Care and Health and Wellbeing, to agree and finalise the governance for Sefton Place and any future requirements to establish Place Based committee arrangements.

Reasons for the Decision:

To support integrated partnership working with the Council and health partners at a local level to improve health and social care outcomes for residents of the borough and reduce inefficiencies in care.

To establish governance arrangements to support new integrated working arrangements, in accordance with the requirements of the Health and Care Act 2022, that enable health and care decisions to be made together, with a common purpose and shared strategy, and with strong local partnerships.

Alternative Options Considered and Rejected:

None considered.

18. DOMICILIARY CARE PROCUREMENT

The Cabinet considered the report of the Executive Director of Adult Social Care and Health that updated on work that had taken place regarding the Domiciliary Care sector since the last report to the Cabinet in December 2021 and seeking approval on a specific procurement exercise to establish

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a new Sefton Pseudo Dynamic Purchasing System (PDPS) for the future commissioning of domiciliary care services in Sefton.

Decision Made:

That

- (1) the commencement of a procurement exercise to establish a new Sefton only Pseudo Dynamic Purchasing System (PDPS) for domiciliary care services, be established for up to, and not more than, a ten-year period, commencing in April 2023; and all contracted spend on domiciliary care is in scope of the Cabinet report;
- (2) decisions on the rules of the new PDPS, including the workforce strategy, specification, quality and cost threshold, initial procurement, tender evaluation process direct awards throughout the life of the new PDPS to deal with any specific additional service delivery requirements, be delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member – Adult Social Care;
- (3) decisions on any new Provider contract model, contractual terms and conditions, service delivery arrangements (including service specification and geographical contracted areas) and payment arrangements (including fee rates paid for services, including any enhanced rates for certain geographical areas) to be applied to the above procurement exercise and throughout the life of the new PDPS, be delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member – Adult Social Care and the Executive Director of Corporate Resources and Customer Services, subject to adhering to the required budgetary approval processes;
- (4) delegated authority be given the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member – Adult Social Care to award contracts under this new PDPS to Providers, based on the contract model agreed, which may include the awarding of Lead Provider contracts and SPOT Provider contracts, including at the commencement of the new PDPS the direct award of contracts to Providers contracted under the current PDPS for Domiciliary Care services;
- (5) throughout the life of the new PDPS delegated authority be given to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member – Adult Social Care to make decisions on the implementation of any permitted extension periods to contracts initially awarded;
- (6) throughout the life of the new PDPS delegated authority be given to the Executive Director of Adult Social Care and Health in

consultation with the Cabinet Member – Adult Social Care to make decisions on periodic re-opening exercises of the PDPS, to attract new Provider applications onto it, and to then make decisions on the awarding of contracts and any subsequent permitted extensions within them, to successful new applicants; and

- (7) throughout the life of the new PDPS delegated authority be given to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member – Adult Social Care to make decisions on any amendments to its operation, to ensure that such decisions can be implemented in a timely manner and ensure that the PDPS is able to operate in a flexible way which addresses any emerging issues and supports wider work such as the further integration of Health and Children’s Services with Adult Social Care.

Reasons for the Decision:

To ensure that commissioning arrangements for the provision of Domiciliary Care within Sefton are directed by Sefton, to meet its demographic requirements, are in place to meet the assessed needs of Sefton’s residents, so that future decisions on commissioning and market management can be made in a timely manner and to put in place new contractual and service delivery arrangements which both seek to ensure market sustainability and reduced disruption to Service Users.

Alternative Options Considered and Rejected:

1. **Maintaining the status quo** – This was not considered a viable option due to identification of the need to establish new purchasing arrangements in Sefton for the commissioning of Domiciliary Care needs, which reflect the needs of Sefton residents and meets Sefton’s demographic requirements aligned to enabling market sustainability and sufficiency.
2. **Establishing a new local PDPS which would encompass all current contracts being put out for re-tender** – This option was considered and rejected as it was identified that where applicable, should existing contracted Providers meet the requirements for the new local PDPS, then Sefton should have the ability make direct awards of contracts to such Providers as this will ensure reduced market disruption and widescale disruption for Service Users and Provider Staff.

19. NEW DIRECTIONS ANNUAL REPORT AND BUSINESS PLAN

The Cabinet considered the report of the Executive Director of Adult Social Care and Health submitting the New Directions Business Plan for review, and outlining how Adult Social Care would support and inform the delivery of the plan to ensure that it was delivered in alignment with its commissioning intentions, strategic priorities and proposed future contractual and market management arrangements.

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The Draft New Directions Strategic Business Plan was attached to the report at Appendix A.

Decision Made:

That

the contents of the report and the submitted draft Strategic Business Plan be noted and:

- (1) any comments on the draft plan be submitted to the Executive Director of Adult Social Care and Health and authority be delegated to the Cabinet Member - Adult Social Care and Executive Director of Adult Social Care and Health to approve the future commissioning decisions which may impact on New Directions in meeting the Local Authority duty under the Care Act in relation to sufficiency of excellent quality social care services;
- (2) the approach on the proposed future service development and contractual arrangement with New Directions, be approved, under the principle that any such new arrangements fall within the current financial envelope;
- (3) in the event of any material variations to the plan or that financial performance is compromised which may put the Council at risk, a subsequent report be presented to the Cabinet, together with a remedial action plan; at the earliest opportunity; and
- (4) the intention for a further update report to be provided to the Cabinet in October 2022, be noted.

Reasons for the Decision:

New Directions is a company whose sole shareholder is Sefton Council. The Cabinet Member - Adult Social Care is the shareholder representative. Councils are required to submit to the Cabinet the business plan, in line with good practice and to outline to the Cabinet how the Council will support and inform delivery of the plan, and monitor all risk associated with quality and funding impact.

Alternative Options Considered and Rejected:

Not Submitting the plan to Cabinet – this option was considered and rejected as New Directions are required (and in line with good practice) to produce and submit to its sole Shareholder an Annual Report and Business Plan.

20. SEFTON YOUTH JUSTICE PARTNERSHIP - ANNUAL PLAN

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The Cabinet considered the report of the Head of Communities indicating that each year the Youth Justice Board (YJB) required local Youth Justice Services to produce an Annual Plan to satisfy the grant allocation and to ensure that the YJB is kept abreast of local business and performance. This year, the YJB had recommended that each Youth Justice Service adhere to a template for consistency and that the plan was signed off by the Chair of the local Youth Justice Partnership (formerly the YOT Management Board).

Sefton's Youth Justice Partnership Annual Plan had been produced in accordance with the YJB requirements and had been shared with the Cabinet Member - Children's Services, Head of Communities, Head of Children's Social Care, Executive Director - People and the Executive Director of Children's Services. The Chair of the Youth Justice Service Partnership, Superintendent Local Policing, Merseyside Police, had signed off the Plan.

The Youth Justice Partnership Annual Plan was attached to the report.

Decision Made:

That the Council be requested to review and acknowledge the Annual Plan.

Reasons for the Decision:

To align with the requirements of the Council's Constitution.

Alternative Options Considered and Rejected:

Not applicable.

21. PROCUREMENT OF ANNUAL SERVICE CONTRACTS FOR HIGHWAY MAINTENANCE WORKS

Further to Minute No. 78 of 26 March 2015, the Cabinet considered the report of the Head of Highways and Public Protection that sought a change to an earlier Cabinet decision relating to the procurement of Annual Service Contracts for Highway Maintenance Work.

Decision Made:

That

- (1) the procurement of the Annual Service Contracts referred to in the report, and previously agreed by the Cabinet, be postponed for the reasons set out within the report;
- (2) following termination of the HM10 Contract with the previous Prime Contractor, the intention for Dowhigh to be appointed as Prime

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Contractor, having previously been appointed as Reserve Contractor, be noted;

- (3) the extension and award of contracts to the incumbent contractors for the periods set out below, be approved:
 - i) HM8 - Service Contract for Carriageway and Footway Surface Dressing
Extension period: 1 September 2022 to 31 August 2024
 - ii) HM10 - Service Contract for Highway and Footway Maintenance
Extension Period: 1 October 2022 to 30 September 2024; and
- (4) the Head of Highways and Public Protection, in consultation with the Chief Legal and Democratic Officer, the Head of Strategic Support and the Cabinet Member - Locality Services, be authorised to determine the best time to recommence the procurement, noting the maximum period for the current contracts, as set out above.

Reasons for the Decision:

In June 2021, the Cabinet agreed to the procurement of the annual service contracts referred to in the report, but changed circumstances indicate that extension of the existing contracts now provides the best value option for the Council.

Alternative Options Considered and Rejected:

Continuation of the procurement has been considered, but for the reasons set out in the report is not considered to be the best value option for the Council at this point.

22. ANNUAL PROGRESS REPORT CLIMATE EMERGENCY

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services indicating that the Council had declared a climate emergency in July 2019. Following the declaration, work had progressed within the Council and a climate emergency strategy and associated action plan had been created.

Annual reporting on progress made was required as part of the governance approach to the programme. Members were asked to note the progress made on achieving net zero carbon by 2030 and the programme of works supporting the Council's transition to low carbon working.

The Climate Emergency Annual Report 2021/22, and the Climate Emergency Annual Report Appendix 1 Action Plan progress, were attached to the report.

Decision Made:

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That the Council be recommended to note the progress made on the targets in the Sefton climate emergency strategy and action plan.

Reasons for the Decision:

To support the delivery of the Council motion that declared a climate emergency.

Alternative Options Considered and Rejected:

Not acting would increase the risks to Sefton in future years, on the themes of energy cost and security, and climate change resilience (increased incidence of extreme weather events, sea level rise etc.).

23. FINANCIAL MANAGEMENT 2022/23 TO 2024/25 AND FRAMEWORK FOR CHANGE 2020 - REVENUE AND CAPITAL BUDGET UPDATE 2022/23 – JUNE UPDATE

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services informing of:

1. The current position relating to the 2022/23 revenue budget.
2. The potential implications on the Medium-Term Financial Plan (MTFP) for 2023/24 and 2024/25.
3. The proposed scheme relating to the discretionary payments of the Council Tax Energy Rebate.
4. The seeking of approval for Additional supplementary capital estimates to the Council's capital programme.

The Scheme for the discretionary payments of Council Tax Energy Rebate was attached to the report at Appendix 1.

Decision Made:

That

Revenue Budget

- (1) the current position relating to the 2022/23 revenue budget be noted;
- (2) the Remedial Action Plan to offset the budget pressures being faced in 2022/23 and the intention to create a Social Work Academy, be noted;
- (3) the financial risks associated with the delivery of the 2022/23 revenue budget be recognised and 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

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- (4) the potential implications on the Medium-Term Financial Plan for 2023/24 and 2024/25 be noted;

Capital Programme

- (5) the Council be recommended to approve a supplementary capital estimate of £1.033m for the Sandway Homes Phase 2 Pre-Development Works in 2022/23, subject to approval of the grant applications;
- (6) a supplementary capital estimate of £0.224m for the Schools Condition Allocation 2022/23 be approved;
- (7) the Council be recommended to approve a supplementary capital estimate of £4.971m for the High Needs Provision Capital Allocations 2022/23 and 2023/24;
- (8) a supplementary capital estimate of £0.879m for the Schools Basic Needs allocation 2023/24 be approved;
- (9) a supplementary capital estimate of £0.695m for the City Region Sustainable Transport Settlement 2022/23 be approved;
- (10) a supplementary capital estimate of £0.800m for Key Route Network Maintenance funding in 2022/23 and 2023/24 be approved;
- (11) a supplementary capital estimate of £0.994m for the Transforming Cities Fund – Urban Traffic Control grant 2022/23 and 2023/24 be approved; and
- (12) the Council be recommended to approve a supplementary capital estimate of £0.270m for essential maintenance and refurbishment works at Dunes Splashworld funded by borrowing;

Council Tax Energy Rebate – Discretionary Fund

- (13) the proposed scheme relating to the distribution of payments from the Council Tax Energy Rebate Discretionary Fund be approved;

Rule 27

- (14) It be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by the Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because of the significant

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financial impact on the Council's budget for 2022/23 and the need to approve mitigating actions to meet these pressures.

the Council be recommended to:

Revenue Budget

- (15) note the current position relating to the 2022/23 revenue budget;
- (16) approve the actions included in the Remedial Action Plan to offset the budget pressures being faced in 2022/23 and the funding of a Social Work Academy in 2022/23;
- (17) recognise the financial risks associated with the delivery of the 2022/23 revenue budget and acknowledge that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved; and
- (18) note the potential implications on the Medium-Term Financial Plan for 2023/24 and 2024/25; and

Capital Programme

- (19) approve a supplementary capital estimate of £1.033m for the Sandway Homes Phase 2 Pre-Development Works in 2022/23, subject to approval of the grant applications;
- (20) approve a supplementary capital estimate of £4.971m for the High Needs Provision Capital Allocations 2022/23 and 2023/24;
- (21) approve a supplementary capital estimate of £0.270m for essential maintenance and refurbishment works at Dunes Splashworld funded by borrowing; and
- (22) approve a supplementary capital estimate of £0.557m for the Bootle Canalside Business Case capital works funded from the Economic Recovery Earmarked Reserve.

Reasons for the Decision:

To ensure the Cabinet and the Council are informed of the current position in relation to the 2022/23 revenue budget.

To seek Members' approval of supplementary capital estimates to be added to the Capital Programme previously approved by Budget Council.

To seek Members' approval for the proposed scheme relating to the discretionary payments of the Council Tax Energy Rebate.

Alternative Options Considered and Rejected:

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Not applicable.

Agenda Item 4

Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Governance Documentation for Sefton Holding Company Limited and Sandway Homes Limited		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Communities and Housing		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

Sefton Council is the 100% shareholder in Sefton (ACS) Holding Company Limited which in turn is the sole shareholder in Sandway Homes Limited. The Council and the companies have recently undertaken a review of the governance documentation determining the relationship between the Council and the companies and revised governance documentation is being presented to Cabinet for approval.

In accordance with the Council's Constitution Cabinet performs the shareholder function for the Council.

Recommendation(s):

In capacity as shareholder for Sefton (ACS) Holding Company Limited

- (1) Approve and adopt Sefton Holding Company Limited as the new name of Sefton (ACS) Holding Company Limited
- (2) Approve and adopt amended Articles of Association as the Articles of Association of Sefton Holding Company Limited as outlined in Appendix 1
- (3) Approve and adopt amended Governance Agreement as the Governance Agreement of Sefton Holding Company Limited as outlined in Appendix 2
- (4) Approve and enter into an Intra-Group Agreement as outlined in Appendix 3
- (5) Authorise the company secretary for Sefton Holding Company Limited to undertake the necessary filing with Companies House

In capacity as shareholder Sefton Holding Company Limited

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(6) Approve and adopt amended Articles of Association as the Articles of Association of Sandway Homes Limited as outlined in Appendix 4

(7) Authorise the company secretary for Sandway Homes limited to undertake the necessary filing with Companies House

(8) Approve and adopt amended Governance Agreement as the Governance Agreement of Sefton Holding Company Limited as outline din Appendix 2.

(9) Approve and enter into the Intra-Group Agreement as outlined in Appendix 3.

Reasons for the Recommendation(s):

The formal governance arrangements determining the relationship between the Council and Sefton Holding Company and Sandway Homes Limited have not been reviewed since the creation of the companies and it is felt appropriate to do so now.

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

To remain with current governance documentation would not reflect good practice in the governance arrangements between the Council and the companies.

What will it cost and how will it be financed?

(A) Revenue Costs None

(B) Capital Costs None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
Legal Implications: Pursuant to the General Power of Competence under sections 1 to 4 of the Localism Act 2011 the Council has the power to set up and participate in a company. Section 95 Local Government Act 2003 and the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 provide that the Council must establish a company through which to trade. Companies Act 2006

Equality Implications: There are no equality implications.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services: Robust governance documentation will help to ensure that the Council has sufficient oversight of its wholly owned companies.
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6875/22.) and the Chief Legal and Democratic Officer (LD.5075/22.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Implementation Date for the Decision

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

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Contact Officer:	David McCullough
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Appendices:

Appendix 1 - Amended Articles of Association of Sefton Holding Company Limited

Appendix 2 – Amended Governance Agreement between Sefton Holding Company and Sefton MBC

Appendix 3 – Intra-Group Agreement between Sefton Holding Company Limited and Sandway Homes Limited and Sefton MBC

Appendix 4 – Amended Articles of Association of Sandway Homes Limited

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 Sandway Homes Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and is wholly owned by Sefton Holding Company which in turn, is a wholly owned company of Sefton Council.
- 1.2 The Council has established the companies under sections 1 and 4 of the Localism Act 2011 to allow the Council to trade and act for commercial purposes. The decision to establish the companies was taken by Cabinet on 5 October 2017.
- 1.3 The Council and the companies, with advice from specialist external advisers, have recently undertaken a review of the governance documentation determining the relationship between the Council and the companies and revised governance documentation is being presented to Cabinet for approval.
- 1.4 The Boards of Sefton Holding Company Limited and Sandway Homes Limited agreed on 22 June 2022 to resolutions to give effect to the above and to seek approval of the required written resolutions by Cabinet in its capacity as fulfilling the shareholder function on behalf of the Council.

2 CHANGES TO THE ARTICLES

- 2.1.1 The changes that have been drafted for the Articles of each company mirror each document as follows:
- 2.1.2 Clarifying the distinction between Non-Executive Directors, Executive Directors and Council Directors.

- 2.1.3 Introducing a three-year term for Non-Executive Directors- this is to enable Sandway Homes to refresh the skills on its board that are contributed by the independent directors.
- 2.1.4 Setting out the basis upon which each category of director is paid fees and expenses.
- 2.1.5 Mandating the Shareholder Representative to act in that role for both companies.

3 GOVERNANCE AGREEMENT

- 3.1 This is being brought into use and has been updated in particular:
 - 3.1.1 Clarifying the role of the Council as SCH's shareholder.
 - 3.1.2 Bringing in business plan and business case processes that reflect reports to the Council's Cabinet so that land development by Sandway Homes dovetails the Council's agreed approach to the deployment of its surplus land.
 - 3.1.3 Stating that dividend distribution is to be determined in consultation with the Council's section 151 officer and Monitoring Officer.
 - 3.1.4 Supplementing previous drafted provisions on information sharing with the Council.
 - 3.1.5 Readjusting the Reserved Matters as drafted before Sandway Homes started business to reflect the arrangements now in place and agreed as appropriate between the Council, SHC and Sandway Homes.

4 INTRA-GROUP AGREEMENT

- 4.1 The Intra-Group Agreement is focussed on how the Council works together with SHC and Sandway Homes as a group but also has the same set of Reserved matters incorporated as in the Governance Agreement, allowing for a complete flowthrough of decision making in a consistent manner.

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REGISTERED NO. 11646502

Articles of Association

of

Sandway Homes Limited

Incorporated: 29/10/2018

COMPANY LIMITED BY SHARES

THE COMPANIES ACT 2006

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ARTICLES OF ASSOCIATION OF SANDWAY HOMES LIMITED

PART A: INTRODUCTION

1. INTERPRETATION

1.1 In these Articles:

“Act”	means the Companies Act 2006;
“AGM”	means an annual general meeting of the Company;
“Articles”	means these Articles of Association of the Company and “Article” shall be construed accordingly;
“Board”	means the board of the Company comprising the Directors and (where appropriate) includes a Committee and the Directors acting by written resolution;
“Board Meeting”	means a meeting of the Board or (where appropriate) of a Committee;
“Chair”	means (subject to the context) either the person nominated as chair of the Company under Article 15 or, where the Chair of the Company is not present or has not taken the chair at a meeting, means the person who is chairing a Board Meeting at the time, or the person appointed by the Shareholders from amongst their number to chair a General Meeting;
“clear days”	in relation to a period of notice means the period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“Committee”	means a committee of the Board;
“Company”	means the company regulated by these Articles;
“Companies House”	means the office of the Registrar of Companies;

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“Council”	means Sefton Metropolitan Borough Council of Bootle Town Hall, Oriel Road, Bootle L20 7AE;
“Council Director”	means a director of the Company who is a member or officer of the Council
“Director”	means a director of the Company for the time being;
“executed”	includes any mode of execution;
“Executive Director”	means a director of the Company who is an employee of the Company or any Group Company
“Financial Year”	means the period of 12 months commencing on 1 April and ending on 31 March each year
“General Meeting”	means any meeting of the Shareholders;
“holder”	in relation to shares means the Shareholder whose name is entered in the register of Shareholders;
“Holding Company”	means Sefton (ACS) Holding Company Limited which is the sole shareholder in the Company;
“including”	means “including without limitation” and “include” and “includes” are to be construed accordingly;
“Model Articles”	means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 as amended prior to the date of the adoption of these Articles, and reference to a numbered model article is a reference to that article of the Model Articles;
“Non-Executive Director”	means a non-executive director of the Company for the time being who is not a Council Director or an Executive Director;
“Observers”	means those persons (other than Directors) present under Article 18 at a Board Meeting;

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- “Registered Office”** means the registered office of the Company;
- “Relevant Agreement”** means any agreement or agreements entered into between the Company and its Shareholders, the Council or both relating to the management, operation and activities of the Company;
- “Secretary”** means the secretary of the Company (if any) as may be appointed under these Articles to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
- “Share”** means a share of any type in the capital of the Company (and includes both a fully paid and a partly paid share);
- “Shareholder”** means a shareholder for the time being of the Company;
- “Shareholder Reserved Matters”** means those matters on which a decision is reserved to the Shareholders in accordance with Article 29;
- “Shareholder Representative”** means the person nominated by the Council in its role as shareholder to represent it in all matters relating to the shareholder function with the Company.

1.2 In these Articles:

- 1.2.1 terms defined in the Act are to have the same meaning;
- 1.2.2 references to the singular include the plural and vice versa, to the whole include part and vice versa, and to the masculine include the feminine and neuter and vice versa;
- 1.2.3 references to “organisations” or “persons” include corporate bodies, public bodies, unincorporated associations and partnerships;
- 1.2.4 references to legislation, regulations, determinations and directions include all amendments, replacements or re-enactments and references to legislation (where appropriate) include all regulations, determinations and directions made or given under it; and
- 1.2.5 the headings are not to affect the interpretation of the Articles.

2. NAME

The Company’s name is Sandway Homes Limited.

3. REGISTERED OFFICE

The Company's Registered Office is to be situated in England.

4. POWERS

The Company may do anything that a natural or corporate person can lawfully do which is not expressly prohibited by the Articles.

5. LIMIT OF LIABILITY

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

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PART B. DIRECTORS

6. BOARD

- 6.1 Unless otherwise determined by a General Meeting, the Board shall consist of not more than 7 Directors and not less than 3 Directors appointed in accordance with Article 8 provided that at no time shall the number of Executive Directors in office equal or exceed the number of Non-Executive Directors in office.

7. POWERS OF THE BOARD

- 7.1 Subject to these Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.
- 7.2 The Directors shall require the prior written approval of the Shareholders in respect of any decisions regarding the Shareholder Reserved Matters.
- 7.3 Alterations of the Articles do not invalidate earlier acts of the Board which would have been valid without the alteration.

8. APPOINTMENT AND REMOVAL OF DIRECTORS

- 8.1 All of the Directors are to be appointed by ordinary resolution of the Shareholders.
- 8.2 The appointment of a Director takes effect at the point at which the Shareholder resolution appointing them is passed.
- 8.3 No Director may be appointed except as set out in the Articles.
- 8.4 Each Non- Executive Director shall be appointed as a Director:
- 8.4.1 for a term of 3 years; and
 - 8.4.2 for a maximum of 2 terms, equating to a tenure of 6 years in total.
- 8.5 Subject to sections 168 and 169 of the Act, the Shareholders may remove any or all of the Directors at any time (with or without reason) by ordinary resolution.
- 8.6 The Shareholders may appoint a person as a Director either in substitution for a Director it has removed or to fill a casual vacancy.
- 8.7 A Director will cease to hold office as soon as:
- 8.7.1 the individual:
 - (a) dies;
 - (b) ceases to be a Director under the Act or is prohibited by law from being a Director;

- (c) resigns by written notice to the Company delivered to the Registered Office;
 - (d) is removed by ordinary resolution of the Shareholders;
 - (e) they become bankrupt or makes any arrangement or composition with their creditors generally; or
- 8.7.2 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months.

9. DEPUTY DIRECTORS

- 9.1 A Director may not appoint an alternate or deputy Director to act in their place.

10. DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 10.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 16.

10.2 If:

10.2.1 the Company only has one Director, and

10.2.2 no provision of the Articles requires it to have more than one Director,

the general rule does not apply, and the Director may take decisions without regard to any of the provisions of the Articles relating to Directors' decision-making.

11. DIRECTORS' FEES AND EXPENSES

- 11.1 Subject to the rest of this Article 11, and Article 12 a Director who is not an employee of the Council may be paid such fee and expenses as the remainder of the Board may from time to time determine.

- 11.2 Directors who are not employees of the Council or the Company are entitled to be paid all reasonable expenses previously agreed and properly incurred by them in attending Board Meetings and General Meetings and in carrying out their duties as Directors.

- 11.3 Directors who are employees of the Council or the Company may claim expenses in line with their contracts of employment with the Council or the Company, but shall otherwise not be paid any additional amount by the Council or the Company.

- 11.4 The payment of expenses to Directors who are not employees of the Council is subject to the production of satisfactory receipts.

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- 11.5 Where any Director is an elected member (to include any directly elected mayor) of the Council or any other local authority that is a Shareholder then such a Director may only be paid fees and/or expenses determined by the Council from time to time provided that such fees and/or expenses are not in excess of the maximum amount permitted by Regulation 5 of the Local Authorities (Companies) Order 1995.
- 11.6 Any Directors who are officers of the Council will not be paid any additional amount above their Council salaries for fulfilling their roles on the Board of the Company, in line with their contracts of employment.
- 11.7 Notwithstanding Article 11.1, Non-Executive Directors will shall paid a day rate of £500 per day for their work on the Company Board as follows:
- 11.7.1 0.5 days preparation for Board meetings;
 - 11.7.2 0.5 days follow-up from Board meetings;
 - 11.7.3 1.0 days for attendance at Board meetings,
- up to £12,000 in any Financial Year.

12. DIRECTORS' INTERESTS

- 12.1 A Director who has a direct or indirect interest in any contract, proposed contract, arrangement or dealing with the Company must declare their interest under sections 177 or 182 of the Act (as appropriate) before the matter is discussed by the Board.
- 12.2 Every Director must ensure that at all times a list is kept at the Registered Office including details of:
- 12.2.1 any other body of which they are a director or officer;
 - 12.2.2 any firm of which they are a partner;
 - 12.2.3 any firm or organisation of which they are an employee;
 - 12.2.4 any public body of which they are an official or elected Shareholder;
 - 12.2.5 any company whose shares are publicly quoted in which they own or control more than 2% of the shares;
 - 12.2.6 any company whose shares are not publicly quoted in which they own or control more than 10% of the shares;
 - 12.2.7 any property owned by the Company in which they have an interest or which they occupy; or
 - 12.2.8 any other interest which is significant or material including any direct or indirect financial interest which may influence their judgement on matters being considered or to be considered by the Board.
- 12.3 A decision of the Board will not be invalid because of the subsequent discovery of an interest which should have been declared.

12.4 Every Director must ensure that at all times they declare to either the Secretary in writing or to a Board Meeting if a person with whom they are “connected” for the purposes of Section 252 of the Act:

12.4.1 is likely to receive a payment or benefit from the Company;

12.4.2 is a director, officer or employee of a company, body or organisation which is likely to receive a payment or benefit from the Company;

12.4.3 is a partner of a firm which is likely to receive a payment or benefit from the Company;

12.4.4 is an official or elected Shareholder of a public body which may make or receive a payment or benefit to or from the Company;

12.4.5 is the owner or controller of more than 2% of the shares of a company whose shares are publicly quoted and which may make or receive payment or benefit to or from the Company;

12.4.6 is the owner or controller of more than 10% of the shares of any company whose shares are not publicly quoted, which may make or receive a payment or benefit to or from the Company; or

12.4.7 is a tenant or occupier of any property owned by the Company or is seeking accommodation from the Company.

12.5 A general notice to the Board that a Director has an interest, of the nature and extent specified in the notice, in any transaction or arrangement in which a specified person or class of persons is interested, is to be treated as a disclosure that the Director has an interest in any such transaction of the nature and extent specified.

12.6 For the purposes of this Article 12 an interest of which a Director has no knowledge and of which it is unreasonable to expect them to have knowledge is not to be treated as an interest of that Director.

12.7 **Personal Interests**

12.7.1 A Director has a personal interest in a matter which is to be discussed or determined by the Board if they or a member of the Director’s family as defined in section 253 of the Act will be directly affected by the decision of the Board in relation to that matter.

12.7.2 A Director who has a personal interest in a matter which is to be discussed or determined by the Board:

(a) may not count towards the quorum in relation to that matter;

(b) may not take part in the discussion in relation to that matter;

(c) may not vote in relation to that matter; and

(d) must leave the Board Meeting at which the matter is discussed and determined.

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12.8 Despite having a personal interest in the outcome, a Director may count towards the quorum, take part in the discussion and vote on a resolution of the Board (other than a resolution to make a payment or grant a benefit to the Director personally which is not at the same time being granted to the other Directors):

12.8.1 to take out Directors and officers indemnity insurance;

12.8.2 to give an indemnity or to establish a policy for the Company to give indemnities to the Directors generally under Article 39; or

12.8.3 to set a policy for the payment of Directors' fees and expenses under Article 9.

12.9 In the event that there are not sufficient Directors to hold a quorate Board Meeting because one or more Directors have a personal interest in a relevant matter and are not permitted to form part of the quorum, then those Directors with a personal interest may form part of the quorum for the purposes of agreeing to circulate an ordinary resolution to the Shareholders detailing the extent of the conflict arising from the personal interest and requesting the Shareholders to authorise the Director's conflict arising from their personal interest.

12.10 In the event that a resolution is passed by the Shareholders in accordance with Article 12.9, the Director(s) with such an authorised personal interest may then count as part of the quorum and for voting purposes in relation to the relevant matter.

12.11 Non-Personal Interests

12.11.1 A Director who has an interest in a matter which is to be discussed or determined by the Board but which is not a personal interest may, subject to them fulfilling their duty to act in the best interests of the Company and to the right of the remaining Directors to require that they should withdraw from the Board Meeting at which the matter is to be discussed or determined:-

(a) count towards the quorum in relation to that matter;

(b) take part in the discussion in relation to that matter;

(c) remain in the Board Meeting at which the matter is to be discussed or determined; and

(d) vote in relation to that matter.

12.11.2 A Director is not to be regarded for the purposes of this Article 12 as having a non-personal interest in any matter if their interest in that matter arises solely because they are a Director or an officer of any body the accounts of which are consolidated with the Company's accounts or because they are an elected member, employee or officer of the Council or any other local authority that is a Shareholder but they must nonetheless disclose their interest in accordance with Article 12.1.

12.12 A Director may disclose the business of the Company to the Council where the Council is a Shareholder.

13. BOARD MEETINGS

- 13.1 Subject to the Articles and any Relevant Agreement, the Board may regulate Board Meetings as it wishes.
- 13.2 Board Meetings may be called by any Director or the Secretary (if any).
- 13.3 Seven clear days' notice of Board Meetings must be given to each of the Directors and to the Shareholder, but it is not necessary to give notice of a Board Meeting to a Director who is out of the United Kingdom.
- 13.4 A Board Meeting which is called on shorter notice than required under Article 13.3 is deemed to have been duly called if at least two Directors certify in writing that because of special circumstance it ought to be carried as a matter of urgency.
- 13.5 Questions arising at a Board Meeting are to be decided by a simple majority of votes and each Director is to have one vote. Where a Director is also an Alternate Director then they have an additional vote on behalf of each Appointer who:
- 13.5.1 is not participating in the Board Meeting; and
 - 13.5.2 would have been entitled to vote if they were participating in it.
- 13.6 If there is an equality of votes the Chair is entitled to a second or casting vote.
- 13.7 A technical defect in the appointment of a Director or in the delegation of powers to a Committee of which the Board is unaware at the time does not invalidate decisions taken in good faith.

14. QUORUM FOR BOARD MEETINGS

- 14.1 The quorum for Board Meetings is 3 Directors.
- 14.2 A Director may be part of the quorum of a Board Meeting if they can hear comment and vote on the proceedings through telephone, video conferencing or other communications equipment.
- 14.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:
- 14.3.1 to appoint further Directors; or
 - 14.3.2 to call a General Meeting so as to enable the Shareholder to appoint further Directors.
- 14.4 A Board Meeting at which a quorum present shall be competent to exercise all of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in the Board generally.
- 14.5 If a quorum is not present within half an hour of the time at which the Board Meeting is due to start or if, during the Board Meeting, a quorum ceases to be present, the Chair of the meeting must adjourn it. When adjourning the meeting, the Chair must specify that the meeting is adjourning to either:

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14.5.1 the same day, time and place the following week; or

14.5.2 another day, place and/or time to be decided by the Directors.

15. CHAIR

15.1 The post of Chair of the Directors will be held by the Director that is appointed as Chair of the Holding Company in accordance with that company's articles of association from time to time. If the Chair for the time being is unable to attend any meeting of the Board of Directors, the Directors present at the meeting shall appoint one of their number to chair the meeting.

15.2 The Chair is to hold office for 3 years or such other period as the Shareholder shall from time to time determine.

15.3 The Chair may resign from their position at any time (without necessarily resigning as a Director at the same time).

15.4 The Chair is to chair all Board Meetings at which they are present unless they do not wish to do so.

16. UNANIMOUS DECISIONS

16.1 Notwithstanding the rest of these Articles, a decision of the Directors may be taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

16.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each Eligible Director or to which each Eligible Director has otherwise indicated agreement in writing.

16.3 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting (but excluding any Director whose vote is not to be counted in respect of that particular matter).

16.4 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

17. DELEGATION

17.1 The Board may:

17.1.1 establish Committees consisting of those persons the Board decides;

17.1.2 delegate to a Committee any of its powers;

17.1.3 determine the quorum for Committee meetings; and

17.1.4 revoke (in whole or in part) or alter a delegation at any time.

- 17.2 The Members of a Committee are to be appointed by the Board to hold office for whatever period the Board decides and may be removed or replaced by the Board at any time.
- 17.3 The Board may specify the financial limits within which any Committee must function.
- 17.4 The Board may authorise a Committee to operate any bank account. The Board must decide upon the way in which that account must be operated.
- 17.5 The Board may also delegate to any Directors or any other person such of their powers as they consider desirable to be exercised by them. The Board may revoke (in whole or in part) or alter such a delegation at any time.

18. OBSERVERS

- 18.1 The Board may allow individuals who are not Directors to attend Board Meetings as Observers on whatever terms they decide.
- 18.2 Observers may not vote, but may take part in discussions unless the Board decides otherwise.
- 18.3 The Board may exclude Observers from any part of a Board Meeting where the Board considers the business is private.
- 18.4 Notwithstanding Articles 18.1 to 18.3 the Shareholder Representative may attend any Board Meeting as an Observer, but shall not exercise any role as a director of the Company.

19. DIRECTORS' WRITTEN RESOLUTIONS

- 19.1 A written resolution signed by all of the Directors entitled to receive notice of a Board Meeting (provided they would constitute a quorum at a Board Meeting) is as valid as if it had been passed at a Board Meeting.
- 19.2 A written resolution signed by all of the members of a Committee (provided they would constitute a quorum of that Committee) is as valid as if it had been passed at a meeting of that Committee.
- 19.3 A resolution under Articles 19.1 or 19.2 may consist of several documents in similar form each signed by one or more of the Directors or Committee members and will be treated as passed on the date of the last signature.

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PART C. SHARE CAPITAL

20. SHARE CAPITAL

The share capital of the Company is £100 ordinary shares divided into 100 shares of £1 each.

21. ALL SHARES TO BE FULLY PAID UP

21.1 No share is to be issued for less than the aggregate or its nominal value and any premium to be paid to the Company in consideration for its issue.

21.2 This does not apply to shares taken on the formation of the Company by the Subscribers to the Company's memorandum.

22. ISSUE OF SHARES AND SHARE CERTIFICATES

22.1 The Board shall not, without the prior written consent of the Council, allot shares or other securities in, or grant any rights to subscribe for or convert into shares or other securities of, the Company to any person other than the Council. The power conferred on the directors by section 550 of the Act is limited accordingly.

22.2 Except as required by law, no person is to be recognised by the Company as holding a Share on trust, and except as otherwise required by law or the Articles, the Company is not bound to recognise any interest in a Share other than the holder's absolute ownership of it and all the rights attaching to it.

23. SHARE CERTIFICATES

23.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.

23.2 Every certificate must specify:

23.2.1 in respect of how many shares, and of what class, it is issued; and

23.2.2 the nominal value of those shares; and

23.2.3 that the shares are fully paid; and

23.2.4 any distinguishing numbers assigned to them.

23.3 No certificate may be issued in respect of shares of more than one class.

23.4 If more than one person holds a share, only one certificate may be issued in respect of it.

23.5 Certificates must:

23.5.1 if the Company has a seal, have affixed to them the Company's seal; and

23.5.2 be otherwise executed in accordance with the Act.

23.6 If a Share certificate becomes defaced, or worn out or is lost or destroyed it may be renewed. The Board may specify conditions to be satisfied before it is renewed. Those conditions may relate to evidence or indemnity and provide for the payment of the Company's reasonable costs in investigating evidence. Apart from any payments due as a result of compliance with the Board's conditions no other charge may be made. If the Share Certificate is defaced or wearing out the old certificate must be delivered to the Company before it can be renewed.

24. TRANSFER OF SHARES

24.1 Shares in the Company may not be transferred without the approval of the Shareholders. The provision of Articles 26 to 29 of the Model Articles shall apply but only to the extent that a Shareholder elects to transfer its shares and notifies the Board of such election, or each Shareholder gives its consent to the transfer of the Shares held by another Shareholder.

25. ALTERATION OF SHARE CAPITAL

25.1 The Company may by ordinary resolution increase its share capital by new Shares of such amount as the resolution prescribes.

26. PURCHASE OF OWN SHARES

26.1 Subject to the Act, the Company may purchase its own Shares (including any redeemable Shares) and pay for the redemption or purchase other than out of the Company's distributable profits or the proceeds of a fresh issue of Shares.

27. DIVIDENDS

27.1 Subject to the Act, the Company may by ordinary resolution of the Shareholders declare dividends in accordance with the respective rights of the Shareholders. A dividend must not be declared unless the Board has made a recommendation as to its amount, and no dividend may exceed the amount recommended by the Board.

27.2 Subject to the Act, the Board may pay interim dividends if it appears to it that they are justified by the distributable profits of the Company. The Board may also pay any dividend payable at a fixed rate at such intervals as they decide if it appears to them that the distributable profits justify the payment.

27.3 Except where the rights attaching to Shares provide otherwise, all dividends are to be paid according to the amount paid up on the Shares on which they are paid. Where the amount paid up changes over the period for which the dividend is payable, the dividend must be apportioned and paid proportionately to the amount paid up on the Shares

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during each part of the period for which the dividend is paid. If a Share is issued on terms that it is to rank for dividend as from a particular date that Share is to rank for dividend accordingly.

- 27.4 Cheques are to be payable to the person entitled (or as they/ direct in writing). Payment of the cheque is to be a good discharge to the Company.
- 27.5 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
 - 27.5.1 transfer to a bank or building society account specified by the Shareholder either in writing;
 - 27.5.2 sending a cheque made payable to the Shareholder by post to the Shareholder at the Shareholder's registered address or to an address specified by the Shareholder in writing; or
 - 27.5.3 any other means of payment as the Board agrees with the Shareholder in writing.
- 27.6 No dividend or other money payable on a Share is to bear interest against the Company unless the rights attached to the Share provide otherwise.
- 27.7 Any dividend unclaimed twelve years after its payment date may be forfeited by a resolution of the Board.
- 27.8 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution of the Shareholders upon the recommendation of the Board, decide to pay all or part of a dividend or other distribution payable in respect of a Share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company). For the purposes of paying a non-cash distribution, the Board may make whatever arrangements they think fit including, where any difficulty arises regarding the distribution, fixing the value of any assets and vesting any assets in trustees.

28. CAPITALISATION OF PROFITS

- 28.1 The Board may, with the authority of an ordinary resolution of the Company:
 - 28.1.1 capitalise any profits of the Company not required for paying a preferential dividend (whether or not they are available for distribution) or any sum in the Company's share premium account or capital redemption reserve;
 - 28.1.2 subject to Article 28.2, appropriate the sum resolved to be capitalised to the Shareholders who would have been entitled to it if it were distributed by dividend (in the same proportions) and apply it in paying up any amounts unpaid on any part paid Shares they hold and/or in paying up in full and allotting to them (or as they direct) unissued Shares or debentures in the Company of a nominal amount equal to that sum;

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- 28.1.3 provide for Shares or debentures distributable in fractions by the issue of fractional certificates or by payment in cash; and/or
 - 28.1.4 authorise a person to enter into an agreement with the Company on behalf of all the Shareholders concerned, providing for the allotment to them of any Shares or debentures credited as fully paid to which they are entitled upon such capitalisation. Any agreement made under such authority is to bind all such Shareholders.
- 28.2 The Share premium account, the capital redemption reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid.

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PART D. SHAREHOLDERS AND SHAREHOLDER MEETINGS

29. SHAREHOLDER RESERVED MATTERS

- 29.1 Decisions on matters specified in a Relevant Agreement (“**Shareholder Reserved Matters**”) shall be reserved to the Shareholders of the Company from time to time.
- 29.2 In addition, the Shareholders may, by special resolution, direct the Directors to take, or to refrain from taking, any specified action. No such special resolution shall invalidate anything which the Directors have done before the passing of such resolution.

30. SHAREHOLDER REPRESENTATIVE

- 30.1 The Shareholder Representative has full delegated authority from the Council's Cabinet to act on behalf of the Council and/or the Shareholder as appropriate in respect of all Shareholder decisions relating to the Company and all Group Companies, as set out in a Relevant Agreement and the Council's Constitution, including decisions in respect of Reserved Matters.

31. GENERAL MEETINGS

- 31.1 All General Meetings are to be called by the Board.
- 31.2 If there are insufficient Directors in the United Kingdom to form a quorum at a Board Meeting to call a General Meeting it may be called in the same way as a Board Meeting.
- 31.3 On receiving a requisition from the requisite number of Shareholders as specified under Section 303 of the Act the Board must immediately call a General Meeting.
- 31.4 Each year the Company may choose to hold a General Meeting as the AGM (but shall not be required to do so) in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. The AGM shall be held at such time and place as the Board shall appoint.
- 31.5 In the event that the Company holds an AGM, the business of the AGM is to:
- 31.5.1 consider the Company's annual report (if any);
 - 31.5.2 fix the remuneration, and appoint and remove, the Company's auditors;
 - 31.5.3 transact any business that relates to Shareholder Reserved Matters; and
 - 31.5.4 transact any other business specified in the notice convening the meeting.

32. NOTICE OF GENERAL MEETINGS

- 32.1 General Meetings must be called by at least 14 clear days' notice.

- 32.2 A General Meeting may be called by shorter notice if this is agreed by a majority in number of the Shareholders who may attend and vote and who together hold 90% or more in nominal value of the Shares giving that right.
- 32.3 The notice must specify:
- 32.3.1 the time and place of the General Meeting;
 - 32.3.2 the general nature of the business to be transacted; and,
 - 32.3.3 in the case of an AGM, that it is an AGM.
- 32.4 No business may be transacted at a General Meeting except that specified in the notice convening the meeting.
- 32.5 Notice of a General Meeting must be given to all of the Shareholders (except any living outside the United Kingdom who have not given an address for service in the United Kingdom), the Directors and the Company's auditors (if any).
- 32.6 The accidental omission to give notice of a General Meeting to, or the non-receipt of notice of a General Meeting by, any person entitled to receive notice will not invalidate the proceedings at that General Meeting.

33. QUORUM FOR GENERAL MEETINGS

- 33.1 No business may be transacted at a General Meeting unless a quorum is present.
- 33.2 A quorum is one Shareholder entitled to vote upon the business to be transacted present in person or represented by a duly authorised representative.
- 33.3 If a quorum is not present within 30 minutes from the time of the General Meeting or a quorum ceases to be present during a General Meeting it must be adjourned to such time and place as the Board decides.
- 33.4 Notice of an adjournment of a General Meeting because of a lack of quorum and the time and place of the adjourned General Meeting must be given to all Shareholders in accordance with Article 33.3.
- 33.5 If a quorum is not present within 30 minutes from the time of the adjourned General Meeting it is to be dissolved.

34. CHAIR AT GENERAL MEETINGS

- 34.1 The Shareholder Representative chair the General Meeting (hereafter in this Part C referred to as the "Chair").

35. VOTING AT GENERAL MEETINGS

- 35.1 Resolutions are to be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.

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- 35.2 Every Shareholder present has one vote on a show of hands.
- 35.3 Directors who are not Shareholders may speak but not vote at General Meetings.
- 35.4 A Shareholder which is an organisation may, by resolution of its governing body (or a committee or officer of the organisation acting under powers delegated by its governing body), authorise such person as it thinks fit to act as its representative at General Meetings.
- 35.5 A person authorised under Article 35.4 may exercise the same powers on behalf of the organisation as the organisation could exercise if it were an individual Shareholder.
- 35.6 A declaration by the Chair that a resolution has been carried (or not carried) unanimously, or by a particular majority, which is entered into the minutes of the meeting is conclusive evidence of the fact unless a poll is demanded.

36. POLL VOTES

- 36.1 A poll may be demanded on a resolution by the Chair, the Board, or any qualifying person (as defined by section 318 of the Act) present and entitled to vote on the resolution.
- 36.2 A demand for a poll vote may be withdrawn if the poll has not yet been taken and the Chair consent to the withdrawal. A demand for a poll vote so withdrawn shall not be taken to have invalidated the result on a show of hands declared before the poll vote was demanded.
- 36.3 The demand for a poll will not prevent the General Meeting continuing to transact business other than the question on which the poll is demanded.
- 36.4 A poll is to be taken as the Chair directs. The Chair may appoint scrutineers (who need not be Shareholders) and set a time and place to declare the result. The result will be the resolution of the General Meeting at which the poll was demanded but will be treated as passed when the result is declared.
- 36.5 A poll on the election of a chair or an adjournment must be taken immediately. A poll on any other question may be taken either immediately or at such time and place as the Chair directs.
- 36.6 If the poll is to be taken at a date and time after the General Meeting, at least 7 clear days' notice must be given of the time and place at which the ballot is to be taken unless the time and place are announced at the General Meeting at which it is demanded.

37. SHAREHOLDERS' WRITTEN RESOLUTIONS

- 37.1 Subject to the Act, a written resolution signed by a simple majority (or in the case of a special resolution by a majority of not less than 75%) of the Shareholders entitled to attend and vote at a General Meeting (provided those Shareholders would constitute a

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quorum at a General Meeting) is as valid as if it had been passed at a General Meeting.

- 37.2 A resolution under Article 37.1 may consist of several documents in similar form each signed by one or more Shareholders.
- 37.3 A resolution under Article 37.1 may be signed for a corporate body or an organisation which is a Shareholder by its authorised representative, a Member of its governing body or secretary, its solicitor or by an attorney.

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PART E. OFFICERS

38. THE SECRETARY

38.1 The Board may decide whether to appoint a Secretary and for what term.

38.2 Where appointed a Secretary may be removed by the Board at any time.

38.3 No Director may occupy a salaried position of Secretary.

38.4 Where any Secretary appointed is an employee of the Council then they shall not be paid any fee or expenses by the Company.

39. INDEMNITIES FOR OFFICERS AND EMPLOYEES

39.1 No officer or employee is to be liable for losses suffered by the Company except those due to their own dishonesty or gross negligence.

39.2 Subject to the Act every Director, officer or employee is to be indemnified by the Company against any liability incurred in the discharge of their duties or in that capacity in defending any civil or criminal proceedings as long as:

39.2.1 judgment is given in their favour (or the proceedings are dealt with without a finding or admission of a material breach of duty by them); or

39.2.2 they is acquitted; or

39.2.3 relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

PART F. STATUTORY AND MISCELLANEOUS

40. MINUTES

- 40.1 The Board must arrange for minutes to be kept of all Board and General Meetings. The names of the Directors present must be included in the minutes.
- 40.2 Copies of the draft minutes of Board Meetings must be distributed to the Directors as soon as reasonably possible after the meeting.
- 40.3 Minutes must be approved as a correct record at the next General Meeting (as regards minutes of General Meetings) or Board Meeting (as regards minutes of Board Meetings). Once approved they must be signed by the person chairing the meeting at which they are approved.
- 40.4 The Board must keep minutes of all of the appointments made by the Board.

41. ACCOUNTS ANNUAL REPORT AND ANNUAL RETURN

- 41.1 The Company must comply with Part 15 of the Act in:
 - 41.1.1 preparing and filing an annual Directors' report and annual accounts; and
 - 41.1.2 making an annual return to the Registrar of Companies.
- 41.2 The Company must comply with Part 16 of the Act in relation to the audit or examination of accounts to the extent that the law requires.
- 41.3 The annual Directors report and accounts must contain:
 - 41.3.1 the revenue accounts and balance sheet for the last accounting period;
 - 41.3.2 the auditor's report on those accounts (if applicable); and
 - 41.3.3 the Board's report on the affairs of the Company.
- 41.4 The accounting records of the Company must always be open to inspection by a Director.

42. BANK AND BUILDING SOCIETY ACCOUNTS

- 42.1 All bank and building society accounts must be controlled by the Directors and must include the name of the Company.
- 42.2 Cheques and orders for the payment of money must be signed in accordance with the Board's instructions.

43. EXECUTION OF DOCUMENTS

- 43.1 If the Company has a seal it may only be used with the authority of the Board (which may be given generally for documents of a particular type).

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43.2 Unless the Board decides otherwise, documents to which the seal is attached or which are executed as deeds must be signed by:

43.2.1 two Directors; or

43.2.2 one Director and the Secretary (where appointed); or

43.2.3 one Director in the presence of a witness who attests the Director's signature.

44. NOTICES

44.1 Notices under the Articles must be in writing (which shall include suitable electronic means) except notices calling Board Meetings.

44.2 A Shareholder present in person at a General Meeting is deemed to have received notice of the General Meeting and (where necessary) of the purposes for which it was called.

44.3 The Company may give a notice to a Shareholder, Director or auditor:

44.3.1 personally;

44.3.2 by sending it by post in a prepaid envelope;

44.3.3 by sending it by commercial courier;

44.3.4 by suitable electronic means;

44.3.5 by leaving it at their address; or

44.3.6 as the Board prescribes from time to time.

44.4 Notices under Article 44.3.2, 44.3.3 or 44.3.5 may be sent:

44.4.1 to an address in the United Kingdom which that person has given the Company;

44.4.2 to the last known home or business address of the person to be served; or

44.4.3 to that person's address in the Company's register of Shareholders.

44.5 Notices under Article 44.3.4 may be sent to an email address which that person has given the Company.

44.6 Any notice given in accordance with the Articles is to be treated for all purposes as having been received:

44.6.1 24 hours after being sent by electronic means or delivered by hand to the relevant address;

44.6.2 48 hours after being sent by first class post to that address;

44.6.3 on being handed to a Shareholder or Director personally;

44.6.4 at the time of signature of the courier's delivery receipt;

44.6.5 as soon as the Shareholder or Director acknowledges actual receipt.

- 44.7 A notice may be served on the Company by delivering it or sending it to the Registered Office or by handing it to the Secretary (where appointed).
- 44.8 If deemed receipt under Article 46 or Article 47 is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of deemed receipt and all references to time are to local time in the place of deemed receipt.
- 44.9 To prove delivery, it is sufficient to prove that notice was transmitted by email to the email address which that person has given the Company or, in the case of post, that the envelope containing the notice was properly addressed and posted.
- 44.10 The Board may make standing orders to define other acceptable methods of delivering notices.

45. STANDING ORDERS

- 45.1 Subject to Article 45.4:
- 45.1.1 the Board may from time to time adopt, alter, add to or repeal make standing orders for the proper conduct and management of the Company; and
 - 45.1.2 the Company in General Meeting may alter, add to or repeal the standing orders.
- 45.2 The Board must use such means as they think sufficient to bring the standing orders to the notice of Shareholders.
- 45.3 Standing orders are binding on all Shareholders and Directors.
- 45.4 No standing order may be inconsistent with or may affect or repeal anything in the Articles.

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DATED

2022

GOVERNANCE AGREEMENT

between

SEFTON HOLDING COMPANY LIMITED

and

SEFTON METROPOLITAN BOROUGH COUNCIL

Anthony Collins Solicitors LLP

134 Edmund Street

Birmingham B3 2ES

Tel: 0121 200 3242

Ref: MC/052394.0001

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THIS AGREEMENT IS DATED

2022

PARTIES

- (1) **Sefton Holding Company Limited** (Company Registration Number: 1142815) whose registered office is at Magdalen House, Trinity Road, Bootle, Merseyside, L20 3NJ (the “**Company**”); and
- (2) **Sefton Metropolitan Borough Council** of Bootle Town Hall, Oriel Road, Bootle L20 7AE (the “**Council**”).

BACKGROUND

- (A) The Company is a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and at the date of this Agreement is wholly owned by the Council.
- (B) The Council has established the Company under sections 1 and 4, Localism Act 2011 to allow the Council to trade and act for commercial purposes. The decision to establish the Company was taken by the Cabinet of the Council on 5 October 2017.
- (C) The Company is a controlled company within the meaning of the Local Government and Housing Act 1989 and a regulated company within the meaning of the Local Authority (Companies) Order 1995.
- (D) The Parties have agreed to execute this Agreement to regulate their respective responsibilities, the governance arrangements and the operation and management of the Company and the relationship between the Company and the Council.

AGREED TERMS

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this clause apply in this Agreement.

Act: the Companies Act 2006;

Adequate Procedures: adequate procedures, as referred to in section 7(2) of the Bribery Act 2010 and any guidance issued by the Secretary of State under section 9 of the Bribery Act 2010;

Articles: the articles of association of the Company as

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	amended or superseded from time to time;
Auditors:	means the auditors of the Company at the relevant time;
Board:	the board of Directors of the Company as constituted from time to time;
Business:	has the meaning given in clause 2.1 and as may be further defined in any adopted Business Plan;
Business Case:	means any business case for particular activity by the Company that has been developed by the Company and adopted by the Board (where in accordance with the Business Plan or any other authority given to the Board by the Shareholders) or by the Shareholders;
Business Day:	any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;
Business Plan:	means the document that may be agreed and adopted by the Company in accordance with clause 6;
Confidential Information:	has the meaning given in clause 12;
Director:	a director of the Company;
EBITDA:	means earnings before interest, tax depreciation and amortisation based on an average of the Company's 12 months historic EBITDA and 12 months forecast EBITDA;
Electronic form:	has the meaning given in section 1168 of the Act;
Encumbrance:	includes any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set-off or other third party right or interest (legal or equitable) including any assignment by way of security, reservation of title or other security interest of any kind, howsoever created or

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arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect;

Financial Year: in relation to the Company, means the period of 12 months commencing on 1 April and ending on 31 March each year;

Group: in relation to a company, that company, any Subsidiary or Holding Company from time to time of that company and any Subsidiary from time to time of a Holding Company of that company; and each company in a Group is a member of the Group;

Holding Company and Subsidiary and Wholly-Owned Subsidiary: mean a "holding company", "subsidiary" and "wholly-owned subsidiary" as defined in section 1159 of the Act and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c) of the Act, as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee;

Party/Parties: the Council and/or the Company as appropriate;

Reserved Matters: the matters listed in Schedule 1;

Sandway Homes: Sandway Homes Limited (Company Registration Number 11646502), a wholly owned subsidiary of the Company;

Shareholders: means the holders of Shares in the Company;

"Shareholder Representative" means the person nominated by the Council in its role as shareholder to represent it in all matters relating to the shareholder function with the Company;

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Support Services: has the meaning set out in Schedule 3;

Support Services Agreement: the agreement(s) made between the Council and the Company relating to the provision of support services by the Council to the Company.

- 1.2 Clause, schedule and paragraph headings do not affect the interpretation of this Agreement.
- 1.3 A reference to a clause or a schedule is a reference to a clause of, or a schedule to, this Agreement. A reference to a paragraph is to a paragraph of the relevant schedule.
- 1.4 A **person** includes a natural person, a corporate or unincorporated body (whether or not having a separate legal personality).
- 1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.
- 1.6 Unless the context otherwise requires, a reference to one gender includes a reference to the other genders.
- 1.7 All warranties, representations, agreements and obligations expressed to be given or entered into by more than one person are given or entered into jointly and severally by the persons concerned.
- 1.8 A reference to a particular statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time taking account of any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts and subordinate legislation for the time being in force made under it provided that, as between the Parties, no such amendment or re-enactment shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any Party.
- 1.9 A reference to **writing** or **written** includes faxes but no other electronic form.
- 1.10 Documents in **agreed form** are documents in the form agreed by the Parties to this Agreement and initialled by them or on their behalf for identification.
- 1.11 A reference in this Agreement to a document is a reference to the document whether in paper or electronic form.
- 1.12 A reference in this Agreement to **other documents referred to in this Agreement** is a reference to the following documents the Articles and the Support Services Agreement.
- 1.13 Where the words **include(s)**, **including** or **in particular** are used in this Agreement, they are deemed to have the words "without limitation" following them.

- 1.14 Any obligation in this Agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.
- 1.15 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.16 References to times of day are, unless the context requires otherwise, to London time and references to a day are to a period of 24 hours running from midnight on the previous day.

2. THE BUSINESS OF THE COMPANY

- 2.1 The business of the Company is to undertake activities for commercial purposes and trading within the Council's administrative area and beyond, and to act as a holding company to any subsidiaries that are established (the "**Business**"). Its role is to be the parent company to Sandway Homes and any other subsidiary established from time to time.
- 2.2 The Business may be modified to include such further activities as the Council may designate.
- 2.3 The Business shall be carried out by the Company in accordance with any Business Plan adopted and any Business Case adopted under that Business Plan or otherwise approved by the Council.
- 2.4 The Company shall at all times:
 - (a) comply with any adopted Business Plan; and
 - (b) comply with the provisions of this Agreement, the Articles and the Reserved Matters.

3. THE COUNCIL AS SHAREHOLDER

- 3.1 The Company acknowledges that the Council as Shareholder will be represented by the Shareholder Representative.
- 3.2 The Shareholder Representative will be supported by the Council's chief executive and section 151 officer in ensuring the performance and the continued alignment of the business of the Group Companies with the objectives of the Council.
- 3.3 The Council shall provide to the Company from time to time details of any Council officers authorised to take decisions on behalf of the Council as Shareholder and the extent of any such authorisation.
- 3.4 The Company shall consult the Council prior to adopting any policy or procedure for the operation and management of the Company.

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- 3.5 The Council may require that the Company adopts certain policies or procedures in the Company's operation from time to time.
- 3.6 Where the Board considers that compliance with any requirement of the Council under this Agreement would place the Directors in breach or at risk of breach of the Act, any applicable legislation and/or their duties to the Company then the Board shall seek Shareholder approval of the actions required by the Council and the Board shall be permitted a reasonable period of time to seek independent legal advice if they reasonably believe that they may or will be in breach thereof.

4. DIRECTORS AND MANAGEMENT

- 4.1 The Directors of the Company are appointed and dismissed by the Council as Shareholder pursuant to the Articles. Without limiting the ability of the Shareholder to remove any director at its discretion, the Shareholder may remove any director on the recommendation of the Chair and the Council's managing director, to ensure that the skills and diversity of the Board remains fit for purpose, following a Board performance review process.
- 4.2 The Board has responsibility for the supervision and management of the Company and its business. The Company shall ensure that the Board shall not transact any of the business described in Schedule 1 (Reserved Matters) without first referring the matter to a decision of the Council as Shareholder in the Company and shall in turn refer any of the same matters to a decision of the Council as Shareholder in the event that any member of the Group is contemplating any of the business described in that same Schedule.
- 4.3 Where a Director is an officer of the Council they shall not be entitled to any remuneration from the Company in their capacity as a Director and their expenses shall be met by the Council and not the Company.
- 4.4 Where a Director is an elected member (to include any directly elected mayor) of the Council or any other local authority that is a Shareholder then such a Director may only be paid fees and/or expenses determined by the Council, as Shareholder, from time to time provided that such fees and/or expenses are not in excess of the maximum amount permitted by Regulation 5 of the Local Authorities (Companies) Order 1995.
- 4.5 Any Non-Executive Director shall be paid in accordance with the Articles.
- 4.6 Where the Board proposes to appoint or dismiss a Company Secretary in accordance with Article 37 of the Articles of Association, then the Board shall first seek the written approval of the Council.
- 4.7 Any Company Secretary who is an employee of the Council shall not be entitled to any remuneration from the Company in their capacity as Company Secretary and their expenses shall be met by the Council and not the Company.

- 4.8 In accordance with Article 18 of the Articles, the Company shall ensure that the Board permits the Shareholder Representative to observe the meetings of the Board, and shall be given prior notice of the meetings of the Board.

5. LAND AND FINANCE FOR THE COMPANY

- 5.1 There is no obligation on the Council to provide any land, capital or other finance to the Company unless both Parties agree otherwise in writing.
- 5.2 If the Council provides land, capital or other finance pursuant to this clause 4 the Parties shall negotiate in good faith on any terms to apply to such capital or other finance.

6. ANTI-CORRUPTION

- 6.1 The Company undertakes to the Council that:
- (a) it will not in the course of the operation of the Business, engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010;
 - (b) it will maintain in place, anti-corruption procedures in substantially the same form as the Council's anti-corruption procedures which the Parties agree constitute Adequate Procedures; and
 - (c) from time to time, at the request of the Council it will confirm in writing that it has complied with its undertakings under clause 6.1(a) and clause 6.1(b) and will provide any information reasonably requested by the other Party in support of such compliance.

7. BUSINESS PLANS AND BUSINESS CASES

- 7.1 The Company must adopt a Business Plan for itself and must procure a business plan for Sandway Homes for each Financial Year.
- 7.2 The Board is responsible for preparing, reviewing and updating any Business Plan.
- 7.3 The Council must approve the adoption of any Business Plan for the Company and for Sandway Homes and any revision or update thereof ahead of adoption by the Board and by Sandway Homes' board.
- 7.4 The Company shall consult the Shareholder Representative ahead of presenting a Business Plan or revision or update thereof to the Council as Shareholder for approval under clause 7.3.
- 7.5 The Company shall procure that Sandway Homes prepares a Business Case for every new proposed project that Sandway Homes wishes to implement, using such template

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as the Council may from time to time approve, having regard to the following factors that the Council will consider:

- (a) whether the site is designated residential within the Local Plan;
- (b) whether there is no alternative use to residential use and whether those sites that can be brought forward for other land uses (i.e., care home or food store) would generate a capital receipt more than the land receipt plus revenue return that the Company could deliver by building houses;
- (c) minimum and maximum site delivery capability: larger sites capable of delivering more than 100 dwellings will be supported for inclusion given that Sandway Homes has built capacity and confidence through its Phase I programme;
- (d) local known competition: whether there are other housing sites coming on stream in the local area, which will present competition for sales and potentially impact on the rate of sales achieved by a scheme i.e. reduce the sales absorption rate;
- (e) whether a site can deliver both increased financial benefits to the Council and policy compliance;
- (f) increased social value: strong commercial viability of Sites that enables the opportunity to partner with registered providers to supply affordable housing provision on site;
- (g) location to enable even development through a range of high to low value sites and opportunities across the Borough.

7.6 At all times the Company shall procure that all land transferred by the Council to Sandway Homes is in accordance with the Council's Land and Asset Development Plan.

8. ACCOUNTING

8.1 The Company shall at all times maintain accurate and complete accounting and other financial records including all corporation tax computations and related documents and correspondence with HM Revenue & Customs in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in the United Kingdom.

8.2 The Company shall at all times maintain accurate and complete accounting and other financial records to the standard required by the Council including the accounting standards and financial reporting timescales required by the Council.

8.3 The Council and its authorised representatives shall be allowed access at all reasonable times to examine the books and records of the Company and to discuss the Company's and Sandway Homes' affairs with the Directors and any employees (if any) of the Company.

- 8.4 The Company shall supply the Council's section 151 officer with the financial and other information necessary to keep the Council informed about how effectively the Business is performing and in particular shall supply the Council with:
- (a) a copy of any proposed Business Plan for approval in accordance with clause 6;
 - (b) a copy of the audited accounts of the Company prepared in accordance with the laws applicable in and the accounting standards, principles and practices generally accepted in the United Kingdom, within three months of the end of the year to which the audited accounts relate; and
 - (c) Quarterly management accounts of the Company to be supplied as soon as reasonably practicable following the end of the month to which they relate and in any event by the final day of the month following the month to which the accounts relate and the accounts shall include a profit and loss account, a balance sheet and a cashflow statement and such other information as the Council may reasonably require.
 - (d) a copy of a report prepared by the Company in respect of each Financial Year, demonstrating the implementation by the Company of Adequate Procedures such report to be provided within 20 Business Days of the end of the Financial Year to which it relates.
 - (e) copies of any proposed or adopted Business Cases.
- 8.5 The Council may require the Company, and the Company shall as soon as possible comply with such a request, to provide any documents, information and correspondence necessary to enable the Council to comply with filing, elections, returns or any other requirements of HM Revenue & Customs or of any other revenue or tax authority.

9. DIVIDENDS

- 9.1 The Parties agree that the Company shall consult and have regard to the views of the [the Council's section 151 officer and monitoring officer prior to:
- (a) the Board recommending any dividend payment/distribution for approval by the Shareholders; and/or
 - (b) the Board making any interim dividend payments.

10. TERMINATION

- 10.1 This Agreement may be terminated at any time by the Council serving notice to terminate on the Company.
- 10.2 The following provisions of this Agreement remain in full force after termination:

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- (a) Clause 1 (Interpretation);
- (b) this clause 10;
- (c) Clause 12 (Confidentiality);
- (d) Clause 14 (Whole Agreement);
- (e) Clause 17 (Variation and Waiver);
- (f) Clause 18 (Costs);
- (g) Clause 22 (Notice);
- (h) Clause 24 (Language);
- (i) Clause 25 (Severance);
- (j) Clause 28 (Governing Law and Jurisdiction); and
- (k) Clause 29 (Dispute Resolution).

10.3 Termination of this Agreement shall not affect any rights or liabilities that the Parties have accrued under it.

11. STATUS OF THE AGREEMENT

11.1 If there is at any time any conflict, ambiguity or discrepancy between the provisions of this Agreement and the Articles, then the provisions of this Agreement shall prevail over the Articles unless the Council directs otherwise. The Parties shall procure that the Articles are amended to accord with the provisions of this Agreement in the event of any conflict.

12. CONFIDENTIALITY

12.1 In this clause Confidential Information means any information which:

- (a) either Party may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs of the Company (including, without limitation, any information provided pursuant to clause 8);
- (b) either Party or any member of its Group may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs of the other Party or any member of the other Party's Group, as a consequence of the negotiations relating to this Agreement or any other agreement or document referred to in this Agreement or the performance of the Agreement or any other agreement or document referred to in this Agreement; or
- (c) relates to the contents of any adopted Business Plan or Business Case.

but excludes the information in clause 12.2.

12.2 Information is not Confidential Information if:

- (a) it is or becomes public knowledge other than as a direct or indirect result of the information being disclosed in breach of this Agreement;
- (b) either Party can establish to the reasonable satisfaction of the other Party that it found out the information from a source not connected with the other Party or its Group and that the source is not under any obligation of confidence in respect of the information;
- (c) either Party can establish to the reasonable satisfaction of the other Party that the information was known to the first Party before the date of this Agreement and that it was not under any obligation of confidence in respect of the information; or
- (d) the Parties agree in writing that it is not confidential.

12.3 Each Party shall at all times use all reasonable endeavours to keep confidential (and to ensure that its employees, agents, Subsidiaries and the employees and agents of such Subsidiaries, any Confidential Information and shall not use or disclose any such Confidential Information except:

- (a) to a Party's professional advisers where such disclosure is for a purpose related to the operation of this Agreement;
- (b) with the written consent of the Party or any member of its Group that the information relates to;
- (c) as may be required by law (to include without limitation the Local Authorities (Companies) Order 1995) or by the rules of any recognised stock exchange, or governmental or other regulatory body, when the Party concerned shall, if practicable, supply a copy of the required disclosure to the other before it is disclosed and incorporate any amendments or additions reasonably required by the other Party and which would not thereby prevent the disclosing Party from complying with its legal obligations;
- (d) to any tax authority to the extent reasonably required for the purposes of the tax affairs of the Party concerned or any member of its Group;
- (e) if the information comes within the public domain (otherwise than as a result of the breach of this clause 12.3)

12.4 Each Party shall inform (and shall use all reasonable endeavours to procure that any Subsidiary) any officer, employee or agent or any professional adviser advising it in relation to the matters referred to in this Agreement, or to whom it provides Confidential Information, that such information is confidential and shall require them:

- (a) to keep it confidential; and
- (b) not to disclose it to any third Party (other than those persons to whom it has already been disclosed in accordance with the terms of this Agreement).

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12.5 Upon termination of this Agreement, either Party may demand from the other the return of any documents containing Confidential Information in relation to the first Party by notice in writing whereupon the other Party shall (and shall use all reasonable endeavours to ensure that its Subsidiaries, and its officers and employees and those of its Subsidiaries shall):

- (a) return such documents; and
- (b) destroy any copies of such documents and any other document or other record reproducing, containing or made from or with reference to the Confidential Information,

save, in each case, for any submission to or filings with governmental, tax or regulatory authorities. Such return or destruction shall take place as soon as practicable after the receipt of any such notice.

12.6 The obligations of each of the Parties in this clause 12 shall continue without limit in time and notwithstanding termination of this Agreement for any cause.

13. INFORMATION, SCRUTINY AND ACCOUNTABILITY

13.1 The Parties acknowledge that the Council is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. The Company shall use best endeavours to assist, within the timescale specified by the Council, the Council in responding to any requests for information under that legislation to include the provision of any and all documents that the Council considers reasonably necessary to enable it to respond to the information request. The Company shall, and shall procure that its employees and agents shall, comply at all times with the Council's policies and procedures on Freedom of Information.

13.2 Notwithstanding clause 13.1, the Company shall comply at all times with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 as that legislation applies directly to the Company.

13.3 Where the Company is in receipt of any request for information under the legislation referred to in clause 13.1, then it shall as soon as reasonably practicable pass the request to the Council and have regard to the views of the Council before responding to any such request.

13.4 The Company shall use best endeavours to assist the Council in complying with any and all transparency obligations including without limitation compliance with the Local Government Transparency Code 2015 and any successor codes, policies or guidance.

13.5 The Company shall use best endeavours to assist the Council in responding to any requests for information about the Company and/or the Business submitted by elected members of the Council.

13.6 The Company shall on reasonable notice from the Council make available officers and/or employees of the Company to attend before and answer questions at any meeting of:

- (a) a committee or sub-committee of the Council; and/or
- (b) any meeting of elected members (to include a directly elected mayor) within the Council's executive arrangements; and/or
- (c) a committee or sub-committee of the Council's executive arrangements; and/or
- (d) a meeting of officers and/or elected members of the Council.

13.7 The Company shall supply any information to such committees, sub-committees or other meeting as the Council may reasonably request, to cover, without limitation:

- (a) statutory accounts provided on a quarterly basis;
- (b) updated management accounts and any variances in projected spend;
- (c) sales performance information and risk analysis;
- (d) company exit strategy.

This information will be provided for inspection at the following:

- (e) the Council's Cabinet; and
- (f) sub committees/similar groups, as required by the Council.

14. THE COMPANY SHALL USE BEST ENDEAVOURS TO ASSIST THE COUNCIL IN RESPONDING TO ANY INQUIRY OR INVESTIGATION OF/BY THE LOCAL GOVERNMENT OMBUDSMAN (OR ANY SUCCESSOR). LOCAL AUTHORITIES (COMPANIES) ORDER 1995

14.1 The Company shall at all times comply with the Local Authorities (Companies) Order 1995, any successor legislation or statutory instrument and any other laws in force from time to time relation to the operation, management and activities of a local authority owned company.

15. WHOLE AGREEMENT

15.1 This Agreement, and any documents referred to in it, constitute the whole agreement between the Parties and supersede all previous arrangements, understandings and agreements between them, whether oral or written, relating to their subject matter.

15.2 Each Party acknowledges that in entering into this Agreement, and any documents referred to in it, it does not rely on, and shall have no remedy in respect of, any representation or warranty (whether made innocently or negligently) that is not set out in this Agreement or those documents.

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15.3 Nothing in this clause 14 shall limit or exclude any liability for fraud.

16. ASSIGNMENTS

16.1 The Company may not assign, or grant any Encumbrance over or sub-contract, or deal in any way with, any of its rights or obligations under this Agreement or any document referred to in it without the prior written consent of the Council.

16.2 Each person that has rights under this Agreement is acting on its own behalf.

17. VARIATION AND WAIVER

17.1 A variation of this Agreement shall be in writing and signed by or on behalf of all Parties.

17.2 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the person to which the waiver is addressed and the circumstances for which it is given.

17.3 A person that waives a right in relation to one person, or takes or fails to take any action against that person, does not affect its rights against any other person.

17.4 No failure to exercise or delay in exercising any right or remedy provided under this Agreement or by law constitutes a waiver of such right or remedy or shall prevent any future exercise in whole or in part thereof.

17.5 No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy.

17.6 Unless specifically provided otherwise, rights and remedies arising under this Agreement are cumulative and do not exclude rights and remedies provided by law.

18. COSTS

Unless otherwise provided, all costs in connection with the negotiation, preparation, execution and performance of this Agreement, shall be borne by the Party that incurred the costs.

19. NO PARTNERSHIP

The Parties to this Agreement are not in partnership with each other and there is no relationship of principal and agent between them.

20. GOOD FAITH

20.1 Each Party shall at all times act in good faith towards the other and shall use all reasonable endeavours to ensure that this Agreement is observed.

20.2 Each Party shall do all things necessary and desirable to give effect to the spirit and intention of this Agreement.

21. THIRD PARTY RIGHTS

21.1 A person who is not a Party to this Agreement shall not have any rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999 except where such rights are expressly granted in this Agreement.

21.2 The right of the Parties to terminate, rescind or agree any amendment, variation, waiver or settlement under this Agreement is not subject to the consent of any person that is not a Party to the Agreement.

22. NOTICE

22.1 A notice given under this Agreement:

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English);
- (b) shall be sent for the attention of the person, and to the address, or email address, given in this clause 22 (or such other address, email address or person as the relevant Party may notify to the other Party); and
- (c) shall be:
 - (i) delivered personally; or
 - (ii) delivered by commercial courier; or
 - (iii) sent by email; or
 - (iv) sent by pre-paid United Kingdom first-class post or recorded delivery.

22.2 The addresses for service of notice are:

- (a) The Council

Address: Bootle Town Hall, Oriel Road, Bootle L20 7AE

For the attention of: Executive Director of Place

- (b) The Company,

Address: Magdalen House, Trinity Road, Bootle, Merseyside, L20 3NJ

For the attention of: The Company Secretary

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22.3 If a notice has been properly sent or delivered in accordance with this clause, it will be deemed to have been received as follows:

- (a) if delivered personally, at the time of delivery; or
- (b) if delivered by commercial courier, at the time of signature of the courier's delivery receipt; or
- (c) if sent or supplied by email, one hour after the notice was sent or supplied; or
- (d) if sent by pre-paid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted or 5 Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least 5 Business Days was guaranteed at the time of sending and the sending Party receives a confirmation of delivery from the courier service provider; or
- (e) if deemed receipt under the previous paragraphs of this sub-clause is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of deemed receipt and all references to time are to local time in the place of deemed receipt.

22.4 To prove delivery, it is sufficient to prove that notice was transmitted by email to the email address of the Party or, in the case of post, that the envelope containing the notice was properly addressed and posted.

23. INTEREST ON LATE PAYMENT

23.1 Where a sum is required to be paid under this Agreement but is not paid before or on the date the Parties agreed, the person due to pay the sum shall also pay an amount equal to interest on that sum at the rate set out in clause 23.2 for the period beginning with the date on which the payment was due and ending with the date the sum is paid (and the period shall continue after as well as before judgment).

23.2 The rate of interest shall be 2% per annum above the base lending rate from time to time of the Bank of England. Interest shall accrue on a daily basis and be compounded quarterly.

24. LANGUAGE

If this Agreement is translated into any language other than English, the English language text shall prevail.

25. SEVERANCE

- 25.1 If any provision of this Agreement (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.
- 25.2 If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted or modified, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the Parties.

26. FURTHER ASSURANCE

Each Party shall promptly execute and deliver all such documents, and do all such things, as the other Party may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement.

27. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each Party had signed the same document.

28. GOVERNING LAW AND JURISDICTION

- 28.1 This Agreement and any disputes or claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with the law of England.
- 28.2 The Parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

29. DISPUTE RESOLUTION

- 29.1 In the event that any dispute arises between the Council and the Company then in the first instance the dispute shall be referred for resolution to the Executive Director of Place of the Council and the chair of the Board for the time being (the "Chair").
- 29.2 Where the Executive Director of Place and the Chair of the Board are unable to resolve a dispute then the Council may at any time serve a notice in writing on the Company directing the Company and the Board to take and/or refrain from taking actions specified in the notice – such notice to be lawful and consistent with the Act, any applicable legislation and/or the fiduciary duties of the Directors and the Board shall be

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permitted a reasonable period of time to seek independent legal advice if they reasonably believe that they may or will be in breach thereof.

29.3 The Company must comply with any notice served pursuant to clause 28.2 within the timescales specified in the notice, provided always that where the Board considers that compliance with any such notice may, in the view of the Board, place the Directors in breach of their fiduciary duties to the Company then the Board shall seek Shareholder approval before implementing the requirements of the notice.

This Agreement has been executed and delivered as a deed on the date stated at the beginning of it.

Schedule 1 Matters reserved for Shareholder approval

The Company and Sandway Homes

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
1. Business Plan	<p>Adopting the first and all future Business Plans.</p> <p>Varying the timing, scale or programme of works or projects that are included in the Business Plan where the change is more than £500,000 in any one financial year.</p>	<p>Varying the timing, scale or programme of works or projects that are included in the Business Plan where the change is £500,000 or less in any one financial year.</p> <p>Non-material departures from the Business Plan</p>	<p>The Board shall be entitled to delegate decisions as detailed in the Business Plan and/or decisions which relate to commitments up to a value of £250,000 to Sandway Homes' Managing Director, subject to the sign-off of the Council's section 151 officer or deputy</p>
2. Appointment of Directors	<p>Appointment and removal of all Directors.</p> <p>Appointment of the Chair.</p>	None.	None.
3. Variations to the Articles of Association	Any variations to the Company's Articles.	None.	None.
4. Executive Director Remuneration	The approval of the terms and conditions of employment of any	Non-material alterations to terms and	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
	executive director of the company.	conditions Performance related pay awards	
5. Employee Recruitment and Remuneration		Recruitment of employees and/or agreeing the remuneration of employees where the total remuneration for that position is greater than £75K.	Recruitment of employees and/or agreeing the remuneration of employees where the total remuneration for that position is no more than £75K.
6. Shares	The acquisition of any shares or any option over shares in the capital of any company. The creation, allotment, issuing or redemption of any shares or securities, or the granting of any right to require the creation, allotment, issuing or redemption of any such shares or securities.	None.	None.
7. Issuing or Accepting of Borrowing / Loan Capital	Entering into any borrowing, the issuing of any loan capital or entering into any commitments	Entering into any borrowing or issuing any loan capital where this is approved in the current Business Plan, to the extent	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
	<p>with any person regarding the issue of any loan capital outside of the approved Business Plan.</p> <p>Agreeing, as part of the approved Business Plan, the extent of any permitted borrowing delegated for Board approval, and the terms on which that borrowing can be entered into.</p>	and on the terms set out in the approved Business Plan.	
8. Company Winding up	Passing any resolution for the winding up of the Company, or presenting any petition for its administration (save for in insolvency).	None.	None.
9. Nature of Company Business	Any material changes to the nature of the Company's business, or commencing any new business not contemplated by the approved Business Plan.	Any changes to the nature of the Company's business, or commencing any new business, but only where this is contemplated by the approved Business Plan.	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
10. Acquisitions or Disposals	The acquisition of any land or building or the entering into of any option in respect of any land or building where this is not contemplated by the approved Business Plan.	The acquisition of any land or building or the entering in of any option in respect of any land or building specifically contemplated by the approved Business Plan.	None.
11. Company / Group Structure	Forming any subsidiary or acquiring an interest in any other company or participating in any partnership or corporate joint venture Amalgamating or merging with any other company or undertaking	None.	None.
12. Stock Exchange Listing	The listing or trading of any shares or debt securities on any stock exchange or market.	None.	None.
13. Appointment of Agents or Subcontractors or	Appointment and variations of terms and conditions of	Appointment and variations of terms and conditions of contractors or	Appointment of contractors or subcontractors in pursuance of the

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
Arms' Length Transactions	contractors or subcontractors where this is outside the approved Business Plan	subcontractors where this is in pursuance of the approved Business Plan in accordance with the procurement policy of the Company and/or Sandway Homes as applicable	approved Business Plan up to a value of £100,000 to the Managing Director of Sandway Homes in accordance with the procurement policy of the Company and/or Sandway Homes as applicable
14. Part sale of the business	Selling any part of the business, unless specifically contemplated and authorised in the approved Business Plan.	None.	None.
15. Business Name and Location	Changing the Company name, trading name, or registered office, or changing the location of any offices outside of the Company's registered office to a location outside of the Borough.	Changing the location of any offices outside of the Company's registered office to another location within the Borough only.	None.
16. Intellectual Property	The disposal, sale, assignment or granting of any rights in the Company's intellectual property outside of the normal course of	The granting of any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company in the normal course of business	Where necessary to effect decisions delegated as above up to £100,000

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
	business.		
17. Encumbrances	Creating or granting any encumbrance over the whole or any part of the Company or its business, undertaking or assets, or over any shares in the Company other than liens arising in the normal course of business.		
18. Redundancy		Dismissing any employee in circumstances in which the Company will incur or agrees to bear redundancy or other costs (including actuarial costs	
19. Pension		Establishing any new pension scheme, or amending any pension scheme, provided by the Company to employees.	None.

Schedule 2 Support Services

The Council will provide all support services to the Company, unless the services provided by the Council do not meet the needs of the Company.

The Council and the Company will enter into a separate service level agreement. for these services which comprise as at the date:

- Finance,
- Payroll,
- IT,
- Occupational health,
- Workforce development.

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The **COMMON SEAL** of **SEFTON METROPOLITAN BOROUGH COUNCIL** was affixed to this Deed in the presence of:

.....

[INSERT DETAILS]

Executed as a **DEED** by **SEFTON HOLDING COMPANY LIMITED** acting by [.....], a director, in the presence of:

.....

Director

.....

SIGNATURE OF WITNESS

.....

NAME OF WITNESS (IN BLOCK CAPITALS)

.....

.....

.....

ADDRESS OF WITNESS

.....

OCCUPATION OF WITNESS

DATED

2022

INTRA-GROUP AGREEMENT

between

SEFTON HOLDING COMPANY LIMITED

and

SANDWAY HOMES LIMITED

and

SEFTON METROPOLITAN BOROUGH COUNCIL

Anthony Collins Solicitors LLP

134 Edmund Street

Birmingham B3 2ES

Tel: 0121 200 3242

Ref: MC 52394.0001

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THIS AGREEMENT IS DATED

2022

PARTIES

- (1) **Sefton Holding Company Limited** (Company Registration Number: 1142815 whose registered office is at Magdalen House, Trinity Road, Bootle, Merseyside, L20 3NJ (the “**Holding Company**”));
- (2) **Sefton Metropolitan Borough Council** of Bootle Town Hall, Oriel Road, Bootle, L20 7AE; (“the Council”) and
- (3) **Sandway Homes Limited** (Company Registration Number 11646502) whose registered office is at Magdalen House, Trinity Road, Bootle, Merseyside, L20 3NJ (“**Sandway Homes**”).

BACKGROUND

- (A) Sandway Homes is a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and at the date of this Agreement is wholly owned by the Holding Company which, in turn, is a wholly owned company of the Council.
- (B) The Council has established the Holding Company and Sandway Homes under sections 1 and 4, Localism Act 2011 to allow the Council to trade and act for commercial purposes. The decision to establish the Holding Company and Sandway Homes was taken by the Cabinet of the Council on 5 October 2017.
- (C) Sandway Homes is a controlled company within the meaning of the Local Government and Housing Act 1989 and a regulated company within the meaning of the Local Authority (Companies) Order 1995.
- (D) The Parties have agreed to execute this Agreement to regulate their respective responsibilities, the governance arrangements and the operation and management of Sandway Homes and the relationship between Sandway Homes, the Holding Company and the Council.

AGREED TERMS

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this clause apply in this Agreement.

Act: the Companies Act 2006;

Adequate Procedures: adequate procedures, as referred to in section

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	7(2) of the Bribery Act 2010 and any guidance issued by the Secretary of State under section 9 of the Bribery Act 2010;
Articles:	the articles of association of Sandway Homes as amended or superseded from time to time;
Auditors:	means the auditors of Sandway Homes at the relevant time;
Board:	the board of Directors of Sandway Homes as constituted from time to time;
Business:	means activities for commercial purpose and trading within the Council's administrative area and beyond and as may be further defined in any adopted Business Plan;
Business Case:	means any business case for particular activity by Sandway Homes that has been developed by Sandway Homes and adopted by the Board (where in accordance with the Business Plan or any other authority given to the Board by the Shareholders) or by the Shareholders;
Business Day:	any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;
Business Plan:	means the document that may be agreed and adopted by Sandway Homes in accordance with clause 6;
Confidential Information:	has the meaning given in clause 12;
Director:	a director of Sandway Homes;
EBITDA:	means earnings before interest, tax depreciation and amortisation based on an average of Sandway Homes' 12 months historic EBITDA and 12 months forecast EBITDA;
Electronic form:	has the meaning given in section 1168 of the Act;

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Encumbrance:	includes any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set-off or other third party right or interest (legal or equitable) including any assignment by way of security, reservation of title or other security interest of any kind, howsoever created or arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect;
Financial Year:	in relation to Sandway Homes, means the period of 12 months commencing on 1 April and ending on 31 March each year;
Governance Agreement	the agreement of the same date that governs the Holding Company's relationship with the Council as its shareholder
Group:	in relation to a company, that company, any subsidiary or holding company from time to time of that company and any subsidiary from time to time of a holding company of that company; and each company in a group is a member of the Group;
Holding Company and Subsidiary and Wholly-Owned Subsidiary:	mean a "holding company", "subsidiary" and "wholly-owned subsidiary" as defined in section 1159 of the Act and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c) of the Act, as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee;
Objectives:	the objectives of Sandway Homes set out in the Business Plan;
Party/Parties:	the Council and/or the Holding Company and/or Sandway Homes as appropriate;
Reserved Matters:	the matters listed in Schedule 1;

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Share(s):	means the 100 £1 shares in Sandway Homes;
Shareholders:	means the holders of Shares in Sandway Homes;
“Shareholder Representative”	means the person nominated by the Holding Company as Shareholder and by the Council in its role as Ultimate Shareholder to represent both in all matters relating to the shareholder function with Sandway Homes;
Support Services:	has the meaning set out in Schedule 3;
Support Services Agreement:	the agreement(s) made between the Council and the Company relating to the provision of support services by the Council to the Company;
Ultimate Shareholder	the Council as the parent of the Holding Company and ultimately therefore of all the Holding Company’s subsidiaries

- 1.2 Clause, schedule and paragraph headings do not affect the interpretation of this Agreement.
- 1.3 A reference to a clause or a schedule is a reference to a clause of, or a schedule to, this Agreement. A reference to a paragraph is to a paragraph of the relevant schedule.
- 1.4 A **person** includes a natural person, a corporate or unincorporated body (whether or not having a separate legal personality).
- 1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.
- 1.6 Unless the context otherwise requires, a reference to one gender includes a reference to the other genders.
- 1.7 All warranties, representations, agreements and obligations expressed to be given or entered into by more than one person are given or entered into jointly and severally by the persons concerned.
- 1.8 A reference to a particular statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time taking account of any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts and subordinate legislation for the time being in force made under it provided that, as between the Parties, no such amendment or re-enactment shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any Party.
- 1.9 A reference to **writing** or **written** includes faxes but no other electronic form.

- 1.10 Documents in **agreed form** are documents in the form agreed by the Parties to this Agreement and initialled by them or on their behalf for identification.
- 1.11 A reference in this Agreement to a document is a reference to the document whether in paper or electronic form.
- 1.12 A reference in this Agreement to **other documents referred to in this Agreement** is a reference to the following documents the Articles and the Support Services Agreement.
- 1.13 Where the words **include(s)**, **including** or **in particular** are used in this Agreement, they are deemed to have the words "without limitation" following them.
- 1.14 Any obligation in this Agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.
- 1.15 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.16 References to times of day are, unless the context requires otherwise, to London time and references to a day are to a period of 24 hours running from midnight on the previous day.

2. **SUBSIDIARIES AND NEW GROUP MEMBERS**

- 2.1 The Council and the Holding Company have the right to establish Subsidiaries. Such Subsidiaries will not necessarily become parties to this Agreement and the Council may enter into such intragroup control and service arrangements with the Holding Company or any of its Subsidiaries as the Council may consider appropriate from time to time.
- 2.2 Where the Council proposes that a further organisation (a "**Proposed Group Member**") should become a member of the Group, and the Proposed Group Member is to become a party to this Agreement, the Proposed Group Member shall accede to this Agreement by entering into an accession deed.
- 2.3 The accession deed shall be executed by the Proposed Group Member and the Parties to this Agreement, and the Proposed Group Member shall ensure that, with effect from the accession date, its constitution and business arrangements comply with the provisions of this Agreement.

3. **THE COUNCIL AS ULTIMATE SHAREHOLDER AND THE HOLDING COMPANY AS SHAREHOLDER**

- 3.1 Sandway Homes acknowledges that the Holding Company as Shareholder will be represented by the Shareholder Representative, as the Council is the Ultimate Shareholder. In accordance with the Council's Constitution, the Shareholder Representative will be supported by officers of the Council.

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- 3.2 The Council shall provide to Sandway Homes from time to time details of any Council officers authorised to take decisions on behalf of the Council as Shareholder and the extent of any such authorisation.
- 3.3 Sandway Homes will comply with the Governance Agreement as if every reference to “the Company” in that Agreement were to Sandway Homes as appropriate, in particular the following clauses of the Governance Agreement:
 - (a) Clause 4 – Directors and Management;
 - (b) Clause 7 – Business Plans and Business Cases;
 - (c) Clause 9 – Dividends; and
 - (d) Clause 13 – Information, Scrutiny and Accountability.
- 3.4 Sandway Homes shall consult the Council prior to adopting any policy or procedure for the operation and management of Sandway Homes.
- 3.5 The Council may require that Sandway Homes adopts certain policies or procedures in Sandway Homes’ operation from time to time.
- 3.6 Where the Board considers that compliance with any requirement of the Council under this Agreement would place the Directors in breach or at risk of breach of the Act, any applicable legislation and/or their duties to Sandway Homes then the Board shall seek Shareholder approval of the actions required by the Council and the Board shall be permitted a reasonable period of time to seek independent legal advice if they reasonably believe that they may or will be in breach thereof.

4. RESPONSIBILITIES OF GROUP MEMBERS

- 4.1 The Parties agree that the Board of the Holding Company and each Subsidiary should have the responsibility for those aspects of its business referred to as its responsibility in Schedule 2 in accordance with its constitution and in its best interests.
- 4.2 The responsibilities are subject only to each Party acting in accordance with:
 - (a) the provisions of this Agreement;
 - (b) any business plan agreed and approved in accordance with the terms of this Agreement;
 - (c) the Group’s OVERALL business and financial strategy; and
 - (d) the Group’s policies and procedures.
- 4.3 The Parties agree that these responsibilities may evolve from time to time and it may therefore be necessary to revise Schedule 3 to reflect changes in responsibilities. Any revisions to Schedule 3 shall be made in accordance with Clause 7.

5. GROUP POLICIES

- 5.1 The Holding Company shall for the benefit of the Group have the power to adopt from time to time such policies, standing orders, financial regulations and standards relating to all or any Group members, as it shall consider appropriate from time to time to ensure compliance with:
- (a) any statutory or regulatory requirements applicable to the Group or any Group member;
 - (b) financial and business probity;
 - (c) good governance practice;
 - (d) risk assessment; and
 - (e) any other matter which the Holding Company considers it is desirable for the Group as a whole to have a consistent policy on,
- and these policies, standing orders, financial regulations and standards shall be designated as "**Group Policies**".
- 5.2 The Parties each covenant to carry on their business in accordance with the Group Policies or other policies for which they are responsible.

6. SERVICES

- 6.1 It is the intention that the Group should benefit, where possible, from the provision of services between Group Members.
- 6.2 Where the Council is able to provide external services and funding, Sandway Homes and the Holding Company agree that they will obtain such services and funding through the Council.
- 6.3 Save for those services which are provided by the Council in accordance with clause 6.2 above, the Holding Company and Sandway Homes may enter into any agreements they may deem appropriate or desirable with any contractors, consultants, or specialist firms for the provision of services.

7. VARIATIONS AND REVIEW

- 7.1 The Council may require a variation to this Agreement. Any such variation shall be recorded in writing and be signed by the Parties.
- 7.2 The operation of this Agreement shall be reviewed annually, or at such other times as the Parties shall agree.

8. ANTI-CORRUPTION

- 8.1 Sandway Homes and the Holding Company each undertakes to the Council that:

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- (a) it will not in the course of the operation of the Business, engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010;
- (b) it will maintain in place, anti-corruption procedures in substantially the same form as the Council's anti-corruption procedures which the Parties agree constitute Adequate Procedures; and
- (c) from time to time, at the request of the Council it will confirm in writing that it has complied with its undertakings under clause 8.1(a) and clause 8.1(b) and will provide any information reasonably requested by the other Party in support of such compliance.

9. ACCOUNTING

- 9.1 Sandway Homes shall at all times maintain accurate and complete accounting and other financial records including all corporation tax computations and related documents and correspondence with HM Revenue & Customs in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in the United Kingdom.
- 9.2 Sandway Homes shall at all times maintain accurate and complete accounting and other financial records to the standard required by the Council including the accounting standards and financial reporting timescales required by the Council.
- 9.3 The Council and its authorised representatives shall be allowed access at all reasonable times to examine the books and records of the Company and to discuss the Company's affairs with the Directors and any employees (if any) of Sandway Homes.
- 9.4 Sandway Homes shall supply the section 151 officer of the Council with the financial and other information necessary to keep the Council informed about how effectively the Business is performing and in particular shall supply the Council with:
 - (a) a copy of any proposed Business Plan for approval in accordance with clause 6;
 - (b) a copy of the audited accounts of Sandway Homes prepared in accordance with the laws applicable in and the accounting standards, principles and practices generally accepted in the United Kingdom, within three months of the end of the year to which the audited accounts relate; and
 - (c) Quarterly management accounts of Sandway Homes to be supplied as soon as reasonably practicable following the end of the month to which they relate and in any event by the final day of the month following the month to which the accounts relate and the accounts shall include a profit and loss account, a balance sheet and a cashflow statement and such other information as the Council may reasonably require.
 - (d) a copy of a report prepared by Sandway Homes in respect of each Financial Year, demonstrating the implementation by the Company of Adequate

Procedures such report to be provided within 20 Business Days of the end of the Financial Year to which it relates.

(e) copies of any proposed or adopted Business Cases.

9.5 The Council may require Sandway Homes, and Sandway Homes shall as soon as possible comply with such a request, to provide any documents, information and correspondence necessary to enable the Council and/or the Holding Company to comply with filing, elections, returns or any other requirements of HM Revenue & Customs or of any other revenue or tax authority.

10. TERMINATION

10.1 This Agreement may be terminated at any time by the Council serving notice to terminate on the Holding Company and Sandway Homes.

10.2 The following provisions of this Agreement remain in full force after termination:

- (a) Clause 1 (Interpretation);
- (b) this clause 9;
- (c) Clause 12 (Confidentiality);
- (d) Clause 14 (Whole Agreement);
- (e) Clause 17 (Variation and Waiver);
- (f) Clause 18 (Costs);
- (g) Clause 22 (Notice);
- (h) Clause 24 (Language);
- (i) Clause 25 (Severance);
- (j) Clause 28 (Governing Law and Jurisdiction); and
- (k) Clause 29 (Dispute Resolution).

10.3 Termination of this Agreement shall not affect any rights or liabilities that the Parties have accrued under it.

11. STATUS OF THE AGREEMENT

11.1 If there is at any time any conflict, ambiguity or discrepancy between the provisions of this Agreement and the Articles, then the provisions of this Agreement shall prevail over the Articles unless the Council directs otherwise. The Parties shall procure that the Articles are amended to accord with the provisions of this Agreement in the event of any conflict.

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12. CONFIDENTIALITY

12.1 In this clause Confidential Information means any information which:

- (a) any Party may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs of the Company (including, without limitation, any information provided pursuant to clause 9);
- (b) any Party or any member of its Group may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs of the other Party or any member of the other Party's Group, as a consequence of the negotiations relating to this Agreement or any other agreement or document referred to in this Agreement or the performance of the Agreement or any other agreement or document referred to in this Agreement; or
- (c) relates to the contents of any adopted Business Plan or Business Case.

but excludes the information in clause 12.2.

12.2 Information is not Confidential Information if:

- (a) it is or becomes public knowledge other than as a direct or indirect result of the information being disclosed in breach of this Agreement;
- (b) any Party can establish to the reasonable satisfaction of the other Party that it found out the information from a source not connected with the other Party or its Group and that the source is not under any obligation of confidence in respect of the information;
- (c) either Party can establish to the reasonable satisfaction of the other Party that the information was known to the first Party before the date of this Agreement and that it was not under any obligation of confidence in respect of the information; or
- (d) the Parties agree in writing that it is not confidential.

12.3 Each Party shall at all times use all reasonable endeavours to keep confidential (and to ensure that its employees, agents, Subsidiaries and the employees and agents of such Subsidiaries, any Confidential Information and shall not use or disclose any such Confidential Information except:

- (a) to a Party's professional advisers where such disclosure is for a purpose related to the operation of this Agreement;
- (b) with the written consent of the Party or any member of its Group that the information relates to;
- (c) as may be required by law (to include without limitation the Local Authorities (Companies) Order 1995) or by the rules of any recognised stock exchange, or governmental or other regulatory body, when the Party concerned shall, if practicable, supply a copy of the required disclosure to the other before it is disclosed and incorporate any amendments or additions reasonably required by

the other Party and which would not thereby prevent the disclosing Party from complying with its legal obligations;

- (d) to any tax authority to the extent reasonably required for the purposes of the tax affairs of the Party concerned or any member of its Group;
- (e) if the information comes within the public domain (otherwise than as a result of the breach of this clause 12.3)

12.4 Each Party shall inform (and shall use all reasonable endeavours to procure that any Subsidiary) any officer, employee or agent or any professional adviser advising it in relation to the matters referred to in this Agreement, or to whom it provides Confidential Information, that such information is confidential and shall require them:

- (a) to keep it confidential; and
- (b) not to disclose it to any third Party (other than those persons to whom it has already been disclosed in accordance with the terms of this Agreement).

12.5 Upon termination of this Agreement, either Party may demand from the other the return of any documents containing Confidential Information in relation to the first Party by notice in writing whereupon the other Party shall (and shall use all reasonable endeavours to ensure that its Subsidiaries, and its officers and employees and those of its Subsidiaries shall):

- (a) return such documents; and
- (b) destroy any copies of such documents and any other document or other record reproducing, containing or made from or with reference to the Confidential Information,

save, in each case, for any submission to or filings with governmental, tax or regulatory authorities. Such return or destruction shall take place as soon as practicable after the receipt of any such notice.

12.6 The obligations of each of the Parties in this clause 12 shall continue without limit in time and notwithstanding termination of this Agreement for any cause.

13. INFORMATION, SCRUTINY AND ACCOUNTABILITY

13.1 The Parties acknowledge that the Council is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Sandway Homes shall use best endeavours to assist, within the timescale specified by the Council, the Council in responding to any requests for information under that legislation to include the provision of any and all documents that the Council considers reasonably necessary to enable it to respond to the information request. Sandway Homes shall, and shall procure that its employees and agents shall, comply at all times with the Council's policies and procedures on Freedom of Information.

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- 13.2 Notwithstanding clause 13.1, Sandway Homes shall comply at all times with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 as that legislation applies directly to Sandway Homes.
- 13.3 Where Sandway Homes is in receipt of any request for information under the legislation referred to in clause 13.1, then it shall as soon as reasonably practicable pass the request to the Council and have regard to the views of the Council before responding to any such request.
- 13.4 Sandway Homes shall use best endeavours to assist the Council in complying with any and all transparency obligations including without limitation compliance with the Local Government Transparency Code 2015 and any successor codes, policies or guidance.
- 13.5 Sandway Homes shall use best endeavours to assist the Council in responding to any requests for information about Sandway Homes and/or the Business submitted by elected members of the Council.
- 13.6 Sandway Homes shall on reasonable notice from the Council make available officers and/or employees of Sandway Homes to attend before and answer questions at any meeting of:
- (a) a committee or sub-committee of the Council; and/or
 - (b) any meeting of elected members (to include a directly elected mayor) within the Council's executive arrangements; and/or
 - (c) a committee or sub-committee of the Council's executive arrangements; and/or
 - (d) a meeting of officers and/or elected members of the Council;
- 13.7 Sandway Homes shall supply any information to such committees, sub-committees or other meeting as the Council may reasonably request.
- 13.8 Sandway Homes shall use best endeavours to assist the Council in responding to any inquiry or investigation of/by the Local Government Ombudsman (or any successor).

14. LOCAL AUTHORITIES (COMPANIES) ORDER 1995

- 14.1 Sandway Homes shall at all times comply with the Local Authorities (Companies) Order 1995, any successor legislation or statutory instrument and any other laws in force from time to time relation to the operation, management and activities of a local authority owned company.

15. WHOLE AGREEMENT

- 15.1 This Agreement, and any documents referred to in it, constitute the whole agreement between the Parties and supersede all previous arrangements, understandings and agreements between them, whether oral or written, relating to their subject matter.
- 15.2 Each Party acknowledges that in entering into this Agreement, and any documents referred to in it, it does not rely on, and shall have no remedy in respect of, any

representation or warranty (whether made innocently or negligently) that is not set out in this Agreement or those documents.

15.3 Nothing in this clause 14 shall limit or exclude any liability for fraud.

16. ASSIGNMENTS

16.1 Sandway Homes may not assign, or grant any Encumbrance over or sub-contract, or deal in any way with, any of its rights or obligations under this Agreement or any document referred to in it without the prior written consent of the Council.

16.2 Each person that has rights under this Agreement is acting on its own behalf.

17. VARIATION AND WAIVER

17.1 A variation of this Agreement shall be in writing and signed by or on behalf of all Parties.

17.2 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the person to which the waiver is addressed and the circumstances for which it is given.

17.3 A person that waives a right in relation to one person, or takes or fails to take any action against that person, does not affect its rights against any other person.

17.4 No failure to exercise or delay in exercising any right or remedy provided under this Agreement or by law constitutes a waiver of such right or remedy or shall prevent any future exercise in whole or in part thereof.

17.5 No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy.

17.6 Unless specifically provided otherwise, rights and remedies arising under this Agreement are cumulative and do not exclude rights and remedies provided by law.

18. COSTS

Unless otherwise provided, all costs in connection with the negotiation, preparation, execution and performance of this Agreement, shall be borne by the Party that incurred the costs.

19. NO PARTNERSHIP

The Parties to this Agreement are not in partnership with each other and there is no relationship of principal and agent between them.

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20. GOOD FAITH

20.1 Each Party shall at all times act in good faith towards the other and shall use all reasonable endeavours to ensure that this Agreement is observed.

20.2 Each Party shall do all things necessary and desirable to give effect to the spirit and intention of this Agreement.

21. THIRD PARTY RIGHTS

21.1 A person who is not a Party to this Agreement shall not have any rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999 except where such rights are expressly granted in this Agreement.

21.2 The right of the Parties to terminate, rescind or agree any amendment, variation, waiver or settlement under this Agreement is not subject to the consent of any person that is not a Party to the Agreement.

22. NOTICE

22.1 A notice given under this Agreement:

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English);
- (b) shall be sent for the attention of the person, and to the address, or email address given in this clause 22 (or such other address, email address or person as the relevant Party may notify to the other Party); and
- (c) shall be:
 - (i) delivered personally; or
 - (ii) delivered by commercial courier; or
 - (iii) sent by email; or
 - (iv) sent by pre-paid United Kingdom first-class post or recorded delivery.

22.2 The addresses for service of notice are:

- (a) The Council

Address: Bootle Town Hall, Oriel Road, Bootle L20 7AE

For the attention of: Executive Director of Place

- (b) The Holding Company

Address: Magdalen House, Trinity Road, Bootle, Merseyside, L20 3NJ

For the attention of: The Company Secretary

Sandway Homes Address: Magdalen House, Trinity Road, Bootle, Merseyside, L20 3NJ

For the attention of: The Company Secretary

22.3 If a notice has been properly sent or delivered in accordance with this clause, it will be deemed to have been received as follows:

- (a) if delivered personally, at the time of delivery; or
- (b) if delivered by commercial courier, at the time of signature of the courier's delivery receipt; or
- (c) if sent or supplied by email, one hour after the notice was sent or supplied; or
- (d) if sent by pre-paid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted or 5 Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least 5 Business Days was guaranteed at the time of sending and the sending Party receives a confirmation of delivery from the courier service provider; or
- (e) if deemed receipt under the previous paragraphs of this sub-clause is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of deemed receipt and all references to time are to local time in the place of deemed receipt.

22.4 To prove delivery, it is sufficient to prove that notice was transmitted by email to the email address of the Party or, in the case of post, that the envelope containing the notice was properly addressed and posted.

23. INTEREST ON LATE PAYMENT

23.1 Where a sum is required to be paid under this Agreement but is not paid before or on the date the Parties agreed, the person due to pay the sum shall also pay an amount equal to interest on that sum at the rate set out in clause 22.2 for the period beginning with the date on which the payment was due and ending with the date the sum is paid (and the period shall continue after as well as before judgment).

23.2 The rate of interest shall be 2% per annum above the base lending rate from time to time of the Bank of England. Interest shall accrue on a daily basis and be compounded quarterly.

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24. LANGUAGE

If this Agreement is translated into any language other than English, the English language text shall prevail.

25. SEVERANCE

25.1 If any provision of this Agreement (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.

25.2 If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted or modified, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the Parties.

26. FURTHER ASSURANCE

Each Party shall promptly execute and deliver all such documents, and do all such things, as the other Party may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement.

27. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each Party had signed the same document.

28. GOVERNING LAW AND JURISDICTION

28.1 This Agreement and any disputes or claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with the law of England.

28.2 The Parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

29. RESOLUTION OF DISPUTES

29.1 If any dispute arises the Parties will use their reasonable endeavours to reach an agreement to resolve the dispute.

29.2 If the Parties fail to resolve the dispute within 14 calendar days, the matter shall be referred to the Ultimate Shareholder which shall consider all the relevant matters

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relating to the dispute and whose decision reached by majority vote shall be final and binding upon the Parties.

This Agreement has been executed and delivered as a deed on the date stated at the beginning of it.

Schedule 1 Matters reserved for Shareholder approval

Sandway Homes

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
1. Business Plan	<p>Adopting the first and all future Business Plans.</p> <p>Varying the timing, scale or programme of works or projects that are included in the Business Plan where the change is more than £500,000 in any one financial year.</p>	<p>Varying the timing, scale or programme of works or projects that are included in the Business Plan where the change is £500,000 or less in any one financial year.</p> <p>Non-material departures from the Business Plan</p>	<p>The Board shall be entitled to delegate decisions as detailed in the Business Plan and/or decisions which relate to commitments up to a value of £250,000 to Sandway Homes' Managing Director, subject to the sign-off of the Council's section 151 officer or deputy</p>
2. Appointment of Removal of Directors	<p>Appointment and removal of all Directors.</p> <p>Appointment of the Chair.</p>	None.	None.
3. Variations to the Articles of Association	<p>Any variations to the Company's Articles.</p>	None.	None.
4. Executive Director Remuneration	<p>The approval of the terms and conditions of employment of any</p>	<p>Non-material alterations to terms and conditions</p>	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
	executive director of Sandway Homes.	Performance related pay awards	
5. Employee Recruitment and Remuneration		Recruitment of employees and/or agreeing the remuneration of employees where the total remuneration for that position is greater than £75K.	Recruitment of employees and/or agreeing the remuneration of employees where the total remuneration for that position is no more than £75K.
6. Shares	<p>The acquisition of any shares or any option over shares in the capital of any company.</p> <p>The creation, allotment, issuing or redemption of any shares or securities, or the granting of any right to require the creation, allotment, issuing or redemption of any such shares or securities.</p>	None.	None.
7. Issuing or Accepting of Borrowing / Loan Capital	Entering into any borrowing, the issuing of any loan capital or entering into any commitments with any person regarding the	Entering into any borrowing or issuing any loan capital where this is approved in the current Business Plan, to the extent and on the terms set out in the approved	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
	<p>issue of any loan capital outside of the approved Business Plan.</p> <p>Agreeing, as part of the approved Business Plan, the extent of any permitted borrowing delegated for Board approval, and the terms on which that borrowing can be entered into.</p>	Business Plan.	
8. Company Winding up	Passing any resolution for the winding up of Sandway Homes, or presenting any petition for its administration (save for in insolvency).	None.	None.
9. Nature of Company Business	Any material changes to the nature of Sandway Homes’s business, or commencing any new business not contemplated by the approved Business Plan.	Any changes to the nature of Sandway Homes’s business, or commencing any new business, but only where this is contemplated by the approved Business Plan.	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
10. Acquisitions or Disposals	The acquisition of any land or building or the entering into of any option in respect of any land or building where this is not contemplated by the approved Business Plan.	The acquisition of any land or building or the entering in of any option in respect of any land or building specifically contemplated by the approved Business Plan.	None.
11. Company / Group Structure	Forming any subsidiary or acquiring an interest in any other company or participating in any partnership or corporate joint venture Amalgamating or merging with any other company or undertaking	None.	None.
12. Stock Exchange Listing	The listing or trading of any shares or debt securities on any stock exchange or market.	None.	None.
13. Appointment of Agents or Subcontractors or	Appointment and variations of terms and conditions of	Appointment and variations of terms and conditions of contractors or	Appointment of contractors or subcontractors in pursuance of the

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
Arms' Length Transactions	contractors or subcontractors where this is outside the approved Business Plan	subcontractors where this is in pursuance of the approved Business Plan in accordance with the procurement policy of Sandway Homes	approved Business Plan up to a value of £100,000 to the Managing Director of Sandway Homes in accordance with the procurement policy of Sandway Homes
14. Part sale of the business	Selling any part of the business, unless specifically contemplated and authorised in the approved Business Plan.	None.	None.
15. Business Name and Location	Changing Sandway Homes' name, trading name, or registered office, or changing the location of any offices outside of the Company's registered office to a location outside of the Borough.	Changing the location of any offices outside of Sandway Homes' registered office to another location within the Borough only.	None.
16. Intellectual Property	The disposal, sale, assignment or granting of any rights in Sandway Homes' intellectual property outside of the normal	The granting of any rights (by licence or otherwise) in or over any intellectual property owned or used by Sandway Homes in the normal course of business	Where necessary to effect decisions delegated as above up to £100,000

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated for Executive Approval
	course of business.		
17. Encumbrances	Creating or granting any encumbrance over the whole or any part of Sandway Homes or its business, undertaking or assets, or over any shares in Sandway Homes other than liens arising in the normal course of business.		
18. Redundancy		Dismissing any employee in circumstances in which Sandway Homes will incur or agrees to bear redundancy or other costs (including actuarial costs	
19. Pension		Establishing any new pension scheme, or amending any pension scheme, provided by Sandway Homes to employees.	None.

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Schedule 2 Support Services

The Council will provide all support services to Sandway Homes, unless the services provided by the Council do not meet the needs of Sandway Homes.

The Council and Sandway Homes will enter into a separate service level agreement for these services which comprise as at the date:

- Finance;
- Payroll;
- IT;
- Occupational health;
- Workforce development;

Schedule 3 Responsibilities

1. SEFTON HOLDING COMPANY LIMITED

- 1.1 To act as a holding company for all Subsidiaries within the Group
- 1.2 To be responsible for all communication with the Council and ensuring that decisions of any Subsidiaries which relate to matters reserved to the Council as described in Schedule 1 are referred for a decision by the Council
- 1.3 preparing and approving any Group corporate strategy and budget and approving the Business Plan of each Subsidiary (subject to the approval of the Council)
- 1.4 monitoring Group members' compliance with all relevant regulatory requirements and taking action in the event of non-compliance
- 1.5 acting as the main liaison point for Group members with the Council (unless otherwise agreed)
- 1.6 personnel and recruitment functions and establishment of human resource, equal opportunity and diversity policies for the whole Group and related procedures including agreement of contractual terms
- 1.7 information technology
- 1.8 all financial services including tax
- 1.9 borrowing, financial management, treasury management and investment policies
- 1.10 internal and external audit
- 1.11 new initiatives – where these involve significant use of resources, whether existing or new
- 1.12 resolving intra-Group conflicts or disputes
- 1.13 procuring legal services for the Group
- 1.14 overseeing health and safety legislative compliance by the Group
- 1.15 insurance (except where specific to the activities of a Subsidiary)
- 1.16 doing all such actions as it may consider appropriate to encourage, ensure and promote the financial and business viability of the Group and that all regulatory requirements affecting the Group are complied with and that the Group's overall reputation and good standing is fully protected at all times.

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2. SEFTON DEVELOPMENT COMPANY LIMITED

- 2.1 carrying out all acts necessary or desirable to ensure its business is carried out in accordance with its constitution and overall business objectives and furthered in the manner its Board considers most appropriate subject to the approved business plan, any group corporate strategy and group policies.
- 2.2 accounting to the Holding Company for the delivery of its Business Plan;
- 2.3 co-operating with and assisting in the Group's internal and external audit arrangements
- 2.4 compliance with employment contracts as applicable
- 2.5 compliance with the terms of any other contractual agreements they each enter into with the Holding Company or the Council
- 2.6 reporting to the Holding Company as applicable, and
- 2.7 oversight of any activities that the Holding Company might delegate.

The **COMMON SEAL** of **SEFTON COUNCIL** was affixed to this Deed in the presence of:

.....

[INSERT DETAILS]

Executed as a **DEED** by **SEFTON HOLDING COMPANY LIMITED** acting by [.....], a director, in the presence of:

.....

Director

.....

SIGNATURE OF WITNESS

.....

NAME OF WITNESS (IN BLOCK CAPITALS)

.....

.....

.....

ADDRESS OF WITNESS

.....

OCCUPATION OF WITNESS

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REGISTERED NO. 11472815

Articles of Association

of

Sefton Holding Company Limited

Incorporated: 19/07/2018

COMPANY LIMITED BY SHARES

THE COMPANIES ACT 2006

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ARTICLES OF ASSOCIATION OF SEFTON HOLDING COMPANY LIMITED

PART A: INTRODUCTION

1. INTERPRETATION

1.1 In these Articles:

“Act”	means the Companies Act 2006;
“AGM”	means an annual general meeting of the Company;
“Articles”	means these Articles of Association of the Company and “Article” shall be construed accordingly;
“Board”	means the board of the Company comprising the Directors and (where appropriate) includes a Committee and the Directors acting by written resolution;
“Board Meeting”	means a meeting of the Board or (where appropriate) of a Committee;
“Chair”	means (subject to the context) either the person nominated as chair of the Company under Article 15 or, where the Chair of the Company is not present or has not taken the chair at a meeting, means the person who is chairing a Board Meeting at the time, or the person appointed by the Shareholders from amongst their number to chair a General Meeting;
“clear days”	in relation to a period of notice means the period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“Committee”	means a committee of the Board;
“Company”	means the company regulated by these Articles;
“Companies House”	means the office of the Registrar of Companies;

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“Council”	means Sefton Metropolitan Borough Council of Bootle Town Hall, Oriel Road, Bootle L20 7AE;
“Council Director”	means a director of the Company who is a member or officer of the Council
“Director”	means a director of the Company for the time being;
“executed”	includes any mode of execution;
“Executive Director”	means a director of the Company who is an employee of the Company or any Group Company
“Financial Year”	means the period of 12 months commencing on 1 April and ending on 31 March each year
“General Meeting” “Group Company”	means any meeting of the Shareholders; means any company which is a subsidiary (as defined in Section 1159 of the Act) of the Company
“holder”	in relation to shares means the Shareholder whose name is entered in the register of Shareholders;
“including”	means “including without limitation” and “include” and “includes” are to be construed accordingly;
“Model Articles”	means the Model Articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 as amended prior to the date of the adoption of these Articles, and reference to a numbered model article is a reference to that article of the Model Articles;
"Non-Executive Director "	means a director of the who is not a Council Director or an Executive Director;
“Observers”	means those persons (other than Directors) present under Article 18 at a Board Meeting;

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- “Registered Office”** means the registered office of the Company;
- “Relevant Agreement”** means any agreement or agreements entered into between the Company and the Council relating to the management, operation and activities of the Company;
- “Secretary”** means the secretary of the Company (if any) as may be appointed under these Articles to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
- “Share”** means a share of any type in the capital of the Company (and includes both a fully paid and a partly paid share);
- “Shareholder”** means a shareholder for the time being of the Company;
- “Shareholder Representative”** means the person nominated by the Council in its role as shareholder to represent it in all matters relating to the shareholder function with the Company
- “Shareholder Reserved Matters”** means those matters on which a decision is reserved to the Shareholders in accordance with Article 29.

1.2 In these Articles:

- 1.2.1 terms defined in the Act are to have the same meaning;
- 1.2.2 references to the singular include the plural and vice versa, to the whole include part and vice versa, and to the masculine include the feminine and neuter and vice versa;
- 1.2.3 references to “organisations” or “persons” include corporate bodies, public bodies, unincorporated associations and partnerships;
- 1.2.4 references to legislation, regulations, determinations and directions include all amendments, replacements or re-enactments and references to legislation (where appropriate) include all regulations, determinations and directions made or given under it; and
- 1.2.5 the headings are not to affect the interpretation of the Articles.

2. NAME

The Company’s name is Sefton Holding Company Limited.

3. REGISTERED OFFICE

The Company's Registered Office is to be situated in England.

4. POWERS

The Company may do anything that a natural or corporate person can lawfully do which is not expressly prohibited by the Articles.

5. LIMIT OF LIABILITY

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

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PART B. DIRECTORS

6. BOARD

- 6.1 Unless otherwise determined by a General Meeting, the Board shall consist of not more than 7 Directors and not less than 3 Directors appointed in accordance with Article 8 provided that at no time shall the number of Executive Directors in office equal or exceed the number of Non-Executive Directors in office.

7. POWERS OF THE BOARD

- 7.1 Subject to these Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.
- 7.2 The Directors shall require the prior written approval of the Shareholders in respect of any decisions regarding the Shareholder Reserved Matters.
- 7.3 Alterations of the Articles do not invalidate earlier acts of the Board which would have been valid without the alteration.

8. APPOINTMENT AND REMOVAL OF DIRECTORS

- 8.1 All of the Directors are to be appointed by ordinary resolution of the Shareholders.
- 8.2 The appointment of a Director takes effect at the point at which the Shareholder resolution appointing them is passed.
- 8.3 No Director may be appointed except as set out in the Articles.
- 8.4 Each Non- Executive Director shall be appointed as a Director:
- 8.4.1 for a term of 3 years; and
 - 8.4.2 for a maximum of 2 terms, equating to a tenure of 6 years in total.
- 8.5 Subject to sections 168 and 169 of the Act, the Shareholders may remove any or all of the Directors at any time (with or without reason) by ordinary resolution.
- 8.6 The Shareholders may appoint a person as a Director either in substitution for a Director it has removed or to fill a casual vacancy.
- 8.7 A Director will cease to hold office as soon as:
- 8.7.1 the individual:
 - (a) dies;
 - (b) ceases to be a Director under the Act or is prohibited by law from being a Director;

- (c) resigns by written notice to the Company delivered to the Registered Office;
 - (d) is removed by ordinary resolution of the Shareholders;
 - (e) they become bankrupt or makes any arrangement or composition with their creditors generally; or
- 8.7.2 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months.

9. DEPUTY DIRECTORS

- 9.1 A Director may not appoint an alternate or deputy Director to act in their place.

10. DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 10.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 16.

10.2 If:

10.2.1 the company only has one Director, and

10.2.2 no provision of the Articles requires it to have more than one Director,

the general rule does not apply, and the Director may take decisions without regard to any of the provisions of the Articles relating to Directors' decision-making.

11. DIRECTORS' FEES AND EXPENSES

- 11.1 Subject to the rest of this Article 11, and Article 12 a Director who is not an employee of the Council may be paid such fee and expenses as the remainder of the Board may from time to time determine.

- 11.2 Directors who are not employees of the Council or the Company are entitled to be paid all reasonable expenses previously agreed and properly incurred by them in attending Board Meetings and General Meetings and in carrying out their duties as Directors.

- 11.3 Directors who are employees of the Council or the Company may claim expenses in line with their contracts of employment with the Council or the Company, but shall otherwise not be paid any additional amount by the Council or the Company.

- 11.4 The payment of expenses to Directors who are not employees of the Council is subject to the production of satisfactory receipts.

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- 11.5 Where any Director is an elected member (to include any directly elected mayor) of the Council or any other local authority that is a Shareholder then such a Director may only be paid fees and/or expenses determined by the Council from time to time provided that such fees and/or expenses are not in excess of the maximum amount permitted by Regulation 5 of the Local Authorities (Companies) Order 1995.
- 11.6 Any Directors who are officers of the Council will not be paid any additional amount above their Council salaries for fulfilling their roles on the Board of the Company or any Group Companies, in line with their contracts of employment.
- 11.7 Notwithstanding Article 11.1, Non-Executive Directors shall be paid a day rate of £500 per day for their work on the Company Board as follows:
- 11.7.1 0.5 days preparation for Board meetings;
 - 11.7.2 0.5 days follow-up from Board meetings;
 - 11.7.3 1.0 days for attendance at Board meetings, up to £12,000 every Financial Year.

12. DIRECTORS' INTERESTS

- 12.1 A Director who has a direct or indirect interest in any contract, proposed contract, arrangement or dealing with the Company must declare their interest under sections 177 or 182 of the Act (as appropriate) before the matter is discussed by the Board.
- 12.2 Every Director must ensure that at all times a list is kept at the Registered Office including details of:
- 12.2.1 any other body of which they are a director or officer;
 - 12.2.2 any firm of which they are a partner;
 - 12.2.3 any firm or organisation of which they are an employee;
 - 12.2.4 any public body of which they are an official or elected Shareholder;
 - 12.2.5 any company whose shares are publicly quoted in which they own or control more than 2% of the shares;
 - 12.2.6 any company whose shares are not publicly quoted in which they own or control more than 10% of the shares;
 - 12.2.7 any property owned by the Company in which they has an interest or which they occupy; or
 - 12.2.8 any other interest which is significant or material including any direct or indirect financial interest which may influence their judgement on matters being considered or to be considered by the Board.
- 12.3 A decision of the Board will not be invalid because of the subsequent discovery of an interest which should have been declared.

12.4 Every Director must ensure that at all times they declare to either the Secretary in writing or to a Board Meeting if a person with whom they are “connected” for the purposes of Section 252 of the Act:

12.4.1 is likely to receive a payment or benefit from the Company;

12.4.2 is a director, officer or employee of a company, body or organisation which is likely to receive a payment or benefit from the Company;

12.4.3 is a partner of a firm which is likely to receive a payment or benefit from the Company;

12.4.4 is an official or elected Shareholder of a public body which may make or receive a payment or benefit to or from the Company;

12.4.5 is the owner or controller of more than 2% of the shares of a company whose shares are publicly quoted and which may make or receive payment or benefit to or from the Company;

12.4.6 is the owner or controller of more than 10% of the shares of any company whose shares are not publicly quoted, which may make or receive a payment or benefit to or from the Company; or

12.4.7 is a tenant or occupier of any property owned by the Company or is seeking accommodation from the Company.

12.5 A general notice to the Board that a Director has an interest, of the nature and extent specified in the notice, in any transaction or arrangement in which a specified person or class of persons is interested, is to be treated as a disclosure that the Director has an interest in any such transaction of the nature and extent specified.

12.6 For the purposes of this Article 12 an interest of which a Director has no knowledge and of which it is unreasonable to expect them/her to have knowledge is not to be treated as an interest of that Director.

12.7 **Personal Interests**

12.7.1 A Director has a personal interest in a matter which is to be discussed or determined by the Board if they or a member of the Director’s family as defined in section 253 of the Act will be directly affected by the decision of the Board in relation to that matter.

12.7.2 A Director who has a personal interest in a matter which is to be discussed or determined by the Board:

(a) may not count towards the quorum in relation to that matter;

(b) may not take part in the discussion in relation to that matter;

(c) may not vote in relation to that matter; and

(d) must leave the Board Meeting at which the matter is discussed and determined.

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12.8 Despite having a personal interest in the outcome, a Director may count towards the quorum, take part in the discussion and vote on a resolution of the Board (other than a resolution to make a payment or grant a benefit to the Director personally which is not at the same time being granted to the other Directors):

12.8.1 to take out Directors and officers indemnity insurance;

12.8.2 to give an indemnity or to establish a policy for the Company to give indemnities to the Directors generally under Article 39; or

12.8.3 to set a policy for the payment of Directors' fees and expenses under Article 9.

12.9 In the event that there are not sufficient Directors to hold a quorate Board Meeting because one or more Directors have a personal interest in a relevant matter and are not permitted to form part of the quorum, then those Directors with a personal interest may form part of the quorum for the purposes of agreeing to circulate an ordinary resolution to the Shareholders detailing the extent of the conflict arising from the personal interest and requesting the Shareholders to authorise the Director's conflict arising from their personal interest.

12.10 In the event that a resolution is passed by the Shareholders in accordance with Article 12.9, the Director(s) with such an authorised personal interest may then count as part of the quorum and for voting purposes in relation to the relevant matter.

12.11 Non-Personal Interests

12.11.1 A Director who has an interest in a matter which is to be discussed or determined by the Board but which is not a personal interest may, subject to their fulfilling their duty to act in the best interests of the Company and to the right of the remaining Directors to require that they should withdraw from the Board Meeting at which the matter is to be discussed or determined:-

(a) count towards the quorum in relation to that matter;

(b) take part in the discussion in relation to that matter;

(c) remain in the Board Meeting at which the matter is to be discussed or determined; and

(d) vote in relation to that matter.

12.11.2 A Director is not to be regarded for the purposes of this Article 12 as having a non-personal interest in any matter if their interest in that matter arises solely because they are a Director or an officer of any body the accounts of which are consolidated with the Company's accounts or because they are an elected member, employee or officer of the Council or any other local authority that is a Shareholder but they must nonetheless disclose their interest in accordance with Article 12.1.

12.12 A Director may disclose the business of the Company to the Council where the Council is a Shareholder.

13. BOARD MEETINGS

- 13.1 Subject to the Articles and any Relevant Agreement, the Board may regulate Board Meetings as it wishes.
- 13.2 Board Meetings may be called by any Director or the Secretary (if any).
- 13.3 Seven clear days' notice of Board Meetings must be given to each of the Directors but it is not necessary to give notice of a Board Meeting to a Director who is out of the United Kingdom.
- 13.4 A Board Meeting which is called on shorter notice than required under Article 13.3 is deemed to have been duly called if at least two Directors certify in writing that because of special circumstance it ought to be carried as a matter of urgency.
- 13.5 Questions arising at a Board Meeting are to be decided by a simple majority of votes and each Director is to have one vote. Where a Director is also an Alternate Director then they have an additional vote on behalf of each Appointer who:
 - 13.5.1 is not participating in the Board Meeting; and
 - 13.5.2 would have been entitled to vote if they were participating in it.
- 13.6 If there is an equality of votes the Chair is entitled to a second or casting vote.
- 13.7 A technical defect in the appointment of a Director or in the delegation of powers to a Committee of which the Board is unaware at the time does not invalidate decisions taken in good faith.

14. QUORUM FOR BOARD MEETINGS

- 14.1 The quorum for Board Meetings is three Directors.
- 14.2 A Director may be part of the quorum of a Board Meeting if they can hear comment and vote on the proceedings through telephone, video conferencing or other communications equipment.
- 14.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:
 - 14.3.1 to appoint further Directors; or
 - 14.3.2 to call a General Meeting so as to enable the Shareholder to appoint further Directors.
- 14.4 A Board Meeting at which a quorum present shall be competent to exercise all of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in the Board generally.
- 14.5 If a quorum is not present within half an hour of the time at which the Board Meeting is due to start or if, during the Board Meeting, a quorum ceases to be present, the Chair of the meeting must adjourn it. When adjourning the meeting, the Chair must specify that the meeting is adjourning to either:

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- 14.5.1 the same day, time and place the following week; or
- 14.5.2 another day, place and/or time to be decided by the Directors.

15. CHAIR

- 15.1 The post of Chair of the Directors will be held by a Director nominated by the Shareholder. If the Chair for the time being is unable to attend any meeting of the Board of Directors, the Directors present at the meeting shall appoint one of their number to chair the meeting.
- 15.2 The Chair is to hold office for 3 years or such other period as the Shareholder shall from time to time determine.
- 15.3 The Chair may resign from their position at any time (without necessarily resigning as a Director at the same time).
- 15.4 The Chair is to chair all Board Meetings at which they are present unless they do not wish to do so.

16. UNANIMOUS DECISIONS

- 16.1 Notwithstanding the rest of these Articles, a decision of the Directors may be taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 16.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each Eligible Director or to which each Eligible Director has otherwise indicated agreement in writing.
- 16.3 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting (but excluding any Director whose vote is not to be counted in respect of that particular matter).
- 16.4 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

17. DELEGATION

- 17.1 The Board may:
 - 17.1.1 establish Committees consisting of those persons the Board decides;
 - 17.1.2 delegate to a Committee any of its powers;
 - 17.1.3 determine the quorum for Committee meetings; and
 - 17.1.4 revoke (in whole or in part) or alter a delegation at any time.

- 17.2 The Members of a Committee are to be appointed by the Board to hold office for whatever period the Board decides and may be removed or replaced by the Board at any time.
- 17.3 The Board may specify the financial limits within which any Committee must function.
- 17.4 The Board may authorise a Committee to operate any bank account. The Board must decide upon the way in which that account must be operated.
- 17.5 The Board may also delegate to any Directors or any other person such of their powers as they consider desirable to be exercised by them. The Board may revoke (in whole or in part) or alter such a delegation at any time.

18. OBSERVERS

- 18.1 The Board may allow individuals who are not Directors to attend Board Meetings as Observers on whatever terms the Board decide.
- 18.2 Observers may not vote, but may take part in discussions unless the Board decides otherwise.
- 18.3 The Board may exclude Observers from any part of a Board Meeting where the Board considers the business is private.
- 18.4 Notwithstanding Articles 18.1 to 18.3 the Shareholder Representative may attend any Board Meeting as an Observer, but shall not exercise any role as a director of the Company.

19. DIRECTORS' WRITTEN RESOLUTIONS

- 19.1 A written resolution signed by all of the Directors entitled to receive notice of a Board Meeting (provided they would constitute a quorum at a Board Meeting) is as valid as if it had been passed at a Board Meeting.
- 19.2 A written resolution signed by all of the members of a Committee (provided they would constitute a quorum of that Committee) is as valid as if it had been passed at a meeting of that Committee.
- 19.3 A resolution under Articles 19.1 or 19.2 may consist of several documents in similar form each signed by one or more of the Directors or Committee members and will be treated as passed on the date of the last signature.

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PART C. SHARE CAPITAL

20. SHARE CAPITAL

The share capital of the Company is £100 ordinary shares divided into 100 shares of £1 each.

21. ALL SHARES TO BE FULLY PAID UP

21.1 No share is to be issued for less than the aggregate or its nominal value and any premium to be paid to the Company in consideration for its issue.

21.2 This does not apply to shares taken on the formation of the Company by the Subscribers to the Company's memorandum.

22. ISSUE OF SHARES AND SHARE CERTIFICATES

22.1 The Board shall not, without the prior written consent of the Council, allot shares or other securities in, or grant any rights to subscribe for or convert into shares or other securities of, the Company to any person other than the Council. The power conferred on the directors by section 550 of the Act is limited accordingly.

22.2 Except as required by law, no person is to be recognised by the Company as holding a Share on trust, and except as otherwise required by law or the Articles, the Company is not bound to recognise any interest in a Share other than the holder's absolute ownership of it and all the rights attaching to it.

23. SHARE CERTIFICATES

23.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.

23.2 Every certificate must specify:

23.2.1 in respect of how many shares, and of what class, it is issued; and

23.2.2 the nominal value of those shares; and

23.2.3 that the shares are fully paid; and

23.2.4 any distinguishing numbers assigned to them.

23.3 No certificate may be issued in respect of shares of more than one class.

23.4 If more than one person holds a share, only one certificate may be issued in respect of it.

23.5 Certificates must:

23.5.1 if the Company has a seal, have affixed to them the Company's common seal;
and

23.5.2 be otherwise executed in accordance with the Act.

23.6 If a Share certificate becomes defaced, or worn out or is lost or destroyed it may be renewed. The Board may specify conditions to be satisfied before it is renewed. Those conditions may relate to evidence or indemnity and provide for the payment of the Company's reasonable costs in investigating evidence. Apart from any payments due as a result of compliance with the Board's conditions no other charge may be made. If the Share Certificate is defaced or wearing out the old certificate must be delivered to the Company before it can be renewed.

24. TRANSFER OF SHARES

24.1 Shares in the Company may not be transferred without the approval of the Council. The provision of Articles 26 to 29 of the Model Articles shall apply but only to the extent that the Council elects to transfer its shares and notifies the Board of such election, or the Council gives its consent to the transfer of the Shares held by another Shareholder.

25. ALTERATION OF SHARE CAPITAL

25.1 The Company may by ordinary resolution increase its share capital by new Shares of such amount as the resolution prescribes.

26. PURCHASE OF OWN SHARES

26.1 Subject to the Act, the Company may purchase its own Shares (including any redeemable Shares) and pay for the redemption or purchase other than out of the Company's distributable profits or the proceeds of a fresh issue of Shares.

27. DIVIDENDS

27.1 Subject to the Act, the Company may by ordinary resolution of the Shareholders declare dividends in accordance with the respective rights of the Shareholders. A dividend must not be declared unless the Board has made a recommendation as to its amount, and no dividend may exceed the amount recommended by the Board.

27.2 Subject to the Act, the Board may pay interim dividends if it appears to it that they are justified by the distributable profits of the Company. The Board may also pay any dividend payable at a fixed rate at such intervals as they decide if it appears to them that the distributable profits justify the payment.

27.3 Except where the rights attaching to Shares provide otherwise, all dividends are to be paid according to the amount paid up on the Shares on which they are paid. Where the amount paid up changes over the period for which the dividend is payable, the dividend

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must be apportioned and paid proportionately to the amount paid up on the Shares during each part of the period for which the dividend is paid. If a Share is issued on terms that it is to rank for dividend as from a particular date that Share is to rank for dividend accordingly.

- 27.4 Cheques are to be payable to the person entitled (or as they direct in writing). Payment of the cheque is to be a good discharge to the Company.
- 27.5 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- 27.5.1 transfer to a bank or building society account specified by the Shareholder either in writing;
 - 27.5.2 sending a cheque made payable to the Shareholder by post to the Shareholder at the Shareholder's registered address or to an address specified by the Shareholder in writing; or
 - 27.5.3 any other means of payment as the Board agrees with the Shareholder in writing.
- 27.6 No dividend or other money payable on a Share is to bear interest against the Company unless the rights attached to the Share provide otherwise.
- 27.7 Any dividend unclaimed twelve years after its payment date may be forfeited by a resolution of the Board.
- 27.8 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution of the Shareholders upon the recommendation of the Board, decide to pay all or part of a dividend or other distribution payable in respect of a Share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company). For the purposes of paying a non-cash distribution, the Board may make whatever arrangements they think fit including, where any difficulty arises regarding the distribution, fixing the value of any assets and vesting any assets in trustees.

28. CAPITALISATION OF PROFITS

- 28.1 The Board may, with the authority of an ordinary resolution of the Company:
- 28.1.1 capitalise any profits of the Company not required for paying a preferential dividend (whether or not they are available for distribution) or any sum in the Company's share premium account or capital redemption reserve;
 - 28.1.2 subject to Article 28.2, appropriate the sum resolved to be capitalised to the Shareholders who would have been entitled to it if it were distributed by dividend (in the same proportions) and apply it in paying up any amounts unpaid on any part paid Shares they hold and/or in paying up in full and allotting to them (or as they direct) unissued Shares or debentures in the Company of a nominal amount equal to that sum;

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- 28.1.3 provide for Shares or debentures distributable in fractions by the issue of fractional certificates or by payment in cash; and/or
 - 28.1.4 authorise a person to enter into an agreement with the Company on behalf of all the Shareholders concerned, providing for the allotment to them of any Shares or debentures credited as fully paid to which they are entitled upon such capitalisation. Any agreement made under such authority is to bind all such Shareholders.
- 28.2 The Share premium account, the capital redemption reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid.

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PART D. SHAREHOLDERS AND SHAREHOLDER MEETINGS

29. SHAREHOLDER RESERVED MATTERS

- 29.1 Decisions on matters specified in a Relevant Agreement (“**Shareholder Reserved Matters**”) shall be reserved to the Shareholders of the Company from time to time.
- 29.2 In addition, the Shareholders may, by special resolution, direct the Directors to take, or to refrain from taking, any specified action. No such special resolution shall invalidate anything which the Directors have done before the passing of such resolution.

30. SHAREHOLDER REPRESENTATIVE

- 30.1 The Shareholder Representative has full delegated authority from the Council's Cabinet to act on behalf of the Council in respect of all Shareholder decisions relating to the Company and all Group Companies, as set out in a Relevant Agreement and the Council's Constitution, including decisions in respect of Reserved Matters.

31. GENERAL MEETINGS

- 31.1 All General Meetings are to be called by the Board.
- 31.2 If there are insufficient Directors in the United Kingdom to form a quorum at a Board Meeting to call a General Meeting it may be called in the same way as a Board Meeting.
- 31.3 On receiving a requisition from the requisite number of Shareholders as specified under Section 303 of the Act the Board must immediately call a General Meeting.
- 31.4 Each year the Company may choose to hold a General Meeting as the AGM (but shall not be required to do so) in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. The AGM shall be held at such time and place as the Board shall appoint.
- 31.5 In the event that the Company holds an AGM, the business of the AGM is to:
- 31.5.1 consider the Company's annual report (if any);
 - 31.5.2 fix the remuneration, and appoint and remove, the Company's auditors;
 - 31.5.3 transact any business that relates to Shareholder Reserved Matters; and
 - 31.5.4 transact any other business specified in the notice convening the meeting.

32. NOTICE OF GENERAL MEETINGS

- 32.1 General Meetings must be called by at least 14 clear days' notice.

- 32.2 A General Meeting may be called by shorter notice if this is agreed by a majority in number of the Shareholders who may attend and vote and who together hold 90% or more in nominal value of the Shares giving that right.
- 32.3 The notice must specify:
- 32.3.1 the time and place of the General Meeting;
 - 32.3.2 the general nature of the business to be transacted; and,
 - 32.3.3 in the case of an AGM, that it is an AGM.
- 32.4 No business may be transacted at a General Meeting except that specified in the notice convening the meeting.
- 32.5 Notice of a General Meeting must be given to all of the Shareholders (except any living outside the United Kingdom who have not given an address for service in the United Kingdom), the Directors and the Company's auditors (if any).
- 32.6 The accidental omission to give notice of a General Meeting to, or the non-receipt of notice of a General Meeting by, any person entitled to receive notice will not invalidate the proceedings at that General Meeting.

33. QUORUM FOR GENERAL MEETINGS

- 33.1 No business may be transacted at a General Meeting unless a quorum is present.
- 33.2 A quorum is one Shareholder entitled to vote upon the business to be transacted present in person or represented by a duly authorised representative but in order for a General Meeting to be quorate a representative of the Council must be present if the Council is a Shareholder.
- 33.3 If a quorum is not present within 30 minutes from the time of the General Meeting or a quorum ceases to be present during a General Meeting it must be adjourned to such time and place as the Board decides.
- 33.4 Notice of an adjournment of a General Meeting because of a lack of quorum and the time and place of the adjourned General Meeting must be given to all Shareholders in accordance with Article 33.3.
- 33.5 If a quorum is not present within 30 minutes from the time of the adjourned General Meeting it is to be dissolved.

34. CHAIR AT GENERAL MEETINGS

- 34.1 The Shareholder Representative shall chair the General Meeting (hereafter in this Part C referred to as the "Chair").

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35. VOTING AT GENERAL MEETINGS

- 35.1 Resolutions are to be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.
- 35.2 Every Shareholder present has one vote on a show of hands.
- 35.3 Directors who are not Shareholders may speak but not vote at General Meetings.
- 35.4 A Shareholder which is an organisation may, by resolution of its governing body (or a committee or officer of the organisation acting under powers delegated by its governing body), authorise such person as it thinks fit to act as its representative at General Meetings.
- 35.5 A person authorised under Article 35.4 may exercise the same powers on behalf of the organisation as the organisation could exercise if it were an individual Shareholder.
- 35.6 A declaration by the Chair that a resolution has been carried (or not carried) unanimously, or by a particular majority, which is entered into the minutes of the meeting is conclusive evidence of the fact unless a poll is demanded.

36. POLL VOTES

- 36.1 A poll may be demanded on a resolution by the Chair, the Board, or any qualifying person (as defined by section 318 of the Act) present and entitled to vote on the resolution.
- 36.2 A demand for a poll vote may be withdrawn if the poll has not yet been taken and the Chair consent to the withdrawal. A demand for a poll vote so withdrawn shall not be taken to have invalidated the result on a show of hands declared before the poll vote was demanded.
- 36.3 The demand for a poll will not prevent the General Meeting continuing to transact business other than the question on which the poll is demanded.
- 36.4 A poll is to be taken as the Chair directs. The Chair may appoint scrutineers (who need not be Shareholders) and set a time and place to declare the result. The result will be the resolution of the General Meeting at which the poll was demanded but will be treated as passed when the result is declared.
- 36.5 A poll on the election of a chair or an adjournment must be taken immediately. A poll on any other question may be taken either immediately or at such time and place as the Chair directs.
- 36.6 If the poll is to be taken at a date and time after the General Meeting, at least 7 clear days' notice must be given of the time and place at which the ballot is to be taken unless the time and place are announced at the General Meeting at which it is demanded.

37. SHAREHOLDERS' WRITTEN RESOLUTIONS

- 37.1 Subject to the Act, a written resolution signed by a simple majority (or in the case of a special resolution by a majority of not less than 75%) of the Shareholders entitled to attend and vote at a General Meeting (provided those Shareholders would constitute a quorum at a General Meeting) is as valid as if it had been passed at a General Meeting.
- 37.2 A resolution under Article 37.1 may consist of several documents in similar form each signed by one or more Shareholders.
- 37.3 A resolution under Article 37.1 may be signed for a corporate body or an organisation which is a Shareholder by its authorised representative, a Member of its governing body or secretary, its solicitor or by an attorney.

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PART E. OFFICERS

38. THE SECRETARY

38.1 The Board may decide whether to appoint a Secretary and for what term.

38.2 Where appointed a Secretary may be removed by the Board at any time.

38.3 No Director may occupy a salaried position of Secretary.

38.4 Where any Secretary appointed is an employee of the Council then they shall not be paid any fee or expenses by the Company.

39. INDEMNITIES FOR OFFICERS AND EMPLOYEES

39.1 No officer or employee is to be liable for losses suffered by the Company except those due to their own dishonesty or gross negligence.

39.2 Subject to the Act every Director, officer or employee is to be indemnified by the Company against any liability incurred in the discharge of their duties or in that capacity in defending any civil or criminal proceedings as long as:

39.2.1 judgment is given in their favour (or the proceedings are dealt with without a finding or admission of a material breach of duty by them); or

39.2.2 they are acquitted; or

39.2.3 relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

PART F. STATUTORY AND MISCELLANEOUS

40. MINUTES

- 40.1 The Board must arrange for minutes to be kept of all Board and General Meetings. The names of the Directors present must be included in the minutes.
- 40.2 Copies of the draft minutes of Board Meetings must be distributed to the Directors as soon as reasonably possible after the meeting.
- 40.3 Minutes must be approved as a correct record at the next General Meeting (as regards minutes of General Meetings) or Board Meeting (as regards minutes of Board Meetings). Once approved they must be signed by the person chairing the meeting at which they are approved.
- 40.4 The Board must keep minutes of all of the appointments made by the Board.

41. ACCOUNTS ANNUAL REPORT AND ANNUAL RETURN

- 41.1 The Company must comply with Part 15 of the Act in:
 - 41.1.1 preparing and filing an annual Directors' report and annual accounts; and
 - 41.1.2 making an annual return to the Registrar of Companies.
- 41.2 The Company must comply with Part 16 of the Act in relation to the audit or examination of accounts to the extent that the law requires.
- 41.3 The annual Directors report and accounts must contain:
 - 41.3.1 the revenue accounts and balance sheet for the last accounting period;
 - 41.3.2 the auditor's report on those accounts (if applicable); and
 - 41.3.3 the Board's report on the affairs of the Company.
- 41.4 The accounting records of the Company must always be open to inspection by a Director.

42. BANK AND BUILDING SOCIETY ACCOUNTS

- 42.1 All bank and building society accounts must be controlled by the Directors and must include the name of the Company.
- 42.2 Cheques and orders for the payment of money must be signed in accordance with the Board's instructions.

43. EXECUTION OF DOCUMENTS

- 43.1 If the Company has a seal it may only be used with the authority of the Board (which may be given generally for documents of a particular type).

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43.2 Unless the Board decides otherwise, documents to which the seal is attached or which are executed as deeds must be signed by:

43.2.1 two Directors; or

43.2.2 one Director and the Secretary (where appointed); or

43.2.3 one Director in the presence of a witness who attests the Director's signature.

44. NOTICES

44.1 Notices under the Articles must be in writing (which shall include suitable electronic means) except notices calling Board Meetings.

44.2 A Shareholder present in person at a General Meeting is deemed to have received notice of the General Meeting and (where necessary) of the purposes for which it was called.

44.3 The Company may give a notice to a Shareholder, Director or auditor:

44.3.1 personally;

44.3.2 by sending it by post in a prepaid envelope;

44.3.3 by sending it by commercial courier;

44.3.4 by suitable electronic means;

44.3.5 by leaving it at their address; or

44.3.6 as the Board prescribes from time to time.

44.4 Notices under Article 44.3.244.3.55 may be sent:

44.4.1 to an address in the United Kingdom which that person has given the Company;

44.4.2 to the last known home or business address of the person to be served; or

44.4.3 to that person's address in the Company's register of Shareholders.

44.5 Notices under Article 44.3.4 may be sent to an email address which that person has given the Company.

44.6 Any notice given in accordance with the Articles is to be treated for all purposes as having been received:

44.6.1 24 hours after being sent by electronic means or delivered by hand to the relevant address;

44.6.2 48 hours after being sent by first class post to that address;

44.6.3 on being handed to a Shareholder or Director personally;

44.6.4 at the time of signature of the courier's delivery receipt;

44.6.5 as soon as the Shareholder or Director acknowledges actual receipt.

- 44.7 A notice may be served on the Company by delivering it or sending it to the Registered Office or by handing it to the Secretary (where appointed).
- 44.8 If deemed receipt under Article 46 or Article 47 is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of deemed receipt and all references to time are to local time in the place of deemed receipt.
- 44.9 To prove delivery, it is sufficient to prove that notice was transmitted by email to the email address which that person has given the Company or, in the case of post, that the envelope containing the notice was properly addressed and posted.
- 44.10 The Board may make standing orders to define other acceptable methods of delivering notices.

45. STANDING ORDERS

45.1 Subject to Article 45.4:

- 45.1.1 the Board may from time to time adopt, alter, add to or repeal make standing orders for the proper conduct and management of the Company; and
- 45.1.2 the Company in General Meeting may alter, add to or repeal the standing orders.

45.2 The Board must use such means as they think sufficient to bring the standing orders to the notice of Shareholders.

45.3 Standing orders are binding on all Shareholders and Directors.

45.4 No standing order may be inconsistent with or may affect or repeal anything in the Articles.

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Report to:	Overview and Scrutiny Committee (Children's Services and Safeguarding) Cabinet Council	Date of Meeting:	5 July 2022 28 July 2022 15 September 2022
Subject:	Impact of Covid 19 on the Primary Curriculum Working Group - Final Report		
Report of:	Chief Legal and Democratic Officer	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Education		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To present formally the final report of the Impact of Covid 19 on the Primary Curriculum Working Group.

Recommendation(s):

- (1) That, once data is available, the Head of Education Excellence be requested to submit a monitoring report to the Overview and Scrutiny Committee (Children's Services and Safeguarding), on primary school performance, to include school attendance and any available information on SATs results, and other performance indicators, in order to draw comparisons with 2019 performance and also with regional and national performance.
- (2) That the Council be requested to agree in writing to all Headteachers of schools throughout the Borough, to thank teaching staff for their on-going input throughout the pandemic and to raise the following matters:
 - (a) to remind schools of the continued support available from the Council.
 - (b) to remind schools of the various options available for securing additional teaching staff, such as:
 - the graduate teaching apprenticeship scheme
 - School Centred Initial Teacher Training (SCITT)
 - Teach First
 - Degree course in Bachelor of Education (B.Ed.) and
 - a Post Graduate Certificate in Education (PGCE)

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- (c) to remind schools of the availability of mental health support, including the Young People’s Emotional Wellbeing Toolkit that can be accessed via the following link:

[Mental Health & Emotional Wellbeing \(sefton.gov.uk\)](https://sefton.gov.uk/mental-health-emotional-wellbeing)

- (d) to encourage schools to try to re-engage with families as a source of support in schools **where possible and where practical**, particularly given covid concerns.
- (3) That the Mayor of Sefton be requested to consider hosting an event for representatives of all schools throughout the Borough, to thank them for their on-going input throughout the pandemic.
 - (4) That the Council be requested to agree to writing to the Department for Education in the strongest terms, to request additional resources for Sefton schools, particularly in view of forthcoming literacy and numeracy expectations on primary schools by 2030.
 - (5) That the Senior Democratic Services Officer be requested to liaise with relevant officers in order to ensure that the Overview and Scrutiny Committee (Children’s Services and Safeguarding) receives a six-monthly monitoring report, setting out progress made against each of the recommendations outlined above.

Reasons for the Recommendation(s):

- 1. The Working Group has made a number of recommendations that require approval by the Overview and Scrutiny Committee (Children’s Services and Safeguarding); the Cabinet; and the Council.
- 2. Chapter 6 – Overview and Scrutiny – of the Council’s Constitution states that
 - “7. All Overview and Scrutiny Working Group Final Reports should be reported to Cabinet and full Council for final approval.”

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

No alternative options were considered. The Overview and Scrutiny Committee (Children’s Services and Safeguarding) established the Working Group to review the impact of covid 19 on the primary curriculum and the Working Group has performed this task.

What will it cost and how will it be financed?

(A) Revenue Costs

The proposed Mayoral event referred to within the recommendations will have some limited associated costs. These can be contained within the Mayoral hospitality budget.

(B) Capital Costs

There are no capital cost implications arising for the Council as a direct result of this report.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): None</p>								
<p>Legal Implications: Chapter 6 – Overview and Scrutiny – of the Council’s Constitution states that</p> <p style="padding-left: 40px;">“7. All Overview and Scrutiny Working Group Final Reports should be reported to Cabinet and full Council for final approval.”</p>								
<p>Equality Implications: There are no equality implications.</p>								
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Have a positive impact</td> <td style="padding: 2px; text-align: center;">No</td> </tr> <tr> <td style="padding: 2px;">Have a neutral impact</td> <td style="padding: 2px; text-align: center;">Yes</td> </tr> <tr> <td style="padding: 2px;">Have a negative impact</td> <td style="padding: 2px; text-align: center;">No</td> </tr> <tr> <td style="padding: 2px;">The Author has undertaken the Climate Emergency training for report authors</td> <td style="padding: 2px; text-align: center;">Yes</td> </tr> </table> <p>There are no direct climate emergency implications arising from this report.</p>	Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	No							
Have a neutral impact	Yes							
Have a negative impact	No							
The Author has undertaken the Climate Emergency training for report authors	Yes							

Contribution to the Council's Core Purpose:

<p>Protect the most vulnerable: The recommendations seek to support schools and teaching staff within schools. They also seek to provide recognition and support towards the duties associated with teaching and for the emotional wellbeing of teaching staff. This in turn, will contribute towards greater support and better learning outcomes for pupils within schools.</p>
<p>Facilitate confident and resilient communities: As above.</p>
<p>Commission, broker and provide core services: As above.</p>
<p>Place – leadership and influencer: As above.</p>
<p>Drivers of change and reform: As above.</p>
<p>Facilitate sustainable economic prosperity: Not applicable.</p>
<p>Greater income for social investment:</p>

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Not applicable.

Cleaner Greener: Not applicable.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Development Manager, Health and Wellbeing, was consulted during the course of the Working Group review.

The Head of Education and Service Manager, School Improvement, have been consulted in the preparation of this report.

The Executive Director of Corporate Resources and Customer Services (FD 6851/22) and the Chief Legal and Democratic Officer (LD 5051/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Consultations and discussions took place with the following during the course of the Working Group review:

- Headteacher, St. Nicholas' Primary School
- Headteacher, Netherton Moss Primary School
- Deputy Headteacher, Netherton Moss Primary School
- Chair of Sefton Association of Primary Headteachers
- Children and Families Development Officer, Sefton CVS

Implementation Date for the Decision

Immediately following the Council meeting.

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

Appendices:

The following appendices are attached to this report:

The Final Report of the Mental Health Issues Working Group

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 At its meeting held on 7 September 2021, the Overview and Scrutiny Committee (Children's Services and Safeguarding) established a working group on the impact of Covid 19 on the primary curriculum. (Minute No. 22 (4) refers). The following Members of the Committee were appointed to the Working Group:
- Councillor Spencer (Lead Member)
 - Former Councillor Yvonne Sayers
 - Mrs. S. Cain, Independent Advisory Member
 - Ms. M. McDermott, Parent Governor Representative
- 1.2 The Working Group agreed the following terms of reference and objectives for the review:
- To consider the impact of Covid 19 on the primary curriculum, to include the consideration of the impact of lockdown and remote learning.
- 1.3 The Final Report of the Working Group is attached for consideration. The Overview and Scrutiny Committee (Children's Services and Safeguarding); the Cabinet; and the Council are requested to support the contents of the Working Group Final Report and to approve the recommendations contained therein.

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**OVERVIEW AND SCRUTINY COMMITTEE
(CHILDREN'S SERVICES AND SAFEGUARDING)**



**IMPACT OF COVID 19 ON PRIMARY CURRICULUM
WORKING GROUP**

**FINAL REPORT
JULY 2022**

Overview
& Scrutiny



Overview & Scrutiny



**'Valuing
Improvement'**

www.sefton.gov.uk
scrutiny@sefton.gov.uk

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LEAD MEMBER'S INTRODUCTION

I am very pleased to introduce this Overview and Scrutiny Report on the impact of covid 19 on the primary curriculum.

The Working Group was set up to look at the impact of education for our primary school children in Sefton against the backdrop of the Covid-19 pandemic. We have all endured lockdowns and restrictions to our day-to-day living during the last few months, and concerns were held for our younger children who had missed the full educational experience through no fault of their own.

This has also been a particularly challenging time for our teachers and everyone within the education system.

The Working Group has sought the views of headteachers, mental health experts and the voluntary sector establishing the main issues that have arisen in primary schools in particular, following successive lockdowns.

We also considered possible measures to support our teaching staff which in turn, we hope will impact on the support our teachers are able to offer to the children of Sefton and help reduce some of the issues that have arisen since the pandemic.

I would like to thank everyone who took part in interviews and submitted information that helped inform the Working Group. I am grateful to the Working Group Members for their commitment and efforts in looking at this issue. Finally, I would like to thank our support officers for their assistance and professional support provided to the Working Group and for producing this final report on behalf of Members.



Councillor Paula Spencer
Lead Member of the Mental Health Issues Working Group

Vice-Chair of Overview and Scrutiny Committee
(Children's Services and Safeguarding)

BACKGROUND TO REVIEW

1. At its meeting held on 7 September 2021, the Overview and Scrutiny Committee (Children's Services and Safeguarding) considered the establishment of a working group on the impact of Covid 19 on the primary curriculum. The Committee:

"RESOLVED: That

(4) a working group on the impact of Covid 19 on the primary curriculum be established, to include the consideration of the impact of lockdown and home schooling, comprised of the following Members of the Committee:"

(Minute No. 22 (4) of 28 September 2021 refers).

MEMBERSHIP OF WORKING GROUP

The following Members were appointed to the Working Group by the Overview and Scrutiny Committee (Children's Services and Safeguarding) at its meeting held on 28 September 2020:

- Councillor Spencer
- Councillor Yvonne Sayers
- Mrs. S. Cain, Independent Advisory Member
- Ms. M. McDermott, Parent Governor Representative

LEAD MEMBER

Councillor Spencer was appointed as the Lead Member for the Working Group and it is anticipated that she will present the final report to the Committee; to the Cabinet and to the Council.

TERMS OF REFERENCE AND OBJECTIVES

The Terms of Reference and Objectives for the review were as follows:

- To consider the impact of Covid 19 on the primary curriculum, to include the consideration of the impact of lockdown and remote learning.

METHODS OF ENQUIRY

1. Consideration of documents.
2. The interviewing of service providers.



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3. Site visits.
4. Consideration of documents.

SUMMARY OF MEETINGS OF THE WORKING GROUP HELD

Details of Working Group meetings are as follows:

Meeting Date	Activity
9 November 2021	Appointment of lead Member and scoping of the review.
2 December 2021	Discussion with headteachers.
19 January 2022	Discussion on the Mental Health Toolkit for schools.
8 February 2022	Discussion with the Chair of the Sefton Association of Primary Headteachers.
28 March 2022	Consideration of Conclusions and Identification of Possible Recommendations

SITE VISITS

Plans were made for Working Group Members to visit St. Nicholas' Primary School, Blundellsands on 25 January 2022. Unfortunately, the visit had to be cancelled due to the prevalence of the Omicron variant at the time.

Details of the site visit undertaken by Working Group Members are as follows:

Date of Site Visit	Venue Visited
23 March 2022	Site Visit to Netherton Moss Primary School to meet with members of staff and pupils, to hear about the impact of Covid on the primary curriculum. A tour of the School was also undertaken.

BACKGROUND DOCUMENTS

The following links to articles were provided to Working Group Members during the course of the review:



https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1027745/COVID-19_Snapshot_Report.pdf

https://nfer.ac.uk/media/4435/the_impact_of_covid_19_on_schools_in_england.pdf

https://educationendowmentfoundation.org.uk/projects-and-evaluation/projects/nfer-impact-of-school-closures-and-subsequent-support-strategies-on-attainment-and-socioemotional-wellbeing-in-key-stage-1?search_term=impact%20of

<https://www.oecd.org/education/the-impact-of-covid-19-on-education-insights-education-at-a-glance-2020.pdf>

<https://educationendowmentfoundation.org.uk/guidance-for-teachers/covid-19-resources/best-evidence-on-impact-of-covid-19-on-pupil-attainment>

<https://www.weforum.org/agenda/2020/03/infographic-covid19-coronavirus-impact-global-education-health-schools/>

https://www.nfer.ac.uk/media/4119/schools_responses_to_covid_19_the_challenges_facing_schools_and_pupils_in_september_2020.pdf

<https://www.gov.uk/government/statistics/attendance-in-education-and-early-years-settings-during-the-coronavirus-covid-19-pandemic-23-march-2020-to-25-november-2021>

<https://www.nuffieldtrust.org.uk/news-item/what-has-been-the-impact-of-covid-19-across-the-uk-countries>

<https://www.nuffieldfoundation.org/project/impact-of-covid-19-mainstream-schools-england>

KEY WITNESSES

Working Group Members met with a number of key witnesses, including the following:

Meeting Date	Witness(es)
2 December 2022	Headteachers – Interviews regarding their experiences during lockdowns and the current situation in schools.
19 January 2022	Development Manager, Health and Wellbeing Children and Families Development Officer, Sefton CVS – Discussion on the mental health toolkit for schools.
8 February 2021	Discussions with the Chair of Sefton Association of Primary



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	Headteachers, to hear about her experiences and the challenges being faced in schools.
--	--

IMPACT OF COVID-19 ON THE WORKING GROUP REVIEW

Ordinarily, Working Group Members would have undertaken further site visits to relevant premises/locations during the course of the review, but this was not possible due to the on-going pandemic throughout the duration of the Working Group.

KEY FINDINGS AND CONCLUSIONS

1. The Head of Education has advised that there is no data available on primary school performance, including SATS results and outcomes of any testing at Key Stages 1 and 1, as data has not been published due to the pandemic. This has resulted in difficulties in monitoring performance, particularly in primary schools. Working Group Members considered that the Overview and Scrutiny Committee (Children's Services and Safeguarding) would wish to receive data which would assist in , in drawing comparisons with 2019 pre-pandemic performance and also with regional and national performance. This would illustrate Sefton primary school performance.
2. Working Group Members considered that it was very important for the Council to recognise the hard work schools faced during successive lockdowns. Not only did teachers have to provide on-line learning, a very difficult achievement with young children, they also had to provide learning for children of key workers who were physically attending school whilst their parents provided vital services.

By writing to schools to thank them for their efforts during the pandemic, Working Group Members also considered that this would provide an opportunity to remind schools of the continued support available from the Council; of the various options available for securing additional teaching staff; and the availability of mental health support, including the Young People's Emotional Wellbeing Toolkit.

Many supply teachers left their positions during lockdown as they were not provided with furlough payments. This has been problematic since children returned to school as there has been a shortage of supply teachers to help cover when teaching staff have succumbed to covid and long-term covid symptoms. Working Group Members felt that it might be beneficial to remind schools of the opportunities to secure additional teaching staff.

Working Group Members found that the very beneficial activities provided at family centres pre-covid have been slow to resume following the pandemic and they considered that schools should be encouraged to resume this



mutual support **where possible and where practical**, particularly given any on-going covid concerns.

3. Following the initial lockdown, Council workers were awarded an additional day's leave for their birthday during 2021, in recognition of their hard work and the continued provision of services by the Council.

On 15 July 2021, the Council agreed to grant the Freedom of the Borough to Aintree and Liverpool NHS Foundation Trust, Southport and Ormskirk NHS Trust, Alder Hey Children's NHS Trust and Mersey Care NHS Trust and for representatives of those bodies to be invited to an Extra-ordinary Council meeting and civic reception in due course, in recognition of their hard work and dedication during the Covid-19 pandemic.

Teaching staff have not been recognised in the same way for their hard work and dedication during the pandemic and Working Group Members wish to celebrate the achievement of teaching staff in Sefton.

4. By the conclusion of the Working Group, Members were concerned to hear of the forthcoming literacy and numeracy expectations on primary schools by 2030, particularly as most schools are already going "above and beyond" in terms of the teaching hours they offer to pupils. Schools are at a loss to know how they can deliver additional learning without additional resources.
5. The usual six-monthly monitoring report, setting out progress made against each of the Working Group recommendations, would be required in due course. Relevant officers would be required to liaise in order to ensure that the Overview and Scrutiny Committee (Children's Services and Safeguarding) received the monitoring report.

ACKNOWLEDGEMENTS AND THANKS

In producing this report on mental health issues, acknowledgements and thanks are attributed to the following individuals for their time and input:-

- *Service Manager, School Improvement*
- *Head of Education*
- *Senior Democratic Services Officer, Corporate Services*
- *Headteacher, St. Nicholas' Primary School*
- *Headteacher, Netherton Moss Primary School*
- *Deputy Headteacher, Netherton Moss Primary School*
- *Development Manager, Health and Wellbeing*



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- *Children and Families Development Officer, Sefton CVS*
- *Chair of Sefton Association of Primary Headteachers*
- *Pupils of Netherton Moss Primary School*

Thanks must also go to the Members of the Working Group who have worked hard and dedicated a great deal of time to this review, namely:-



***Councillor Paula
Spencer
(Lead Member)***

***Former Councillor
Yvonne Sayers***

***Mrs. Sandra Cain
Advisory Member***

***Ms. Machalla McDermott
Parent Governor Representative***



RECOMMENDATIONS

1. That, once data is available, the Head of Education Excellence be requested to submit a monitoring report to the Overview and Scrutiny Committee (Children's Services and Safeguarding), on primary school performance, to include school attendance and any available information on SATs results, and other performance indicators, in order to draw comparisons with 2019 performance and also with regional and national performance.
2. That the Council be requested to agree in writing to all Headteachers of schools throughout the Borough, to thank teaching staff for their on-going input throughout the pandemic and to raise the following matters:
 - (a) to remind schools of the continued support available from the Council.
 - (b) to remind schools of the various options available for securing additional teaching staff, such as:
 - the graduate teaching apprenticeship scheme
 - School Centred Initial Teacher Training (SCITT)
 - Teach First
 - Degree course in Bachelor of Education (B.Ed.) and
 - a Post Graduate Certificate in Education (PGCE)
 - (c) to remind schools of the availability of mental health support, including the Young People's Emotional Wellbeing Toolkit that can be accessed via the following link:

[Mental Health & Emotional Wellbeing \(sefton.gov.uk\)](https://sefton.gov.uk/mental-health-emotional-wellbeing)
 - (d) to encourage schools to try to re-engage with families as a source of support in schools **where possible and where practical**, particularly given covid concerns.
3. That the Mayor of Sefton be requested to consider hosting an event for representatives of all schools throughout the Borough, to thank them for their on-going input throughout the pandemic.
4. That the Council be requested to agree to writing to the Department for Education in the strongest terms, to request additional resources for Sefton schools, particularly in view of forthcoming literacy and numeracy expectations on primary schools by 2030.
5. That the Senior Democratic Services Officer be requested to liaise with relevant officers in order to ensure that the Overview and Scrutiny Committee (Children's Services and Safeguarding) receives a six-monthly monitoring report, setting out progress made against each of the recommendations outlined above.

Overview & Scrutiny



For further Information please contact:-

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Senior Democratic Services Officer

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Sefton Council 



Agenda Item 6

Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Appointments to Sefton New Directions Limited Board; to Standing Advisory Committee for Religious Education (SACRE); and Liverpool University Hospital NHS Foundation Trust - Council of Governors		
Report of:	Chief Legal and Democratic Officer	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Adult Social Care Cabinet Member - Education Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The report seeks to appoint two further elected Members to serve on the Sefton New Directions Limited Board; to appoint elected Members as substitutes to the Standing Advisory Committee for Religious Education (SACRE); and to change the Council representative serving on the Liverpool University Hospital NHS Foundation Trust - Council of Governors.

Recommendation:

That:

- (1) Councillor Liz Dowd be appointed as a representative to serve on the Sefton New Directions Limited Board and that the term of office expire on 25 May, 2023;
- (2) the Cabinet be requested to nominate a further representative to serve on the Sefton New Directions Limited Board and that the term of office expire on 25 May, 2023;
- (3) the following Members be appointed as substitutes to the representatives indicated to the Standing Advisory Committee for Religious Education (SACRE):

Substitute	Representative
Councillor Thomas	Councillor Roscoe (Chair)
Councillor Morris	Councillor Brough
Councillor Richards	Councillor Grace
Councillor Lloyd-Johnson	Councillor Pugh; and

- (4) Councillor James Hansen replace Councillor John Joseph Kelly to serve on Liverpool University Hospital NHS Foundation Trust - Council of Governors and that the term of office would expire on 24 June 2024.

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Reasons for the Recommendation(s):

The Cabinet has delegated powers set out in Chapter 5, Paragraph 40 of the Constitution to appoint the Council's representatives to serve on Outside Bodies.

The draft SACRE constitution states that "Elected members may appoint alternates to attend meetings on their behalf."

Alternative Options Considered and Rejected:

None

What will it cost and how will it be financed?

(A) Revenue Costs

None arising from this report. Remuneration for the Sefton New Directions Limited Board members is funded by the Board.

Membership of the Standing Advisory Committee for Religious Education (SACRE); and Liverpool University Hospital NHS Foundation Trust - Council of Governors does not attract any special responsibility allowance

(B) Capital Costs

None

Implications:

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

Financial	
Legal Paragraph 40 of Chapter 5 in the Constitution gives the Cabinet delegated powers to make appointments to Outside Bodies, appropriate. The draft SACRE constitution states that "Elected members may appoint alternates to attend meetings on their behalf."	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
	<input type="checkbox"/>

3. Equality Implication identified and risk remains	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	N/A
Have a neutral impact	N/A
Have a negative impact	N/A
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council’s Core Purpose:

Protect the most vulnerable: The appointment of Council representatives will ensure that the interests of residents of Sefton are taken into account.
Facilitate confident and resilient communities: As above
Commission, broker and provide core services: As above
Place – leadership and influencer: As above
Drivers of change and reform: As above
Facilitate sustainable economic prosperity: As above
Greater income for social investment: As above
Cleaner Greener: As above

Impact of the Proposals on Service Delivery:

The appointment of Council representatives will ensure that the interests of residents of Sefton are taken into account

What consultations have taken place on the proposals and when?

The Executive Director of Corporate Resources and Customer Services (FD:6865/22) has been consulted and notes the report indicates no new direct financial implications for the Council.

The Chief Legal and Democratic Officer (LD:5065/22) has been consulted and comments have been incorporated into the report

Political Groups on the Council have been consulted as to which elected Members they wish to appoint as substitutes.

Implementation Date for the Decision

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

Contact Officer: Paul Fraser

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Background Papers:

There are no background papers available for inspection

1. Introduction/Background

1.1 The Cabinet has delegated powers set out in Chapter 5, Paragraph 40 of the Constitution to appoint the Council’s representatives to serve on Outside Bodies.

2. Sefton New Directions Limited Board

2.1 The Council is entitled to appoint 5 representatives to serve on the Sefton New Directions Limited Board.

2.2 At its meeting held on 26 May 2022 the Cabinet appointed Councillor Cummins, Cabinet Member – Adult Social Care as the Shareholder representative, Councillor John Joseph Kelly and an officer nominee to serve on the Board. The terms of office will expire on 25 May 2023.

2.3 It was noted by Cabinet that there were 2 Labour vacancies to be nominated at a later date.

2.4 Representations have now been received from the Labour Group that Councillor Liz Dowd be appointed as a representative to fill one of the two vacancies on the Board; and Cabinet is recommended to approve this request.

2.5 Therefore, one vacancy is remaining and the Cabinet is requested to nominate a Labour Group member to fill such vacancy.

3. Standing Advisory Committee for Religious Education (SACRE)

3.1 At its meeting held on 26 May 2022, the Cabinet approved the appointment of the following elected Members to serve on the Standing Advisory Committee for Religious Education (SACRE):

Representative
Councillor Roscoe (Chair)
Councillor Brough
Councillor Grace
Councillor Pugh

3.2 Since the meeting of the Cabinet held on 26 May 2022, representations have now been received from the Labour Group for substitutes to be appointed to SACRE.

- 3.3 Political Groups on the Council have been consulted as to which elected Members they would wish to appoint as substitutes, and the following nominations have been received, in representative order:

Substitute
Councillor Thomas
Councillor Morris
Councillor Richards
Councillor Lloyd-Johnson

- 3.4 The Cabinet is recommended to approve this request and appoint the elected Members indicated as substitutes to SACRE.

4. Liverpool University Hospital NHS Foundation Trust - Council of Governors

- 4.1 At its meeting held on 26 May 2022 the Cabinet appointed Councillor John Joseph Kelly to serve on Liverpool University Hospital NHS Foundation Trust - Council of Governors and whose term of office would expire on 24 June 2024.
- 4.2 Representations have now been received from the Labour Group that Councillor John Joseph Kelly be replaced by Councillor James Hansen.

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Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Local Government Association Peer Review Revisit		
Report of:	Chief Executive	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	N	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report updates members on the outcome of the Local Government Association Peer Review Revisit and advises of the intentions to action the areas identified

The report also informs Council of the intention to review and refresh the Vision 2030.

Recommendation(s):

- (1) Consider the feedback form the Local Government Association Peer Review Revisit at Appendix A and Council response to actioning the recommendations.
- (2) Note the timeline review and refresh the Vision 2030 and note the strengthened Core purpose at Appendix B.

Reasons for the Recommendation(s):

Peer Reviews are a proven tool for sector-led improvement and the Council has always been open to learning from others and sharing good practice.

The peer challenge that took place in 2018 provided external recognition of the things it believes the Council was doing well, highlighted where the Council can learn from other councils considering best practice elsewhere and recommended several key actions.

The follow up revisit took place in April 2022 and the peers have made a number of recommendations.

Sefton Council is a listening Council and intends to review and refresh Vison 2030 as per the timeline presented in the report.

In the interim Council are asked to consider and note the strengthened Core Purpose at Annex A.

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

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NA

What will it cost and how will it be financed?

(A) Revenue Costs

The report does not have direct implications for finances or resources, actions within the proposed action plan may have implications. In such cases and where they cannot be contained within existing budgets there will be a separate report to Cabinet or Cabinet Member seeking approval in accordance with the Council's constitution.

(B) Capital Costs

The report does not have direct implications for finances or resources, actions within the proposed action plan may have implications. In such cases and where they cannot be contained within existing budgets there will be a separate report to Cabinet or Cabinet Member seeking approval.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): The report does not have direct implications for finances or resources.	
Legal Implications: There are no legal implications.	
Equality Implications: There are no equality implications.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	/N
The Author has undertaken the Climate Emergency training for report authors	Y

Contribution to the Council's Core Purpose:

Protect the most vulnerable: The Core Purpose strengthens the Council's commitment to protecting the most vulnerable.
Facilitate confident and resilient communities: The Core Purpose reaffirms the Council's commitment to facilitating confident and resilient communities.
Commission, broker and provide core services: The Core Purpose reaffirms the

<p>Council's commitment to this.</p> <p>Place – leadership and influencer: The Council is a self-aware learning organisation and commissioned a peer review from the LGA in 2018 to assure it plans and learn from best practice.</p> <p>This report ensures transparency of the feedback report from the LGA peers.</p> <p>The Core Purpose strengthens the Council's commitment to this.</p>
<p>Drivers of change and reform: The Core Purpose reaffirms the Council's commitment to this.</p>
<p>Facilitate sustainable economic prosperity: The Core Purpose strengthens the Council's commitment to facilitating sustainable economic prosperity.</p>
<p>Greater income for social investment: The Core Purpose reaffirms the Council's commitment to this.</p>
<p>Cleaner Greener: The Core Purpose reaffirms the Council's commitment to this.</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6875/22) and the Chief Legal and Democratic Officer (LD5075/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

As part of the Peer Review Revisit the peers met with partners.

Implementation Date for the Decision

Immediately following the Committee meeting.

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Appendices:

Appendix A - LGA Corporate Peer Challenge – Re-visit Report

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Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 The Council commissioned the Local Government Association (LGA) to conduct a peer review as an independent check on how the Council is performing in terms of planning for and delivering against our ambitious plans for the future.
- 1.2 The peer review took place in September 2018 and the peer review team was made up of experienced elected member and officer peers. The peer team considered the following five core themes:
- Understanding local context and priority setting
 - Leadership of place
 - Financial planning and viability
 - Organisational leadership and governance and
 - Capacity to deliver.
- 1.3 In addition to the five core themes, the peer review focused on the progress that the Council has made in implementing its 'vision for change' and the Council's approach to commercialisation.
- 1.4 The overarching message in the initial feedback from the LGA peer team immediately following the review was –

Sefton has listened to and served its communities well through a challenging period of austerity. To meet your Sefton 2030 ambitions, the Council will need to further recognise and move towards a model of co-production especially with your communities.

The peer review team summarised the Council's strengths as

- Knowledge of Sefton 'the place' is strong.
- Strong political and managerial leadership.
- Vision is in place, priorities have been set and transformation plan in place, which is significant.
- Local Plan is in place which has required difficult decisions
- Medium Term Financial Plan is linked to strategy and priorities.
- The Council has a committed and passionate workforce.
- Strong partner relationships exist across the Borough.
- The Council exhibits self-awareness and willingness to reflect.
- The Council has successfully managed a 51% reduction in grant funding and put in place a 3-year budget: and

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- The Localities model has proven to be effective and the service is moving in the right direction
- 1.5 Cabinet considered the feedback report in December 2018, the recommendations were accepted, and Cabinet requested officers to develop an action plan for their consideration. Action Plan was approved in January 2019. Progress on the Action Plan was considered by Cabinet in March 2020.
- 1.6 The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer review team. It is a lighter-touch version of the original visit and was delayed due to the COVID 19 pandemic and took place 21st and 22nd April 2022.

2. The Revisit

- 2.1 The Peer Review revisit team included
- Cllr Steve Houghton, Leader of Barnsley Council (member of original Peer Review Team)
 - Ali Griffin, Chief Executive at London Councils (member of original Peer Review Team)
 - Jayne Traverse Executive Director Place Cheshire East Council and
 - Dan Archer Programme Manager, Local Government Association (member of original Peer Review Team).
- 2.2 The peer team explored progress against each of the recommendations from the original peer challenge. The peer team prepared for the revisit by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing.
- 2.3 The peer team gathered information and views from more than 25 meetings, in addition to further research and reading. The peer team spoke with more than 65 people including a range of Council staff, with elected members and partners.
- 2.4 The peer team have now produced a report, at Appendix A, which found that the Council had worked purposefully and had seen an improved approach across all the areas.

It could evidence that the Council made progress against the key recommendations. Good relationships with partners across the system was evidenced. Peers believed the Council had a clear sense of direction around commercialisation and the parameters were well understood. The peers believed that the Council had managed its budget effectively and evidenced improvements in the financial position and stability of the Council. Member development was judged positively and many examples of good practice were evidenced by the peer team.

The peers made a number of recommendations.

A Ensure the planned refresh of the vision for Sefton is used as an opportunity to then ensure the underpinning strategies and plans reflect the key priorities of the Council over the next period such as improving Children's Services. This should lead to clear and specific, corporate milestones and metrics that can be performance managed. This refresh can be used to further inform activity to address key capacity and skills gaps also.

Council response – In Section 3 of this report the Council stated it will commence its review of its Vision in 2023 and the Core Purpose is reaffirmed at Appendix B.

B Inform the above work by taking stock, internally and with partners of the new opportunities, strengths and challenges that the Council will wish to build on, capitalise from and address in the next three year period.

Council response – Member development – the peer team reported positively on support to Members. Following the initial feedback, the Leader, Cabinet Member Children Social Care and Chief Executive agreed to improve Opposition party involvement in Children's Social Care and the two Leaders of the main Opposition parties were invited onto the Corporate Parenting Board and Overview and Scrutiny of Children's Services and Safeguarding has now been changed from quarterly meetings to 6 weekly meetings.

Council response – Capacity – A new Executive Director Children's Social Care and Education and Assistant Director Safeguarding Review & Quality Assurance are now in post and six new permanent Service Managers have been recruited in Children's Social Care. In addition to this Cabinet and Council have agreed significant additional investment in Children's Services and plans are in development for the introduction of a Social Work Academy and discussions have commenced on the possibility of international recruitment of social workers.

Workforce Strategies and supporting action plans are in development for Children's, Adults and across the wider Council which recognise the capacity challenges that the Council faces. It is important to note that some of the recruitment challenges faced by the Council are regional challenges and, in some instances, national issues. The Children services department has now a well developed workforce strategy.

Council response – Partnerships – the Council values its partnerships and will continue to work closely with partners to the benefit of local people.

C Embed the service level improvements in performance management made recently and establish regular, collective and cross-cutting performance discussions at Cabinet. This should be supported with a performance scorecard which tracks progress against the Council's key corporate priorities. Also then ensure that similarly routine performance information is provided to Scrutiny and all wider members.

Council response – in 2018 the LGA recommended that the Council reported quarterly to Cabinet on progress against our key Corporate priorities, because of capacity it was agreed we would present a comprehensive annual report to Cabinet. In November 2021, a more consistent approach to performance management was introduced with each Cabinet Member receiving detailed performance information against key priorities, this

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has also been evidenced in some areas of Overview and Scrutiny Committees, although more work needs to be undertaken to develop this, which has been highlighted by the peers. Although capacity still remains a challenge, the Council will introduce quarterly reports to Cabinet with a focus on our key priorities.

D Given how much change the world has seen in the last two years and how the localities model has been required to react, work with partners to review the localities model. This may include how it should and could be adapted looking ahead and in light of the strength of partnership will, the amount of community interest reported and the next set of challenges for the Council. This should also look again at ways in which all members can be engaged with the model looking ahead.

Council response – There are many positive examples of how effective the localities model has been operating, the peer team have proposed that the Council takes stock and review the model taking into account the impact of Covid and the changing world this has created, as well as the relationship with localities and Ward members. This review will be undertaken over the next 6 months.

E Continue to build on the significant progress seen in regard to economic growth. Further grow the improved relationship with the Combined Authority and look at how business leaders can be routinely engaged strategically, routinely as a collective, with a role across the wider priorities for Sefton, as well as how the learning from strong engagement with young people can be a feature of other, future funding bids. There is now also an opportunity available to more closely connect the health challenges and opportunities available locally to Sefton's economic direction.

Council response – the peers recognised the challenges in the Borough and in particular areas of disadvantage they felt that a local business Leaders Forum could be established to secure more influence, advocacy, challenge and bring fresh ideas and further connections. This will be explored more comprehensively in the coming months.

3. Refreshing the Vision and Core Purpose 2035

- 3.1 The Council introduced the Core Purpose as part of its budget planning processes. The Council developed Vision 2030 and strengthened the Core Purpose following major community consultation in 2016. The Core Purpose has served the Council well and this was demonstrated throughout the COVID 19 pandemic.
- 3.2 It is recognised that there is now a need to refresh the Vision and alongside the Core Purpose. Council is asked to consider and approve the strengthened Core Purpose at Appendix B which reinforces the issues raised by the peer review and Inspections.
- 3.3 The Cabinet Sponsors for the development of Vision 2030 were Councillor Hardy, Cabinet Member Communities and Housing and Councillor Lappin, Cabinet Member, Regulatory, Compliance and Corporate Services. As Cabinet Sponsors they have overseen the introduction of the Annual Performance report.
- 3.4 The approach to building upon, assessing the impact of Vision 2030 and developing Vision 2035 is described in the diagram below.



- 3.5 A review of the Council's Core Purpose will take place in 2025 in line with this timeline and will take account community feedback.
- 3.6 Cabinet is asked to note timeline for the development of Vision 2035. The Cabinet Sponsors for the development of Vision 2035 will continue to be Councillor Hardy, Cabinet Member Communities and Housing and Councillor Lappin, Cabinet Member, Regulatory, Compliance and Corporate Services.

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Appendix B

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

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

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

Place-leadership and influencer: making sure what we and what others do are in the best interests of Sefton and its residents and has a contributing role to the 2030 vision of the borough. The Council will use data and feedback from our communities, children and young people in shaping plans. The Council will demonstrate strong leadership and influence partner organisations to

- work towards common goals
- deliver the best opportunities and outcomes for the children in young people in and leaving our care by being good Corporate Parents
- deliver the best opportunities and outcomes for residents and every child in Sefton
- ensure Sefton is a child, older person and disability friendly place
- and build pride in the borough.

Drivers of change and reform: the Council will play a key role in leading change and reform to improve outcomes for Sefton residents, every child's future and continuously improve the borough.

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

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

Cleaner and Greener: the Council will work with others to act as guardians and protect and maintain Sefton's natural beauty and ensure that its many assets can be enjoyed by

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everyone and future generations and provide a contribution to Sefton's economy, peoples wellbeing and the achievement of the 2030 Vision.

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LGA Corporate Peer Challenge – Re-visit

Sefton Council

8th and 21st – 22nd April 2022

Feedback report



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1. Executive summary

Sefton last had a Corporate Peer Challenge in September 2018. The Council were keen to have a follow-up to their previous Corporate Peer Challenge for many months following this, however the timing of which would have fallen within the most intense response stages to the COVID-19 pandemic. The scoped purpose of this work is therefore only to feedback on the progress against the recommendations made in Autumn 2018 and as such is not there to provide feedback on other areas in any further depth, such as children's services, climate and digital (for example).

It goes without saying however, how significantly the world has changed since the Council's last Corporate Peer Challenge. Members and officers speak with great pride at how the Council responded to the COVID-19 pandemic. Partners also speak positively around how partnership working really showed itself during this period, with partners coming closely together, working as one team, across Sefton. There are now opportunities available from this that the Council can build from, which feature throughout this feedback.

Since September 2018 the Council has worked purposefully to establish a much improved approach to economic growth which is now starting to deliver for Sefton. Progress can be seen against the recommendations made previously in 2018, as detailed throughout this report. Like many, the financial position of the Council was significantly challenged as a result of the COVID-19 pandemic and has been prudently managed into a much improved position in 2022 also. During the last peer challenge, the Council were also challenged to more clearly define their areas of commercial activity, this position is now much clearer and is detailed within this feedback.

However, the job is never done in local government and the next set of challenges and opportunities are there to be tackled. On the back of the various opportunities, challenges and changes in the operating environment, now is the perfect moment to

take stock of these and set out with partners a way forward which can help in successfully navigating a sustainable path through. This includes taking stock and planning for new ways of working and the future financial challenges including the impact of changes in the national economy. It also includes the role of the localities model and how it may evolve, as well as the capacity and partnerships required to deliver against the local ambitions. The next planned refresh of the vision for Sefton presents an opportunity to capitalise on.

Refreshing a strategic vision should always lead to consideration being then given to the strategies and plans that underpin that vision at both a partnership and Council/corporate level. Doing so helps ensure that suitable plans and strategies are in place for the delivery of the refreshed vision – avoiding a gap developing between the refreshed vision and local delivery.

Following the planned refresh of the vision for Sefton, the Council are recommended to ensure that the Council's most key corporate priorities over the next three year period are stated in the underpinning strategies and plans, with clear milestones and metrics over this period as well as the 'enabling' activity required in order to achieve these priorities. This is particularly important given the capacity and resource challenges the Council faces. The Council is clearly self-aware of the gaps it has in capacity and the challenges faced across the region in regards to many of these. The Council is taking steps in order to address these. Addressing these capacity gaps will be important to the Council achieving the key priorities for Sefton across the short and medium term.

Stating the specific, key corporate priorities of the Council over this next period will help to keep them front and centre, corporately and collectively owned. It will be important to ensure that the drive to improve children's services is reflected in this. Suitable corporate monitoring and accountability will also be important for keeping on track, for supporting early and well informed remedial / corrective action and avoiding any future surprises.

2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

- 2.1. **Ensure the planned refresh of the vision for Sefton is used as an opportunity to then ensure the underpinning strategies and plans reflect the key priorities of the Council over the next period such as improving children's services.** This should lead to clear and specific, corporate milestones and metrics that can be performance managed . This refresh can be used to further inform activity to address key capacity and skills gaps also.
- 2.2. **Inform the above work by taking stock, internally and with partners of the new opportunities, strengths and challenges that the Council will wish to build on, capitalise from and address in the next three year period.**
- 2.3. **Embed the service level improvements in performance management made recently and establish regular, collective and cross-cutting performance discussions at Cabinet.** This should be supported with a performance scorecard which tracks progress against the Council's key corporate priorities. Also then ensure that similarly routine performance information is provided to Scrutiny and all wider members.
- 2.4. **Given how much change the world has seen in the last two years and how the localities model has been required to react, work with partners to review the localities model.** This may include how it should and could be adapted looking ahead and in light of the strength of partnership will, the amount of community interest reported and the next set of challenges for the Council. This should also look again at ways in which all members can be engaged with the model looking ahead.
- 2.5. **Continue to build on the significant progress seen in regards to economic growth.** Further grow the improved relationship with the Combined Authority and look at how business leaders can be routinely

engaged strategically, routinely as a collective, with a role across the wider priorities for Sefton, as well as how the learning from strong engagement with young people can be a feature of other, future funding bids. There is now also an opportunity available to more closely connect the health challenges and opportunities available locally to Sefton's economic direction.

3. Summary of the peer challenge approach

3.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers for this peer challenge were:

- **Ali Griffin** (Chief Executive – London Councils)
- **Cllr Sir Stephen Houghton** (Leader – Barnsley Council)
- **Jayne Traverse** (Executive Director (Place) – Cheshire East Council)
- LGA Peer Challenge Manager – **Dan Archer (LGA)**.

3.2. Scope and focus

The peer team explored progress against each of the recommendations from the original peer challenge, under the following themes.

Whilst further feedback was given, beyond these recommendations – making this relevant to the current wider, corporate operating environment, this was not a full Corporate Peer Challenge and as such, did not aim to look at individual service areas beyond the below.

Local Priorities and Outcomes

This included the following recommendations from the original CPC:

- **Prioritise the refresh of the core purpose.** This will help ensure the council's contribution to the delivery of Sefton 2030 by targeting capacity at a carefully sequenced set of key priorities.
- **Strengthen corporate performance management.** The cabinet should receive a comprehensive, corporate performance management report on a quarterly basis. This report should be accessible and allow the cabinet to understand the progress being made by the council against the key priorities. A suitable report should also be made available to scrutiny.

Corporate Transformation

This included the following recommendations from the original CPC:

- **Refresh and make clear form, function, accountability and pace of delivery for the localities model.** The team acknowledged the ambition being shown by moving to this new delivery model and endorsed this as the right direction of travel for Sefton.
- **Be clear on the council's parameters around commercialisation.** This requires both officers and members to have a consistent understanding of what commercialisation means for the council as well as the options that can be considered and those which will not. This will allow the council to focus its efforts on the right commercial opportunities for Sefton.

Economic Growth

This included the following recommendations from the original CPC:

- **Accelerate work on a local economic growth strategy alongside efforts in the Liverpool City Region.** This will help Sefton benefit more from the opportunities presented by the Liverpool City Region and ensure that more schemes are in place ready for future funding opportunities.

Member Development

This included the following recommendations from the original CPC:

- **Develop the role of all members in a changing context for local government and a changing model of delivery locally.** This should reflect the role of all members in their communities and the capacity they can attract to support the efforts of the council. This would mean the council more consistently co-producing solutions with communities and partners.

3.3. The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. Over the course of this peer challenge, the team:

- Gathered information and views from more than 25 meetings, in addition to further research and reading.

- Spoke to more than 65 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

4. Feedback

4.1. Local priorities and outcomes

The Sefton 'Core Purpose' summarises how the Council will play its part in realising the aims and objectives of the Sefton 2030 vision. The previous CPC highlighted the strength of the Imagine Sefton 2030 consultation that led to the development of the vision for Sefton. This CPC also details how well the Council and partners now understand the long term vision for Sefton 'the place'.

The peer team recommended at the previous peer challenge for the Council to refresh the Core Purpose as a way of helping ensure that capacity is targeted at the right places, at the right time and in sequence. The Council completed a review of the Core Purpose following the previous CPC and members and officers fed back to the peer team during this peer challenge that the Core Purpose and underpinning Framework for Change are now widely understood.

The actions underpinning the Framework for Change are also seen by many as having been key to the improvement in the financial position of the Council over the last two years. Many also feedback that in the area of economic growth, the Council has had to purposefully prioritise schemes and programmes which has had a positive impact in building and sustaining momentum.

The Council have committed to a refresh of the vision for Sefton. Following this

refresh, the Council will naturally want to look at the strategies and plans that underpin this vision to avoid a gap emerging between strategic intent and delivery. When doing this, ensuring the corporate priorities of the Council are well communicated with visible and relevant milestones, measures and timescales over the next 3 years will be important. This can then help to focus support and foster further collective corporate as well as aid performance monitoring.

It is clear from those the team spoke to whilst on site that given the improvement needed in children's services, that this will need to remain a key, corporate and collectively owned priority. The Council received an OFSTED focussed visit in February / March 2021 which contained priority actions. The Council were awaiting the report from a recent full OFSTED ILACS inspection at the time of writing.

In taking this opportunity to state the key corporate priorities for the Council, it is also an important opportunity to signal the opportunities and future transformations the Council will pursue. There are a number of new opportunities, strengths and challenges that the Council will wish to build on, capitalise from and address in the next three year period. Taking stock of these and how to navigate this path with partners is a useful step and is a feature of the work on corporate transformation, localities and medium term financial planning. In doing this, there is a chance to take stock now of what that *post 2023* Council could look like – and what this may require in terms of capacity, capability, ways of working, as well as the Sefton approach to agile / hybrid working.

Key to obtaining, sustaining and further developing collective ownership is ensuring all members and officers are regularly and suitably briefed on the progress being made across the corporate and borough wider priorities. Engage all members and officers in the story of how Sefton has and will be changing – what this means, the opportunities this might create and the challenges it can present. Continuing to do this can take different forms and there is practice already in place to build on. For example one member of staff fed back to the peer team positively about their experience since joining the Council, being able to attend a staff forum which started

to do this, highlighting how useful this was.

In terms of performance management, some improvements can be seen from when the team were last on site in 2018. Regular portfolio performance dashboards for each Cabinet member, showing performance by service area had recently been put in place with the Council starting to embed this approach. Cabinet members individually now have quarterly (or more frequent) portfolio dashboards, with an annual collective Cabinet performance report also produced.

The senior officer team consider performance, primarily through the risk register which senior officers feel has started to improve and informs subsequent deep dive activity against the key risks. The risk register is also seen regularly by the Audit and Governance Committee who also review this.

The Council is also taking steps to develop its data warehousing infrastructure to support more agile, informative and relevant metrics, in line with the steps being taken by many other councils. This includes how the various different data sets available to the Council are warehoused and integrated as well as looking to utilise the benefits of Power BI more in future. Senior leads are keen to further support the development of the requisite skills amongst senior officers to make the most use of this new functionality – including the required analytical skills. The LGA are happy to support performance leads at the Council to work with their equivalents in other councils to share their experiences of making such changes.

The [LGINform](#) data for the Council identifies that the Council performs better than its most similar socio-economic neighbours on measures such as the percentage of 16 and 17 year olds not in education, employment or training, smoking prevalence in adults, the teenage conception rate and the new business registration rate. The Council performs below its most similar socio-economic neighbours on measures relating to child protection plans as well as the number of Children Looked After and levels of physical activity amongst the population aged 16+.

The improvement in the Council's financial position over the last two years especially is featured later in this report. Key to this improving picture was a collective, corporate effort supported by regular monitoring reports to Cabinet. The peer team is of a clear view that a similarly regular approach to monitoring and management can bring the same benefits to corporate performance. Ultimately this has a significant bearing on the Council's financial performance in any case in areas of demand led budgets (for example).

In order for Cabinet and the senior management team to be able to take the most informed resourcing decisions and get ahead of issues, a combined three-pronged approach which routinely enables an understanding of risk, performance and finance is key. Doing this can also help the Council to identify successes earlier – to celebrate and learn from them collectively.

The Council would benefit from having regular, collective and cross-cutting performance discussions at Cabinet, informed by a performance scorecard showing progress against the Council's priorities in a suitable level of detail that enables this strategic, shared focus on the most key issues and opportunities. Most councils have a performance dashboard against their corporate priorities, with the metrics based on the priorities set out in this document.

The Council should also then ensure that similarly routine performance information is provided to Scrutiny and all wider members, and whether more service performance information can further assist Scrutiny in their role, building on the performance information they receive currently.

It is often the case that aligning and integrating staff working on performance information into a corporate core can help to support resilience, skill sharing, staff development and further cross cutting analysis. This can be of particular value as a Council is looking to spread the use of performance information further and increase

the quality of information and analysis available. The Council appears to have taken some steps to integrate performance staff and will be able to consider whether this is sufficient or whether more could be done and at what stage in light of the changing approach to performance management.

4.2. Corporate transformation

At the time of the previous Corporate Peer Challenge, the Council were considering their approach to commercialisation and the various different approaches to this. There were different opportunities available, with different perspectives on these opportunities, some of which had more political appetite – others less so. The CPC recommended that the Council develop a commercialisation strategy which sets out the agreed parameters and principles for commercialisation, to enable a clear focus for officers.

The Council now has a much clearer position on its direction around commercialisation. Whilst this does not take the form of a written strategy, the parameters for this were shared with the team consistently, verbally by those the team spoke with. Those being the commercial opportunities which are local, with a significant contribution to the wider outcomes for Sefton and within the realistic capacity available to the Council. At present this activity focusses on 4 main areas – Sefton Hospitality Operations Limited, Sandway Homes, Sefton New Directions and The Strand Shopping Centre in Bootle which was purchased before the last peer challenge in 2018 for regeneration purposes.

As these enterprises mature the Council will want to ensure that the governance for them is kept under review so it is in line with the current advice and leading practice across the sector.

The Council's revenue financial position has improved significantly over the last 2

years as a result of prudent financial planning, management and monitoring. Over this period, the Council has been dealing with the impact of COVID-19, purposefully re-building the general reserves position and investing in the improvement of children's services. General Reserves will have been rebuilt to around £15.6m (or 6.5% of Net Revenue Expenditure) during 2022 and the amount the Council spends on children's services has increased from £33m in 2018/19 to £52m in 2022/23, with no further growth planned from 2023/24 onwards.

The job is however, rarely complete when it comes to future financial planning and management and in Sefton a funding gap of £8.9m (before council tax increases) will need to be addressed in 23/24 and 24/25. Should any overspend or additional spending pressures materialise during this period, in the absence of further direct central government funding or the ability to raise further receipts via council tax this will also need to be dealt with from efficiencies and budget reductions. Like all councils, specific consideration will also need to be given to the costs relating to inflation and the potential for a larger pay award across the sector.

At the time of the previous peer challenge, the Council were developing a localities model of service delivery which had taken some of the initial steps in regards to the estate. The Council were recommended to make clear the intended form, function, accountability and pace of delivery of this new model.

Many of those the team spoke with indicated that the locality hubs had played a crucial role in supporting local communities through the COVID-19 pandemic. Partners in particular echoed these sentiments and also recognised how partnership working more generally had been such a key feature of the response to the pandemic – for example:

“The way we responded as partners to the South African variant especially showed the absolute need for us continuing to work closer together” – one partner.

Relationships with health have also improved significantly since the last peer challenge – a point which is consistent with what has been seen from other LGA peer support in Sefton, has also been seen during this process too – *“there wasn’t a chink of light between us and the Council during the COVID response”* (a health partner).

The world has changed so significantly over the last two years and since the team were last in Sefton, colleagues at the Council report that there have been incremental changes to the model. The feedback given by many the team spoke with, was that now is the perfect time to take stock of the model in light of all of this change to consider how it could and should be adapted further moving forward. This review may take into account elements such as:

- Where appropriate, sustaining relevant, new ways of working established during the COVID-19 response stage as a permanent feature of locality based working going forward.
- Dealing with the level of appetite from some members of the community / community groups in further volunteering and local community action.
- How the model aligns with the shift to the new health and social care ICP and ICS landscape as well as the opportunities available to Sefton from having the joint place lead role.
- Reflects the role of the localities model in the children’s improvement programme.
- Sustains and re-builds the pre-COVID partnership gains (e.g. locating of police in locality hubs).

Partners are clearly keen to continue working in different ways with the Council, where it helps Sefton and are encouraging the Council to take this lead. A stocktake or review of the model, done with partners can aid in this regard.

The refresh of the localities model should also look at the relationship between

localities and all ward members. The Council may wish to consider again how the localities model can be used to further help members to fulfil their community leadership roles. There are many different ways of doing this, some of which have been piloted previously here already and whilst the peer review does not advocate one specific model, it does encourage ward member involvement.

The localities model in Sefton plays an integral part of the place based early help, intervention and prevention offer which is key to demand management across the people based services. Feedback is given elsewhere in this report around performance management and early help is one area which may also benefit from further support in terms of having a timely, locally specific and well informed routine performance management arrangements. Whilst the impact of early help, is often longer term in nature and therefore difficult to see in real time, there are ways in which the impact, reach and outputs from early help can be monitored and further performance managed, given how central this is to both the needs of local communities and the budget strategy.

More generally, when speaking to members and officers of the Council the team had consistent feedback from a number of different service areas, that capacity was particularly stretched and in many ways, one of the Council's biggest challenges. In areas such as finance and legal, approaches in recent years to 'grow their own' staff appear to have paid off. Whilst the major benefits of this can take time to realise – as staff are trained, become qualified and more proficient, the benefits – especially given the capacity challenges facing many councils in similar roles, are clear.

In particular representatives from the Council consistently flagged the capacity challenges faced in children's services as well as in place based services and in procurement. It is clear that those capacity challenges – the same which challenge many if not most councils, directly impact here on two of the most key corporate priorities of the Council at this time. As difficult as recruitment and retention often is in the particular fields, the peer team would ask the Council to consider if there is anything else it could do to encourage future recruitment, retention and staff

development. The examples from finance and legal may provide one example to potentially replicate in different ways, equally the coastal lifestyle available in Sefton, which many had reflected was something that they have cherished even more over the last two years may be another way to attract new staff. There are no simple solutions to this challenge, however there may be further opportunities to explore.

4.3. Economic Growth

In terms of the Council's approach to economic growth, the Council has made great strides in this area since the team were on site in 2018. A local economic growth strategy is now in place with 6 key workstreams underpinned by various connecting projects and programmes. The impact of this is starting to be seen economically with examples shared with the team of the effect this has started to have in parts of Southport (as just one example). The Council was successful in its bid for a town deal for Southport, securing one of the largest town deals in the country. In July 2021, the Council also invested £1.4m into the refurbishment and repurposing of the Market Hall in Southport which has been seen to have a positive impact also on surrounding business interest.

Whilst prioritising economic activity can often be difficult, the impact of this can be seen in delivery. Members recognise that those areas prioritised across Sefton are the right ones and officers in these services appreciate that prioritisation, particularly in light of the wider capacity challenge, has been key to accelerating progress and subsequently generating further local interest.

The relationship that the Council now has with the Combined Authority in regards to economic growth is in a different place to what it was previously. Those from the Council and the Combined Authority working at this interface report feeling that *"we're working together as a team"*. The Council have taken purposeful steps to bring this new relationship to this point – with the Executive Director working from the Combined Authority base, 1 day per week pre-pandemic as just one example. This

brought great benefits in terms of building a new relationship and is something that should be returned to, built upon and continue wherever possible.

This improved relationship with the Combined Authority is being seen in the support for those schemes prioritised in Sefton. Examples of which include the Combined Authority covering the difference from inflated construction costs, on key schemes previously, such is their commitment to the value they present locally. Colleagues at the Combined Authority are happy to be involved more as a further sounding board to colleagues in Sefton.

The funding secured for the Southport Town Deal was nationally significant and it is clear from the feedback received by the peer team that the reason this bid stood out so much, was the extent of meaningful engagement with young people that was demonstrated. Engagement is a strength that was highlighted in Sefton at the time of the last peer challenge and something that the Council has been able to benefit from significantly, working in partnership with others. The Council are very much encouraged to take the learning from this. Utilise the local strengths in this field and consider how the same level of engagement could become a similarly key feature of other priority schemes (e.g. 'Levelling Up' in Bootle).

It is important to remember that continuous, meaningful engagement will remain important as an ongoing feature, after funding is secured. This is important with the various reference groups at key junctures as it is with local business leaders and other partners.

The Council may wish to establish a key local businesses leaders forum for example, which is an approach taken by many other areas and can play an important role in securing influence, advocacy, challenge, ideas and further connections. This can also have the effect of securing private sector social value contributions to some of the wider challenges being tackled locally.

There are already examples of the consideration of health outcomes in economic growth projects (e.g. – the new housing strategy which includes significant health input). There may be more opportunities to do this cross cutting thinking at a strategic level. How can inclusive growth, health and social value become more of a feature in the next planned refresh of the Economic Growth Strategy for example? The Council may also be able secure further social value from contracts although further capacity may be required in order to do this (noting the points raised elsewhere throughout this note around the challenges in terms of procurement capacity).

4.4. Member Development

To fit with the recommendation at the last peer challenge around developing the form and function of the localities model, which was emerging at the time, a recommendation was also made to develop the role of all members in a changing context for local delivery.

Since the last peer challenge, the Council have taken a number of steps to support member development (more widely). The Council have revised the induction programme locally for all councillors as well as the wider programme for member development following a review by the Overview and Scrutiny Management Board in November 2019. The new member development programme was launched in May 2021 and has been subsequently reviewed via a members' survey, which provides a positive view of the approach to member development now in place locally. The feedback from this survey was used to launch a refreshed offer, which was agreed at Full Council on the 21st April 2022, during the time in which the team were on-site. Members also feedback to the team about how they can see that member development has improved since the team were last on site.

There are particular examples of good practice which the team were also informed about. An example of which is the use of joint training between members of the planning committee and relevant officers. This is seen as good practice, with

additional benefits for both the members and officers involved. This may give an approach that could also be utilised in other areas / with other committees.

A cross-party member development steering group has now been established, which can give this area additional cross-party input and focus and can be a real strength for the Council. Some members flagged with the team whether more could be done to support Scrutiny members in their role. This is something the Member Development Group could look at and is also something to test further with Chairs and members of Scrutiny. The Council currently has four Overview and Scrutiny Committees, all of which are chaired by members of the ruling Labour group. The LGA would be happy to support the Council to consider support for members and Chairs of Scrutiny. This can include listening to the experience of how scrutiny currently operates, drawing on the characteristics of good scrutiny (impactful, engaging and so forth) and in light of a changing environment for local government.

The team spoke with the Council about support for senior members also and ongoing succession planning. This is not limited to the events, courses and mentoring individual members receive, but also the opportunities to be engaged in different roles within decision making – for example some councils choose to operate a Deputy Portfolio Holder roles or ‘Lead Member’ roles where appropriate.

Given the references elsewhere to ensuring that improving children’s services is a key corporate priority – looking at the ongoing offer to and role of all members, as well as those on specific committees will also play an important role.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps. The Council in this case has also already previously indicated a wish to have a full Corporate Peer Challenge in 2023 which could be used to take stock of the other wider issues not covered as part of this work.

Helen Murray is the LGA's Interim Principal Adviser for the North West and Dan Archer is the Council's lead contact at the LGA. Dan is available to discuss any further support the council requires following this progress review - daniel.archer@local.gov.uk.

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Agenda Item 8

Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	External grant funding to support the cost-of-living crisis		
Report of:	Assistant Director of Communities	Wards Affected:	All
Cabinet Portfolio:	Cabinet Member for Communities & Housing		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to provide the Cabinet with an overview of how the Council has allocated the various grants from the Department for Work and Pensions (DWP) to support residents with the cost-of-living crisis and to highlight the additional measures that have been introduced to in light of the emerging priorities.

Recommendation(s):

(1) It is requested that Cabinet note the content of the report .

Reasons for the Recommendation(s):

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

n/a

What will it cost and how will it be financed?

(A) Revenue Costs

There are no additional revenue costs identified within this report. The report captures how the Local Authority has spent the various DWP grant allocations.

(B) Capital Costs

There are no additional capital cost identified within this report

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Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
The various grants have been administered internally	
Legal Implications: none	
Equality Implications:	
None	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	No

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
The funding has been allocated in accordance with the grant guidance and existing council policies for supporting residents who are subject to financial hardship.
Facilitate confident and resilient communities:
Commission, broker and provide core services:
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director Corporate Resources and Customer Services (FD6871/22.) and Head of Regulation and Compliance (LD5071/22.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Implementation Date for the Decision

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

Contact Officer:	Steve Martlew
Telephone Number:	
Email Address:	Steve.Martlew@sefton.gov.uk

Appendices:

N/A

Background Papers

There are no background papers.

1.0 Introduction / Background

- 1.1 During the first Covid lockdown in 2020 the Department for Work and Pensions issued Local Authorities with grant funding. The grant (£1.218m) was entitled Covid Winter Grant and spend was restricted for food and affordable warmth items only. The period of the first grant was September 2020 to March 2021.
- 1.2 The grant continued from April 2021 to September 2021 (£1.153m), although was re branded as the Covid Local Support Grant. Grant stipulations remained restricted to food and affordable warmth.
- 1.3 Sefton used the majority of Covid Winter Grant/Local Support Grant to provide food vouchers to children who qualified for free school meals (FSM) over the Christmas, half term and summer holidays. Any remaining funding supported the affordable warmth and ELAS teams (Emergency Living Assistance Service).
- 1.4 In October 2021 the DWP announced a new grant called Household Support Fund (HSF) to run from 1 October 2021 to 31 March 2022. The size of the grant increased substantially (£2.435m). The grant conditions remained largely the same, but there was a greater emphasis on energy costs.
- 1.5 In April 2022 the DWP extended HSF from 1 April 2022 to 30 September and the value remained the same (£2.435m). However, the grant conditions changed with the requirement for:

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- 33% of the grant to be spent on households with children
- Up to 33% of the grant spent on households without children
- 33% of the grant to be spent on households containing pensioners.

The focus remains on food, affordable warmth, help with utility bills and other essential households' items. In addition, resources have also been allocated to develop projects designed to identify sustainable sources of food to reduce residents' reliance on food banks.

- 1.6 In deciding the priorities for spend the Cabinet Member for Communities & Housing was consulted at all stages.
- 1.7 Throughout the process the Council has been required to submit various delivery plans for approval by the DWP who have also received regular monitoring reports. At all stages, plans have been agreed by the DWP and the grants have been spent in accordance with the relevant internal and external control measures and grant guidelines.
- 1.8 The DWP have informed LAs that HSF will continue from 1 October 2022 although no further details have been released with regards to grant conditions or values.

2.0 Grant Expenditure Profiles

2.1 Covid Winter Grant

Table 1 shows how Covid Winter Grant was used.

Item	Value
Free School Meals	£652,536
Affordable Warmth Team	£145,737
ELAS	£206,336
ASDA Vouchers	£75,706
Small Projects – Baby Baskets, Vouchers for Family Well Being Centres, Food parcels for Light for Life, etc	£71,187
Admin & Management	£66,067
Total	£1,217,569

2.2 Local Support Grant

Table 2 shows how Local Support Grant was used.

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Item	Value
Free School Meals	£944,700
ELAS	£128,039
Affordable Warmth Team	£23,118
Admin & Management	£57,639
Total	£1,153,496

2.3 Household Support Fund – October 2021 – March 2022

Table 3 shows how HSF for the period was used

Item	Value
Free School Meals	£1,300,625
ELAS	£619,210
Foodbank – contribution to foodbanks	£35,000
Winter safe packs – contribution to Merseyside Fire & Rescue Service to provide packs to households	£20,000
Affordable Warmth Team	£65,634
Energy Project Plus – provide meter top up vouchers to be distributed by Energy Project Plus	£11,000
ASDA vouchers	£162,000
CVS Winter Coat project – to provide 480 winter coats	£48,000
Winter Pyjamas distribution via Family Well Being Centres	£6,000
Admin & Management	£167,905
Total	£2,435,111

2.4 Household Support Fund – April 2022 – September 2022

Table 4 shows how HSF for the period is programmed to be spent.

Item	H/Holds with Children	H/Holds without Children	Pensioners	Admin & Mgt	Total
Free School Meals	£917,385				£917,385
Uniform	£57,670				£57,670
Council Tax Reduction Claimants			£822,000		£822,000
ELAS		£390,000			£390,000
Foodbank		£30,000			£30,000
MFRS Risk Packs		£20,000			£20,000
Affordable Warmth		£18,000	£18,000		£36,000
Energy Project Plus		£10,000	£10,000		£20,000
Admin & Management				£142,056	

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Sustainable food projects					
Total	£975,055	£468,000	£850,000	£142,056	£2,435,111

3.0 The Future of the Household Support Fund

- 3.1 As previously highlighted the DWP have informed LA's that HSF will continue for the second half of the year although no details have been received.
- 3.2 Feedback from LAs to the DWP colleagues is that the continual 6 monthly allocation of funding is not helpful for longer term, more sustainable commissioning.
- 3.3 Most LAs are using HSF for similar projects which is reactionary to the problems our residents are facing rather than being used for a more proactive, prevention and intervention focus.
- 3.4 It is likely that future HSF will be spent on similar projects to support our communities during the winter of 2022/23. As in all previous cases the Cabinet Member for Housing and Communities will be consulted with before spend is agreed/committed.

4.0 Additional pressures & support measures

- 4.1 In recognition of the scale of the cost-of-living crisis and emerging pressures, additional time limited support services have been introduced. These emerging pressures include the significant increase in requests for support from the Councils Emergency Limited Assistance Service and support with access to housing and welfare and benefits. In light of these pressures, it has been possible to introduce additional time limited support to residents utilising both core funding and external grant aid.
- 4.2 In deciding the priorities for spend the Cabinet Member for Communities & Housing has been consulted all stages.
- 4.3 Additional support includes the introduction of a Housing Options Researcher post based within the Housing Options Team to carry out a triage service for people contacting the service. The service is currently receiving around 2000 calls a month, which is approximately 120 a day, many of whom need signposting to another service.
- 4.4 Officers have also aligned the Welfare Rights Team with our Housing Options Team to support the many residents who are approaching the service having encountered financial difficulty due to the cost-of-living crisis. In addition, a Money Advisor post has been introduced to provide advice to those threatened with homelessness to prevent homelessness taking place.
- 4.5 Also due to the huge demand on the homelessness service the homeless prevention element of our work has been overtaken by homeless presentations. In April 2021 there were 201 homeless presentations, the highest number in the last 12 months. To respond to this increased demand , a Housing Options Prevention

Officer has been introduced. This post, working in conjunction with the wider team, will hopefully help with capacity to carry out more prevention work and slow the number of presentations down and reduce the pressure on temporary accommodation.

- 4.6 Additional support to residents is also being provided by partner's Light for Life who currently provide a valuable service in Southport and from July will provide the same service in Bootle. They offer housing advice and carry out homeless prevention work on the Councils behalf. They also offer much more in terms of rough sleeper outreach, work with people with No Recourse to Public Funds as well as offering a multi-agency / disciplinary hub in Southport.

5.0 Summary

- 5.1 The Council has been allocated a number of grants by the DWP to focus on supporting residents with food and affordable warmth. We have maximised the use of these grants in delivering a number of projects. The Council has also used both core budgets and external grants to support the wider pressures that the cost-of-living crisis has placed upon residents and support services.

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Agenda Item 9

Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	High Needs Funding 2022-23 Quarterly Monitoring Update		
Report of:	Executive Director of Children's Social Care and Education	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Education		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform Cabinet of:

1. The current position relating to the 2021/22 High Needs Outturn forecast.
2. The monitoring position of the High Needs budget position at the 1st June 2022 as per previous agreement to provide update on a quarterly basis:
 - The Dedicated Schools Grant – High Needs funding allocation for 2022/23
 - The forecast expenditure to year end based on current / anticipated Special Educational Needs and Disabilities support required during 2022/23.
3. Update on the 2022/23 Special Educational Needs Review / Sufficiency Programme aimed at bringing High Needs expenditure pressures back into a more manageable financial position in the future.

Recommendation(s):

That Cabinet is requested to:

Dedicated Schools Grant – High Needs Budget

- 1) Note the current position relating to the High Needs Outturn forecast for 2021/22.
- 2) Note the current forecast position relating to the 2022/23 High Needs Budget.
- 3) Recognise the financial risks associated with the delivery of the 2022/23 High Needs budget and acknowledge that the forecast outturn position will continue to be reviewed / reported to cabinet on a quarterly basis to ensure a more sustainable financial position can be achieved in the future.

Update on the 2022/23 Special Educational Needs Review / Sufficiency Programme

- 4) Note work undertaken in the implementation of the new High Needs Funding Model for Special Educational Needs and Disabilities placements in Special Schools and Alternative Provision Schools from April 2022
- 5) Note changes to Special Educational Needs and Disabilities placements for September 2022, both in Sefton and out of Borough.
- 6) Note and endorse the Capital Funding Plan (Section 7) for 2022 - 2024 and the

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work being undertaken to ensure future Special Educational Needs and Disabilities placements and support can be delivered effectively, in-house where possible, within future High Needs budget allocations.

- 7) Consider the proposal to reinstate the previous High Needs Funding system whilst the Delivering Better Value (DBV) programme is ongoing.

Reasons for the Recommendation(s):

- 1) To ensure Cabinet are informed of the forecast outturn position in relation to the 2021/22 High Needs budget and the accumulative deficit position being carried forward against the Dedicated Schools Grant budget.
- 2) To provide an updated forecast financial position of the 2022/23 High Needs budget.
- 3) To ensure that the Special Educational Needs and Disabilities Review / Sufficiency programme can progress to provide sustainable and effective Special Educational Needs and Disabilities support for Sefton pupils within the available resources allocated through the Dedicated Schools Grant – High Needs Block.
- 4) To give settings more support through high needs funding which will likely reduce the requests for Education, Health and Care needs assessments.

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

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

All financial implications are contained within the report

(B) Capital Costs

All financial implications are contained within the report

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): All implications are detailed in the report	
Legal Implications:	
Equality Implications: There are no equality implications.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for	Y

report authors		
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Contribution to the Council’s Core Purpose:

Protect the most vulnerable: allows a Sefton wide focus on educational support for children with Special Educational Needs and Disabilities
Facilitate confident and resilient communities: Proposals allow greater localised control and focus on the Special Educational Needs and Disabilities requirements of the borough of Sefton in the review and delivery of Special Educational Needs and Disabilities Specialist Education Placements and Support Services
Commission, broker and provide core services: Proposals strengthen the role of Strategic Special Educational Needs Commissioning at a Sefton borough level and encourages greater collaboration with in-house Special Educational Needs and Disabilities Settings for better outcomes for children
Place – leadership and influencer: Proposals set out the road map for greater local control of Special Educational Needs demand / provision by the Council
Drivers of change and reform: Proposals allow for a Sefton wide focus on educational inequalities in provision for children with Special Educational Needs and Disabilities
Facilitate sustainable economic prosperity: Proposals allow for a broader financial focus on the borough of Sefton for education Special Educational Needs support
Greater income for social investment: Proposals allow for a broader financial focus on the borough of Sefton for education Special Educational Needs support
Cleaner Greener: The creation of more local in-house Special Educational Needs provision should reduce Special Educational Needs and Disabilities home to children’s transport journeys and so reduce carbon emissions

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director Corporate Resources and Customer Services (FD. 6829/22) and Head of Regulation and Compliance (LD.5029/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Implementation Date for the Decision

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

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Appendices:

- 1) FAQs for Delivering Better Value Programme
- 2) Self-evaluation against high needs funding guidance
- 3) Finance
- 4) Alternative support in mainstream
- 5) Mainstream High Needs Funding and Pupil Numbers

Background Papers:

Council Report - High Needs Funding Update January 2022

1. Introduction/Background

- 1.1 Through the current High Needs review, a key feature was to develop a new funding model for High Needs Funding placements that was transparent, right-sized Special School budgets and provided stability for in-house placements. In January 2022, Council approved the implementation of new High Needs funding model from April 2022.
- 1.2 Although the new funding model addresses the key actions required within the review, the cost of implementing the new funding model may increase the projected High Needs Funding Block deficit by up £2m per year from 2022/23 subject to increases in central government funding, however this was still considered to be a more favourable financial outcome for the council than if the changes were not approved.
- 1.3 A further report was reported to February 2022 Cabinet by the Director of Children's Social Care and Education providing further information on the future high needs funding allocation and the latest advice on funding methodology and the treatment of deficits held by Councils.
- 1.4 This report provides an update on the forecast High Needs budget outturn position for 2021/22, including the projected accumulative deficit position on the High Needs Block. It also contains proposals for supporting children and young people within mainstream and maintained school placements through alternative funding methods and utilising the Special Educational Needs and Disabilities Capital funding to future proof placements and address sufficiency requirements..
- 1.5 Members are provided with the first quarterly update of the forecast financial position for the High Needs budget for the 2022/23 financial year from June 2022.
- 1.6 The Executive Director Corporate Resources and Customer Services has provided Members of the latest estimate of High Needs capital expenditure for 2021/22, the new High Needs grant allocations for 2022/23 and 2023/24 and forecast expenditure for 2022/23 and 2023/23 within the Quarterly Capital monitoring report. The development and deployment of the High Needs Capital programme is essential in supporting Special Educational Needs sufficiency

programme.

- 1.7 This report also provides an update on proposals in relation to managing the High Needs Funding support to schools and the sufficiency plans for the Local Authority to ensure that there are an appropriate number of maintained specialist placements available to meet demand. This includes plans for Capital investment, how this will be funded and how the programme will be monitored.
- 1.8 This report needs to be read in the context of the recent Department for Education announcements about the Delivering Better Value Programme that Sefton will be taking part in from Autumn 2022. This programme is intended to support Local Authorities with a significant deficit in their High Needs Budgets to be more able to manage within budget after the 2-3 year programme and support from Department for Education Advisors has concluded. Further information regarding the programme is available in Appendix 1.
- 1.9 This report should also be read in the context of the recent Special Educational Needs and Disabilities Green Paper Consultation, which proposes the concept of a national banding and funding framework to ensure consistency of placement costs across the entire country. The implementation of such proposals (timeframes have not yet been established if this is to be implemented) will have a wider, longer term impact upon the High Needs Budget in the future.
- 1.10 On the 23rd June 2022, a letter was issued by Will Quince regarding guidance on managing high needs budgets following research carried out with 10 local authorities that are seen to be managing their high needs budgets more effectively, with the intention of identifying positive practice that can be transferred to other areas. A self-assessment has been carried out against the 10 recommendations from the report and this will be used to inform discussions as part of the Delivering Better Value. The full report can be see here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1084458/DFE_HIGH_NEEDS_FUNDING_Budget_case_study_report.pdf
- 1.11 In this situation the Council has 2 objectives:
 - i) To provide a first class service in accordance with best practice and government advice and support those who need it; and
 - ii) To ensure that this service is financially sustainable, with the Council's annual expenditure being within government funding that is allocated and in addition repays the deficit owing.

2. High Need Outturn Position 2021/22 at March 2022.

- 2.1 In February 2022 Cabinet was informed that the 2021/22 High Needs Budget was estimated to be overspent by -£3.2m, which when added to the accumulated deficit being held against the Dedicated Schools Grant High (DSG) Needs budgets of -£8.249m would increase the financial deficit position up to -£11.45m.

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2.2 The final High Needs Budget overspend for 2021/22 has increased by £1m and closed at a -£4.2m overspend. This was largely due to extra pupil placements that had not been captured in the last High Needs report. The Special Educational Needs Team has faced unprecedented levels of Education, Health and Care Assessments over the past 12 months, leading to a higher than predicted number of pupils requiring specialist placements at a point where there were no maintained spaces available in Sefton. This resulted in higher than anticipated need for Independent provision. This increased the accumulative High Needs deficit position being carried forward into 2022/23 to -£12.45m.

2.3 Sefton High Needs funding increased by £4.973m (+13.83%) in 2022/23 although the overall increases available to support Sefton's High Needs commitments is smaller due to deductions of -£0.738m for the direct payment for places at Independent / Non-Maintained special schools and Colleges of Further Education paid directly by the Education and Skills Funding Agency.

3. Sefton's High Needs Funding / Budget position 2022/23

- 3.1 Despite this increased level of funding in 2022/23, the initial budget forecasts indicate that this will not be sufficient to meet the additional cost pressures on High Needs this year.
- 3.2 The base High Needs Budget forecast is showing an overspend of -£1.5m in 2022/23. This is due largely to the full-year effect of High Needs placements from 2021/22 along with the implementation of the new High Needs Place funding formula for Special Schools; Pupil Referral Units and Resourced Units, approved by council in January 2022.
- 3.3 In addition to the base forecast of a £1.5 million deficit, the number of children requiring specialist Special Educational Needs and Disabilities placements is projected to increase by 53 in September 2022. The budget forecast for 2022/23 does not include any commitments to support this increase in demand.
- 3.4 There are currently no internal placements with Sefton Schools to accommodate this additional demand and so if the children are placed Out of Borough in Independent Schools it could increase the deficit in 2022/23 by a further £1.8m – (full-year £3.1m)
- 3.5 To mitigate costs by increasing capacity within Sefton it has been agreed to rent 3 additional temporary classrooms from September 2022 along with minor building works to several existing classrooms using the High Needs capital budget. This work will create 45 additional placements. The additional cost of the internal placements is estimated as £810-900,000 which is £900-990,000 less than if the children were placed Out of Borough. However even with this measure, this would mean that an initial updated forecast for the 2022/23 budget would mean a projected deficit of -£2.3-4 million. A deficit outturn position on the High Needs budget of £14.7-£16.4m would be in place should this position materialise. At this stage it is not considered that any further options exist to mitigate this increase in year however this will continually be tested and will be a key subject within the first discussion in the Delivering Better Value Programme.

4. Mainstream support – Current position

4.1 A review of high needs funding in mainstream schools took place to establish best practice across other Local Authorities and develop a system which meets the needs of children and young people in Sefton. The focus of the proposed new system was to develop a framework which meant there is less reliance on 1:1 support in schools. A group funding model is available for schools to apply for in order to creatively meet the needs of the pupils in their settings.

4.2 The Inclusion Service has been developing its support offer to mainstream schools which will be finalised and shared with schools ready for the Autumn Term 2022. This will set out to schools the support available from the Autism Spectrum Disorder/Social Communication Team, the Inclusion Consultant offer, Sensory Team support (hearing and visual needs) and social, emotional and mental health support. The intention of this offer is to support schools in providing appropriate placements for children in mainstream schools with the intention of reducing the demand for Education, Health and Care assessments and the Education, Health and Care Plans that are produced as a result. This would in turn assist in reducing the pressure upon special school placements as highlighted below in Section 6.

4.3 As discussed above, it is evident that the freeze on new mainstream High Needs Funding has had an impact on the number of Education, Health and Care needs assessments that have been requested putting increased pressure on the Special Educational Needs Team. Further, the 20 week period where an Education, Health and Care needs assessment takes place prior to being able to apply for funding has likely contributed to placements breaking down and subsequent requests for specialist provision. In the research discussed in 1.10, it is highlighted that in the authorities whereby there is a mechanism to apply for High Needs Funding without the need for an Education, Health and Care Plan, the numbers of Education, Health and Care Plans have reduced over the past 3 years. The freeze on High Needs Funding was intended to be a short term solution whilst the review was ongoing however considering the length of the Delivering Better Value programme it is proposed that the previous system is reinstated giving settings the option to apply for High Needs Funding as part of their graduated approach.

4.4 Appendix 3 sets out the breakdown of the funding figures and pupils numbers receiving High Needs Funding over the past 4 years with total figures and a split between Pre-Education, Health and Care Plan figures and the figures for those funded with an Education, Health and Care Plan. In contrast with the research highlighted above, the figures show the inverse trend since the High Needs Funding was frozen in 2020. The number of Education, Health and Care Plans funded in mainstream has risen significantly since that time, reflecting the rise in Education, Health and Care Plans in general during that same period. Whilst the funding levels for pre-Education, Health and Care Plan children has decreased slightly during the time period since the High Needs Funding freeze the funding levels for those with

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Education, Health and Care Plan funding has increased significantly outweighing any benefits from the freeze on pre-Education, Health and Care Plans.

4.5 Additionally, as an unintended consequence of this action, the Special Educational Needs Team has faced significant capacity issues over the past two years with the increase of Education, Health and Care requests affecting timeliness of assessments due to the volume now involved. This has also had a detrimental impact on the capacity of the Educational Psychology Service and the time spent by schools on Education, Health and Care requests. Whilst no clear causal link can be evidenced there must also be some caution placed on how many additional special school placements have resulted from this freeze, as pupils who could have had their needs met pre-Education, Health and Care Plan with funding have instead gone through the Education, Health and Care process and had conversations resulting in a parental preference for specialist placement that otherwise may not have been the case had they received funding support pre-Education, Health and Care Plan.

4.6 As a result of this it is recommended for Cabinet to agree to unfreeze the High Needs Funding for mainstream schools whilst the Delivering Better Value Programme takes shape over the next 3 years and enable a highly structured and supportive pre-Education, Health and Care Plan High Needs Funding programme to be implemented for mainstream schools to access.

5 Mainstream Support - Developing alternative support mechanisms

5.1 As part of the work to provide more support and flexibility to mainstream schools, just under 18 months ago the Local Authority commenced a group funding approach to supporting need. This has been in place across a small number of mainstream settings over the past academic year, enabling the schools to deliver more bespoke group support to pupils with high levels of need rather than the traditional option of providing a 1:1 teaching assistant to a child. National studies had reported that the impact of a 1:1 teaching assistant on a pupil's outcomes can be limited. In financial terms it has also increased budgetary pressures upon both the Local Authority High Needs Budget and schools' own budgets, requiring schools to contribute £6000 for every child and the Local Authority to then top up that amount by up to £9-10k per child to provide the 1:1. The group funding approach has instead been more flexible, enabling both schools and the Local Authority to generate savings whilst at the same time provide more tailored, small group support to children. The model varies between schools depending on the needs of the children with a number of primary schools and 1 secondary school engaging to date with this approach.

5.2 The impact is being measured and schools have begun to submit reports to demonstrate this.

5.3 The number of children and young people with social, emotional and mental health difficulties is rising across the country. This is leading to an increase in

children and young people who are unable to attend education. To support this, teams within Education Excellence are developing a graduated approach to meeting this need which will support better educational outcomes as well as addressing some of the sufficiency difficulties with regards to specialist provision for Social, Emotional and Mental Health difficulties.

6 Specialist Placements, sufficiency proposed and current projects

6.1 As described previously in this report, the strains placed upon the High Needs Budget originate not just from funding models as addressed in the preceding two sections, but also from the cost of Independent out of Borough specialist placements, the majority of which are due to a lack of sufficient maintained places within Sefton special schools and resourced provisions. This lack of spaces has resulted from the significantly increased number of Education, Health and Care Assessments and resulting Education, Health and Care Plans that have been processed over the past 7 years since the Children and Families Act 2014 came into force.

6.2 This increase is demonstrated by the table below which reflects the year on year change in Education, Health and Care Plans in just the Reception year of schools since 2018:

Year started in reception	Numbers with Education, Health and Care Plan	% Resourced/ specialist	% Mainstream
2018	19	79	21
2019	23	65	35
2020	30	73	27
2021*	33	58	42
2022**	87	52	22

*There have been 5 requests for change of placements from mainstream this academic year as the placement has broken down bringing the resourced/specialist percentage to 72%

**There are a number of children still undergoing Education, Health and Care needs assessment hence the incomplete figures. It is estimated that at least another 15% will be placed within specialist or resourced provision

6.3 Sufficiency work carried out in Summer 2021, shows a projected shortfall in specialist places for children and young people with Autism Spectrum Disorder (32) for year 7 spaces, and for Social, Emotional and Mental Health difficulties (SEMH) (up to 817) from 2022-2026. It must be stressed that for all of these forecasts and for the SEMH population as a whole particularly, these figures are very much worse case scenario forecasts with no change to current trends.

6.4 If the shortfall in specialist places is not addressed through increasing placements within the maintained schools in Sefton, this will result in further increased independent placements at a high cost per placement. As an example, one place in an Independent provider for a pupil with Autism Spectrum Disorder can cost a minimum of £70,000 with costs often higher than this. If the 32 Autism Spectrum

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Disorder places are provided in that way it would result in an increased cost of £2.24million per annum.

Current Capital Projects for 2022/23

- 6.5 In order to address this sufficiency concern, the Local Authority will need to invest in Capital projects to increase the capacity within existing Sefton schools to enable them to provide more placements, and then further increase commitments within the High Needs Budget to fund those places year on year. This funding should come from increases in central government annual budget allocations and would support financial sustainability as opposed to any additional funding merely being used for expensive out of borough placements.
- 6.6 Part of this process has already commenced to increase capacity for September 2022 as described below. This includes the use of portacabins and internal adjustments to current spaces.
- 6.7 It was expected that the Grange would have additional capacity in September 2022 for an early years/key stage 1 Social, Emotional and Mental Health provision however discussions are ongoing and therefore this project is included within the recommendations for inclusion in the 22/23 and 23/24 capital plan.

The following projects have previously been agreed from revenue funding or Special Educational Needs and Disabilities capital funding from 21/22.

Name of setting	Area of need	Number of places
Rowan Park	Autism Spectrum Disorder /Severe Learning Difficulties	6-8
Rowan High	Autism Spectrum Disorder	8-10
Crosby High School	Moderate Learning Difficulties	10-13
Redgate Primary School	Complex Learning Difficulties	6-8

Future Capital Projects for consideration for approval

- 6.8 As part of this report Cabinet are requested to endorse a number of Capital Projects as set out below all of which will be approved in accordance with Financial Procedure Rules. These are all in line with identified sufficiency requirements from September 2022 onwards.
- 6.9 In line with sufficiency work, the LA must increase the number of specialist places available for children and young people with Social, Emotional and Mental Health difficulties. With the confirmed closure of St Teresa's, the Local Authority is working with the archdiocese to modify the building to create a satellite for Newfield School. The site would be tailored for key stage 1 and 2 children with

Social, Emotional and Mental Health difficulties. There are ongoing discussions around the lease and as such detailed costings have not been provided yet hence the approximate costings. This is crucial not only for the increasing need within the younger cohort but also due to the large number of young people in Key Stage 3 and 4 who are being educated in out of borough placements due to Newfield being full. Utilising the St Teresa's site would free up spaces on the main site.

- 6.10 The Grange Primary School has resourced provision for children with Social Emotional and Mental Health from Key Stage 2 and could accommodate a further class for Early Years/Key Stage 1. It is important that there is equity in provision in the north and the south as transport costs and time must be taken into account.
- 6.11 It is proposed that the Complimentary Education service will move into Litherland Moss Primary School to be able to expand the service to meet the needs of the increasing children and young people with significant anxiety which means that there will be an enhanced offer for proactive work to be carried out. Further to this, there is ongoing exploration of registering Complimentary Education as a school to give the option of full time education where appropriate.
- 6.12 Freshfield Primary School have resourced provision for children with Autism Spectrum Disorder. With an additional classroom, they could support an additional 6-8 pupils (dependent on the needs of the children) at Early Years/Key Stage 1 age.
- 6.13 Rowan High and Presfield have proposed a bespoke post-16 provision for young people with Autism Spectrum Disorder which aims to provide greater post 16 choice, bespoke to students needs and build resilience and increase independence. Running costs have been provided but capital costs are yet to be explored. This would create up to 62 spaces.
- 6.14 Rowan Park and Crosby High are temporary solutions to the increase in need for September 2023. Portacabins are being used to accommodate extra classes which are on 5 year leases. It is recommended that a long term solution is built into the below projects.
- 6.15 The LA has allocated £210,000 to Formby High from the capital funding in 21/22. Formby High have put forward a further proposal for a new block within the school which will support up to 40 children with Special Educational Needs and Disabilities. They have demonstrated that they are able to meet the needs of complex children and young people who would have otherwise been placed in specialist or resourced provision.
- 6.16 Rowan Park have worked to develop a proposal for a further 6 children with profound and multiple learning difficulties (PMLD) through making adaptations to a current classroom. The funding has been committed from the Special Educational Needs and Disabilities Capital Funding via a project agreement.

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6.17 Marshside Primary School have identified a cohort of children with complex Autism Spectrum Disorder needs joining their Reception class in September 2022. These children already have high levels of support in their current nursery settings and will require similar levels of support in Marshside. Rather than attach a 1:1 Teaching Assistant to each pupil the school have instead opted to create a bespoke group provision for the cohort with the support of the Autism Spectrum Disorder/Social Communication Team and the Inclusion Consultants. This will require some building adaptation to repurpose an existing room in the school to accommodate them costing £25,000.

6.18 Below is a table of the proposed plans to be considered.

Date	Name of setting	Area of need	Number of places	Capital costings
September 2022	Rowan Park	Profound and Multiple Learning Difficulties	6	£17,000
September 2022	Marshside Primary School	Autism Spectrum Disorder	7	£25,000
January 2023	Newfield (St Teresa's)	Social, Emotional and Mental Health	28	Approximately £500,000
January 2023	The Grange*	Social, Emotional and Mental Health	8-10	£45,687
Spring 2023	Complimentary Education	Social, Emotional and Mental Health	TBC	Approximately £500,000
September 2023	Freshfield Primary School	Autism Spectrum Disorder	6-8	£331,903
September 2024	Rowan Park (permanent build for portacabin)	Autism Spectrum Disorder	6-8	£521,000 (approximate based on previous projects)
September 2024	Crosby High (permanent build for portacabin)	Moderate Learning Difficulties	10-13	Cost tbc**

September 2024	Rowan High and Presfield 6 th Form	Autism Spectrum Disorder	72 (by year 3)	Cost tbc**
TBC	Formby High	Complex Learning Difficulties	Up to 40	£210,000

*Revenue costs of £52,187 plus annual rental of £35,880 for a 5 year lease

** Work is ongoing to establish these costs

As each capital proposal is developed consideration will be given to not only the capital costs and ongoing revenue costs, but also the annual impact on the high needs budget with the aim of the council moving to a position of living within its means on an annual basis. Further detail will then be provided on the impact on the overall high needs deficit.

Future Project Planning

- 6.19 Further to the above plans within the current Special Educational Needs and Disabilities Capital Funding, from September 2025, there will be a cohort of children transitioning to secondary school from primary Autism Spectrum Disorder resourced provision who will likely require a provision which can meet the needs of children with Autism Spectrum Disorder and/or Severe Learning Difficulties. Sefton’s current provisions which cater for these pupils (Rowan Park and Merefield have no space to accommodate these pupils). Further tracking work will be required to evaluate the impact of the support in place now as well as the impact of the pandemic and planning will need to take place with the primary schools as well as Rowan Park and Merefield to ensure appropriate provision is planned.

7 Evaluation of sufficiency plans

- 7.1 The proposals in 6.9, 6.10 and 6.11 will create a minimum of 36 places for children and young people with Social, Emotional and Mental Health difficulties. The proactive work that is starting in Educational Excellence will be preventative work to avoid more children and young people needing specialist provision. This will in turn lead to more pupils being supported within their communities and lower annual costs than would otherwise be the case under the current provision that is available.
- 7.2 The proposals in 6.12 and 6.13 would create up to 70 places in Autism Spectrum Disorder provision meeting the current sufficiency concerns
- 7.3 As highlighted in the paper [“High needs budgets: effective management in local authorities”](#), data is key to being able to adequately plan for future need and whilst a piece of work has taken place around this, further work is taking place around the data systems available in order to support the planning of need going forward. It is acknowledged that Special Educational Needs and Disabilities is a changing landscape and flexibility will always be required, particularly as the effects of the

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pandemic on children and young people are fully realised however a robust method of trend analysis will be important in having sufficient provision in place.

8 Monitoring and Review

- 8.1 The progress in relation to sufficiency, mainstream inclusion and the impact on the High Needs Budget will be monitored through existing management reporting processes. Service Managers for Special Educational Needs and Disabilities and Inclusion will report to the Assistant Director for Education who in turn will ensure regular reporting to ELT and Cabinet. A quarterly report to Cabinet is already agreed to be in place and will continue to provide a mechanism to ensure that the Leaders of the Council remain fully informed.
- 8.2 In terms of rigour for special school placement, the Special Educational Needs Team already have a Complex Cases Panel consisting of the Senior officers and the Service Manager for Special Educational Needs and Disabilities that oversees any independent placements to ensure that all maintained options have been exhausted before such a placement has been agreed. This will continue to operate to ensure that such rigour remains in place.

9 What will success look like?

- 9.1 As previously stated in Section 1.11, in this situation the Council has 2 objectives:
 - i) To provide a first class service in accordance with best practice and government advice and support those who need it; and
 - ii) To ensure that this service is financially sustainable, with the Council's annual expenditure being within government funding that is allocated and in addition repays the deficit owing.
- 9.2 In order to fulfil these objectives, success will look like as set out below.
- 9.3 Children and young people are supported within their local area and good outcomes are demonstrated. Pupils are well supported within their local mainstream school where appropriate and there is a quality offer of support available for pupils and settings.
- 9.4 The group funding model is utilised by an increasing number of schools to reduce the need for reliance on 1:1 support, thereby improving provision and outcomes for those children and as an additional success factor, reducing the overall burden on the High Needs Budget.
- 9.5 As a result of increased inclusion within mainstream and the creation of further maintained specialist placements, Sefton Council will have a sufficient number of maintained specialist Special Educational Needs placements available that are appropriate to meet the demands for specialist provision based on current and forecasted numbers.

- 9.6 Such placements will be appropriately resourced to enable children and young people to be successfully supported within Sefton's own schools and providers, reducing the demand for more expensive, independent out of borough provisions.
- 9.7 Over a 4-5 year period there is a reduction of pressure on the High Needs Budget with the Council moving to a position of financial sustainability and being able to live within the set budget year on year. It should be noted that the move to financial sustainability will take this period of time to take effect. Increasing inclusive practice within mainstream settings will include changes to culture and practice which can take a period of years to take full effect for the difference to be felt in terms of the numbers remaining within mainstream and not requiring specialist placements. Initial investment into additional maintained special school places will also increase the pressure on the High Needs Budget in the short term. However, this increase will be relatively much smaller than if those places had instead been allocated to independent settings as set out in Section 3 above. Similarly, when High Needs Funding becomes available before an Education, Health and Care Plan, there will be an initial surge in mainstream schools applying for the funding as it becomes available and there will be an increase again in funding allocated to mainstreams pre-Education, Health and Care Plan. However, over a period of 12-18 months there should then be a decrease in the amount of funding with Education, Health and Care Plans in mainstream as more pupils had had their needs met at an earlier stage in the process. This should then also produce a plateau in the numbers of children requiring specialist provision rather than the year on year increases currently being seen. As increasing numbers of children remain within the maintained mainstream and specialist sectors over the years and the number moving to independent places reduces, then the pressure on the High Needs Budget will start to reduce, moving to a position of financial sustainability at the end of that cycle.
- 9.8 This paper therefore sets out the strategic approach to meeting the sufficiency requirement and how these plans provide better value for money and are cheaper than external provision which would be the only option should these proposals not take place. Having provided members with visibility on these, this strategic approach will be shared with the Delivering Better Value Programme and any further proposals will be developed that can support the council's stated objectives. In addition, following this report, a detailed 5-year budget forecast will be developed that will outline the forecast annual position and impact on the high needs budget deficit and this will be reported in the next cycle. This report suggests that a period of 4-5 years maybe required to reach an annual break even position, however the aim of the Delivering Better Value Programme is to get to that position in 2-3 years therefore that will be the subject of discussion as to how these can align and improvements be made to accelerate the programme.
- 9.9 Members will recall through previous budget reports and reports on High Needs Funding that clarity has been sought from Central government over a number of years as to how High Needs Deficits should be treated by councils. The fact that deficits exist and that a number of councils are on the Department for Education

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Safety Valve project (for those councils with the highest deficits) and nearly one third of councils in England are working with the Delivering Better Value Programme (for those with substantial deficits) reflects the scale of the financial problem. Firm guidance has yet to be provided as to how these deficits should be treated and how they should be 'paid back' or 'met'.

- 9.10 The proposals contained within this report will further improve the system that impacts the High Needs Budget and over time will lead to financial sustainability. This will be supported by the Delivering Better Value Programme which aims to support councils in achieving annual sustainable budgets within a 1-3 year period. In the event however that central government changes the current ringfence around the High Needs Budget and councils are required to meet this from the general fund budget or reserves then the proposals within this paper will need to be revised in order that financial sustainability is reached in a shorter time period to protect the councils wider finances as meeting a £12m deficit (end of March 2022) will require significant decisions to be made by the council. As such if the protection currently offered to this budget changes, the council will also need to change its approach. At present there is a suggestion that this ringfence will be removed in March 2023 however the council is advised that this will be the subject of ministerial discussion during the autumn that will lead to decision. As soon as this is received this will be reported as part of this quarterly cycle to both cabinet and council

10 Risk of no action

- 10.1 Should the decision be taken not to approve the recommendations within this report there are several risks which should be fully considered by Cabinet.
- 10.2 The paramount risk is loss of learning for children and young people. There are currently not enough spaces locally both within maintained and independent provision for pupils and this could result in a number of children out of school.
- 10.3 Having pupils either out of school or inappropriately placed could have a huge impact on the council's reputation with large amounts of tribunals, complaints and risk of press involvement.
- 10.4 If the recommendations are not approved there is a risk of council services being unable to meet their own aims and objectives in relation to supporting children and young people in their local settings, and also in being unable to meet the proposed aims and objectives set out in the Special Educational Needs and Disabilities Green Paper.
- 10.5 Financially, the risk of no action means that children and young people will continue to require large numbers of places in specialist provision. If no maintained provision is created and if spaces are available in independent provision then the Local Authority would have no choice but to place children in

these settings. A placement in an independent provision for 1 year can range from £27,500 to over £100,000, with the average currently approximately £53,000 per year. This would be at an additional cost of over £8 million per year. This would add to the annual budget deficit, in turn meaning that the Council will not reach a position of financial sustainability for its High Needs Budget. This in turn could compromise the overall financial management of the Council.

11 Next Steps

- 11.1 The recommendations within this Cabinet Report are the initial steps in the work to ensure that Sefton Council has a long-term strategy in place around Inclusion and Special Educational Needs and Disabilities and to reach a position of financial sustainability. The following steps will follow on from this report to continue the work towards this position.
- 11.2 Further support for Special Educational Needs Coordinators around group funding (and if approved by Cabinet funding availability before an Education, Health and Care Plan) will be put into place and the inclusion offer will be implemented from the Autumn Term 2022. This will include the drawing up of an Inclusion Strategy for Sefton.
- 11.3 The Local Authority will be engaging in the Delivering Better Value Programme in the autumn of 2022. An initial 6-month analysis and review period will be followed up with a 2–3-year implementation based upon its findings.
- 11.4 The impact of the Special Educational Needs and Disabilities review will be evaluated following the Green Paper consultation and any subsequent changes to legislation. The exact timeframes on the implementation of national changes after the Green Paper currently remain unclear, although work will be undertaken to ensure the Council works towards the proposals made in the consultation so as to be in as strong a position as possible in anticipation of the changes to be made.
- 11.5 The impact of this area of need will be felt within the next 4-5 years and planning for this area will need to be prioritised as an immediate follow on to this current sufficiency plan to ensure the Council is prepared for this. Data systems need to be developed in order to be able to provide accurate forecasting for future need. Work is due to start on this with colleagues in data and ICT services. Forecasting will initially be difficult in the coming years as we seek to understand the long-term impact of Covid on children and young people.
- 11.6 Due to the scale of the work required to take place in terms of Capital, it is recommended that a Special Educational Needs and Disabilities Capital working group is established to monitor the progress of the plan. Work is ongoing to establish full costs for the projects. This should include a range of partners to ensure strong multi-agency and coproduction working

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Appendix 1- FAQs for Delivering Better Value (DBV) Programme stakeholders

What is the Delivering Better Value programme?

The new Delivering Better Value programme will provide dedicated support and funding to 55 local authorities. We have been selected as one of those authorities and will receive support to reform our high needs systems with the aim of improving delivery of Special Educational Needs and Disabilities services for children and young people while ensuring services are financially sustainable.

Why have we been chosen?

We have been selected as one of the 55 of the next set of authorities with the highest Dedicated Schools Grant deficits (based on 2020-21 accounts) after those selected for the 2022-23 safety valve programme.

Who is delivering the programme?

Newton Europe, in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA), will deliver the Delivering Better Value programme, backed by £85m funding over 3 years from 2022-23.

They will bring experience of working with local authorities to improve social care, alongside project management, change management, and analytical financial modelling capacity. With Special Educational Needs and Disabilities financial and practice advisers, they will support us to engage with key stakeholders and conduct a comprehensive diagnostic process to identify the opportunities to reform our high needs system.

The Department will then work with us to determine which identified reforms to fund and will provide small grants directly to implement and embed these reforms.

Why have Newton:CIPFA been chosen?

The Department for Education's tender panel, which included local and central government colleagues and Special Educational Needs and Disabilities experts, chose the Newton and Chartered Institute of Public Finance and Accounting (CIPFA) partnership as our preferred delivery partner to support the delivery of this crucial programme.

Newton works as a transformation and improvement partner to local authorities and Chartered Institute for Public Finance and Accounting is the local government accounting standard setter in the UK. Between them, they have worked with hundreds of public sector organisations, particularly UK local authorities, have a comprehensive understanding of children's services and the Special Educational Needs and Disabilities agenda, and set out an approach that is:

- **Outcomes-focussed.** Both organisations have worked extensively alongside local authorities to transform how services are delivered. Their focus is always on improving resident outcomes and ways of working, and consequently sustainably improving financial performance.
- **Evidence-based, data-driven and delivery-focussed.** Newton and Chartered Institute for Public Finance and Accounting take a partnership approach to working with local authorities to create robust plans which will have a measurable

and sustainable difference, and as delivery partners understand the challenges associated with implementing change.

- **Rooted in co-production** : The organisations believe any programme of work needs to be co-produced, bespoke, and based on detailed evidence of each local area – balancing visibility and assurance with local autonomy to genuinely add value to existing work.

What are the timescales for the programme?

The programme will be running over the next two years. By way of immediate next steps, Newton and Chartered Institute for Public Finance and Accounting will be jointly reaching out to all authorities to set up initial conversations. This will be an opportunity to discuss and understand the existing position of our Special Educational Needs and Disabilities improvement work. A named Newton and Chartered Institute for Public Finance and Accounting contact will then work with us to co-create the Diagnostic offer for our system. This will be done in coordination with the local area Special Educational Needs and Disabilities advisors.

What will the diagnostic phase involve?

We anticipate that the diagnostic phase will involve workshops, data analysis, and key stakeholder engagement to: understand our existing processes; take stock of where we are, our ambitions, and what needs to be done; understand the strengths and weaknesses of our local partnerships; and construct options for us to consider as part of action plans that will be proposed back to the Department for Education. The exact components of the diagnostic phase will be determined by where we are in our improvement journey and what we already have in place.

How will local stakeholders be involved in the programme?

Local stakeholder engagement will be vital to ensure everyone has fed into the plan and has bought into the outcomes the local area wants to achieve together. Newton:CIPFA will support this engagement.

The Department is engaging with schools forums as part of the development of the programme. We expect that local schools forums will be consulted as part of the Diagnostic phase. It is also expected that local Parent Carer Forums (PCFs) will be involved in the diagnostic phase of the programme.

A Sector Steering Group (SSG) will provide sector-led advice, support and steers to the Department in the delivery of the programme ensuring a channel of feedback for participating LAs and the wider sector. It will also ensure learning is shared more widely with the sector.

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Appendix 2- Finance

The following table showing the year-on-year effect of changes to High Needs funding from 2021/22 to 2022/23 and provides an overview of the makeup of Sefton's High Needs Funding.

HIGH NEEDS FUNDING ANALYSIS	Revised (Nov 21) 2021/22	Initial 2022/23	Variation
	£m	£m	£m
High Needs Formula			
Historic based funding 50% and Proxy Factor Funding 50% before deductions for recoupment by the DfE	£32.563m	£35.843m	+£3.280m
ADD Area Cost Adjustment Basic Entitlement calculation - incl changes to population etc 2019/20 / 2020/21	£2.998m	£3.182m	+£0.184m
Additional funding earmarked for Maintained Special Schools & AP in respect of Teachers Pay increases; Teachers Employer's Pension costs and Supplementary pension costs covered previously by separate Grants up to 2020/21	£0.649m	£0.680m	+£0.031m
Adjusted Baseline comparison	£36.210m	£39.705m	+£3.495m
Import/Export of pupils between LA areas directly funded by the DfE - net adjustment to Sefton	£-0.246m	£-0.246m	+£0m
Less DfE deductions for Pre and Post 16 student places and others in Special Academies; Special AP; Colleges of FE etc directly funded by the ESFA	£-0.738m	£-0.738m	-£0m
2021/22 Indicative High Needs funding before any contributions from Schools and Early Years	£35.226m	£38.721m	+£3.495m
ADDITIONAL SUPPORT FOR HIGH NEEDS IN 2021/22 & 2022/23			
Add - agreed Schools Block contribution for 2021/22 (agreed SF Nov 20 / SF Jan 21)	+£0.430m	+£0m	-£0.430m
Add – Supplementary funding agreed as part of the Oct 21 Spending Review (£1.6bn)	+£0m	*£1.478m	+£1.478m
Total adjusted High Needs Funding excluding any Post 16 SEND Grant back to the LA for local Maint Special schools out of the deductions made above	£35.656m	£40.199m	+£4.543m
**Available for general HN's spending after taking out Special School and PRU Earmarked Pay and Pensions funding above	£35.007m	*£39.519m	+£4.512m

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Appendix 3 – Mainstream High Needs Funding and Pupil Numbers

Funding					Pupils with EHC Plans					Pupils Pre-EHC Plan				
Curriculum Year	Combined Figures				Curriculum Year	Pupils with EHC Plans				Curriculum Year	Pupils Pre-EHC Plan			
	18-19	19-20	20-21	21-22		18-19	19-20	20-21	21-22		18-19	19-20	20-21	21-22
R 2 terms	£206,283.00	£332,902.00	£262,050.33	£276,779.00	R 2 terms	£50,814.00	£98,332.00	£88,840.33	£135,866.00	R 2 terms	£155,469.00	£234,570.00	£173,210.00	£140,913.00
1	£350,393.00	£424,589.00	£589,645.00	£699,647.00	1	£68,627.00	£112,249.00	£208,926.00	£276,912.00	1	£281,766.00	£312,340.00	£380,719.00	£422,735.00
2	£297,778.00	£454,186.00	£479,461.00	£544,785.00	2	£16,911.00	£80,152.00	£173,830.00	£291,993.00	2	£280,867.00	£374,034.00	£305,631.00	£252,792.00
3	£400,427.00	£376,579.00	£479,735.00	£486,712.00	3	£89,895.00	£51,235.00	£86,272.00	£207,426.00	3	£310,532.00	£325,344.00	£393,463.00	£279,286.00
4	£286,450.00	£483,777.00	£398,651.00	£520,616.00	4	£49,462.00	£133,927.00	£114,120.00	£108,926.00	4	£236,988.00	£349,850.00	£284,531.00	£411,690.00
5	£418,066.00	£395,032.00	£468,389.00	£386,096.00	5	£117,440.00	£83,415.00	£168,831.00	£107,556.00	5	£300,626.00	£311,617.00	£299,558.00	£278,540.00
6	£326,381.00	£514,384.00	£422,735.00	£544,581.00	6	£120,081.00	£284,230.00	£122,348.00	£302,995.00	6	£206,300.00	£230,154.00	£300,387.00	£241,586.00
7 - 1 term	£101,588.00	£159,456.00	£240,873.00	£193,254.00	7 - 1 term	£54,488.00	£58,003.00	£148,611.00	£113,916.00	7 - 1 term	£47,100.00	£101,453.00	£92,262.00	£79,338.00
7 - 2 terms	£183,092.00	£240,775.00	£330,585.00	£406,105.73	7 - 2 terms	£45,666.00	£79,122.00	£168,309.00	£302,674.48	7 - 2 terms	£137,426.00	£161,653.00	£162,276.00	£103,431.25
8	£261,250.00	£297,056.00	£394,902.00	£553,625.83	8	£89,286.00	£62,480.00	£184,443.00	£288,937.83	8	£171,964.00	£234,576.00	£210,459.00	£264,688.00
9	£201,836.00	£263,921.00	£284,153.00	£470,374.50	9	£114,069.00	£81,508.00	£73,166.00	£258,599.00	9	£87,767.00	£182,413.00	£210,987.00	£211,775.50
10	£199,639.00	£246,464.00	£260,860.00	£286,850.67	10	£105,107.00	£142,894.00	£69,548.00	£88,456.17	10	£94,532.00	£103,570.00	£191,312.00	£198,394.50
11	£250,985.00	£214,077.00	£289,630.00	£289,307.75	11	£145,890.00	£161,343.00	£223,539.00	£103,048.75	11	£105,095.00	£52,734.00	£66,091.00	£186,259.00
left - 1 term	£82,532.00	£94,132.00	£82,095.00	£138,922.00	left - 1 term	£50,562.00	£51,595.00	£60,206.00	£111,384.00	left - 1 term	£31,970.00	£42,537.00	£21,889.00	£27,538.00
TOTAL	£3,566,700.00	£4,497,330.00	£4,983,764.33	£5,797,656.48	TOTAL	£1,118,298.00	£1,480,485.00	£1,890,989.33	£2,698,690.23	TOTAL	£2,448,402.00	£3,016,845.00	£3,092,775.00	£3,098,966.25

Number of pupils					Pupils with EHC Plans					Pupils Pre-EHC Plan				
Curriculum Year	Combined Figures				Curriculum Year	Pupils with EHC Plans				Curriculum Year	Pupils Pre-EHC Plan			
	18-19	19-20	20-21	21-22		18-19	19-20	20-21	21-22		18-19	19-20	20-21	21-22
R 2 terms	52	81	62	68	R 2 terms	10	20	17	31	R 2 terms	42	61	45	37
1	51	66	82	86	1	11	16	23	35	1	40	50	59	51
2	47	70	65	73	2	3	11	23	33	2	44	59	42	40
3	61	63	76	78	3	10	9	15	33	3	51	54	61	45
4	55	70	59	78	4	10	11	17	18	4	45	59	42	60
5	64	67	64	58	5	14	12	19	17	5	50	55	45	41
6	57	79	65	78	6	20	39	19	38	6	37	40	46	40
7 - 1 term	38	55	73	65	7 - 1 term	20	20	44	39	7 - 1 term	18	35	29	26
7 - 2 terms	42	64	69	87	7 - 2 terms	10	21	34	59	7 - 2 terms	32	43	35	28
8	30	42	52	74	8	9	9	22	38	8	21	33	30	36
9	21	33	42	60	9	9	10	12	28	9	12	23	30	32
10	21	29	29	42	10	10	15	8	16	10	11	14	21	20
11	28	23	29	32	11	14	15	21	12	11	14	8	8	20
left - 1 term	25	26	20	29	left - 1 term	15	12	13	21	left - 1 term	10	14	7	8
TOTAL	592	768	787	908	TOTAL	165	220	287	418	TOTAL	427	548	500	490

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Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Sefton Clean Air Plan – Outline Business Case Outcomes		
Report of:	Head of Highways and Public Protection	Wards Affected:	All Wards
Portfolio:	Cabinet Member – Health and Wellbeing Cabinet Member – Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The purpose of the report is to:

- Advise Cabinet on the outcomes of the Clean Air Plan Outline Business Case, which presents the preferred option for potentially progressing a Clean Air Zone as part of the Clean Air Plan.
- Seek approval of the Outline Business Case findings and recommendations.
- Provide recommendations on next steps / pathways for further progression of the Clean Air Plan Outline Business Case - for later determination by Cabinet.

Recommendation(s):

Cabinet is recommended to:

- 1 Note the conclusions and recommendations from the Clean Air Plan Outline Business Case (CAP OBC).
- 2 Note the risks, issues, dependencies/interdependencies and anticipated costs associated with progression to a Full Business Case and subsequent implementation of a Clean Air Zone.
- 3 Review and consider the next steps and stated pathway options contained in Section 5.0 of the report.
- 4 Authorise officers to publish the CAP OBC Executive Summary (attached at Appendix A), and other technical information from the CAP (once it has been finalised and checked) on the Council's website and advise residents through a media release and updated Your Sefton Your Say Clean Air Plan public engagement page.
- 5 Authorise officers to undertake further engagement with the key stakeholders identified in this report, to inform Cabinet's decision regarding the next steps and pathway options.
- 6 Request a further report, following completion of (5) above, for a decision on

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the next steps.

Reasons for the Recommendation(s):

Sefton Council has statutory Local Air Quality Management duties and public health responsibilities and has also declared a Climate Emergency. The Clean Air Plan Outline Business Case (CAP OBC) has been prepared to enable the Council to improve local air quality, enhance public health and to help reduce carbon emissions.

The business case for the Clean Air Plan (CAP) has been developed in accordance with the appropriate guidance and needs to be approved to facilitate the next stage of the process. The issues associated with the proposed CAP and the options for the next steps need to be considered in deciding whether and how to proceed.

There is a need for Cabinet to consider the outcomes of the OBC, specifically the next steps/pathway for the CAP and to consider the implications of proceeding to a Full Business Case (FBC) for the CAP.

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

A range of different air quality interventions were considered as part of an initial feasibility report and different options for a Clean Air Zone were appraised in detail as part of the business case process. The alternative options were rejected as they were less effective in meeting the strategic objectives of the CAP and less readily deliverable.

What will it cost and how will it be financed?

As the Clean Air Zone (CAZ) scheme is at the OBC stage, there is further work required to develop the cost estimates, particularly through further detailed design work and engagement with potential suppliers and contractors. At OBC stage, the best available evidence has been used to inform cost estimates – using detailed information on cost elements where available and a benchmarking approach against other CAZ schemes where less evidence was available.

(A) Revenue Costs

There are no revenue costs directly related to the recommendations in this report. If however Cabinet subsequently decides to develop a Full Business Case and implement a HGV CAZ, this would require significant resource not currently provided for within the Council's budget. Estimates of these costs are included within the report and would be reviewed as part of the Full Business Case process.

The CAP OBC currently estimates total annual operating costs (for CAZ signage infrastructure inspection/maintenance, staff costs and CAZ service operational costs) for the Preferred Option 2A HGV CAZ at £1,032,000 per annum (based on 2021 prices), with an anticipated 5-year operational period equating to a total operating cost of £5,126,000

It is important to emphasise that whilst the proposed HGV CAZ would generate some income from non-compliant vehicles, it is not proposed or expected to be a net revenue generating scheme – it is focused on reducing poor air quality impacts on both the environment and local public health. As such, in this scenario provision

would be required within the councils medium term financial plan to support the proposal with the final sum being derived from the full Business Case.

(B) Capital Costs

There are no Capital costs directly related to the recommendations in this report. If however Cabinet subsequently decides to develop a Full Business Case and implement a HGV CAZ, this would require significant resource not currently provided for within the Council's capital programme. Estimates of these costs are included within the report and would be reviewed as part of the Full Business Case process.

The CAP OBC estimates total capital costs for the identified Preferred Option 2A HGV CAZ at £4,101,000 (including camera and signage infrastructure, CAZ service implementation, mobilisation activities, preliminary and detailed design / surveys, decommissioning, risk & contingency).

In addition, CAZ schemes would normally include mitigation costs, to provide support to local businesses impacted by implementation (e.g. grants to upgrade fleets to compliant HGVs). The CAP OBC estimates these could be as much as £10m (depending on grant amounts and uptake levels).in the absence of any specific grant funding this sum would need to be funded by the council, with the main source being prudential borrowing via the Public Works Loan Board. This would be included in future capital strategies for the council and would be the subject of council decision. The borrowing associated with this sum would be made in accordance with the councils treasury management strategy and annual repayments would be added to the revenue costs that are detailed in this report.

Implications of the Proposals:

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

There are no resource implications directly related to the recommendations in this report. If however Cabinet subsequently decided to develop a Full Business Case, this would require resource not currently provided for within the Council's budget. A further decision to implement a HGV CAZ, would require significant resource not currently provided for within the Council's budget. The scale of resource needed would be more accurately assessed in the FBC.

Legal Implications:

There are no legal implications directly related to the recommendations in this report. If however Cabinet subsequently decided to implement a CAZ, there would be legal requirements relating to powers and consent required for the implementation of a CAZ, statutory public consultation etc. These would be clarified and confirmed in the FBC.

Equality Implications:

The Distributional Impacts Analysis carried out for the OBC has concluded that the air quality benefits of the Preferred Option are concentrated in areas of Sefton with some of the highest levels of income/health deprivation.

Climate Emergency Implications:

The recommendations within this report

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Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Generally, the options for further improving air quality are positive for the Climate Emergency. The Preferred CAZ Option has significant benefits within the CAZ boundary area plus wider overall air quality improvements and thus health benefits. There is expected to be a potential overall net positive impact in relation to carbon emissions.

Contribution to the Council's Core Purpose:

<p>Protect the most vulnerable: Poor Air Quality affects the most vulnerable in society including children and the elderly. Exploring options for further improving air quality contributes to this core purpose.</p>
<p>Facilitate confident and resilient communities: Interventions to improve air quality taken by the Local Authority and its partners, including the community, demonstrate that mitigation against poor air quality is possible and can actively support making better choices and behavioural change.</p>
<p>Commission, broker and provide core services: The protection of public health and local air quality management are core services of the Council.</p>
<p>Place – leadership and influencer: The progression of the recommendations of the comprehensive CAP OBC, exploring the option of a CAZ to tackle poor air quality, is a clear demonstration of place leadership.</p>
<p>Drivers of change and reform: The actions taken to date, to improve air quality, have sought to bring about positive change and reform where possible. The ongoing development of the CAP and specific exploration of a CAZ continues that approach.</p>
<p>Facilitate sustainable economic prosperity: The progression of the recommendations of the comprehensive CAP OBC, exploring the option of a CAZ, is an important action in facilitating sustainable economic prosperity. It recognises the negative impact on health and productivity from poor air quality and the potential negative socio-economic impact on people and businesses. The CAP OBC has identified and recommended a Preferred CAZ Option which provides the best value option when taking account of the Strategic Objectives of the CAP and the key deliverability considerations. Implementation of a CAZ could impact on owners of non-compliant HGV Fleets. Potential mitigation of this impact would be further explored as part of the FBC.</p>
<p>Greater income for social investment: N/A</p>
<p>Cleaner Greener: The measures being explored to improve air quality in the Borough are directly</p>

linked this core purpose, encouraging overall improvements in the local environment through cleaner/greener initiatives.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6866/22) and the Chief Legal and Democratic Officer (LD.5066/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

The following external consultation has been undertaken on the Clean Air Plan OBC to date:

The following key stakeholders have been consulted to provide high level background information on the Clean Air Plan OBC (i.e. setting the scene, high-level overview of proposals and CAP rationale):

- National Highways - given the implications of the proposals for the A5036 Strategic Road Network.
- Liverpool City Council - given they are an adjoining local authority who were legally mandated by Government in 2018 to produce a Clean Air Plan to identify how Nitrogen Dioxide levels could be reduced in the shortest time possible.
- Peel Ports - given the anticipated growth in port-related HGV traffic and the implications of the proposals for key port routes

Public:

- A dedicated Information Page for Sefton's Clean Air Plan has been available on Sefton's 'Your Sefton Your Say' online platform since June 2021. This is updated as and when required and features a wide range of relevant local Air Quality information and also introduces the wider Clean Air Plan Strategy and the development of the Clean Air Plan OBC for a potential Clean Air Zone.

Implementation Date for the Decision

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

Contact Officer:	Peter Moore
Telephone Number:	Tel: 0151 934 3730
Email Address:	peter.moore@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

Appendix A – Executive Summary of *Sefton Clean Air Plan Outline Business Case*

Background Papers:

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The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

Link to Sefton's Clean Air Zone Feasibility Study
[sefton-clean-air-zone-feasibility-study.pdf](#)

Cabinet meeting 7th November 2019, Proposal to Develop an Outline Business Case for a Sefton Clean Air Zone:

[Report to: \(sefton.gov.uk\)](#)

1. Introduction/Background

- 1.1 In November 2019, Cabinet considered the findings of an Initial Clean Air Zone (CAZ) Feasibility Study. This Initial Study established baseline levels of key pollutants and assessed the likely future level of pollutants if no further air quality improvement actions were implemented. The study concluded that a CAZ that targets Heavy Goods Vehicles (HGVs), meaning any goods vehicle with a maximum gross weight of greater than 3.5 tonnes, would proportionally achieve the most significant benefits in terms of reducing Nitrogen Dioxide concentrations and exceedances. Having considered the report, Cabinet approved the development of a Clean Air Plan Outline Business Case (CAP OBC), to set out future air quality recommendations for Sefton.
- 1.2 Sefton Council has prepared the Clean Air Plan (CAP) Outline Business Case (OBC) because there are locations within Sefton with persistent poor air quality, and this poor air quality has detrimental effects on public health and the wider environment. Some of the worst air quality in Sefton is concentrated within areas with existing high levels of health and income deprivation, meaning that the worst air quality is experienced by those most vulnerable to its effects.
- 1.3 Currently, Nitrogen Dioxide (NO₂) and Particulate Matter (PM) are the pollutants causing the largest health impacts in the Sefton. These pollutants are mostly associated with road transport. NO₂ is the main pollutant currently breaching national limits within Sefton, particularly stemming from the combustion of diesel fuel associated with HGVs, light goods vehicles (LGVs) and diesel cars.
- 1.4 HGV traffic associated with the Port of Liverpool makes a substantial contribution to road-source emissions and overall pollution levels in nearby areas. In addition, the emissions from the Port operation itself contribute to overall local background pollution, through industrial and shipping operations etc. Although the overall HGV fleet is improving as older vehicles are replaced, port expansion in the coming years will pose additional challenges, primarily through an increase in levels of HGV traffic and consequent congestion and increased emissions.
- 1.5 Air quality in Sefton has been reviewed and assessed by Environmental Health Officers for many years. Air quality in most of the Borough is within national air quality limits. However, four localised areas have been identified in the south of the Borough where levels of NO₂ are close to or above the health based annual average national standard. These areas have been designated

as Air Quality Management Areas (AQMAs), which include key junctions on the A565 and A5036. Despite ongoing efforts to improve local air quality, particularly around the AQMAs, the interventions implemented to date have not been enough to address all identified air quality issues within Sefton.

- 1.6 Without further action, increased emissions from HGVs due to the Port expansion and wider traffic growth could result in these areas not achieving compliance with national objectives under current conditions. In addition, new areas may become non-compliant.
- 1.7 The government (via the Joint Air Quality Unit – JAQU) has now instructed many local authorities across the UK to take quick action to reduce harmful NO₂. Although Sefton Council has not been mandated by JAQU to undertake a feasibility study (like many other local authorities), this does not indicate that there are no air quality issues which need to be addressed. In response to its local air quality management responsibilities, Sefton Council has undertaken further air quality modelling and has chosen to take additional steps to support local aspirations to improve air quality beyond just compliance with national standards, with a key objective being to protect the health of local residents. The additional work being carried out by the Council will also contribute to its commitments to tackle carbon emissions as part of the Climate Emergency declaration.
- 1.8 The Clean Air Plan OBC proposal comprises a Clean Air Zone (CAZ) scheme that aims to address persistent air quality issues identified within Sefton in the shortest time possible. The CAZ scheme preferred option (referred to as 'Option 2A') features a charging CAZ applied to non-compliant HGVs that cross into a designated section of the Sefton highway network. The preferred option CAZ is focused on the A565 and A5036 corridors, incorporating all four of the existing Air Quality Management Areas (AQMAs). Incorporating the A5036 within the CAZ requires entry and exit signs and enforcement cameras to be installed on the National Highways network and would require a co-operative approach between Sefton Council and National Highways on this issue.
- 1.9 The Outline Business Case for the potential implementation of a CAZ sets out the rationale for the whole project and provides more detail about the proposals, including clear strategic objectives for the proposals.

2. Project Objectives and Outcomes

- 2.1 The objective of the Clean Air Plan is to address persistent air quality issues within Sefton which occur in some of the most income/health deprived areas in the borough.
- 2.2 The key case for change is that the Government, and Local Authorities, in accordance with their local air quality management responsibilities, are required to meet air quality limit values in the shortest possible time. Within Sefton, this is also supported by a local desire to go further ('beyond compliance') to improve air quality and public health and well-being. Further to the key driver to meet air quality limit values, the intended outcomes from the Clean Air Plan, and specifically the CAZ scheme, relate to several key strands, as follows:

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- *Attaining Legal Requirements* – There are legal drivers and incentives at a national and international level, including EU and UK Government limits and directives, leading to mandates issued to local authorities to address air quality exceedances.
- *Supporting Environmental Commitments* - The Climate Change Emergency declared by Sefton Council in July 2019 underlines the Council's commitment to achieving environmental objectives which include improving local air quality.
- *Improving Public Health* - Poor air quality has a detrimental impact on public health and the wider economy, contributing to chronic illnesses and disease.
- *Improving Societal Disadvantages* - There is a disproportionate impact of air pollution in areas of high deprivation within Sefton, in particular among communities in close proximity to the Port of Liverpool and the A565 and A5036 corridors.
- *Tackling Key Transport Issues* - Road transport is a major source of NO₂ within Sefton. Whilst the overall fleet is improving in terms of emissions and engine technology, increased demand for access to the Port poses significant challenges and may lead to worsening air quality in some locations if not addressed.

2.3 The strategic objectives of the Clean Air Plan are:

- To improve air quality in the shortest time possible in known hotspot areas in Sefton's four AQMAs and achieve compliance with national standards in the shortest time possible.
- To promote improved air quality in the wider area (outside the four declared AQMAs) through more rapid switchover to vehicles with minimal exhaust emissions.
- To reduce human exposure to air pollution, and thus improve public health, particularly for areas of Sefton with high levels of deprivation.
- To reduce emissions relating to the A5036 for HGV vehicle traffic, particularly around high-density residential areas.

2.4 The proposed output is the implementation of the recommended CAZ scheme intervention, intended to achieve the following outcomes which support the strategic objectives listed above, providing a positive impact on the local environment, socio-economic factors and the health and well-being of residents and visitors:

- Significant air quality benefits (i.e. reduced Nitrogen Dioxide concentrations) within the CAZ boundary area (i.e. along key Port routes / within AQMAs) in addition to wider benefits across south Sefton; and
- An improvement in current disproportionate air quality impacts in some of Sefton's most health/economically deprived areas.

3. Delivery Approach

3.1 The Council is actively seeking to fulfil its Local Air Quality Management and public health responsibilities by investigating options for improving air quality,

particularly in the south of the Borough. An initial feasibility study was commissioned, which reviewed a range of options to improve air quality and achieve national air quality standards. In November 2019, in response to the feasibility study report, Sefton Cabinet considered and approved a proposal to develop an Outline Business Case for a Sefton Clean Air Zone.

- 3.2 A project team of Council officers, supported by commissioned technical experts has carried out further appraisal and developed the OBC. The OBC sets out the basis for proceeding with the Clean Air Plan and identifies the preferred option for a charging CAZ. Subject to the decision on the OBC, the next stage of the project will be to prepare a Full Business Case (FBC) setting out all the details of how the CAP will be implemented. The Council will continue to lead this process, with technical support commissioned as required.
- 3.3 A significant funding commitment will be required for implementation of the CAP and funding sources are yet to be identified for all elements of the CAZ scheme. A potential funding source for progression to a Full Business Case and implementation of a CAZ scheme is via central government's Joint Air Quality Unit (JAQU). Any funding exploration via JAQU will need to be supplemented with a request for agreement on the inclusion of the A5036 in the CAZ boundary, with support and liaison also needed with National Highways in this respect.
- 3.4 The FBC will also require a full understanding of the legal requirements with regards to powers and consents required for the implementation of a CAZ, and the legal requirement for formal statutory public consultation on the introduction of a CAZ.

4. Clean Air Plan Outline Business Case

- 4.1 The Outline Business Case developed for the Clean Air Plan adopts the standard Treasury Green Book 5-Case Model as follows:
 - Strategic Case
 - Economic Case
 - Financial Case
 - Commercial Case
 - Management Case
- 4.2 The Executive Summary for the Clean Air Plan Outline Business Case is provided in Appendix A and a summary of the key elements of the business case are provided below.

STRATEGIC CASE

- 4.3 The Strategic Case sets out the evidence supporting the case for change and demonstrates how the CAP project can improve air quality and fit with wider public policy objectives. The Strategic Case sets out the policy and strategy context, which includes a review of key policy documents relating to air quality and definition of the overarching Strategic Objectives. It provides a summary of the option identification and assessment process, including the definition of the option assessment framework the identification and assessment of a

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long-list of options, and the assessment process used to identify the preferred CAZ boundary option from short-listed options – based on its deliverability and achievement of the strategic objectives.

- 4.4 A series of options to improve air quality are identified in the Strategic Case, as additional and complementary to those already identified through the Council's Air Quality Action Plan (AQAP) and Air Quality Annual Status Report (ASR). This long list of options was assessed, including those featuring vehicle technology improvements, measures focused on freight consolidation, and specific interventions targeted at identified areas of poor air quality. However, the Options Assessment process indicated that many options are not likely to achieve the overall CAP Strategic Objectives or be viable in terms of their deliverability.
- 4.5 It was concluded that only a Charging CAZ aimed at HGVs would provide a viable potential effective option to meet the Strategic CAP Objectives within an appropriate timeframe without significant delivery challenges. Options for delivering a Charging HGV CAZ were therefore reviewed and assessed and are presented in the Strategic Case.

ECONOMIC CASE

- 4.6 The Economic Case assesses the value for money for the CAZ investment including the impact on the economy, environment, and society, based on an appraisal framework consistent with the Department for Transport (DfT) business case guidance.
- 4.7 A key point to recognise is that the main requirement in the identification of the preferred CAZ boundary option is the delivery of air quality improvements in Sefton, in line with the strategic objectives of the study. The costs of poor air quality to public health and Sefton's communities cannot be fully quantified using the conventional methods for assessing economic, environmental and social benefits; the key drivers in determining the preferred HGV CAZ boundary option were therefore not the economic benefits.
- 4.8 In this context, the outcome of the Economic Case appraisal presents dis-benefits as the costs are expected to exceed the benefits. It is typical for any CAZ scheme to indicate dis-benefits in the economic appraisal because not all of the benefits, i.e. air quality benefits, can be fully quantified and monetised for a CAZ scheme. The preferred CAZ boundary option does represent the best value option when balanced against the Option Assessment criteria. In addition, the Distributional Impacts Appraisal, which provides an analysis of the potential differential impacts of the scheme between groups of people or businesses across Sefton, shows that the proposals would benefit some of the most vulnerable people in the Borough.

FINANCIAL CASE

- 4.9 The Financial Case identifies the funding required to implement the Sefton CAP as well as the ongoing financial support required over the life span of the CAP, in accordance with the DfT business case guidance.

- 4.10 As the scheme is at the OBC stage, the Financial Case represents the position prior to procurement for the capital and operating costs. This means that there is further work required to develop the cost estimates, particularly through further detailed design work and engagement with potential suppliers and contractors. At OBC stage, the best available evidence has been used to inform cost estimates – using detailed information on cost elements where available and a benchmarking approach against other CAZ schemes where less evidence was available.
- 4.11 The overall project is currently estimated to cost approximately £9.3 million for capital and operating costs for a five-year operational Clean Air Zone. In addition, there are anticipated mitigation costs for financial support for businesses affected by the proposals (estimated at up to c.£10m depending on grant amounts and uptake levels) and additional funding for scheme development costs (including further work to develop the Full Business Case, statutory consultation and further technical work). Whilst some income will be generated from the introduction of a Clean Air Zone this will not cover these annual operating costs

COMMERCIAL CASE

- 4.12 The Commercial Case outlines the commercial viability of the CAP, setting out preliminary information relating to the procurement and contracting opportunities available to Sefton Council to take forward and deliver the CAZ.
- 4.13 Sefton Council will be responsible for leading the procurement activity for the CAZ scheme as part of the CAP and existing Council processes will be suitable and sufficient for the delivery of the project. A number of procurement activities will be required to deliver the proposed CAZ, including the development of a Full Business Case (FBC), detailed design activities to progress the scheme, infrastructure delivery (including signage and ANPR camera provision), CAZ operations, air quality monitoring and appropriate communications and marketing activities.
- 4.14 The commercial case highlights that there is still further work required to identify the preferred procurement pathway. This will follow potential discussions with JAQU regarding delivery and funding of the CAZ, in addition to discussions with National Highways regarding the A5036. However, the Commercial Case has confirmed the viability of the CAZ and has identified that there are various procurement and contracting arrangements that would be available to the Council to deliver the different elements of the CAZ. Following consideration of the OBC by Cabinet, the appropriate mix of procurements to deliver the scheme will need to be developed in conjunction with Sefton Council's procurement team if the scheme proceeds to the delivery stage.

MANAGEMENT CASE

- 4.15 The Management Case demonstrates the ability of the Council to successfully deliver the CAP. In accordance with the DfT's Transport Business Cases guidance requirements, it presents details of project planning, governance structure, risk management, communications and

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stakeholder management, contract management, monitoring and evaluation, benefits realisation and assurance.

- 4.16 The risk register developed for the scheme identifies that the key risks relate to funding availability, a CAZ no longer being required at the point of implementation, lack of mitigation/understanding of socio-economic impacts, not achieving the strategic objectives, Covid impacts on delivery, judicial review resulting in challenges to the CAZ proposal and potential legal issues.
- 4.17 Measures to manage and mitigate these risks are also identified in the risk register. Key stakeholders have been identified and early engagement has commenced. An appropriate monitoring and evaluation strategy has been developed for the CAP.

CONCLUSIONS of CAP OBC

- 4.18 The case for change is strong because the OBC evidence base indicates the persistence of poor air quality at discrete locations and future risks due to increased traffic, particularly associated with HGVs on key Port routes (A5036/A565). In addition, HGVs are disproportionately high emitters of both NO_x and PM and the Preferred HGV Charging CAZ which targets key Port routes (A565/A5036) provides the best value option when balanced against the option assessment criteria.
- 4.19 The evidence-base indicates that significant air quality benefits within the CAZ Boundary area (Port Routes/AQMAs) and wider AQ improvements can potentially be achieved if the Council proceeds to the implementation of a HGV Corridor Charging CAZ, subject to the development of a Full Business Case (FBC). Furthermore, the air quality benefits of the Preferred HGV CAZ Option are concentrated in areas with some of highest levels of income/health deprivation – locally and nationally i.e. parts of Bootle, Litherland, Seaforth.
- 4.20 The estimated scheme costs (Capital and Operating) for the Preferred CAZ Option are provided but further work is required at FBC stage to develop the cost estimates, particularly through detailed design work and engagement with potential suppliers and contractors. In addition, funding for potential mitigation costs for financial support for businesses and scheme development and consultation costs require consideration.
- 4.21 Funding sources are yet to be identified for the progression of the OBC to FBC and/or any CAZ implementation. Key risks and measures to mitigate and manage those risks have been identified within the Management Case and are summarised in the appended CAP OBC Executive Summary. Key stakeholders are identified, and early consultation has been undertaken to share the high-level objectives, proposals and rationale for the CAZ scheme.

RECOMMENDATIONS of CAP OBC

- 4.22 Through a structured Options Appraisal process, the CAP OBC has assessed four short-listed HGV Charging CAZ Boundary Options. The preferred CAZ boundary option (Option 2A) consists of a Charging HGV CAZ including only

the A565 and A5036 corridors, thus including all of the existing AQMAs and focusing on areas of greatest concern. It was also recommended that a reserve option (Option 2B) is retained, subject to discussions with JAQU/National Highways regarding the proposal (under Option 2A) to include the A5036 (route managed by National Highways) within the CAZ.

- 4.23 The progression of the CAP scheme to the next stage, i.e. Full Business Case, will depend on a number of factors, which include key risks and constraints identified in the OBC work. The decision about whether to proceed to the FBC needs to take account of all these key issues, which are identified in the appended CAP OBC Executive Summary. The delivery of the CAP has several key dependencies / interdependencies, including:
- The need to identify a funding source for the implementation of the scheme, including provision for mitigation – noting that any funding sourced via JAQU may result in a mandate and requirements may be specified which differ from the Council's priorities and objectives.
 - Agreement with JAQU/National Highways is required for the inclusion of the A5036, approvals of the proposed CAZ scheme, powers and consents (including the requirement of a Charging Scheme Order under section 168 Transport Act 2000).
 - The neighbouring Liverpool City Council Clean Air Plan, which may have direct impacts on any scheme implemented in Sefton, which must be understood and accounted for.
- 4.24 Ongoing monitoring and consideration of all these dependencies will be required should the scheme progress to FBC stage.
- 4.25 In addition to these key issues/dependencies/interdependencies, it is important to recognise that the implementation of a CAZ is not in itself an all-encompassing solution for air quality issues, either within or outside the CAZ. The modelling analysis for the preferred CAZ option suggests that even with the CAZ scheme in place some existing exceedances will remain at a small number of discrete locations. The ongoing expansion of the Port of Liverpool and changes in the commercial operations at the Port may result in changes in background concentrations of NO₂, which is particularly relevant to the A565 corridor which contains three of the AQMAs. The successful implementation of the CAP therefore requires synergy with ongoing Council policies and initiatives with respect to air quality, as well as the Port Air Quality Strategy, and collaboration with key stakeholders such as the National Highways and neighbouring authorities within the city region.

NEXT STEPS / PATHWAYS FOR CONSIDERATION

5. Next steps

- 5.1 The Clean Air Plan OBC outcomes provide different options for the next steps in the process that need to be considered before any decision is made by Cabinet. Based on the OBC outcomes, Table 1 below indicates the different pathways for Cabinet consideration to determine the next steps for the CAP OBC. The primary decision is whether to proceed to the preparation of a Full Business Case or not, but there are different approaches that can be taken depending on the primary decision and these are summarised below.

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Table 1 POTENTIAL DECISION PATHWAYS FROM CAP OBC

DO NOT PROCEED TO FULL BUSINESS CASE FOR A CHARGING HGV CAZ		
1	Business As Usual (BAU) approach	<p>Maintain current initiatives and monitoring.</p> <p>Due to:</p> <ul style="list-style-type: none"> ● a generally improving air quality situation across the wider area due to vehicle fleet turnover/replacement – <u>although this may not necessarily happen on the A5036/A565 if there is growth in HGV traffic and overall background pollution (In addition, the longer-term impacts of Covid are not yet fully realised – in terms of traffic flows and impacts on fleet improvements due to cost/availability of compliant vehicles)</u> ● likely compliance of NO₂ with national thresholds within the next few years. ● the significant costs of implementing a charging CAZ
2	BAU <u>plus</u> Option 2A HGV Corridor (A5036 / A565) focussed measures	<p>As for Option 1 ‘Maintain current initiative and monitoring’ plus:</p> <ul style="list-style-type: none"> ● implementation of a Non-Charging CAZ in Air Quality hotspots along key HGV corridors (A5036 / A565) and encourage voluntary compliance. ● focus available resources on additional and targeted corridor measures, for example, supporting a vehicle upgrade programme.
2+	BAU <u>plus</u> Option 2A Corridor focussed measures <u>plus</u> wider measures	<p>As for Option 2 ‘BAU <u>plus</u> Option 2A HGV Corridor (A5036 / A565) focussed measures’ plus:</p> <ul style="list-style-type: none"> ● implementation of wider area measures to improve air quality in addition to a Non-Charging CAZ in Air Quality hotspots along key HGV corridors (A5036 / A565) ● allocate additional resources for wider measures outside the corridors also to improve air quality across south Sefton, for example, carbon reduction initiatives targeted at the freight sector.
PROCEED TO A FULL BUSINESS CASE FOR A CHARGING HGV CORRIDOR CAZ (A565 AND A5036)		
3	FBC for Charging CAZ (If can secure JAQU support and	<p>Proceed to FBC only if JAQU support/approval is gained through exploring/securing funding opportunities based on OBC outcomes.</p>

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	funding*) **	<ul style="list-style-type: none"> ● Begin approach for JAQU liaison immediately – understand current funding position / prepare technical submission. ● Further post-OBC scheme development work can be undertaken in the interim, as appropriate .
4	FBC for Charging CAZ (Council funded) **	<p>Proceed to FBC and allocate Council funding as required</p> <ul style="list-style-type: none"> ● Decision about submission to JAQU to be made at a later date.

**Note – Central government approval is required for any CAZ scheme and for the inclusion of National Highways Strategic Road Network. National Highways support would therefore also be required for the potential inclusion of the A5036, in addition to any central/government / JAQU approval of this.*

*** There will also be a requirement to fully understand the legal requirements with regards to powers and consents required for the implementation of the CAZ, and a legal requirement for formal statutory public consultation on the introduction of the CAZ.*

5.2 It is important to note that the focussed and wider area measures referenced in pathways 2 and 2+ have not been considered and assessed within this OBC. The OBC has focussed only on the assessment of a Charging HGV CAZ. Further development work would be required to identify what other measures would be most likely to be effective in improving air quality if the decision were made not to proceed to the FBC for the CAP. The decision about whether to proceed to the FBC will be made at a subsequent Cabinet once the conclusions and recommendations of the OBC have been fully considered.

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**APPENDIX A:
EXECUTIVE SUMMARY: SEFTON CLEAN AIR PLAN OUTLINE BUSINESS
CASE**

Sefton Clean Air Plan

Outline Business Case

Executive Summary

June 2022

Sefton Council



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1. Background and Rationale for the CAP OBC

- 6.1 Sefton Council is preparing this Clean Air Plan (CAP) Outline Business Case (OBC) because there are locations within Sefton with persistent poor air quality, and this poor air quality has detrimental effects on public health and the wider environment. **Air pollution** is now recognised as the **greatest environmental risk to human health** in the United Kingdom (UK) and as such is identified as a national public health priority. Some of the **worst air quality** in Sefton is concentrated within areas with **existing high levels of health and income deprivation**, meaning that the worst air quality is experienced by those most vulnerable to its effects.
- 6.2 Sefton’s Clean Air Plan (CAP) is primarily concerned with **Nitrogen Dioxide (NO₂)**, but the CAP will also consider Particulate Matter (PM) and Carbon Dioxide (CO₂).
- 6.3 Currently, NO₂ and PM are the pollutants causing the largest health impacts in the Sefton. These pollutants are mostly associated with road transport. NO₂ is the main pollutant currently breaching legal limits within Sefton, particularly stemming from the combustion of diesel fuel associated with heavy goods vehicles (HGVs), light goods vehicles (LGVs) and diesel cars.
- 6.4 Heavy Goods Vehicle (HGV) traffic associated with the **Port of Liverpool** makes a substantial contribution to pollution levels in nearby areas. Port expansion in the coming years will pose additional challenges, primarily through an **increase in levels of HGV traffic and consequent congestion and increased emissions**.
- 6.5 Air quality in Sefton has been reviewed and assessed by Environmental Health Officers for many years. Air quality in most of the Borough is within national air quality limits. However, **four localised areas** have been identified in the south of the Borough where levels of NO₂ are close to or above the health based annual average national standard. These areas have been designated as **Air Quality Management Areas (AQMAs)**, which include key junctions on the A565 and A5036.
- 6.6 Without further action, increased emissions from HGVs due to the Port expansion and wider traffic growth could result in these areas not achieving compliance with national objectives under current conditions. In addition, new areas may become non-compliant.

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- 6.7 The government (via the **Joint Air Quality Unit – JAQU**) has now instructed many local authorities across the UK to take quick action to reduce harmful NO₂. Although **Sefton Council has not been mandated by JAQU** to undertake a feasibility study (like many other local authorities), this does not mean that there are no air quality issues which need to be addressed. In response to its local air quality management responsibilities, Sefton Council has undertaken further localised air pollution modelling and has chosen to take additional steps to support local aspirations to improve air quality beyond just compliance with the national standards.
- 6.8 In 2019, the Council commissioned a **Preliminary Clean Air Zone Feasibility Study** to consider the composition of traffic in Sefton, establish baseline levels of key air pollutants, and assess the likely future level of pollutants if no further air quality improvement actions were implemented. The study also considered what impact the implementation of a potential Clean Air Zone (CAZ) in Sefton would have on pollution levels.
- 6.9 The study concluded that in the areas of greatest concern, including the AQMAs, HGV emissions were responsible for a disproportionate amount of nitrogen oxide (NO_x) emissions and that a CAZ that targets HGVs and which includes the junction of Princess Way and Crosby Road, would potentially achieve the most significant benefits.
- 6.10 Following consideration of the conclusions of the preliminary study, Sefton's Cabinet agreed that an Outline Business Case (OBC) for a Clean Air Plan should be prepared, to set out future air quality recommendations for Sefton.

2. The Clean Air Plan Proposal

- 7.1 The Clean Air Plan (CAP) proposal set out in this document comprises a **CAZ scheme** that, informed by the work undertaken through the 2019 Preliminary Clean Air Zone Feasibility Study, **aims to address persistent air quality issues identified within Sefton in the shortest time possible**.
- 7.2 The CAZ scheme proposed as the preferred option (referred to as 'Option 2A') features a charging CAZ applied to non-compliant¹ HGVs that cross into a designated section of the Sefton highway network. The CAZ would apply to HGVs only, meaning any goods vehicle with a maximum gross weight of greater than 3.5 tonnes. Any vehicle below this weight is classified as a light goods vehicle and is therefore not included within the CAZ.

¹ A non-compliant HGV is one that is not compliant with the emission standards required by the CAZ. The minimum emission standard for HGVs is a Euro VI classification engine. In practice this means vehicles manufactured prior to or during 2014. However, some older vehicles may be retro-fitted with engines that do meet the Euro VI standards.

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- 7.3 The daily charge for entering the CAZ would be £50 per day for all non-compliant HGVs. A £50 daily CAZ charge for HGVs is intended to ensure that the Sefton charge is consistent with, and not greater than, other comparable authorities, whilst ensuring that it is significant enough to encourage HGV operators to upgrade their vehicles and provide the required air quality improvements.
- 7.4 The preferred CAZ option is focused on the A565 and A5036 corridors, which are key HGV routes and so that all four of the existing AQMAs are included. The corridors are combined to provide a single CAZ for practical reasons and to provide continuity of traffic routes.
- 7.5 Incorporating the A5036 within the CAZ will require a co-operative approach between Sefton Council and National Highways (NH) because entry and exit signs and enforcement cameras will need to be installed on the National Highways network.
- 7.6 The boundary of the proposed CAZ is shown in **Figure 1**.

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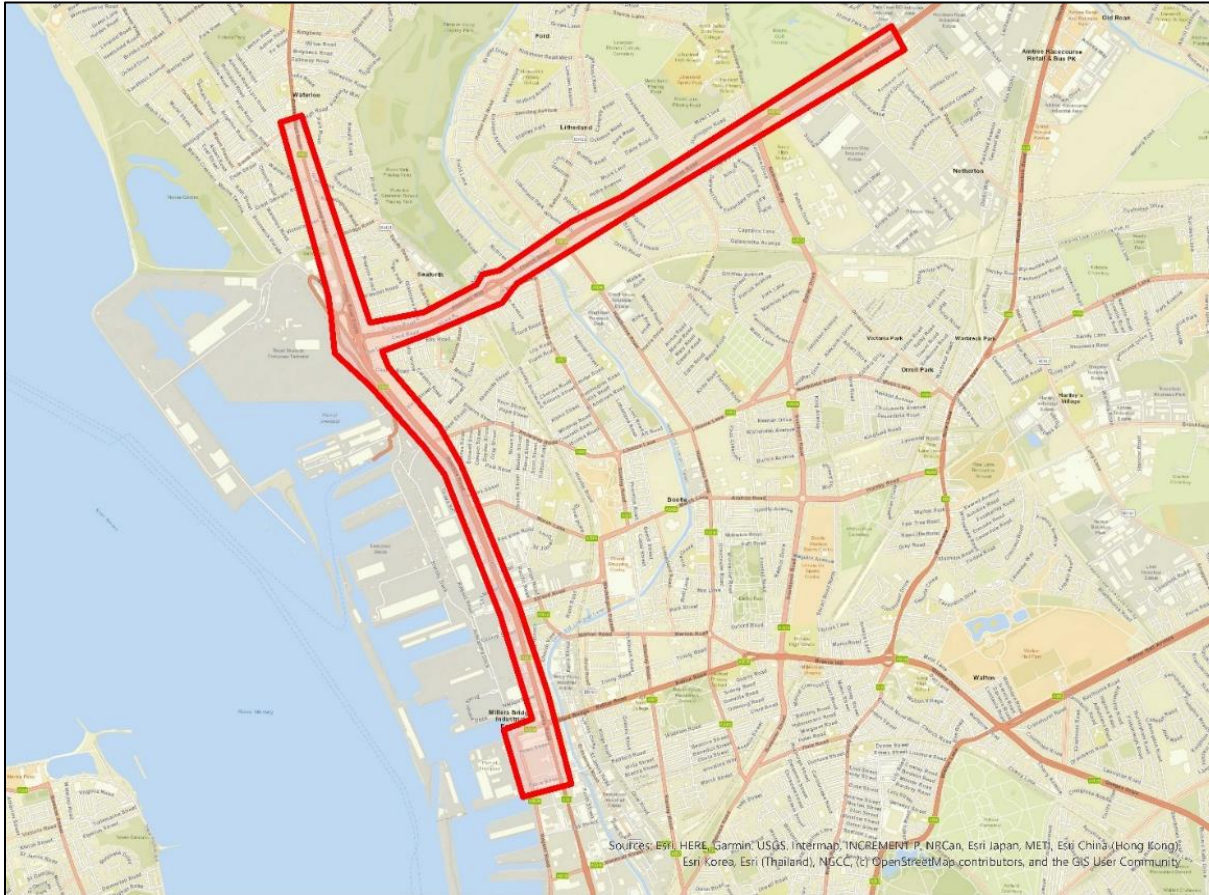
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Figure 1: Proposed CAZ Boundary



7.7 As part of the Clean Air Plan, an Outline Business Case (OBC) has been prepared in order to make a case for taking forward the CAZ scheme as outlined above. Going forward, the CAP may also include measures to mitigate any detrimental impacts of the CAZ. A business case is a high-level process to assess investment decisions, designed to allow comparisons of proposals (or options) for investment. The OBC has been developed in line with the evidence-based decision making set out in the Treasury's Green Book and uses the best practice five case model approach.

7.8 The main elements of the 'Five Case Model' are structured as standalone documents within the OBC. These five cases consist of:

- The Strategic Case.

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- The Economic Case.
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- The Management Case.

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3. The Strategic Case

- 8.1 The purpose of the Strategic Case is to **set out the evidence supporting the case for change and to demonstrate how the CAP project can improve air quality and fit with wider public policy objectives**. The Strategic Case sets out the policy and strategy context, which includes a review of key policy documents relating to air quality. It provides a summary of the option identification and assessment process, including the definition of the option assessment framework, the identification and assessment of a long-list of options, and the assessment process used to identify a preferred option from short-listed options.
- 8.2 The Strategic Case explains the problems and opportunities the CAP is intended to address, with a focus on using robust evidence-led analysis to build the case for change. The key drivers for change are that the Government, and Local Authorities, in accordance with their local air quality management responsibilities, **are required to deliver air quality within national limit values in the shortest possible time**. Within Sefton, this is also supported by a local desire to go further (**'beyond compliance'**) to improve air quality and the health and well-being of Sefton's communities, with a particular focus on areas where high levels of human exposure and health deprivation are prevalent (*this goal is consistent with the Council's Vision 2030 objectives, and is guided by the advice of the World Health Organisation indicating that there are no safe levels with regards to human exposure to air pollution⁴ (World Health Organisation, WHO Global Air Quality Guidelines, September 2021)*). As well as the air quality issues, the **legal, environmental, public health, societal and transport implications** of the case for change (and benefits of the scheme) are also discussed.
- 8.3 The different options for the CAP were assessed using an Option Assessment Framework that included the evaluation of options against the four strategic objectives determined for the study (see **Figure 2**) and a range of six key deliverability criteria. These deliverability criteria included **technical feasibility, affordability, stakeholder acceptability, delivery mechanism, business impacts, and value for money**.
- 8.4 Following an assessment of a 'long list' of options, the shortlisted options included four CAZ boundary options with specific assumptions on CAZ vehicle classification, charging levels and assumed behavioural responses. The four CAZ boundary specifications were based around cordon, corridor and gateway alternatives – these are summarised in **Table 1**.

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Table 1: CAZ Option Boundary Specifications

Option	CAZ Boundary Specification
Option 1	Cordon CAZ – South Sefton (bounded by A5758, A565 and boundary with Liverpool).
Option 2A	Key corridors CAZ – A5036 and A565.
Option 2B	Key corridor CAZ – A565 only (A5036 excluded).
Option 3	Gateways CAZ – three separate CAZ areas at key junctions, A565/Millers Bridge, A565/A5036, and A5036/A5038 Netherton Way.

8.5 **Table 2** summarises the outcome of the assessment of short-listed options against the indicators and evidence for each assessment criteria.

8.6 Based on the option assessment process, **Option 2A** was determined as the preferred CAZ boundary option. This option consists of a CAZ including only the A565 and A5036 corridors, thus including all of the existing AQMAs and focusing on areas of greatest concern.

8.7 It was also **recommended that Option 2B is retained as a reserve option**, subject to discussions with JAQU/National Highways regarding the proposal (under Option 2A) to include the A5036 (route managed by National Highways) within the CAZ. Option 2B, whilst allowing for the inclusion of all vehicles accessing the Port, does not include all HGVs travelling on the A5036 and therefore does not enable the coverage of all declared AQMAs. Option 2B is, however, **the only option which can be delivered entirely within Sefton’s local highway network boundary**.

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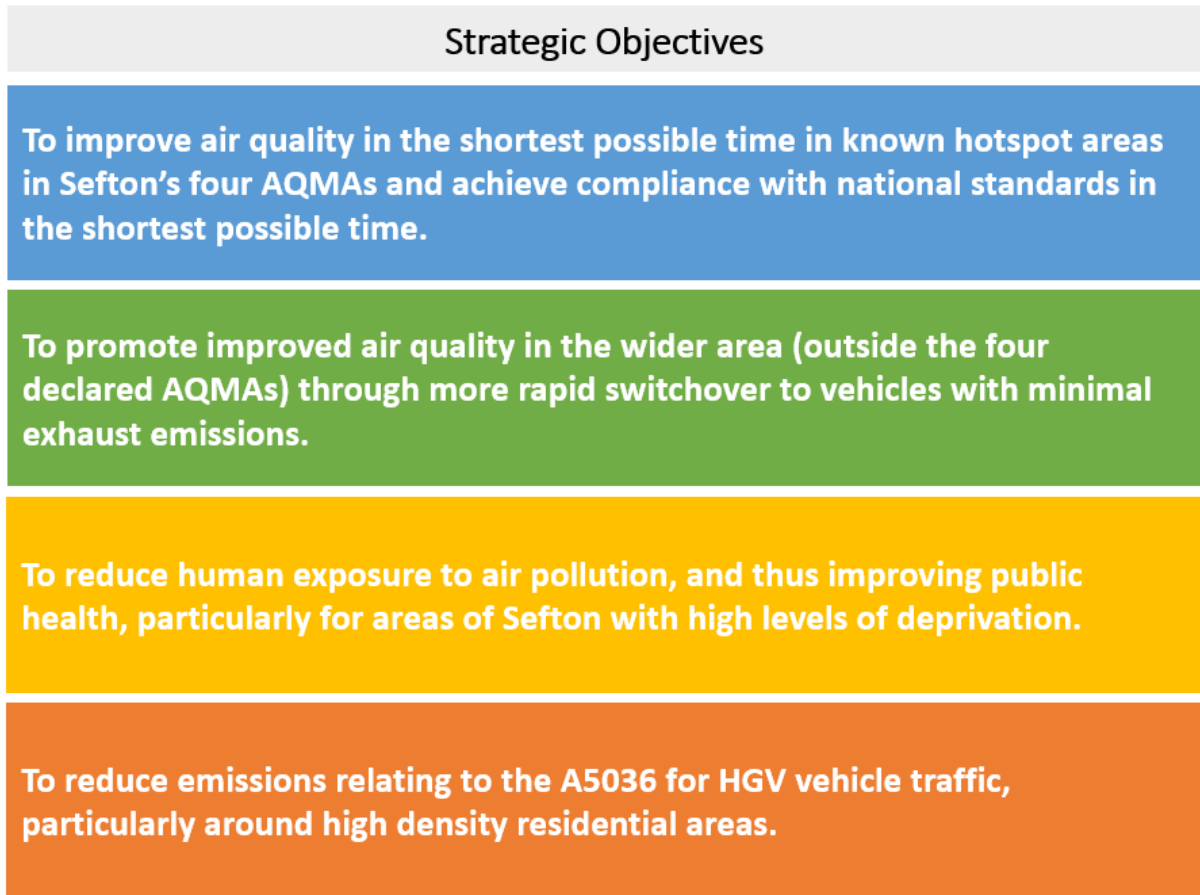
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- 8.8 The Strategic Case has presented the case for change and has demonstrated how the CAP will improve air quality and contribute to wider policy objectives. The different options have been identified and assessed, and a preferred HGV charging CAZ boundary option (Option 2A) has been identified, based on its deliverability and achievement of the strategic objectives.

Figure 2: Clean Air Plan Strategic Objectives



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Table 2: Overall Option Assessment Scores

Option Name	Objective 1	Objective 2	Objective 3	Objective 4	Technical Feasibility	Affordability	(including public) Acceptability	Delivery Mechanism	Business Impacts	Value for Money
Option 0: Nothing	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Option 1: South Sefton CAZ	Moderate Beneficial	Strong Beneficial	Strong Beneficial	Strong Beneficial	Strong Adverse	Strong Adverse	Strong Adverse	Moderate Adverse*	Strong Adverse	Strong Adverse
Option 2a: Key Corridors CAZ including the A5036	Moderate Beneficial	Moderate Beneficial	Moderate Beneficial	Strong Beneficial	Moderate Adverse	Moderate Adverse	Slight Adverse	Moderate Adverse*	Moderate Adverse	Moderate Adverse
Option 2b: Key Corridors CAZ excluding the A5036	Moderate Beneficial	Moderate Beneficial	Moderate Beneficial	Slight Beneficial	Moderate Adverse	Moderate Adverse	Moderate Adverse	Moderate Beneficial	Moderate Adverse	Moderate Adverse

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Option 3: Three Gateways	Moderate Beneficial	Slight Beneficial	Moderate Beneficial	Strong Beneficial	Moderate Adverse	Slight Adverse	Strong Adverse	Moderate Adverse*	Moderate Adverse	Moderate Adverse
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Strong beneficial alignment	
Moderate beneficial alignment	
Slight beneficial alignment	
Neutral	
Slight adverse alignment	
Moderate adverse alignment	
Strong adverse alignment	

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4. The Economic Case

- 9.1 The Economic Case demonstrates the value for money of the investment including the impact on the economy, environment and society, based on an appraisal framework consistent with the Department for Transport (DfT) business case guidance.
- 9.2 It is important to recognise that the key imperative in the identification of a preferred option is the delivery of air quality improvements in Sefton, in line with the strategic objectives of the study as set out in **Figure 2**. The costs of poor air quality to public health and Sefton's communities cannot be fully quantified using the conventional methods for assessing economic, environmental and social benefits; the key drivers in the option assessment process were thus not the economic benefits.
- 9.3 In this context, the Clean Air Plan Economic Case does not drive the decision-making process, but rather **seeks to provide information on the quantifiable costs and benefits (as far as possible)** associated with each of the scheme options assessed.
- 9.4 The economic appraisal seeks to quantify and value the various impacts that the scheme will have on the economy, environment and society. The appraisal makes use of the transport and air quality modelling undertaken for the purpose of the study. Not all impacts of the scheme can be monetised in this manner and this was acknowledged as part of the option assessment process, which focused on a variety of criteria, including the performance of options in terms of air quality improvements at specific locations of interest.
- 9.5 The scope of economic impacts considered included:
- **Health and Environmental Impacts**, including air quality impacts and Greenhouse Gas impacts;
 - **Transport User Benefits**, including travel time savings, vehicle operating costs and CAZ charge costs to users;
 - **Vehicle Upgrade Costs**, including direct costs of upgrading vehicles and associated scrappage and transaction costs; and
 - **Implementation Costs**, including all estimated costs of implementing and operating the scheme.
- 9.6 Each of these economic impacts has been assessed relative to a 'Business As Usual' (BAU) scenario without a CAZ intervention.

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- 9.7 The transport modelling has also been used to estimate the costs associated with vehicle upgrades and replacements resulting from the CAZ. These costs are primarily associated with the costs of HGV owners purchasing newer, compliant vehicles to replace non-compliant vehicles that would be subject to a CAZ charge. The estimated costs are informed by local information on HGV vehicle costs, but do not account for the potential lasting impacts of vehicle availability partly caused by the Covid-19 pandemic.
- 9.8 The outcome of the economic appraisal is a Net Present Value (NPV) for the preferred option. This NPV is calculated from the Present Value of Benefits (PVB) and Present Value of Costs (PVC) for implementing and running the scheme, represented in 2010 prices consistent with DfT guidance. NPV is calculated as the Present Value of Benefits (PVB) minus the Present Value of Costs (PVC): (NPV = PVB – PVC). The total NPV for the scheme is -£15.1m. The negative value means that the costs are expected to exceed the benefits, although it must be noted that not all the benefits can be fully quantified and monetised. **A negative PVB and NPV is typical for a CAZ based scheme assessed using these appraisal methods.** The summary of the monetised scheme costs and benefits is presented in **Table 3**.

Table 3: Analysis of Monetised Costs and Benefits (£m, 2010 prices discounted to 2010)

Measure	Option 2A
Present Value of Benefits (PVB)	-8.7
Present Value of Costs (PVC)	6.4
Net Present Value (NPV)	-15.1

- 9.9 For the assessment of a typical transport scheme under DfT guidance, a Benefit-Cost Ratio (BCR) would be calculated to provide a high-level indication of value for money. In line with other CAZ economic cases prepared under JAQU guidance, a BCR is not considered applicable for the CAP scheme, and hence is not presented here as this would result in an illogical value due to the negative PVB. In common with other CAZ schemes, a negative PVB results because the key objectives of the scheme are not focused on delivery of conventional user benefits (such as travel time savings), but on improving local air quality. The air quality impacts have a lower direct monetised value in appraisal terms, but standard appraisal methodology does not cover the full extent of indirect health benefits that would apply.

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- 9.10 In the case of a scheme such as the Clean Air Plan the measures of success of the scheme lie outside the standard benefits used to estimate a PVB using the DfT appraisal framework and it is not expected to provide an economic return on the investment. Therefore, the NPV does not provide a full measure of value for money. Since Option 2A would deliver against the core strategic objectives of the scheme, which are focused on improving local air quality in the shortest time possible, it is considered that the **preferred scheme option does represent the best value option when balanced against the Option Assessment Criteria.**
- 9.11 The economic appraisal is supplemented by a **Distributional Impacts Appraisal (DIA)**, which provides an analysis of the potential differential impacts of the scheme between groups of people or businesses across Sefton. Distributional analysis helps to understand **whether a particular policy/scheme unduly favours or disadvantages particular groups.** This can be used to inform measures to mitigate the impact of the policy on those groups or the amendment of the policy itself.
- 9.12 The DIA suggests that the **air quality benefits of the scheme are particularly concentrated in areas that have some of the highest levels of income and health deprivation within Sefton**, therefore benefitting some of the most vulnerable people.
- 9.13 It should however be recognised that there are locally registered HGVs that would be potentially subject to the CAZ charges if they are non-compliant with the CAZ, and the operators of these vehicles may require assistance with bringing forwards any upgrades to their vehicle fleet. **The appraisal undertaken at this stage did not fully capture the potential costs or impacts of any mitigation measures**, for example, to support local Small and Medium-sized Enterprises (SMEs) with funding for vehicle upgrades.
- 9.14 **The Economic Case has demonstrated that using conventional economic appraisal methods results in the Sefton CAZ having a negative Net Present Value, in common with other CAZ schemes. This is because the full extent of potential benefits is not included or valued as part of the existing methods. However, the Distributional Impacts Appraisal shows that the proposals would benefit some of the most vulnerable people in the Borough. The Distributional Impacts Appraisal also highlights the potential for the proposals to impact on local owners and operators of non-compliant HGVs which may require targeted assistance through mitigation measures.**

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5. The Financial Case

- 10.1 The Financial Case identifies the funding required to implement the Sefton CAP as well as the ongoing financial support required over the life span of the CAP, in accordance with the DfT business case guidance.
- 10.2 As the scheme is at the OBC stage, the Financial Case represents the position prior to procurement for the capital and operating costs. This means that there is further work required to develop the cost estimates, particularly through further detailed design work and engagement with potential suppliers and contractors.
- 10.3 At the OBC stage the best available evidence has been used to inform cost estimates. The level of certainty associated with these estimates varies based on the types of costs. With this in mind, detailed information on cost elements was used where available and a benchmarking approach was used where less evidence existed. As such, a bespoke cost estimate was produced for the highway infrastructure elements but a benchmarking approach was adopted for CAZ Service implementation, staff resources and CAZ operating costs.
- 10.4 **The total capital costs for the Sefton CAZ were estimated at £4,101,000, with operating costs of circa £1 million per annum (all in 2021 prices).** Assuming that the CAZ is operational for five years, together with development, implementation and decommissioning costs, the current capital and operating costs across the lifecycle are estimated at **£9,227,000 in 2021 prices**². These costs exclude provision for inflation which would need to be included to determine the final funding requirement. The total estimated costs are summarised in **Table 4**.

² This value differs from the total costs used in economic appraisal, which are adjusted to 2010 prices and discounted.

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Table 4: Total Scheme Costs (five-year operational period) - to the nearest thousand £, 2021 prices)

Capital Cost Item	Total Cost (scheme life span)
Total Capital Costs excluding inflation	£4,101,000
Total Operating Costs	£5,126,000
Total Costs	£9,227,000

- 10.5 The costs presented above do not include some other costs that would be incurred in taking the scheme forward. Whilst the above costs include estimates relating to the design of the CAZ highway infrastructure, there will also be scheme development costs, including further work to develop the Full Business Case (FBC) and associated technical work.
- 10.6 The OBC work has also identified the potential requirement to provide support funding to affected vehicle owners to help in meeting the costs of upgrading to compliant vehicles; CAZs implemented in other cities have typically included this. The costs relating to support funding are not currently included in the above costs – it is recommended that the extent of any support required is specified based on future consultation and stakeholder engagement. The mitigation costs for financial support for businesses affected by the proposals could be as much as c.£10m (depending on grant amounts and uptake levels).
- 10.7 In addition to updated costs, there will be a requirement to re-assess the funding sources for the scheme. Income generated from daily charges and Penalty Charge Notices (PCNs) may be ring-fenced to support the operational costs for the scheme. Additional revenue sources (beyond that recovered by the CAZ) will probably be required to operate the scheme. The approach to this going forward will depend on decisions about how the scheme might be funded.
- 10.8 **The Financial Case has identified estimated costs of £9.2m (in 2021 prices, excluding inflation) for the implementation and operation of the preferred option CAZ over a 5-year period. However, it must be noted that these estimates do not include some of the further scheme development costs or the potential costs of mitigation measures to support local businesses.**

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6.The Commercial Case

- 11.1 The Commercial Case outlines **the commercial viability of the CAP, setting out preliminary information relating to the procurement and contracting opportunities available to Sefton Council to take forward and deliver the CAZ.** It provides evidence that the proposed CAZ investment can be procured, implemented and operated in a viable and sustainable way. The case therefore represents the position prior to any procurement.
- 11.2 Sefton Council will be responsible for leading the procurement activity for the CAZ scheme. Procurement activities may be required from National Highways (as a potential delivery partner) in relation to signage and camera installation on the Strategic Road Network (SRN).
- 11.3 The procurement strategy highlights that there is still further work required to identify the preferred pathway forward. This will follow potential discussions with JAQU regarding delivery and funding of the CAZ, in addition to discussions with National Highways regarding the A5036.
- 11.4 A number of procurement activities will be required to deliver the proposed CAZ, including the development of a Full Business Case (FBC), detailed design activities to progress the scheme, infrastructure delivery (including signage and Automatic Number Plate Recognition (ANPR) camera provision), CAZ operations, air quality monitoring and appropriate communications and marketing activities.
- 11.5 Potential sourcing approaches have been identified. These include making use of internal Sefton staff resources, undertaking a direct supplier appointment, making use of existing internal Council frameworks and/or contracts, making use of external frameworks commissioned by other conveners, collaboration with other public bodies or through a standalone public sector procurement notice.
- 11.6 The appropriate mix of procurements to deliver the scheme will need to be developed in conjunction with Sefton Council's procurement team if the scheme proceeds to the delivery stage. Given the various potential routes to market and sourcing options available, a range of contracts may be required due to the varying nature of the elements required to deliver the CAZ.
- 11.7 The key procurement risk relates to potential delays or challenges to procurement processes (namely associated with the preparation of any tenders, the review of tenders, challenge to award and/or agreement of Terms and Conditions). Upon confirmation of the preferred procurement strategy for the CAP project, the project risk register will be updated with respect to individual procurement activities.

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- 11.8 It is recommended that a risk allocation and transfer matrix is prepared to nominate anticipated pre-contracted risk position and identify whether risks will be borne by Sefton Council, the supplier or will be shared. This aligns with the internal Sefton Council requirement to prepare a procurement sourcing risk assessment for the project.
- 11.9 Following consideration of the OBC by Cabinet, there is a requirement to further specify the procurement requirements – this will be informed by detailed design works as part of the next stage. This work will enable the project team, in collaboration with the Sefton Council procurement team, to evaluate and make recommendations on the preferred procurement strategy including sourcing and routes to market together with potential bundling opportunities. In advance of any formal decisions on the procurement approach, the Commercial Case demonstrates that there are a number of viable options that may be progressed for the CAZ.
- 11.10 Should the CAZ scheme be taken forward, the FBC will need to include greater consideration of payment mechanisms, pricing framework and charging mechanisms, risk allocation and transfer, contract length, human resources and contract management arrangements - in line with DfT guidance. The position on each of these topic areas should be resolved prior to the submission of the FBC.
- 11.11 **The Commercial Case has confirmed the viability of the CAP and has identified that there are various procurement and contracting arrangements that would be available to the Council to deliver the different elements of the CAZ.**

7.The Management Case

- 12.1 The Management Case sets out **how the Sefton CAP can be successfully delivered**. In accordance with the DfT’s Transport Business Cases guidance requirements, it **presents details of project planning, governance structure, risk management, communications and stakeholder management, contract management, monitoring and evaluation, benefits realisation and assurance**.
- 12.2 Sefton Council has not previously delivered a CAZ; however, the Council has experience in delivering projects with similar characteristics, including traffic signals management (including liaison with National Highways over the A5036), enforcement activities, such as for parking, monitoring projects (such as Sefton Arc), infrastructure projects and air quality projects. Lessons from such relevant experience will be used to inform the management processes required for the delivery of a CAZ scheme.

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- 12.3 The Management Case sets out the internal governance processes in place for the CAP. This includes the allocation of key roles and responsibilities to relevant parties and individuals.
- 12.4 Delivery of the CAP has several key dependencies / interdependencies, with respect to funding, an agreement with JAQU/National Highways on the inclusion of the A5036, approvals of the proposed CAZ scheme, powers and consents (including the requirement of a Charging Scheme Order under section 168 Transport Act 2000), and the neighbouring Liverpool City Council Clean Air Plan. Ongoing monitoring and consideration of all these dependencies will be required should the scheme progress to FBC stage.
- 12.5 The Management Case provides a summary of the communication and engagement approach for the CAP. The approach will be based on the Public Engagement and Consultation Framework that Sefton Council has developed and adopted. The communication approach will focus on keeping communities and key stakeholders informed about the current air quality position and air quality actions in Sefton, combined with proactive communications messages about the CAZ and the release of information through Council meetings.
- 12.6 A Monitoring and Evaluation Plan and a Benefits Realisation Plan have been developed as part of the OBC work. The ongoing development of these plans will ensure that a process is in place for monitoring CAP outcomes and effectiveness, and accurately capturing the achievement of benefits.
- 12.7 The Sefton Council assurance processes will be followed to ensure that the CAP delivers its intended outcomes. Furthermore, once a funding source is identified, any additional assurance and approvals processes that are required will be detailed and incorporated within the programme plan, which will identify timescales for the delivery phase.
- 12.8 Alongside preparation of the OBC, a Risk Register has been developed which will become a live document throughout the project lifecycle to ensure a thorough and proactive approach to risk and contingency management. Risks have been identified together with measures to manage and mitigate the risks. The key risks identified in the risk register are:
- The CAZ is no longer required at the point of implementation;
 - The socio-economic impact is not adequately understood and mitigated;
 - There is a lack of funding and resources available to implement the CAZ;
 - The air quality objectives are not achieved with the preferred option;
 - Disruptions due to Covid persist and affect potential delivery;

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- The CAZ proposals are challenged via Judicial Review; and
- Decisions are made that are not legally defensible.

12.9 **The Management Case has demonstrated the ability of the Council to deliver the CAP, providing information on governance, assurance, risk management, stakeholder engagement and monitoring and evaluation.**

8. Recommendations

13.1 A HGV charging CAZ Option 2A (key corridors A565 and A5036) has been identified as the preferred and recommended CAZ option for the CAP scheme. It is recommended that Option 2B (key corridors, A565 only) is retained as a reserve option, subject to liaison with JAQU/National Highways regarding the inclusion of the A5036 within a CAZ.

13.2 The detailed option assessment process demonstrated that Option 2A features several distinct advantages over alternative CAZ specifications assessed:

- Includes all the AQMAs within its boundary, thereby incorporating areas with most prominent and persistent air quality issues and represents a solution focused directly on the problem to be addressed;
- Modelling work demonstrates significant benefits in terms of reduction of NO₂ within the CAZ boundary and wider overall air quality improvements;
- Incorporates areas with some of the highest levels of health deprivation in Sefton, thus delivering benefits to those most vulnerable and at risk from poor air quality;
- Incorporates key routes to the Port of Liverpool, enabling capture of all vehicles bound for or leaving the Port access gates;
- Features the best balance of benefits against costs of all CAZ options assessed (including costs incurred by businesses); and
- Presents the least deliverability barriers to implementation in the shortest time possible of all CAZ options assessed.

13.3 The progression of the CAP scheme to the next stage (FBC) will be contingent upon a number of factors for consideration, which include key risks and constraints identified through the course of the OBC work. It is recommended that due consideration be given to all these issues, which can be summarised as follows:

- The need to identify a funding source – the combined capital and operating scheme costs have been estimated at approximately £9m, in addition there

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would be a probable need for additional funding for mitigation measures and further scheme development funding required to progress an FBC (such as funding for public consultation).

- JAQU/National Highways support is required for Option 2A due to the inclusion of A5036 within the CAZ;
- Ongoing improvements to vehicle emissions due to wider fleet turnover mean that NOx emissions should decrease over time. However, growth in HGV traffic due to the Port expansion is likely to continue, meaning that numbers of the most polluting vehicle type (HGVs) on key corridors may well increase;
- The high background concentrations of air pollutants in areas close to the Port require liaison on the Port Air Quality Strategy to supplement traffic measures, particularly due to associated exceedances in specific AQMAs i.e. Millers Bridge AQMA;
- The Covid-19 pandemic led to a sharp short-term decrease in traffic levels resulting in temporary air quality improvements. However, traffic count data on the A5036 indicates that by early 2022 traffic flows had already returned to pre-pandemic levels. The pandemic has also impacted on the cost and availability of newer compliant vehicles, the effects of which on the overall fleet composition are still being understood;
- A charging CAZ aimed at non-compliant HGVs would have a financial impact on businesses owning and operating such vehicles; some of these may be smaller, locally based organisations with less financial resilience, and hence there may be a need for financial mitigation through grants towards vehicle upgrades. The cost of this mitigation would clearly be dependent on the level of support provided, but could potentially be comparable with the cost of implementing the CAZ itself;
- There will be a need for formal statutory consultation on the CAZ in order to meet legal requirements for its implementation; this process would need to ensure that all potential voices are heard and may highlight some opposition to the scheme;
- The potential for Liverpool City Council to progress its own Clean Air Plan may have direct impacts of any scheme implemented in Sefton which must be understood and accounted for; and
- Potential to liaise with JAQU/wider Government regarding a funding source; a mandate would likely be required to obtain access to JAQU funding streams.

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- 13.4 If a mandate were to be forthcoming from JAQU to Sefton to resolve air quality exceedances within the shortest possible time, this would be likely to be focused on the specific requirements of JAQU which may not be aligned fully with the objectives of the CAP OBC. The priorities of JAQU may introduce a risk that the Council would be compelled by the conditions of the mandate to consider more stringent CAZ solutions, such as the inclusion of non-HGV vehicle types, or the expansion of the CAZ boundary. Such potential outcomes should be considered in terms of liaising with JAQU regarding a clean air mandate.
- 13.5 In addition to the issues identified above, it is important to recognise that the implementation of a CAZ is not in itself an all-encompassing solution for air quality issues, either within or outside the CAZ. The modelling analysis for the preferred CAZ Option 2A suggests that even with the CAZ scheme in place **there will remain some exceedances in 2023 at a small number of locations.**
- 13.6 The ongoing expansion of the Port of Liverpool and changes in the commercial operations at the Port may result in changes in background concentrations of NO₂, which is particularly relevant to the A565 corridor which contains three of the AQMAs. The successful implementation of the CAP therefore requires synergy with ongoing Council policies and initiatives with respect to air quality, as well as the Port Air Quality Strategy, and collaboration with key stakeholders such as National Highways and neighbouring authorities within the city region.
- 13.7 The OBC approach provides Sefton Council (and relevant stakeholders) with evidence to determine whether the CAZ investment is worth pursuing and information relating to the ability of Sefton Council to deliver the proposed scheme. The OBC supports transparent decision making, and provides a balanced assessment of cost, benefits, risk and value for money.

9.Next Steps

- 14.1 A summary of next steps are as follows:
- Cabinet to decide on a pathway towards proceeding with the Clean Air Plan. This will involve deciding on whether to proceed with the proposed CAZ scheme to the next stage, i.e. the Full Business Case (FBC).
 - Should the Cabinet decide to progress the proposed scheme, the identification of a funding source will be required and further discussions will be required with National Highways regarding the inclusion of the A5036 within the CAZ (as per Option 2A). If the scheme cannot be fully funded by the Council, there is an option to liaise with JAQU and wider Government to explore funding options.

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- If a decision is reached to progress the scheme without JAQU support/funding, a more detailed assessment will be required of the necessary costs in taking forward scheme development, including the requirement for funding to support vehicle upgrades. In addition, there will be a requirement to fully understand the legal requirements with regards to powers and consents required for the implementation of the CAZ, and a legal requirement for formal statutory public consultation on the introduction of the CAZ.
- If the proposed scheme is not progressed, it will be necessary to re-consider and explore alternative options including measures set out within the option assessment long list. Work undertaken as part of the OBC identified that such options are unlikely to be as effective as a CAZ at meeting the Clean Air Plan objectives, particularly in delivering air quality improvements within the shortest possible time.

14.2 Whilst further post OBC scheme development work can be undertaken at this stage, it should be noted that funding for the scheme would need to be identified prior to submitting the FBC itself.

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Appendix A - Glossary

Glossary of terms

Acronym	Term	Description
ANPR	Automatic Number Plate Recognition	Automatic Number Plate Recognition is surveillance technology which uses optical character recognition on camera images to read a vehicle's number plate.
AQMA	Air Quality Management Area	Local areas that have been identified where levels of air pollution are close to or above the health based annual average national standard. There are four designated AQMAs within Sefton.
BAU	Business As Usual	Represents a future baseline scenario without a CAZ intervention for the purpose of option assessment and appraisal.
BCR	Benefit-Cost Ratio	An indicator used to show the relationship between the relative costs and benefits of a proposed project, expressed in monetary or qualitative terms.
CAP	Clean Air Plan	A Clean Air Plan is a plan including targets and interventions designed to improve air quality.
CAZ	Clean Air Zone	A Clean Air Zone defines an area where targeted action is taken to improve air quality and resources are prioritised and coordinated in order to shape the urban environment in a way that delivers improved health benefits and supports economic growth.
CO ₂	Carbon Dioxide	Whilst generally harmless to human and environmental health as part of the respiratory cycle, excess CO ₂ prevents heat leaving the Earth's atmosphere and thus contributes to climate change.
DIA	Distributional Impacts Appraisal	Distributional Impacts Appraisal looks at the degree to which policies impact upon different groups of people or businesses. Distributional analysis is used to understand whether a policy unduly favours or disadvantages particular groups in society.
DfT	Department for Transport	The Department for Transport (DfT) is the UK government department responsible for issuing guidance and advice on the appraisal of transport schemes.

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Acronym	Term	Description
FBC	Full Business Case	Final iteration of the business case and the case that goes for final approval by the relevant authority. This sets out the final preferred option in detail and include inputs from any consultation.
HGV	Heavy Goods Vehicle	A Heavy Goods Vehicle (HGV) is a large goods vehicle with a gross combination mass of over 3.5 tonnes.
JAQU	Joint Air Quality Unit	JAQU is the joint unit between two Government Departments, the Department of Environment, Food and Rural Affairs (Defra) and the Department for Transport (DfT) which has responsibility to deliver and implement the UK plan for tackling roadside nitrogen dioxide concentrations.
LGV	Light Goods Vehicle	A Light Goods Vehicle (LGV) is a goods vehicle with a gross combination mass of under 3.5 tonnes.
NH	National Highways	Government-owned company charged with operating, maintaining and improving the strategic road network in England, i.e. Motorways and major A roads, (previously known as Highways England).
NO ₂	Nitrogen Dioxide	NO _x emissions from road vehicles are converted to NO ₂ mainly as a result of their reaction with ozone in the atmosphere. NO ₂ is the main pollutant currently breaching legal limits within Sefton.
NPV	Net Present Value	Net Present Value is the sum of the discounted benefits of an option less the sum of its discounted costs, all discounted to the same base year.
OBC	Outline Business Case	Second iteration of the business case. Provides additional detail and identifies the preferred option based on full analyses. It should set out the likely implementation and procurement route and demonstrate the affordability of the scheme.
PCN	Penalty Charge Notice	Most councils have the power to enforce parking penalties under the Traffic Management Act 2004, which are known as a 'Penalty Charge Notice'.
PM	Particulate Matter	Airborne particulate matter is made up of a collection of solid and/or liquid materials of various sizes that range from a few nanometres in diameter (about the size of a virus) to around 100 micrometres.
PVB	Present Value of Benefits	The sum of the discounted benefits of an option, expressed in a given price base year.

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Acronym	Term	Description
PVC	Present Value of Costs	The sum of the discounted costs of an option, expressed in a given price base year.
SME	Small and Medium-sized Enterprises	The definition of small and medium sized enterprises (SMEs) encompasses any business with fewer than 250 employees.
SRN	Strategic Road Network	Road network within England controlled and managed by National Highways, comprised of motorways and trunk roads.

aecom.com

TAG	Transport Analysis Guidance	Guidance issued by the Department for Transport relating to the analysis and assessment of transport schemes.
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Agenda Item 11

Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Procurement for the Provision of Enforcement Agent Services		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision?	Y	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The Council has, for many years, used the services of external enforcement agent companies as a last resort to recover various debts it is owed, such as for Council Tax, Business Rates, Housing Benefit overpayments, Sundry Debts and other income from fees and charges including penalty charge notices for parking fines.

Most people pay the Council on time, but some simply try to delay payment. However, the Council recognises that people and businesses in the community are facing challenges in the current economic climate, particularly in the light of rises in the cost of living, post COVID economic recovery and the Government's welfare reform changes. To help mitigate these issues support procedures remain under constant review within the debt collection process.

Before a debt is passed to an enforcement agent company to collect, the Council attempts to engage with the debtor to offer help and assistance at each stage in the collection and recovery process and, where possible, supporting them to make affordable arrangements based on their individual circumstances together with providing information about voluntary sector or business advice organisations that can give further practical support with debt and welfare advice. Regrettably for some, the refusal to engage or to seek independent advice can leave the Council with limited alternatives sometimes it becomes necessary to pass the debt to an enforcement agent company to enforce a Liability Order which has obtained from the Magistrates Courts.

The Council complies with all relevant Government legislation that governs the collection of debt and applies best practice to Council Tax debt collection, as recommended by the Local Government Association. The Council works in partnership with Sefton Citizens' Advice and contracted enforcement agents to ensure that people with Council Tax arrears are treated fairly.

The Council's existing contract which was entered into under the Rotherham Enforcement and Debt Collection Services Framework is due to expire on the 31

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March 2023. Therefore, to ensure enforcement action can continue a procurement process for enforcement agent services is required.

This report seeks approval from Cabinet to commence a mini competition under the YPO Enforcement Agency Services Framework 953.

Recommendations:

- (1) That Cabinet approves the procurement process of a mini competition under the YPO Enforcement Agency Services Framework 953.
- (2) That Cabinet delegates the decision on which enforcement agent companies to award contracts to the Executive Director of Corporate Resources and Customer Services in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services.
- (3) That Cabinet authorises that those contracts are drawn up for a period of three years with effect from 1st April 2023, with the option to extend for one further year.
- (4) That Cabinet notes the preferred Lots as detailed below: -
 - Lot 1 – Enforcement Agent contracts for Parking Fines. This will include recycled cases (Phase 2). A maximum of three suppliers to be appointed.
 - Lot 2 - Enforcement Agent contracts for Council Tax and Business Rates Collection. This will include recycled cases (Phase 2). A maximum of three suppliers to be appointed. This Lot will also include collection of debt for the Southport Town Centre Business Improvement District.
 - Lot 3 – Debt Collection Services for Sundry Income, Housing Benefit Overpayments and Council Tax and Business Rates debts that have proved uncollectable by other means. This will be a separate Lot from the enforcement agents although suppliers may come from the same companies. A maximum of three suppliers to be appointed with a commission rate expected on collections. A zero commission was paid during the current contract.

Reasons for the Recommendations:

The YPO Enforcement Agency Services Framework 953 has been reviewed and assessed by the Procurement Team as the most suitable framework for this exercise and is fully compliant with the Public Contract Regulations 2015.

Existing contracts will expire on 31 March 2023. Enforcement agents are a vital additional resource for the collection of unpaid debt due to the Council. The amount collected on behalf of the Council between 1 April 2019 to 31 May 2022 was £4,407,112.93.

The contract period recommended is consistent with previous contracts, allows time for officers and new suppliers to establish efficient working arrangements, and for performance to be monitored effectively. Due to the nature of the debts being collected performance can only be effectively measured in years rather than weeks or months.

The total value of fees collected by enforcement agents in the same period was £1,520,520,63. Although the fees are statutory amounts paid directly to the enforcement agents by debtors, for procurement purposes the value of fees collected is considered to be the value of the contract.

The debt collection suppliers appointed on the current contract also provide enforcement agent services. It is considered that a zero commission does not provide sufficient incentive to maximise collections whereas the suppliers receive statutory fees on Council Tax, Business Rates and Parking Fine collections. It is considered that by separating the debt collection into a separate Lot, alternative suppliers that specialise in debt collection may bid for that element. This may in turn present opportunities to explore alternative debt collection options for Council Tax debt, in particular old debt that may otherwise be written off.

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

1. The option of not appointing a contractor was considered but dismissed. This was because the authority cannot risk not collecting a sizeable percentage of its annual income without the support of enforcement agents.
2. The Council could conduct a compliant procurement exercise, approaching the whole market directly. This option however would require a longer timescale as the tender opportunity would need to be advertised on the UK's e-notification service, Find a Tender (**FTS**). Further, the volume of bids submitted is unpredictable and so in addition to managing a longer advertising period, officers could easily find that evaluation of bids also takes a much longer period. This could prove problematic as the existing contracts expire on 31 March 2023 and would be an inefficient use of the Council's resources. Therefore, this option has been rejected.
3. Contracts can also be awarded under a concession agreement with direct awards to successful bidders. However, there is a limit to the value of the contracts that can be awarded as a concession based on the value over the lifetime of the contracts. It has been assessed that the potential value of the contracts would exceed the FTS threshold. A tender process would still be required by way of advertisement via FTS that would open the process to unlimited competition and would be inefficient use of Council's resources. This is also likely to extend the timescale to procure services which could negatively impact on the collections process.

What will it cost and how will it be financed?

(A) Revenue Costs

Enforcement Agent costs under current legislation are charged to the debtor and therefore are not a direct cost to the Council.

Debt collection can attract a commission rate based on the amount collected.

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Suppliers can be expected to offer services at a commission of between 0% 25%. A typical commission rate would be expected to fall between 15% and 17.5%.

If the value of collections during the current contract was replicated a commission rate of 17.5% would result in revenue costs of approximately £20,000 over the proposed maximum four-year period of the new contract. However, if the value of collections were to increase the costs of commission to be paid would increase.

(B) Capital Costs – N/A

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
Legal Implications: The Council’s Contract Procedure Rules provide that the Council may enter existing public-sector framework agreements where it is evident that such frameworks represent the optimum solution to the Council in terms of service and cost. The enforcement process for enforcement agents is governed by the Taking Control of Good (Fees) Regulations 2014.	
Equality Implications: The equality Implications have been identified and mitigated.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
Although no climate implications are anticipated there remains potential for suppliers to outline new working practices that have a positive impact, for example increased digital access.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Where a debtor falls into one of the vulnerability categories detailed in the Council’s Code of Practice, the enforcement agent company must report this back to the Council.
Facilitate confident and resilient communities: Supports the collection of revenue owed to the Council.
Commission, broker and provide core services: N/A

Place – leadership and influencer: N/A
Drivers of change and reform: N/A
Facilitate sustainable economic prosperity: N/A
Greater income for social investment: N/A
Cleaner Greener: N/A

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6864/22.) and the Chief Legal and Democratic Officer (LD.5064/22) have been consulted and any comments have been incorporated into the report.

The Cabinet Member for Regulatory, Compliance and Corporate Services has been briefed on the proposed procurement process.

(B) External Consultations

Not applicable

Implementation Date for the Decision

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

Contact Officer:	Diane Turner
Telephone Number:	0151 934 3481
Email Address:	diane.turner22@sefton.gov.uk

Appendices:

None

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 An enforcement agent service provision is an integral part of the overall collection process for Council Tax, Non-Domestic Rates, Sundry Debtors, Housing Benefit Overpayments, Parking Fines and Business Improvement

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District Levy arrears and contributes to income collection levels for the Council.

- 1.2 Following approval by Cabinet on 6 September 2018 a mini competition tender was conducted under the Rotherham Council EU Compliant accessible framework for Enforcement and Debt Collection Services for the period 1 April 2019 to 31 March 2022 with the option of a one-year extension to 31 March 2023.
- 1.3 Cabinet agreed to delegate the decision to award contracts to the Executive Director of Corporate Resources and Customer Services.
- 1.4 The one-year extension was taken up and current contracts are due to expire on 31 March 2023.
- 1.5 Cabinet is again requested to approve the procurement of new contracts via the use of a framework agreement and to delegate the final decision to award contracts to the Executive Director of Corporate Resources and Customer Services in consultation with the Cabinet Member for regulatory, compliance and corporate services.

2. Current Contracts and Value:

- 2.1 Following completion of the mini- tender the current contracts were awarded as shown in 2.2 below.
- 2.2 The awards covered the period from the 1 April 2019 – 31 March 2023, including the optional one-year extension.

Lot 1 – Council Tax, Business Rates and Business Improvement District Enforcement Agent Services and Debt Collection.

- Marston's Holdings
- Jacobs
- Equita
- Newlyn

Lot 2 – Parking

- Marston's Holdings
- Jacobs
- Newlyn

- 2.3 The table below shows the value of Debt issued and collected from 1 April 2019 until 31 May 2022: -

Debt Type	Value of Debt Issued for Collection	Value of Debt Collected	Value of Costs collected
Council Tax	£17,549,492.11	£3,520,510.76	£1,064,524.11

Business Rates	£4,189,588.33	£617,152.06	£76,260.51
Sundry Debt and Housing Benefit Overpayment	£1,389,388.73	£95,757.03	£0.00
Parking Fines	£710,918.75	£173,693.08	£379,736.01
TOTAL	£23,839,387.92	£4,407,112.93	£1,520,520.63

- 2.4 It should be noted that during the lifetime of the current contract, the value of debt issued and collected has been impacted by the COVID19 pandemic that resulted in the suspension of enforcement activities including the availability of Court time. It is expected that throughout 2022 the value of debt requiring enforcement will return to pre-pandemic levels and consequently, the value of debts issued during the lifetime of the next contract, and the amounts collected, are expected to increase.
- 2.5 For the reasons stated in 2.4 above performance of the contracted suppliers is lower than would normally be expected, Pre-pandemic typical collection performance in respect of Council Tax and Business Rates would be expected to be in the range of 35-40% over the lifetime of the contract. New suppliers will be expected to increase returns during the lifetime of the new contracts.
- 2.6 The fees charged in respect of Parking Fines, Council Tax and Business Rates are statutory fees and are not determined by the value of debt. Therefore, value of fees collected in respect of parking fines as a percentage of debt is proportionately much higher. For example, an outstanding Parking Fine of £60 would attract the same initial compliance fee of £75 as a £2000 Business Rates debt. All fees are paid by the debtor, not by the Council.

3. Proposed Lots for 2022 Procurement

- 3.1 A review has taken place of the effectiveness and operational impact of the current contracts. Following that review it has been decided to amend the Lots to be procured for the new contract as set out in the paragraphs below.
- 3.2 Parking Services will continue to be offered to a maximum of three suppliers. Managing the flow of work between three suppliers is considered to be a reasonable impact on resource, and to offer sufficient competition between suppliers to maximise performance.
- 3.3 Council Tax and Business Rates will be offered to a maximum of three suppliers, reduced from four within the current contract. Managing workflows between four suppliers adds unnecessary administrative burden, particularly on the Business Rates team, while not offering any additional competitive incentive.
- 3.4 Debt Collection Services will be offered to a maximum of three suppliers for the same reasons outlined in 3.3 above. However, debt collection services will be separated to encourage specialist debt suppliers to bid for the work. Following the review, it has been determined that enforcement agents offer zero commission to increase the prospects of improving the chances of winning contracts. However, the value of debt collection to the winning bidders is also

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zero and there is concern that this does not sufficiently incentivise the suppliers to pursue those debts as efficiently as Council Tax and Business Rates. It is accepted that bidders to this lot will expect a commission on the amounts collected. The evaluation panel will assess bidders on the value of that commission and the services offered.

4. Performance Management

- 4.1 The current contractual arrangements are working well. The commencement of the new contracts coincided with the introduction of the Taking Control of Goods (Fees) Regulations 2014 (TCOG) that govern the way enforcement agents can operate. The regulations have resulted in more debts being collected without the need for enforcement agents to call at the homes or businesses of debtors. This has had the positive effect of significantly reducing the number of complaints. 12 complaints have been received during the lifetime of the current contract which represents less than 0.05% of the total cases issued. In addition, the new regulations determine the level of costs that can be added at each stage, also reducing the number of complaints.
- 4.2 The Council has established close working practices with each supplier. Regular individual liaison meetings, attended by representatives from the enforcement agent company are held to monitor performance and to discuss any issues that may be arising to further improve working practices. This can include the conduct and behaviour of an enforcement agent if any complaints / issues have been raised with the Council. These arrangements will continue to be a requirement of the successful bidders for the new contracts.
- 4.3 The enforcement agent companies have been impacted by COVID restrictions and for a large period they were unable to attend premises. This impacted on collection levels. However, over the past months there has been a return to 'business as usual.' The contractors have all performed competently and, through effective monitoring, officers are confident that residents are being treated fairly by the arrangements in place. The regular monitoring meetings outlined in 4.2 will be established with the successful bidders for the new contracts.

5. Sefton Code of Practice for Enforcement Agent Companies

- 5.1 On 13 August 2018 the Council's Code of Practice for enforcement agent services in Sefton, which covers required performance expectations and customer service standards, was reviewed to ensure that it was meeting objectives, particularly about the requirements to deal with and assess vulnerability. The Code has been revised and, in all cases, where exceptional financial difficulty is identified the enforcement agent company or Sefton Council will offer a 28 day hold or "breathing space" on enforcement action if debtors can demonstrate that they are currently seeking debt advice from an accredited advice provider.

- 5.2 On completion of the procurement exercise, the Code of Practice will be reviewed again to ensure any new working arrangements and expectations are incorporated. Any review will be reported to elected Members for approval.

6. Enforcement Agent Legislation

6.1 Council Tax and Business Rates

The Taking Control of Goods Regulations 2013 came into effect on 1 April 2014. The regulations introduced a compliance stage whereby the enforcement agents became obliged to issue a notice to the debtor giving a minimum of 14 days to settle or arrange to pay the debt. The regulations also introduced changes to the fees paid to enforcement agents. Prior to the new regulations enforcement agents were free to determine their own fees in addition to any statutory fees. The new regulations simplified the fee structure by introducing a £75 fee at the compliance stage, and an additional fee of £235 if the case progressed to enforcement stage. The regulations and fee structure were introduced to encourage greater efforts to collect debts at the compliance stage and reduce the number of calls to debtor's homes. The Ministry of Justice is currently reviewing the impact of the regulations before determining whether further amendments to the regulations and/or fees is required. A date has not been set for the completion of that review.

6.2 Civil Parking Enforcement

Parking Services issue Penalty Charge Notices for contraventions of Parking Regulations, using powers contained within the following regulations:

- The Traffic Management Act 2004

7. Procurement - use of an existing framework

- 7.1 It is proposed that the procurement process will include a mini competition exercise conducted under the YPO Enforcement Agency Services Framework 953. This is an existing, proven framework that many local authorities have used to procure enforcement agent services.
- 7.2 The Council's Procurement team will support the mini competition, which will be published to suppliers signed up to the YPO Enforcement Agency Services framework, and managed electronically within the North-West Opportunities Portal, 'The Chest' to ensure auditability.
- 7.3 The proposed contracts will be for a 3-year period in the first instance, with an option of up to a one-year extension, subject to satisfactory levels of performance, which will be outlined in the tender specification and included in the contracts.

8. Award Criteria

- 8.1 The contracts will be awarded using a weighted scoring of:

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Price value 30%

This includes commission charged on debt collection and details of any other fees to be charged to the Council or debtor, but not including statutory charges incurred by the debtor.

Quality of service 60%

The includes experience, quality and expertise demonstrated by the bidder. Approach to complaint handling including complaints upheld, processes in place to monitor outcomes and evidence of actions taken from the process. Enforcement agent coverage, innovation, and technology.

Social Value 10%

This includes how the bidder might offer the social, economic, or environmental benefits to the Sefton community and consider social provisions over and above the provision of enforcement agent services. This could include, for example, creating jobs, improving skills, increasing local volunteering opportunities, promoting the local economy or improving environmental conditions in the Council's administrative area.

- 8.2 The procurement process will be completed in February 2023, with contracts to be awarded in March 2023, with a start date of 1st April 2023.

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Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Treasury Management Outturn 2021/22		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

This outturn report provides Members with a review of the Treasury Management activities undertaken during 2021/22. Cabinet receives this outturn report to allow monitoring against the Treasury Management Policy & Strategy and Prudential Indicators approved by Cabinet and Council in March 2021. This report is also provided to Audit & Governance Committee, whose role it is to carry out scrutiny of treasury management policies and practices.

Recommendation(s):

Members are requested to note the Treasury Management position during 2021/22 and the update to 31st May 2022, to review the effects of decisions taken in pursuit of the Treasury Management Strategy and to consider the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

Reasons for the Recommendation(s):

To ensure that Members are fully apprised of the treasury activity undertaken during 2021/22 and also to 31st May 2022 in order to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

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

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

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None

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): A shortfall in investment income has been experienced for 2021/22 financial year.</p>									
<p>Legal Implications: The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>N</td> </tr> <tr> <td>Have a neutral impact</td> <td>Y</td> </tr> <tr> <td>Have a negative impact</td> <td>N</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>N</td> </tr> </table> <p>The Council has during 2021/22, invested its reserves and balances overnight with either banks or money market funds in order to maintain high security and liquidity of such balances. It has not had the opportunity to invest in longer term financial instruments or investment funds for which there may be a chance to consider the impact on the Council's Climate Emergency motion.</p> <p>In the event that the Council has more surplus balances available in future that may lead to longer term investing, the Council will take account of the climate emergency when discussing the options available with the Treasury Management Advisors.</p>		Have a positive impact	N	Have a neutral impact	Y	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	N
Have a positive impact	N								
Have a neutral impact	Y								
Have a negative impact	N								
The Author has undertaken the Climate Emergency training for report authors	N								

Contribution to the Council's Core Purpose:

Protect the most vulnerable: n/a
Facilitate confident and resilient communities: n/a
Commission, broker and provide core services: n/a
Place – leadership and influencer: Good treasury management supports strategic planning and promotes innovative, affordable and sustainable capital investment projects through application of the CIPFA Prudential Code.
Drivers of change and reform: The Treasury Management function ensures that cash flow is adequately planned, and cash is available when needed by the Council for improvements to the borough through its service provision and the Capital Programme.
Facilitate sustainable economic prosperity: Pursuit of optimum performance on

investments activities and minimising the cost of borrowing and the effective management of the associated risk continues to contribute to a balanced budget for the Council.

Greater income for social investment: n/a

Cleaner Greener: n/a

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6870/22) is the author of the report.

The Chief Legal and Democratic Officer (LD5070/22) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

The Council's external Treasury Management Advisors: Arlingclose have provided advice with regards to Treasury Management activities undertaken during the financial year.

Implementation Date for the Decision

Immediately following the meeting.

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

Appendices:

None

Background Papers:

There are no background papers available for inspection.

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BACKGROUND:

1. Introduction

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code) was introduced following the Local Government Act 2003. The Prudential Code details a number of measures / limits / parameters (Prudential Indicators) that, to comply with legislation, must be set in respect of each financial year to ensure that the Council is acting prudently and that its capital expenditure proposals are affordable.
- 1.2. A requirement of the Prudential Code is the reporting to Cabinet and Full Council of the outturn position of indicators following the end of the financial year. In accordance with this requirement, this report outlines the 2021/22 outturn for the following Prudential Indicators:-
 - i. Capital Expenditure (Section 2);
 - ii. Capital Financing Requirement (Section 3.1);
 - iii. Gross Debt and the CFR (Section 3.2);
 - iv. Borrowing Limits (Section 3.3);
 - v. Financing Costs as a proportion of Net Revenue Stream (Section 3.4);
 - vi. Treasury Management Indicators (Section 6).
- 1.3. The Treasury Management Policy and Strategy Statements are agreed annually by the Council as part of the budget process. A requirement of the Policy Statement is the reporting to Cabinet and Full Council of the results of the Council's treasury management activities in the previous year. Treasury management in this context is defined as:

'The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.4. In accordance with the above this report outlines the results of treasury management activities undertaken in 2021/22 covering the following issues:
 - borrowing strategy and practice
 - compliance with Treasury Limits
 - compliance with Prudential Indicators
 - investment strategy and practice.
- 1.5. The Council's Treasury Management activities have been under significant pressure throughout 2021/22 as a result of the continuing economic recovery from the coronavirus pandemic, together with the inflationary pressures created by the war in Ukraine, and higher interest rates. Pro-active management of cash balances was key to ensuring cash was available in response to exceptional need and the continued distribution of government Covid relief funding.
- 1.6. The results of treasury management activities in 2021/22 are reflected in the net expenditure on Capital Financing Costs included within the Council's Revenue Budget. The Capital Programme is also agreed annually as part of the budget

process. It sets out the anticipated capital expenditure to be incurred within the year.

2. Capital Expenditure

- 2.1. The original estimate for 2021/22 expenditure together with the actual capital expenditure calculated on an accruals basis for the financial year is as follows:

	Estimate £m	Actual £m
Capital Expenditure	52.343	32.536

- 2.2. Capital expenditure in 2021/22 was £19.807m less than the original estimate reported in March 2021. The Council has therefore remained within the limits for expenditure set at the start of the year. The variation is due to the phasing of capital budgets and grant allocations to future years. These adjustments were approved by Cabinet and Council as part of the monthly budget monitoring for the capital programme during 2021/22.
- 2.3. A full report on capital expenditure and the out-turn position for 2021/22 can be found in the separate Financial and Corporate Performance report also presented at this meeting.

3. The Council's Overall Borrowing Need

3.1. Capital Financing Requirement

- 3.1.1. The Capital Financing Requirement (CFR) reflects the Authority's underlying need to borrow for capital purposes and is based on historic capital financing decisions and the borrowing requirement arising from the financing of actual capital expenditure incurred in 2021/22.
- 3.1.2. The Council is currently internally borrowed meaning it temporarily uses its own cash balances to fund some capital schemes instead of external borrowing, a strategy which saves the cost of interest payments on loans. This reflects the current national low interest rates for investment of cash balances and the need to find savings for the revenue budget.
- 3.1.3. The actual level of Capital Financing Requirement as at 31 March 2022 compared to the initial estimate for 2021/22 is as follows:

	Estimate £m	Actual £m
Capital Financing Requirement	240.055	233.137

- 3.1.4. As mentioned in paragraph 2.2 (above), the level of capital expenditure for 2021/22 was less than anticipated and therefore the requirement for the financing of this expenditure from borrowing is also lower.

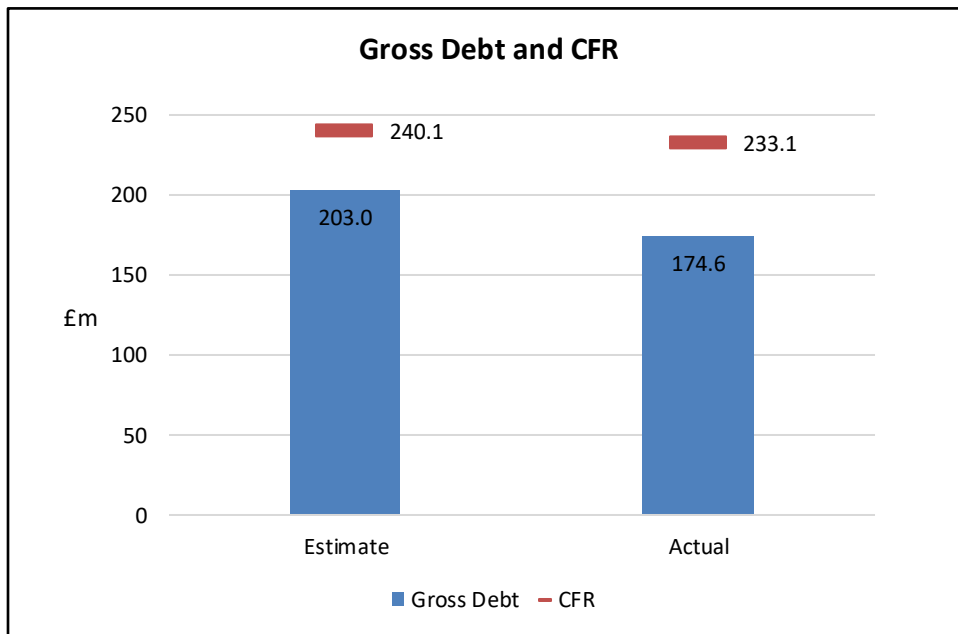
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3.2. Gross Debt and the CFR

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

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

3.2.2. In the report to Cabinet and Council in March 2021, it was stated that the Authority would comply with this requirement in 2021/22. During the financial year, gross external borrowing did not exceed the total of the Capital Financing Requirement. The chart below shows the out-turn position compared to the original estimate:



3.3. Borrowing Limits

	2021/22 £m
Authorised limit	245.000
Operational boundary	230.000
Maximum Gross Borrowing Position	193.791

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

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

3.3.3. The Maximum Gross Borrowing Position shows the highest level of actual borrowing undertaken during 2021/22 financial year. This level remained within the Operational Boundary and did not exceed the Authorised limit.

3.4. Financing Costs as a Proportion of Net Revenue Stream

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

	Estimate 2021/22	Actual 2021/22
Financing Costs / Net Revenue	3.8%	4.2%

3.4.2. The overall ratio is slightly higher than the original estimate by 0.4%. As noted earlier (paragraph 3.1.4.), the requirement for financing capital expenditure from borrowing in 2021/22 was lower than anticipated. This borrowing was anticipated to be financed internally and therefore no additional interest charges were included in the estimate of financing costs. Income recharges for the cost of borrowing were forecast however to represent a cost of borrowing to Council services, but these have now been delayed to future years when the capital spend will be incurred. This has had the effect of increasing the financing costs in the current year and thus increasing the ratio. Revenue streams have also decreased when compared to the original estimate which has marginally impacted on the ratio.

3.4.3. The above variance is considered minor and financing costs for 2021/22 remain at affordable levels with the total borrowing requirement remaining below the operational boundary set at the beginning of the year.

4. Borrowing Strategy and Practice

4.1. The Council's debt portfolio at the 31st March 2022 and a comparison to the position at the end of last financial year is summarised as follows:

Actual Debt Outstanding	31st March 2021 £m	31st March 2022 £m
Public Works Loans Board	185.434	167.205
Other Long-Term Liabilities	8.355	7.415
TOTAL	193.789	174.620

4.2. The category of other long-term liabilities represents transferred debt from the Merseyside Residuary Body (£1.750m) and finance lease liabilities (£5.665m).

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- 4.3. The Council's PWLB debt activity during 2021/22 is summarised in the following table:

Movement in Year	Actual £m
PWLB opening debt 1 st April 2021	185.434
Less principal repayments	(18.229)
Add new borrowing	-
Closing PWLB debt 31st March 2022	167.205

- 4.4. The policy of internally borrowing, running down the Authority's cash balances rather than taking out new borrowing, continued with regards to the Capital Programme in 2021/22 as no new expenditure was financed from external borrowing.
- 4.5. The average rate of interest on Council loans with the Public Works Loans Board (PWLB) in 2021/22 and a comparison to the previous year is shown below:

	2020/21	2021/22
Average PWLB Interest Rate in Year	3.54%	3.74%

- 4.6. The average rate of interest is based upon the total interest amount paid as a proportion of loan principal held. The increase in the average rate of interest from 2020/21 to 2021/22 has resulted from maturing loans during the year reducing the balance of principal held, but interest payments remaining proportionally higher due to historic loans within the portfolio that were taken out when rates were much higher.

5. Debt Maturity Profile

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

Fixed Rate Debt Maturity	Upper Limit	Lower Limit	Actual 31st March 2022
Under 12 months	35%	0%	9%
12 months and within 24 months	40%	0%	18%
24 months and within 5 years	50%	0%	9%
5 years and within 10 years	50%	0%	15%
10 years and within 15 years	75%	0%	11%
15 years and above	90%	25%	38%

5.2. The spread of debt across the various maturity periods shows how the authority has acted prudently and controlled its exposure to refinancing risk by not having overly large amounts of debt concentrated in one period, especially those in the shorter term.

6. Compliance with Treasury Limits

6.1. The following Treasury Limits were approved by Council during the 2021/22 Budget Setting process:

6.1.1 Borrowing Limits

	Limit £m	Maximum Borrowing 2021/22 £m
Authorised Borrowing Limit	245.000	193.791
Short Term Borrowing Limit	30.0	0.0

6.1.2 Investment Limits

	Upper Limit	Maximum Invested 2021/22
Principle sums invested for longer than 365 days	40%	5%

6.2. The amounts above show the maximum amounts borrowed or invested during the year compared to the limits set. The Council therefore remained within the limits for borrowing and investments set for the year and no short term borrowing was undertaken.

7. Investment Strategy and Practice

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

i. **Externally Managed Investments**

No externally managed funds are held.

ii. **Internally Managed Investments**

The Council's available funds during the year averaged £104.984m and were managed internally with advice from our treasury consultants.

7.2. The level of the Council's investments during 2021/22 and comparable figures from the previous year are summarised in the following table:

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	2020/21	2021/22
Total Investment of Cash Balances at year end	£70.26m	£98.69m
Average Investment Balance during the year	£88.01m	£104.98m
Average Return on Investments	0.36%	0.27%

- 7.3. In 2021/22 a weighted average return of 0.27% was achieved. The majority of the funds are invested with major banks and Money Market Funds (MMF's), with the remaining balance of £5m invested with the CCLA Property Fund. The return of 0.27% can be disaggregated into a return of 0.07% on bank and MMF investments, whilst 3.82% was returned by the CCLA investment.
- 7.4. The Bank Rate remained at 0.10% at the beginning of financial year. The Council therefore expected to receive significantly lower income from its cash and short-dated money market investments, including money market funds in 2021/22, as rates on cash investments remained close to zero percent. The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period. Improved returns on cash instruments followed the increases in Bank Rate in December, February and March but the full effect of these increases on the Council's investments will not be felt until 2022/23.
- 7.5. These external economic factors have therefore impacted the actual performance of investments that have under-achieved against the total budget for 2021/22 as follows:

Budget Profile	Budget £m	Actual £m	Variance £m
Outturn 2021/22	0.415	0.275	0.140

8. Treasury Position for 2022/23 – Update to 31st May 2022

8.1. Investments held at the 31/05/2022 comprise the following:

Institution	Deposit £m	Rate %	Maturity	Rating
Money Market Funds:				
Aberdeen	9.73	0.89	01.06.22	AAA
Aviva	9.73	0.87	01.06.22	AAA
Blackrock	9.73	0.85	01.06.22	AAA
BNP Paribas	9.73	0.91	01.06.22	AAA
Goldman-Sachs	9.73	0.89	01.06.22	AAA
HSBC	9.69	0.84	01.06.22	AAA
Invesco	6.30	0.89	01.06.22	AAA
Morgan Stanley	9.23	0.86	01.06.22	AAA
Insight	9.44	0.89	01.06.22	AAA
Total	83.31			
Deposit Accounts:				
Santander	0.40	0.41	01.06.22	A+
Total	0.40			
Notice Accounts:				
Lloyds	3.00	0.05	11.07.22	A+
Natwest	3.00	0.40	20.07.22	A+
Santander	3.00	0.40	27.09.22	A+
Total	9.00			
Property Fund:				
CCLA	5.00	3.13	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	97.71			

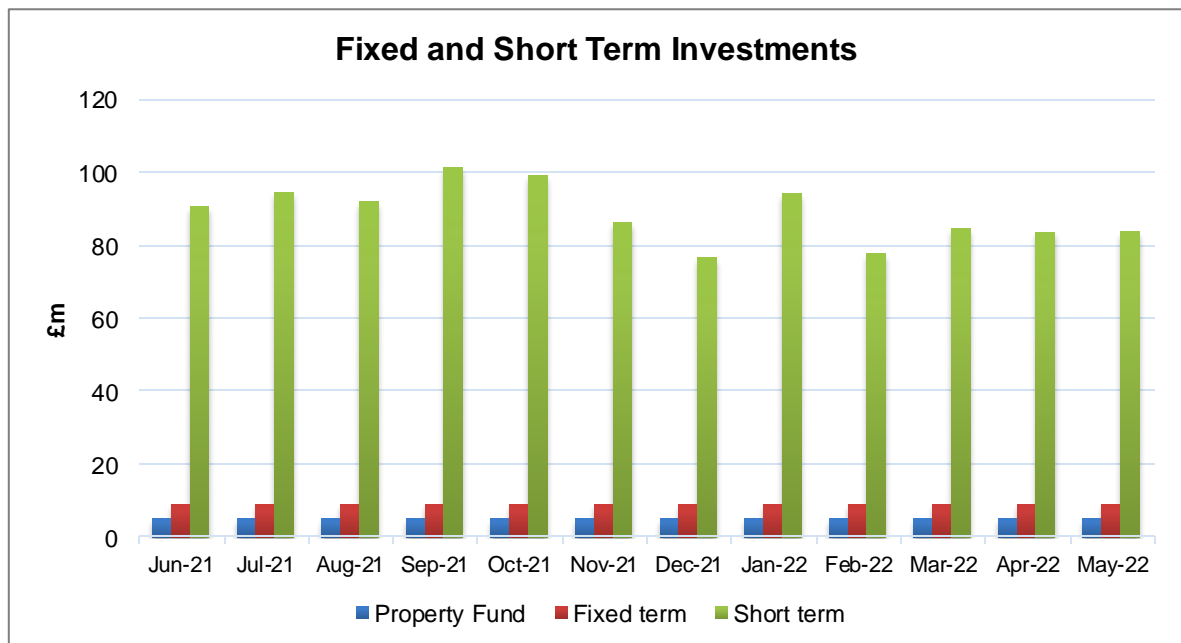
8.2. The Authority holds significant invested funds, representing grant income received in advance of expenditure plus balances and reserves held. The cash is initially held in a number of highly liquid Money Market Funds to ensure security of the funds until they are required to be paid out. This approach is consistent with the Council's approved Treasury Management Policy and Strategy for 2022/23. The balance of investments is therefore expected to fall over the coming months as the income is fully expended.

8.3. All of the investments made since April 2022 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £15m. Whilst the maximum should be retained, in light of current economic conditions, a day to day operational maximum of 10% of the total portfolio is currently being imposed for investments. This will spread the risk for the Council but

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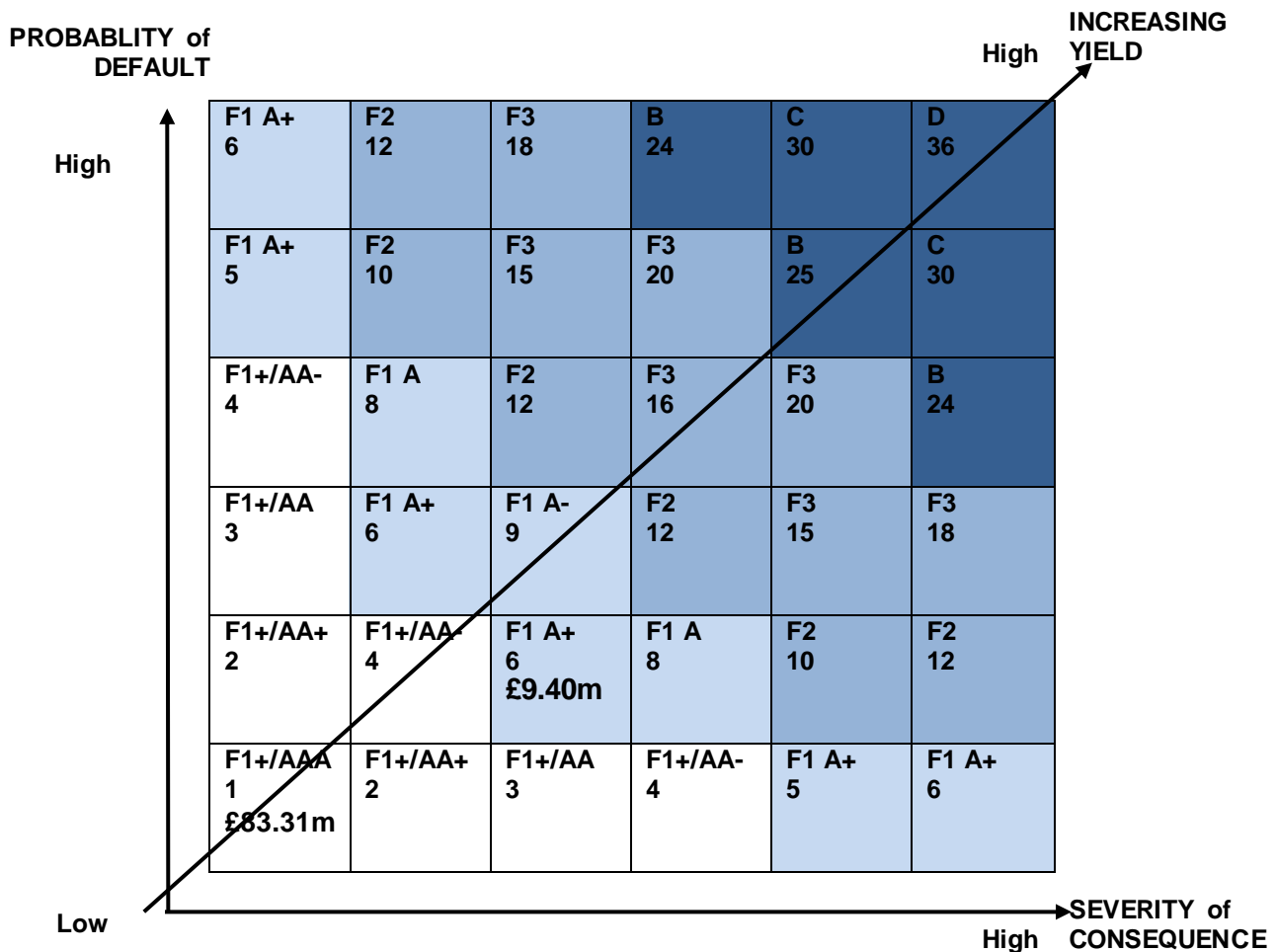
will have a small detrimental impact on the returns the Council will receive in the future. The Council has remained within that boundary during the year. At present, it is not expected that there will be any need to review this limit.

- 8.4. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 8.8).
- 8.5. An investment has been made with the Church, Charities and Local Authority Investment Fund (CCLA) in June 2014. CCLA invest in commercial property which is rented out to enterprises such as retail units, warehousing, and offices. The majority of properties owned are in the south of the country where the market is often more buoyant than the north. The Council has in effect bought a share of the property portfolio and returns paid are in the region of 4%. This is seen as a long-term investment with the potential for the capital value of the investment to vary as property prices fluctuate.
- 8.6. The Net Asset Value (NAV) of the Property Fund has increased over a 12-month period to May 2022 from 303.69p per unit to 358.52p per unit, an increase of 18%. The income yield on the Property fund at the end of May 2022 was 3.13% which, although lower than returns received in the past, still represents a reasonable return on the Council's investment.
- 8.7. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:



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

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SEFTON RISK TOLERANCE:

Risk Level	Score	Grade	Amount Invested
LOW	1 - 4	Investment Grade	£83.31m
LOW - MEDIUM	5 - 9	Investment Grade	£9.40m
MEDIUM	10 - 20	Investment Grade	-
HIGH	21 - 36	Speculative Grade	-

8.9. The Council will continue to maximise any investment opportunities as they arise although it is not envisaged that any substantial increase in returns can be achieved for the remainder of the current financial year as balances available for investment will be held in short term deposits to allow the council to respond to any exceptional demands for cash as they arise. The security and availability of cash will be prioritised over improved yields as per the agreed Treasury Management Strategy and advice received from Sefton's treasury management advisors.

9. Interest Earned

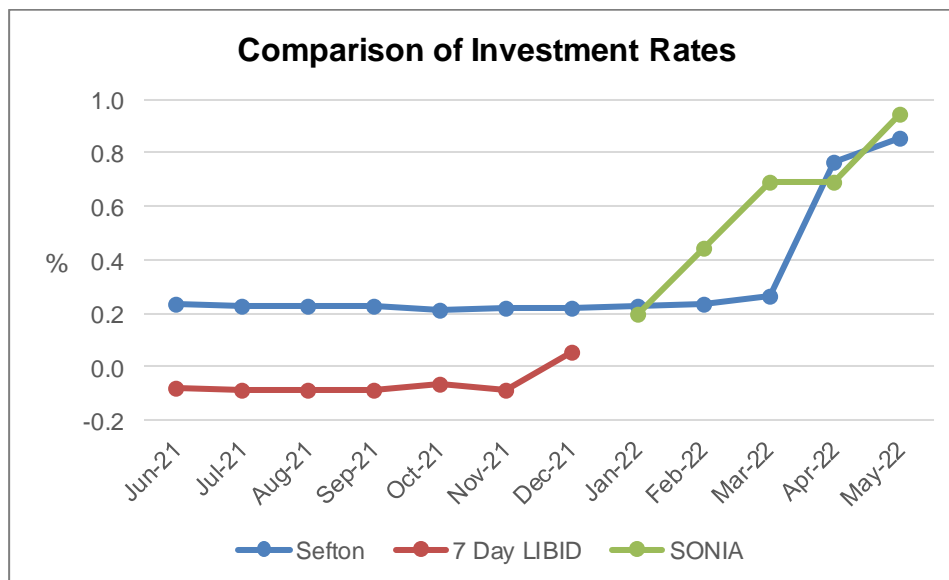
9.1. The actual performance of investments against the profiled budget to the end of May 2022 and the forecast performance of investments against total budget at year end is shown below:

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	Budget £m	Actual £m	Variance £m
May-22	0.098	0.109	0.011

	Budget £m	Forecast £m	Variance £m
Outturn 2022/23	0.789	0.789	-

- 9.2. The forecast outturn for investment income shows the level of income to be on target against the budget for 2022/23. Investment rates have increased significantly in the first quarter of 2022 (see 9.4. below) largely in response to rises in interest rates. The budgeted income for 2022/23 has therefore been set at a higher level when compared to previous financial years.
- 9.3. It is not envisaged that improved rates will lead to a significant increase over and above the current forecast income from investments during 2022/23 as cash balances are diminishing and held in short term deposits.
- 9.4. The Council has achieved an average rate of return on its investments of 0.85%. The chart below shows the average rate of return plotted against the 7-day LIBID and SONIA benchmarks.



- 9.5. On 5th March 2021 the Financial Conduct Authority announced the cessation of the LIBOR benchmark from the start of 2022. This deadline has now passed and as a result some LIBOR benchmarks such as the 7-day LIBID have been discontinued. LIBOR has primarily been replaced by the Sterling Overnight Index Average (SONIA) benchmark as the new widespread reference rate.
- 9.6. On the advice of its treasury management advisors, Sefton has adopted the SONIA rate as a replacement for the 7-day LIBID when benchmarking its investment performance from January 2022 onwards. As can be seen from the chart above,

Sefton's investments have slightly underperformed (by 0.09%) compared to SONIA to the end of May 2022, although the investment income received is on target as per the 2022/23 budget as shown in paragraph 9.1 (above).

10. Interest Rate Forecast

10.1. Arlingclose, the Council's treasury advisors, have provide the following interest rate view:

	Current	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
Arlingclose Central Case	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.23
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
3-month money market rate														
Upside risk	0.00	0.00	0.30	0.30	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.39
Arlingclose Central Case	1.20	1.40	1.45	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.32
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
5yr gilt yield														
Upside risk	0.00	0.30	0.35	0.50	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.53
Arlingclose Central Case	1.50	1.55	1.60	1.60	1.55	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.47
Downside risk	0.00	-0.20	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.44
10yr gilt yield														
Upside risk	0.00	0.40	0.50	0.60	0.65	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.59
Arlingclose Central Case	1.88	1.90	1.95	2.00	2.00	1.90	1.80	1.75	1.75	1.75	1.75	1.75	1.75	1.84
Downside risk	0.00	-0.20	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.44
20yr gilt yield														
Upside risk	0.00	0.30	0.35	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.47
Arlingclose Central Case	2.14	2.10	2.10	2.10	2.10	2.05	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.05
Downside risk	0.00	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.55	-0.55	-0.55	-0.42
50yr gilt yield														
Upside risk	0.00	0.30	0.35	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.47
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.82
Downside risk	0.00	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.55	-0.55	-0.55	-0.42

- *High inflation is challenging the global economic outlook, leaving policymakers a choice between gradual tightening now, with the chance of a recession, or more significant monetary tightening later to combat embedded inflation expectations. Global policymakers have chosen the former, leading to interest rate rises around the world.*
- *The invasion of Ukraine has exacerbated global inflation trends, particularly around food and energy. In the UK, the Ofgem price cap rose by 54% in April and a further 40-50% increase is possible in October. The rise in energy and fuel prices has been a significant factor behind the CPI rate moving up to 7% and will drive it up to near 10% over the course of 2022.*
- *High sustained inflation has created a more challenging growth outlook for the UK economy. Higher prices, particularly for necessities such as food and energy, will reduce household disposable income, and data is already suggesting that households are curtailing spending in response. Built up savings and more robust wage growth will only partly offset the impact.*
- *The labour market appears tight and nominal wage growth is running above pre-COVID levels. This will be a contributory factor to sustained above target inflation this year, although real wage growth is unlikely for most workers. Ultimately, weaker economic activity should lead to lower demand for labour and reduce wage pressure.*
- *The Bank of England will raise Bank Rate again in June to 1.25% to ensure that aggregate demand slows to reduce business pricing power and labour wage bargaining power. A further rise to 1.50% is a distinct possibility. Markets have priced in a much steeper path for Bank Rate, but we believe the MPC will be more cautious given the soft medium term economic outlook (a view communicated in the May Monetary Policy Report).*
- *Bond yields have risen sharply to accommodate tighter global monetary policy, particularly in the US, including the run-off of central bank bond portfolios in the reversal of QE. The interplay between slowing growth and high inflation/tightening policy will create significant volatility due to high levels of uncertainty.*

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11. Compliance with Treasury and Prudential Limits

- 11.1. As at the end of May 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

Report to:	Cabinet	Date of Meeting:	Thursday 28 July 2022
Subject:	Financial and Corporate Performance 2021/2022		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform Cabinet of the revenue and capital outturn position in relation to the 2021/22 financial year. In doing so the report will outline any key variations and where appropriate any impact on future years' financial performance. In addition, it provides details of the Council Corporate Performance for 2021/22.

Recommendation(s):

Cabinet is recommended to: -

Revenue Outturn

- Note the General Fund net surplus of £3.462m for 2021/22 that will increase the Council's General Balances by £1.962m more than was budgeted for.
- Note the increase in Schools' balances of £2.613m for 2021/22 and the net reduction of non-schools centrally retained DSG balances of £4.482m.
- Note the deficit on the High Needs Budget of £12.4m.
- Note the changes to Earmarked Reserves in 2021/22.
- Approve the addition to the Earmarked Reserve detailed in paragraph 6.4.(f).

Capital Outturn

- Note the total capital outturn of £30.531m for the financial year 2021/22.
- To note the successful delivery of a number of schemes as set out in section 12 that have supported the delivery of the Council's core purpose.

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Corporate Performance

- Note the Council's Corporate Performance Report for 2021/22.

Reasons for the Recommendation(s):

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

This report should be read in conjunction with the Treasury Management Outturn report for 2021/22 also on this agenda and the High Needs Funding report also on this agenda.

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

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

All financial implications are reflected within the report

(B) Capital Costs

All financial implications are reflected within the report

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None	
Legal Implications: None	
Equality Implications: There are no equality implications.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	N
The allocations of capital funding outlined in sections 8 to 12 may be spent on projects that will have a high climate change impact as they could relate to new build, rebuild, refurbishment, retrofit and demolition proposals. Environmental consideration will be	

taken into account when specific projects are designed and tendered – which will help to mitigate negative impacts.

Contribution to the Council's Core Purpose:

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

Protect the most vulnerable:

See comment above.

Facilitate confident and resilient communities:

See comment above.

Commission, broker and provide core services:

See comment above.

Place – leadership and influencer:

See comment above.

Drivers of change and reform:

See comment above.

Facilitate sustainable economic prosperity:

See comment above.

Greater income for social investment:

See comment above.

Cleaner Greener:

See comment above.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services is the author of the report (FD 6878/22)

The Chief Legal and Democratic Officer has been consulted and any comments have been incorporated into the report (LD 5078/22).

(B) External Consultations

N/A

Implementation Date for the Decision

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

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Contact Officer:	Paul Reilly
Telephone Number:	Tel: 0151 934 4106
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Appendices:

The following appendix is attached to this report:

APPENDIX A – Corporate Performance Report 2021/22

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 The report details the revenue outturn position for the financial year 2021/22 and provides details of the major variations within that position for the General Fund and Schools' Delegated Budgets including the High Needs Budget. The report also provides details of the Capital Outturn position for 2021/22.
- 1.2 In addition, the report includes the Council's Corporate Performance Report for 2021/22 (Appendix A).

Revenue Outturn 2021/22

2 Overall Position 2021/22

- 2.1 The Council has completed the closure of the Authority's Accounts for 2021/22. Due to the impact of the COVID-19 pandemic and issues with the external audit market, the Government worked with CIPFA, the LGA and external auditors to revise the regulations for publishing, auditing and approving the Statement of Accounts in 2020/21 and 2021/22. The new timeframe for the overall closure of accounts process is as follows:

- Draft Statement of Accounts issued – 31 July 2022
- External Audit Review – Completion November 2022
- Audit and Governance Committee receive Final Accounts – Late November 2022
- Final audited Statement of Accounts published – 30 November 2022

- 2.2 The outturn figures for 2021/22 are explained in more detail in section 3 but can be summarised as follows:

<u>Net Revenue Expenditure</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
<u>Services</u>			
Strategic Management	4.015	4.034	0.019
Adult Social Care	98.125	94.970	-3.155
Children's Social Care	47.754	52.641	4.887
Communities	17.274	15.139	-2.135
Corporate Resources	4.828	4.252	-0.576
Economic Growth & Housing	6.548	6.044	-0.504
Education Excellence	11.000	11.058	0.058
Health and Wellbeing	18.724	17.913	-0.811
Highways & Public Protection	11.231	10.781	-0.450
Locality Services	14.004	14.251	0.247
Other Services	2.923	2.817	-0.106
<u>Total Service Net Expenditure</u>	236.426	233.900	-2.526

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Corporate Items	-18.871	-18.257	0.614
Levies	34.568	34.568	-
Parish Precepts	1.208	1.208	-
<u>Total Net Expenditure</u>	253.331	251.419	-1.912
Financed by:			
Council Tax Payers	-141.553	-141.553	-
Business Rates Top-Up	-21.315	-21.315	-
Retained Business Rates	-29.105	-29.105	-
General Government Grants	-62.858	-62.908	-0.050
<u>Total Financing</u>	-254.831	-254.881	-0.050
<u>Amount Added to General Balances</u>	-1.500	-3.462	-1.962

3 **General Fund Revenue Outturn 2021/22 – Variation Analysis**

3.1 As shown in section 2, the outturn for 2021/22 shows that there was a transfer to General Balances of £3.462m which was an underspend of £1.962m compared to the increase in General Balances of £1.500m that was budgeted for.

3.2 As would be expected, during the financial year, there has been a number of significant variations in individual services as the Council continued to respond to and be impacted by the global pandemic. The major variances are highlighted in the following paragraphs: -

3.2.1 **Adult Social Care** - Adult Social Care underspent in 2021/22 by £3.155m. Reports to Cabinet during the year highlighted that there were a number of significant assumptions and uncertainties relating to COVID-19 and other areas that would impact on the outturn position at the year-end. The Demand Management Programme continued throughout the year, and further savings were identified that had a significant part-year impact in 2021/22 which was a major factor in the service underspending. Monthly budget monitoring reports later in 2021/22 made reference to these issues and an underspend of £2.3mm was included in the forecast pending finalisation of the issues.

3.2.2 **Children's Social Care** - Children's Social Care overspent in 2021/22 by £4.887m. A significant overspend was forecast consistently through the year and relates to the overspends on accommodation and Agency workers. This budget is demand led, and as such, is particularly volatile, depending on the increasing numbers of children becoming looked after and where they are accommodated. The overspend increased towards the end of the year, which was as a result of some high-cost cases and highlights the pressures that the budget can experience, together with the higher than budgeted for costs of agency members of staff that are required as a result of increased demand and a lack of permanent staff who are available in the labour market.

3.2.3 **Communities** – The surplus of £2.135m primarily relates to reduced expenditure on sports facilities due to them being closed in line with COVID19 guidance and

reduced activity when they were allowed to open. There were other vacancy savings across the Council, as well as additional grant funding made available to offset existing costs in the year.

3.2.4 **Corporate Resources** – The surplus of £0.576m for Corporate Resources primarily relates to savings made against staffing budgets which is due to posts being held vacant in order to contribute to the overall budget pressures faced by the Council.

3.2.5 **Economic Growth and Housing** – The surplus of £0.504m includes the performance of Southport Market. The planned opening of the Market, initially scheduled for 1st April 2021, was delayed until mid-July 2021 in line with the planned lifting of government restrictions in social activity. Hospitality operations continued to be subject to significant levels of uncertainty during 2021/22 including the rise in coronavirus case numbers associated with the Omicron variant during the critical festive period.

3.2.6 The business case for Southport Market, as approved by Cabinet on 3rd September 2020, assumed that the net cost to the Council in the first year of operation would be £0.307m. The outturn position for 2021/22 was £0.296m and so the business plan target has been overachieved by £0.011m despite the challenges referenced above. As, the budget for Southport Market is £0.079m the net overspend against the budget was £0.217m which was offset by underspends across other areas of the service.

3.2.7 **Health & Wellbeing** – A net surplus of £0.811m was brought about primarily due to savings on contracts procured during the year, including on substance misuse and health prevention services.

3.2.8 **Corporate Items:** There are various corporate items that have had an impact on the Council's outturn position, with a net impact of £0.614m. The most significant are described below:

- The Budget Report outlined that the potential outturn deficit for the Strand Shopping Centre for 2021/22, as a consequence of the impacts of the COVID-19 pandemic, was expected to be in the region of £1.7m. The deficit for the year has now been finalised at £0.498m with the impact on the outturn position being an underspend of **£1.202m**. This is partly due to the length and impact of lockdowns not being as severe as anticipated and recovery of rent due being stronger than forecast.
- The 2021/2022 pay award was settled at a figure higher than the amount provided for in the 2021/22 Base Budget. This under provision was **£1.493m**.

3.3 As a result of the variations detailed within this report the overall Council-wide underspend recorded for the year of £1.962m represents the outcome of stringent financial management through the year as the Council continues to meet the financial pressure from demand led services, the extreme challenges of national government policy as well as the continuing impact of COVID19. The outturn position excludes the impact of COVID19 with additional expenditure and loss of income being met by utilising various additional funding sources provided by the Government. Details of the financial support made available to the Council to

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support the response to the pandemic and how they will be utilised have been reported to Cabinet throughout the year. Most of these are specific grants to cover areas of expenditure and support as defined by central government. In addition, the Council has been in receipt of emergency funding over 2020/21 and 2021/22 totalling £23.668m. As at the end of 2021/22 there remains a residual balance of £8.6m available to the Council. £3.0m of this was reported in June to Cabinet as being required to support ongoing pressure in 2022/23 and that will leave £5.6m remaining to continue to support the Council as it continues to deal with the financial impact of the pandemic for example in lower income from business rates, council tax, leisure income and car park income. Based on the information available at this time, this funding will be fully utilised on these areas during the next two years, therefore wouldn't be available for use elsewhere. Should this position change this will be reported to Cabinet in the first instance.

- 3.4 As was detailed within the Budget report presented to Council in March 2022, in addition to the continued need to respond to the decade long austerity programme and the impact of COVID19, the Council continues to face unprecedented financial pressure particularly within Children's Social Care. This position is not unique to Sefton; however, the challenge is significant and will require very careful financial management throughout 2022/23 and beyond.
- 3.5 The Council acknowledged these risks in its budget report and significant additional resources were built into 2022/23 budget in recognition of these additional demands. A report to Cabinet in June, and Council in July, highlighted further significant pressure on Children's Social Care as well as on energy costs. A remedial action plan was approved to meet these costs in 2022/23.
- 3.6 In addition to the financial pressures being experienced by the Council, there is considerable uncertainty around the future funding of local government and the impact this will have on Sefton. As detailed in the budget report, the Government has committed to the biggest review of local government finance in a generation with a Fair Funding Review, funding for Adult Social Care Reform and the reform and full roll out of the business rates retention scheme. The Council continues to contribute to consultations and lobby on each of these areas, to help develop what is hoped will be a genuine long-term plan to deliver financial sustainability to local government in general, and Sefton in particular. However, due to the implications of responding to the COVID-19 pandemic and recent changes within the Government, the implementation of any changes may be delayed beyond 2023/24 bringing more uncertainty in the Council's funding position. During the summer of 2022 the Council will develop its Medium-Term Financial Plan for the period 2023/24 to 2024/25 (the last two years of the current Spending Review period) and this will reflect the known position.

4 Schools' Delegated Budgets Outturn 2021/22

- 4.1 The level of schools' balances as at the end of 2021/22 is £18.289m (£15.676m 2020/21). This overall sum consists of direct school balances of £17.961m (£15.194m 2020/21); Schools Supply Funding Pool surplus of £0.005m (£0.112m surplus in 2020/21) and the Schools Rates Pooled Account surplus of £0.323m (£0.370m 2020/21). The total balances represent 16.4% of schools' 2021/22 delegated budgets. Overall, schools' direct balances increased by £2.767m; The

Schools Supply Pool balances decreased by £0.107m and the Rates Pool Account reduced by £0.047m.

- 4.2 Analysis of the Schools Balances shows that 56 schools saw an increase in their balances totalling £3.755m; whilst 28 schools experienced a fall in balances of £0.988m giving a net increase in the year of £2.767m. Of the 28 schools with falling balances, there were 23 Primary schools and 1 Local Authority Maintained Secondary school with a fall in balances of £0.737m and £0.170m respectively. In addition, there were two Special/AP schools with reducing balances of £0.024m; and two Maintained Nursery Schools with reducing balances of £0.057m.
- 4.3 At the start of 2021/22, there were six schools in a deficit balance position, including two Maintained Primary Schools; three Maintained Secondary Schools; and one Pupil Referral Unit with net deficit balances of £0.098m; £1.397m and £0.073m respectively. These six schools were all operating under a licensed deficit in 2021/22.
- 4.4 By the end of 2021/22, based on the outturn position, seven Schools were in a deficit position, including three Maintained Primary schools; three Maintained Secondary Schools, and one Pupil Referral Unit with net deficit balances of £0.287m; £1.113m and £0.059m respectively.
- 4.5 In 2022/23, six schools have applied to the Executive Director of Corporate Resources and Customer Services, for permission to continue to operate under licenced deficit conditions, having submitted their plans to the Local Authority for reducing their spending to try and get back into balance, with other one Primary School (Holy Spirit) in a deficit position converting to an Academy, with effect from 1 April 2022. The small deficit against this school at the end of 2021/22 will need to be written off against contingency funding by the Authority in 2022/23.
- 4.6 In respect of the five Maintained Special Schools, their balances increased by a net £0.541m taking them to an overall surplus of £3.172m at the end of 2021/22 (£2.631m 2020/21); whilst the two PRUs saw a minimal increase in net balances of £0.001m in the year, taking them to a net surplus of £0.035m (£0.034m in 2020/21). However, one of the two PRUs is in a deficit position as indicated above (£0.059m)
- 4.7 High Needs budgets were overspent by £4.245m in 2021/22 (£2.8m in 2020/21). This has resulted in the overall High Needs Deficit now being £12.4m Cost pressures continued across High Needs provision with increasing demand for Special School places driven by growing numbers of children being assessed for an Education Health and Care Plan (EHCP). Numbers of places commissioned out of Borough, have continued to increase, due, in part, to a shortage of in-house places. Due to these two cost drivers which continue to impact the High Needs budget, the Council has sought to engage both the Department for Education and the Department for Levelling up, Housing and Communities to understand the strategic direction that this area of council business would take, what funding would be made available and how high needs deficits, which are major strategic risk to the financial sustainability of the Council, would be treated. In addition, the Council was keen to outline the steps it was taking with regard to the management of the service and the improvements it was making. During these discussions limited feedback was provided on these issues aside from two points, namely, that the Council appeared to be addressing the right issues in its improvement and development plan and that

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any detail required on changes from central government would come through the green paper. As a result, the Council continued on its improvement plan to meet the issues detailed earlier in this paragraph.

- 4.8 One aspect of this is the investment in a new funding regime for the Maintained Special Schools; PRUs and Resourced Units, to help facilitate some in house growth in the number of special school places on offer.
- 4.9 During the year any changes planned to address the funding given to mainstream schools for local SEN support of children without/working towards an EHCP was put on hold during the year, pending the release of the Government's Green Paper consultation, as part of its SEND Review, (Right support; right place; right time) which came out in March 2022, and concludes in mid-July 2022. There are proposals within this paper, which suggest that a national banding structure may be put in place for SEND support to schools, along with a range of other proposals.
- 4.10 In the meantime, and throughout 2021/22, some schools have been setting up new 'nurture room' agreements for children with lower-level SEND, whereby High Needs funding is given to pay for a teacher/TA in support of operating specific teaching groups working with children at a lower cost than providing one to one support funding for each child. These nurture room agreements are set to grow over the next 12 months, and it is hoped that some cost efficiencies may come out of this change in approach, which is very much supported by Headteachers. Basic funding for SEN support has continued throughout 2021/22 by agreeing, without any fresh claims, ongoing support for children already receiving it, and by agreeing only new transitional cases for the key years of pupils moving schools in the year.
- 4.11 During the year, a review of the funding allocations for the Special Schools; PRUs and Resourced Units was carried out, with the emphasis on these schools being financially sustainable going forward and able to respond to a growth in in-house places as required. The new Special schools and PRUs funding regime has been applied from April 2022, when their budgets were right sized to match pupil numbers. The funding is now geared towards the costs of managing each school and the numbers of classes and ratios of teachers to pupils etc. It applies a part banded funding structure with lump sum payments. Similar methodology will be rolled out to the Resourced Units from September 2022.
- 4.12 In 2021/22, a sustainability plan has been drawn up by the SEND team to identify future areas of growth in EHCP numbers; and a number of initiatives have been started in 2022/23 to accommodate more pupils with SEND from September 2022, including new mobile teaching units at a couple of Special Schools and 56 extra places across the Special schools and Resourced Units.
- 4.13 The overspend on High Needs of £4.245m in 2021/22 was despite funding growth in the year of £3.3m and a contribution from Schools of £0.430m (£3.73m in total). This funding continues to be insufficient to meet the growing demands of High Needs within Sefton and there would appear to be no reduction or slowing down of demand for Places across the Borough. As stated, the High Needs deficit is now over £12m and urgent clarification continues to be sought from central government on how this ring-fenced budget should be treated by councils. It has been suggested that this ringfence that precludes councils from using general fund resources to fund it will cease from March 2023 and that councils will be expected

to evidence how any deficits will be met from that time. At this stage, there is no further information available from the respective government departments on which to base financial decisions or plans however it is clear that:-

- Central government is working towards removing the ring fence on these deficits and councils will need to fund them at some point and over an agreed period. If this is the case, this presents a major financial issue for the Council and provision will need to be made within the Medium-Term Financial Plan and future budgets for this.
- The Council will need to ensure that it moves to a balanced in year position on the High Needs budget as soon as possible so that this deficit does not increase year on year. Any further increases in this budget will potentially increase the funding requirement from elsewhere in the Council's budget that supports front line services and in doing so compromise the financial sustainability of the Council. Moving to a balanced in year position, and indeed one that underspends and can therefore reduce the annual deficit, is essential and will be worked towards with increased ambition and oversight and will be informed by the Delivering Better Value Programme.

Full detail on the progress on High Needs activity is included in a separate report on this agenda and the Council's Statement of Accounts will provide a note explaining this deficit position further.

4.14 Early Years provision overspent by £0.056m in 2021/22, following adjustments that were made to the original funding by the DfE after taking account of a much-reduced headcount between January 2020 and January 2021 due largely to the Covid pandemic. This led to a clawback of funding for the Spring Term 2021 of £0.353m (20/21 related) and for the subsequent Terms of 2021/22 of £1.177m (£1.530m in total). In addition, the DfE determined that funding for the Summer and Autumn Terms 2021 were to be funded individually on headcount data, to level off funding for the year and offer some stability. This meant that Sefton's usual, almost annual underspending due to fluctuations in numbers across the year, did not materialise. Spending from the Early Years centrally retained reserves, however, did continue as planned (£0.421m), leading to a net overspending of £0.477m in 2021/22.

4.15 Early Years centrally retained balances started the year with a surplus balance of £1.113m in 2021/22 and after the previous year of clawback and spending on planned initiatives during the year, ended the year at a surplus of £0.636m. There are ongoing plans to utilise some of these balances in 2022/23 to further support providers and to continue to offer specific Early Years training initiatives going forward. It is expected that Early Years funding will revert to normal levels from 2022/23, based on headcount numbers being back up to pre-covid pandemic levels in January 2022.

4.16 Central School Support services were underspent in 2021/22 by a Net £-0.240m. Notable variances included an overspending across the Historic Combined budget areas, in particular spending on Closed Schools estate Maintenance (+£0.065m); with other notable variances including an underspending against the EAL Ethnic Minority budgets (-£0.041m), which is managed by the Complementary Education Team; and the Pupil Growth funding (-£0.243m) due to policy changes in the application of the funding during the year to exclude support for 'popular' pupil

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growth; and spending on LA statutory functions (£-0.052m) ; The Trade Union Facility Time / Public Duties support marginally overspent by £0.015m in the year, due to an added day facility time for the NEU as requested at Schools Forum in January 2021, and which was agreed without an increase to the per pupil rate for 2021/22 to be funded out of the from Central reserves, with a rate increase cutting-in from 2022/23.

4.17 It should be noted that the underspending against Pupil Growth in 2021/22 (£-0.243m) will be earmarked and recirculated through the 2023/24 schools' formula, which is the permitted use of such an underspend. The overall Central Schools DSG Reserve stands at £-0.761m as at 31 March 2022 (2020/21 £-0.521m).

4.18 The Council holds Centrally Retained DSG reserves, separate to its Maintained Schools' balances. These are in respect of Schools' Central Support services; Early Years (non-schools) provision and High Needs (non-schools) provision. The net opening balance of these reserves, as at 1 April 2021, was a deficit of £6.615m. During 2021/22, this deficit has grown considerably, mostly due to the significant overspending of High Needs. This has taken the reserves into a net deficit position of £11.097m (see below).

<u>Centrally Retained DSG Balances</u>	<u>1 April 2021</u> <u>£m</u>	<u>Net Movement 2021/22</u> <u>£m</u>	<u>31 March 2022</u> <u>£m</u>
Schools Block	-0.521	-0.240	-0.761
Early Years Block	-1.113	0.477	-0.636
High Needs Block	8.249	4.245	12.494
	6.615	4.482	11.097

5 **Council Balances**

5.1 The change in the level of Council and School Balances as at 31 March 2022 are set out in the tables below:

<u>Non-School General Fund Balances</u>	<u>£m</u>	<u>£m</u>
Actual Non-School General Fund Balances at 31 March 2021		-11.278
Less underspend in comparison to the 2021/22 Base Estimate:		
- Assumed Increase in Balances 2021/22	-1.500	
-Underspend in 2021/22	-1.962	
Actual Increase in Balances in 2021/22		-3.462
Actual Non-School General Fund Balances at 31 March 2022		-14.740

Schools' Balances	£m
Schools' balances as at 1 April 2021	-15.676
Underspend on Schools' Delegated Budgets	-2.613
Schools' balances at 31 March 2022	-18.289

6 Earmarked Reserves

- 6.1 Unlike General Fund balances, Earmarked Reserves are held for a specific purpose. These purposes may be determined by the Council to coincide with its policy objectives, dictated by statute (e.g., Schools Earmarked Reserves) or relate to revenue grants and contributions that haven't been fully applied by the end of the financial year.
- 6.2 Once approved, expenditure incurred in accordance with the reserve's purpose is funded by applying the reserve, without any need for further approval. If the reserve is no longer required for the originally intended purpose it is released back into the General Fund.
- 6.3 An analysis of the Council's Earmarked Reserves, and the movement during 2021/22 is shown in the table below:

Movements in 2020/21	<u>1 April</u> <u>2021</u> £000s	<u>Transfers</u> <u>in</u> £000s	<u>Transfers</u> <u>Out</u> £000s	<u>31 March</u> <u>2022</u> £000s
Environmental Warranty	-9,000	0	0	-9,000
Insurance Fund	-961	0	0	-961
Transforming Sefton	-3,502	-691	1,961	-2,232
Redundancy Reserve	-1,326	0	0	-1,326
Community Transition Fund	-481	0	95	-386
Contamination Clearance	-1,438	0	0	-1,438
Secondary School Deficit Reserve	-750	-250	0	-1,000
Business Rates S31 Grants Reserve	-38,784	-17,981	38,460	-18,305
Collection Fund Deficit Spreading Reserve	0	-6,137	0	-6,137
Revenue Grants and Contributions Unapplied	-47,704	-13,782	34,761	-26,725
Schools' Earmarked Reserves	6,615	-240	4,722	11,097
Other Earmarked Reserves	-11,317	-1,914	1,919	-11,312
	-108,648	-40,995	81,918	-67,725

6.4 The main changes in Earmarked Reserves are as follows:

- a) **Transforming Sefton** – £1.961m has been utilised to fund previously approved expenditure, primarily involving the Cost of Change budget relating to the Framework for Change programmes of 2017 and 2020.
- b) **Business Rates S31 Grants Reserve** – In response to COVID19, the Government introduced an expanded Business Rates retail relief scheme in 2020/21. This resulted in a significant deficit on the Collection Fund which was

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recovered in 2021/22. However, the Council received S31 grants to offset the reliefs granted which were received in 2020/21. These were therefore reserved so they could be used to offset the deficit in 2021/22. Similarly further reliefs were announced for 2021/22 – again the associated S31 grants have been reserved to offset the deficit arising in 2022/23.

- c) **Collection Fund Deficit Spreading Reserve** – Due to COVID19, the income received from Business Rates and Council Tax was significantly reduced in 2020/2021. The Government amended regulations so that the deficits arising could be spread into future years. The creation of a reserve to offset these future deficits, primarily funded from COVID government grants, was approved by Budget Council in March 2021.
- d) **Revenue Grants and Contributions Unapplied** – There was a large increase during 2020/21 due to the receipt of various tranches of funding to support the Council's response to the COVID-19 pandemic. These include funding for Local Restrictions Support Grants, emergency funding and the Contain Outbreak Management Fund. These were reserved to fund costs and loss of income that was incurred in 2021/22 and future years.
- e) **Schools' Earmarked Reserves** – See Section 4 for an explanation of the movements in these reserves.
- f) **Other Earmarked Reserves** – The addition to a reserve not previously approved is proposed as detailed below:

Council Tax Court Costs (£0.224m) – The Council received a refund from the Ministry of Justice for court fees that were over-charged by £2.50 for every case listed for at Court. This equated to £0.224m, including interest. Given the difficulties in refunding these amounts to individual taxpayers (there are about 86,00 cases) it is proposed to add this amount to the Council's Exceptional Hardship Fund Reserve which would enable even more support to be provided to the most vulnerable Council Taxpayers. **Cabinet is asked to approve the addition of this refund (£0.224m) to the Exceptional Hardship Fund Reserve in 2021/22.**

7 Council Wholly Owned Companies

- 7.1 The Council has three wholly owned companies, namely, Sefton New Directions, Sandway Homes Limited and Sefton Hospitality Operations Limited. During the year Cabinet have received comprehensive Business Plan updates on each of these companies and outturn reports detailing progress against business plan both in terms of service delivery/meeting of objectives and financial performance will be presented to overview and scrutiny committee in early autumn. In terms of the key financial metrics for each company:-

Sandway Homes Limited

- It remains the forecast that the Council's dividend of £1.350m as previously reported to Cabinet and Budget Council will be delivered in 2024/25.
- It remains the forecast that the capital receipt in respect of the three sites in Phase 1 totalling £2.3m will also be received in 2024/25.

- The Council has agreed peak debt for the company of £8.3m. As at 31 March 2022 the company has drawn down £6.4m of this and at this stage does not expect this sum to increase.

It can therefore be seen that at the end of 2021/22 all financial assumptions in relation the company as previously reported to Cabinet remain on target and as agreed by members should there be any material variations these will be reported immediately.

Sefton Hospitality Operations Limited

- The latest Business Plan for the Company was presented to Cabinet on 3 February 2022.
- The report outlined that the Council's redevelopment of the Crosby Lakeside Adventure Centre has been delayed due to the previous contractor's delays and failures to satisfactorily progress the works. This has meant that the Company's activities were limited during 2021/22.
- The Full Business Case, approved by Cabinet in February 2021, approved a loan of £500,000 from the Council to cover working capital. This would be repaid to the Council as the first financial commitment for profits generated over the 10 years of the Full Business Case. At this stage it is not anticipated that this sum will be breached.
- The Full Business Case also outlined that a saving of nearly £0.250m would be achieved for the Council through the removal of the subsidy previously included in the budget. In addition, dividends would be due to the Council in later years as the Company becomes more profitable and the loan is repaid.

Sefton New Directions

- The latest Business Plan for the Company was presented to Cabinet on 23 June 2022.
- The current block contract for 2022/23 is £7.370m in total.
- The Company produces annual financial accounts which are subject to external audit (note that this is separate to the external audit of the Council's Statement of Accounts). The final accounts for 2021/22 are currently being prepared and are due to be finalised by the end of July 2022.
- The report to Cabinet in June 2022 explained that due to the required accounting treatment of the Company's membership in the Local Government Pension Scheme, the external auditors require the Company to make a significant contribution to reserves to cover any potential deficit in the Scheme. This has affected the reported financial performance of the Company. Officers at the Council have worked with the Company, their external auditors, and the Merseyside Pension Fund to mitigate the impact of this accounting treatment and therefore improve the reported financial performance of the Company.

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8 Revenue Outturn 2021/22 - Conclusion

- 8.1 In March 2021, the Council set a one-year budget. Through the application of stringent financial management throughout the year, the Council continued to meet the financial pressure from demand led services and was still able to underspend by £1.962m. In addition, it was able to withstand the financial pressures that continued to arise from COVID19 by utilising the resources provided by the Government to support the Council's response.
- 8.2 Whilst the position reported is largely favourable, in addition to meeting the funding shortfall that has arisen primarily due to central Government's austerity programme, the Council is still facing significant financial pressure from some of its main demand led budgets, in particular Children's Social Care. The experience in Sefton is currently similar to many local authorities across the country and as a result will require careful financial management in the forthcoming year in order that these pressures are aligned with the delivery of the overall savings target that the Council has to meet. This approach and pressure were identified within the Budget report of March 2022 and significant additional resources were included in the budget for 2022/23. However, a report to Cabinet in June 2022 highlighted the significant budgetary pressures on Children's Social Care and energy costs in 2022/23. Cabinet approved a remedial action plan to offset these forecast costs in 2022/23.
- 8.3 The Council's accounts are scheduled to be completed by the end of July 2022. They will then be subject to review by the external auditor, Ernst & Young, and following final completion of the audit, the Accounts will be presented to the Audit & Governance Committee in November 2022 for consideration, together with the ISA 260 report that will reflect their findings and conclusions.

Capital Outturn 2021/22

9 Overall Position for 2020/21

- 9.1 The approved capital budget for 2021/22 was £41.638m against which capital expenditure of £30.531m has been incurred at the year end. This has resulted in a year end variance of £11.107m. Similarly to 2020/21, the delivery of the capital programme was significantly impacted by the pandemic with the ability to effectively plan works, procure and deliver them, substantially affected by national lockdowns and restrictions. Monthly updated performance information has been provided to Cabinet tracking progress. A service by service breakdown is shown in the following table:

Service Area	Budget 2021/22	Actual Expenditure 2021/22	Variance to Budget
	£m	£m	£m
Adult Social Care	4.133	3.932	-0.201
Children's Social Care	0.100	0.025	-0.075
Communities	1.170	1.150	-0.020
Corporate Resources	3.033	2.131	-0.902

Economic Growth & Housing	8.125	4.990	-3.135
Education Excellence	4.335	3.952	-0.384
Highways & Public Protection	13.157	7.400	-5.757
In House Operational Services	7.584	6.951	-0.633
Total Programme	41.638	30.531	-11.107

9.2 In addition to the core programme, capital expenditure totalling £2.005m was incurred by the Council. This included Schools Devolved Formula Capital which is provided directly to and managed by schools and capitalisation of Highways expenditure. Total capital expenditure in 2021/22, including this was £32.536m.

10 Programme Funding

10.1 The table below shows how the capital programme has been funded in 2021/22:

Source	£m
Grants	20.430
Prudential Borrowing	9.650
Contributions	1.156
Capital Receipts	1.089
Section 106	0.211
Total Programme Funding	32.536

11 Key Explanations of Full Year Outturn Variance 2021/22

11.1 Corporate Resources

11.1.1 Bootle & Southport Town Hall Retrofit (-£0.149m)

The project has run over the 2021/22 timeframe due to lead in times for material deliveries to site (mainly windows) as well as additional level of work on windows being identified upon closer inspection, all of which led to delayed installation on site and therefore delayed payment for the works due to changing completion timescales.

11.1.2 Green Homes Local Delivery Scheme (-£0.592m)

All works carried out required a retrofit assessment, EPCs pre and post works, and Trustmark lodgements (warranties and guarantees) which can take up to 6 weeks to be returned following the installation. The shortfall in spend was due to delays in the warranty and guarantee documents being returned and releasing payments to the contractor.

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11.1.3 ICT Transformation (-£0.147m)

Due to the complexity of the existing estate and additional discovery work required there were some delays at the outset of the Cloud migration project, and these delays were impacted further by the fact a number of key staff were absent from work for some time due to Covid infection. These delays led to the project completion shifting from the end of March 2022 to end of June 2022. The project is on course to complete by the end of June 2022.

11.2 **Economic Growth & Housing**

11.2.1 Crosby Lakeside Development (-£1.545m)

The delay in spend to date has been from slippage in hospitality works due to construction lead-in times and a delay in tendering for bunk barn work.

11.2.2 Bootle Canal Side (-£0.240m)

A key element of the current phase of works was completed during the year but difficulty in obtaining quotes from contractors has delayed subsequent works. It is anticipated that all work on the Canal Side will be complete within the funding timescales.

11.2.3 Marine Lake Events Centre (-£0.705m)

Due to a delay in procuring some of the surveys and consultants the forecast amount was not spent. This had no overall impact on the programme or overall spend profile of project.

11.2.4 Brownfield Fund for Housing Development (-£0.538m)

Long lead in times for contractors to deliver diversion works for Sandway Homes has meant that some work was delayed until 2022/2023. Sandway will have incurred eligible expenditure by July 2022 which will mean the remaining balance due can be claimed.

11.3 **Highways and Public Protection**

11.3.1 A number of capital schemes originally programmed for delivery in 2021/22 were reprogrammed for delivery in 2022/23. This was a result of a number of factors including protracted scheme development to address issues raised during consultation processes prior to construction. Some schemes aware also programmed to avoid disruption or clashes with other projects.

11.3.2 The key areas of reprogramming are as follows:

- Local Transport Block – An unspent balance of £0.991m will be carried forward due to delays to projects, owing to changes required following consultation, conflicting roadworks and to complete ongoing construction projects including land payments.

- Emergency Active Travel Fund – An unspent balance of £0.934m will be carried forward with the approval of the Combined Authority and DfT to undertake alternative proposals following lack of support for the initial scheme proposals.
- Highways Challenge Fund – An unspent balance of £0.419m will be carried forward to complete Scarisbrick Public Realm improvements which have been delayed due to extended lead in times for delivery of materials.
- Pipeline Development Fund – An unspent balance of £0.212m will be carried forward to complete ongoing Major Scheme Business Cases with the approval of the Combined Authority.
- Maintenance Block – An unspent balance of £0.943m will be carried forward to complete the 2021/22 programme of Carriageway Maintenance, Resurfacing, Urban Traffic Control Upgrades, Drainage, Street Lighting and Highway Structures.

11.4 Operational In-House Services

11.4.1 Flood and Coastal Erosion and Risk Management (-£0.253m)

There has been a delay in ecological mapping contract deliverables and delays from contractors supplying data which has meant that some payments will now be made into 2022/23

11.4.2 Vehicle Replacement Programme (-£0.297m)

Delivery of 12 tipper trucks scheduled March 2022 were slightly delayed and have now been received in early 2022/23.

12 Programme Delivery 2021/22

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

12.2 Adult Social Care

12.2.1 Disabled Facilities Grants Core Programme (£1.341m)

During 2021/22 there were 163 adaptations certified as complete on behalf of clients including items such as stair lifts, vertical lifts, bathroom adaptations, extensions, and hoists. The number has increased when compared to last year due to the lessening impact of Covid on completing works.

12.2.2 Integrated Community Equipment (£0.504m)

Loan equipment has been purchased to issue to Sefton residents with medical needs or a disability to enable them to remain safe and independent in their own homes. The equipment provided includes walking aids, bathing aids, toileting aids

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and patient handling equipment to enable carers to assist and care for residents in a safe manner. All equipment is issued on a loan basis and ownership is retained by the Equipment Service. When no longer needed by service users it is collected, decontaminated in accordance with strict infection control procedures and recycled for future issue to others.

12.2.3 Single to Double Handed Care Equipment (£0.240m)

The equipment purchased, predominantly for patient handling, is specifically designed to enable a reduction in the number of carers required to care for an individual. The service provides gantry hoists, specialist slings and a variety of patient handling pieces taking advantage of new product development and techniques, with the ultimate aim of reducing a care package for the individual whether that care be provided by family or formal carers. The benefits of the equipment provide a more dignified care process for the recipient. All equipment is issued on a loan basis and when no longer needed by the service user, collected and recycled for further use.

12.2.4 ICT Development and Transformation (£0.238m)

The Adult Social Care ICT systems continued to improve during the year and support the management of the service user journey, from early intervention through to long term service provision. Included in this is the way in which the Council pays its care providers against the service delivered.

12.2.5 Care Home Improvement Grants (£0.506m)

The Council has made grants available to care homes to make physical improvements to the care home environment and to implement technological solutions to improve the quality of life for service users. Grants were issued to 38 care homes during round one of the scheme and of these 29 homes have fully completed improvement work. Round two has commenced during 2021/22 and grants have been awarded to 29 care homes for further improvements. A further third round will launch in November 2022.

12.2.6 Community Equipment Stores (£0.398m)

Upgrades to the storage facilities continued during 2021/22 to allow the stores to operate with greater efficiency. New vehicles were also purchased as part of the ongoing programme of vehicle replacement.

12.3 Communities

12.3.1 Dunes Splashworld – Essential Repairs (£0.824m)

Work was undertaken during 2021/22 on remediating latent defects at Dunes Splashworld. The work involves stripping back and recoating the internal steel frame due to paintwork failures, along with Removal and replacement of the entire pool tiling system along with concrete repairs to the flume tower staircase and associated works to handrails and balustrades. The project is ongoing into 2022/23 and work on latent defects is due for completion in August 2022.

12.3.2 Litherland Sports Park – 3G Pitches (£0.244m)

Litherland Sports Park is an important part of the Council's playing pitch strategy and due to its high usage, required major investment during 2021/22. A scheme has now been completed to resurface and upgrade the pitch, as well as upgrade the existing lighting to LED.

12.4 Corporate Resources

12.4.1 Bootle & Southport Town Hall Retrofit (£1.069m)

Works were completed to improve the thermal efficiency of Bootle and Southport Town Halls through the replacement of the windows with new double glazing and replace/improve upon the loft insulation at both sites.

12.4.2 Green Homes Local Delivery Scheme (£0.351m)

28 properties received funded works that were eligible due to having a poor energy efficiency rating and a low household income. The funded works included external wall insulation, cavity wall insulation, loft insulation, under floor insulation, photovoltaic panels, double glazing, and upgrades to heating controls. The aim of the scheme was improve the energy efficiency rating from a D,E,F or G to a C or above. The works will help reduce household utility bills and also lower carbon emissions.

12.4.3 ICT Transformation (£0.489m)

The capital investment has allowed Sefton to move the majority of its ICT infrastructure to a cloud hosted platform, MS Azure. This replaces the legacy (end of life) infrastructure and is in line with Sefton's Digital Strategy, Cloud first approach. The move has also significantly improved the ICT resilience of our key applications with failover to a secondary data centre in place for those systems defined as critical to service delivery as well providing a more flexible and agile infrastructure that supports remote working, access to data and collaborative working through greater use of technology.

12.5 Economic Growth and Housing

12.5.1 Strategic Acquisitions – Bootle (£0.417m)

The assembly and acquisition of a key canal side site as part of first phase of Bootle town centre transformation has been completed including demolition and making good the site. This project is an integral element of town centre diversification and place making and a key element to enable the delivery of the wider strategy for repurposing and reimagining Bootle Strand Shopping Centre.

12.5.2 Cambridge Road Project (£0.741m)

The project is nearing completion and the building is now fully functional. The following key elements of the project were completed by March 2022:

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- Refurbishment of all classrooms and other internal communal spaces (offices/hall/toilets)
- Purchase of all new furniture (tables/chairs/IT related furniture)
- Update of all mechanical and electrical services
- Renewal and upgrade of all IT including for all internal and external wi-fi to all areas of building
- Refurbishment of reception area
- Completion of community café
- Completion of external painting.

12.5.3 Crosby Lakeside Redevelopment (£1.247m)

The redevelopment project continued during 2021/22. Works delivered include the extension of the events space, mechanical and electrical work, internal remodelling of ground floor hospitality area, including back of house spaces, and remodelling of hotel rooms.

12.5.4 Southport Market Redevelopment (£0.787m)

Southport Market has undergone an extensive refurbishment and repurposing, the £1.4m scheme has been funded from Liverpool City Region Combined Authority and The Governments Town Deal Fund. The project has seen the market transformed from a failing mixed goods market into a food and drink venue with a flexible events space. There are 10 food vendors with a central bar while Blackhurst Butchers have been retained in a new purpose built unit.

12.5.5 Marine Lake Events Centre (£0.919m)

The work delivered in 2021/22 included finalising the scope of services for the design team and subsequent appointment of the lead architect and other key services related to civils and structural. These appointments allowed the project to complete the concept design and progress into RIBA Stage 2.

12.6 Education Excellence

12.6.1 Schools Programme (£3.020m)

The main programme delivery achievements were as follows:

- Birkdale Primary – Installation of a new automatic fire detection system
- Farnborough Road Juniors – Phase 1 of roof replacement scheme
- Forefield Infants School – Install new land drains on playing field
- Hudson Primary:
 - Phase 1 of roof replacement scheme
 - Carry out drainage improvement work to alleviate flooding in below ground service ducts
 - New boiler installed
- Jigsaw – Upgrade fire alarm system
- Lander Road Primary – Installation of a new automatic fire detection system
- Larkfield Primary – Phase 1 Toilet refurb complete
- Lydiate Primary:

- Phase 1 of a three-phase rewiring scheme complete
- Phase 1 of concrete repairs and re-pointing brickwork complete
- Re-surface school playground at rear of premises
- Drainage repairs
- Meols Cop High:
 - Phase 1 roof repairs complete
 - Relay defective footpaths around school
- Netherton Moss – Fire doors phase 1 complete
- Northway Primary:
 - Main entrance to school re-designed to improve safeguarding
 - Toilet refurbishment complete
- Norwood Primary – Installation of a new automatic fire detection system
- St John Crossens:
 - New accessible toilet and staff toilet provided
 - Re-pointing brickwork completed
- St Philip's CEP – Boiler and heating controls replacement complete
- Valewood Primary – Ceilings and lights replaced in two classrooms
- Woodlands Primary – Phase 2 of a two-phase rewiring scheme complete.

12.6.2 Special Educational Needs and Disabilities (SEND) (£0.930m)

The following has been accomplished in support of SEND provision:

- Bedford Primary – Internal alterations to SEND classrooms
- Daleacre Impact – Refurbish toilets and changing rooms
- Freshfield Primary – Outdoor play area for ASD class
- Hudson Primary – New ASD classroom and quiet room created
- Oakfield PRU – alterations and refurbishment of three classrooms
- Pinefield Complementary Education Centre – upgrade fire doors and alterations to classrooms and staffroom
- Thomas Gray Primary – Nurture base for ASD
- Waterloo Primary – extend and upgrade ASD classroom provision.

12.7 Highways and Public Protection

12.7.1 The projects delivered within 21/22 from the £7.400m spend included:

- LED Street Lighting Upgrade project:
 - 4,673 lanterns have been installed
 - 500 column and lantern replacements have been completed
 - 82 sign lighting units have been upgraded to LED units
 - 58 illuminated bollards have been replaced with non-illuminated bollards
- Completion of new cycle facilities linking Maghull and Kirkby, Great Georges Road in Waterloo and completion of the Southport East West links cycle routes.
- The resurfacing of Marine Drive between Hesketh Road and Marshside Road has been completed.
- Development work has been undertaken in support of Southport Town Fund and Major Business Cases
- Work on the Urban Traffic Control system upgrade has commenced

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- Planned street lighting column replacement has been undertaken
- Carriageway improvements completed were:
 - 56,302m² of Carriageway Resurfacing
 - 65,494m² of Carriageway Treatment Surface Dressing
 - 31,386m² of Carriageway Treatment Micro Surfacing.

12.8 Operational In-House Services

12.8.1 Coastal Monitoring Programme (£0.756m)

The Coastal Monitoring Programme collects and analyses coastal process information across the North West coast of England, on behalf of the North West and North Wales Coastal group, to inform sustainable coastal management decisions and support the delivery of actions in the Shoreline Management Plan. The programme collects beach level and other topographic data, sea-bed bathymetry, aerial photography, defence inspections and tidal and current datasets.

12.8.2 Bootle Golf Driving Range Development (£0.389m)

The driving range development has included the construction of a new landscaped range with surrounding high fencing, a new teeing off building and associated equipment. There have been path improvements and additional landscaping improvements, which includes a swale as part of the site drainage system. The range was opened in February 2022 and has been well used by the golfers.

12.8.3 Crosby Marine Lake Improvements (£0.125m)

The lake improvements have focussed on bringing the lake pumping station back into full operation and upgrading the equipment to reduce failures that have plagued it in recent years. A telehandler was also purchased to improve the sand removal from the promenade and reduce the windblown sand getting into the lake.

12.8.4 Vehicle Replacement Programme (£5.247m)

The Council's Vehicle Replacement Programme continued in 2021/22 including the purchase of 26 new refuse collection vehicles, 12 vans and 2 trailer mounted pressure washers during the year

13 Capital Outturn 2021/22 - Conclusion

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

14 Corporate Performance 2021/22

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

14.3 As a result, the Council's Corporate Performance Report for 2021/22 is attached as Appendix A and provides:-

- An introduction and contextual statement from the Cabinet Member for Regulatory, Compliance and Corporate Services, the Leader of the Council and the Chief Executive;
- A detailed narrative on how the delivery of each element of the Council's core purpose has progressed during the year; and,
- A comprehensive suite of performance measures for key Council activities for 2021/22 and how these compare to 2020/21.

14.4 It is acknowledged that when reporting various Council activities on a year-on-year basis that there will be a degree of subjectivity within some areas, that a lot of Council activity is driven via demand from residents and businesses for which it has no direct control and the external economic environment also impacts upon core activity. In addition, as would be expected, the impact of the COVID19 pandemic has had an impact on most, if not all, areas of the Council. That said, those areas that are reported provide a clear view of the range of Council activity that is undertaken in supporting residents, communities and business across the Borough and how they support the core purpose.

14.5 This report is the third Corporate Performance Report produced by the Council and will continue to be reported annually at year end.

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Corporate Performance Report 2021/22

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1 | FOREWORD

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

The last two years have brought challenges that few anticipated. The energy and commitment of our workforce, partners and Sefton's many volunteers has continued to be second to none.

We believe that we are well placed to continue to support as together we face the challenges of funding, recovery, the cost-of-living crisis, climate change and health inequalities.

This document sets out the Council's Performance in a number of key areas and should be considered in conjunction with the Council's Financial Outturn. Our Core Purpose underpinned by the Council's Framework for Change Programme targets capacity at a carefully sequenced set of key priorities. Over recent years this programme has not only helped the Council support the delivery of the Borough's 2030 Vision and its own objectives as set out in its Core Purpose, but it has also successfully enabled the Council to set and deliver balanced budgets and put the foundations in place that enabled us to respond swiftly to the impact of the pandemic.

Sefton Council will continue to develop performance reporting and robust scrutiny alongside this Annual Report.

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

Councillor Paulette Lappin



A MESSAGE FROM THE CHIEF EXECUTIVE

Welcome to our Annual Performance Report. Since we published our last report things have changed significantly within Local Government with more vulnerable and disabled people requiring our services than ever before, with the pressures on us financially to deliver good quality services and with communities looking to us for advice and support on a wider range of matters than pre Covid.

We are proud of and passionate about what we do and we have a committed workforce delivering the 2030 vision and the areas where communities said they needed our support. We remain ambitious for the borough, determined to deliver and commission services that will improve outcomes for local people and with the support of all our partners, businesses and communities we believe we are regenerating key parts of the community that require assistance and to provide housing, employment and skills for future generations. We also recognise the diversity and equality of our communities and we have been there to support individuals in times of adversity.

We have a proven track record in terms of delivery and financial sustainability and we are determined to make the required improvements to Children's Services and will fully maximise the support provided to us to achieve this.

Our Local Government Association review of our 2017 peer review was postponed in 2020 and peers have recently visited to review our progress and they have also undertaken a comprehensive review of our adult social care services and we will publish their reports in the near future.

I am very proud of all of our staff, amazing volunteers, partners and trade unions for their dedication and hard work

Chief Executive, Dwayne Johnson



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

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

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

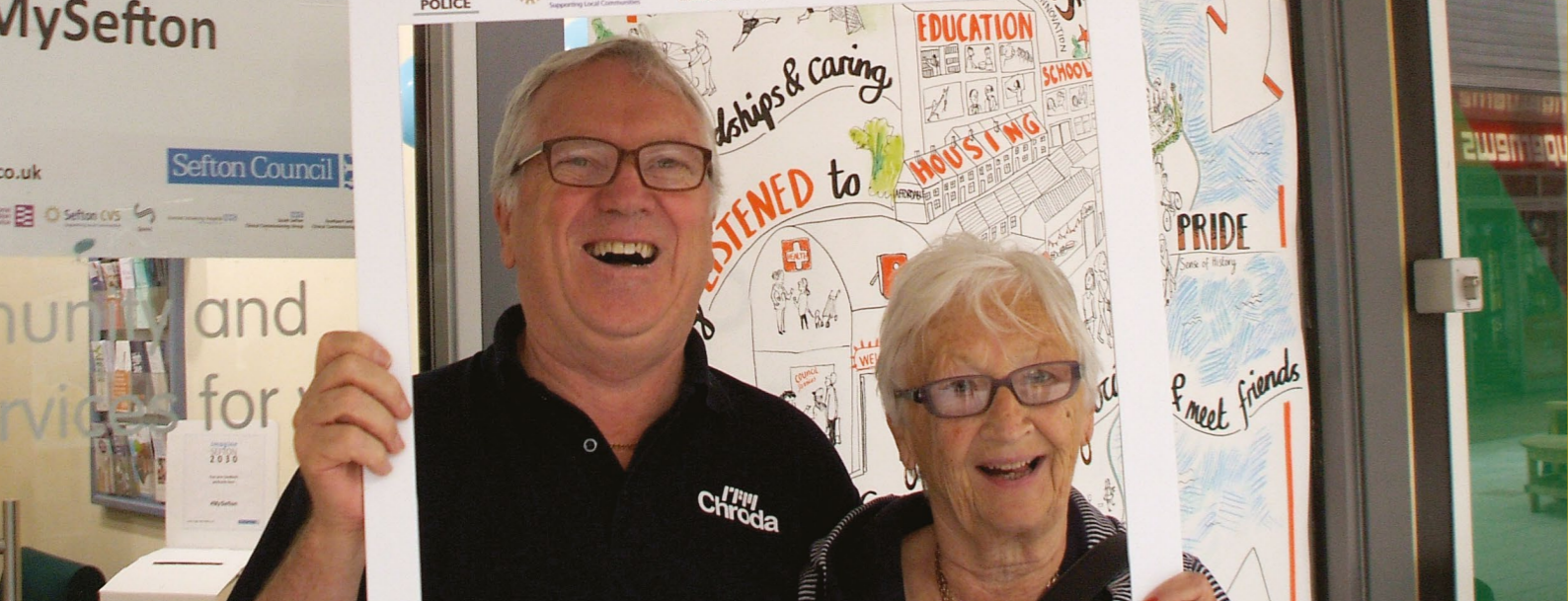
Place-leadership and influencer: making sure what we and what others do are in the best interests of Sefton and its residents and has a contributing role to the 2030 vision of the borough. This includes strong leadership and influencing partner organisations to work towards common goals and building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

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

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

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

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



TOGETHER A STRONGER COMMUNITY

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Sefton communities are known for their generosity, giving of their time and talents and this year saw so many in our communities benefitting from the work of so many volunteers. Their dedication and generosity enabled the Council to maintain those vital services that matter so much.

The Council's purpose of place leadership and influencer was vital in the response to the war in Ukraine. Whilst still in its infancy for this reporting period, the nationally led Homes for Ukraine scheme, generated much interest in Sefton and we have seen a number of Ukrainian families move to the borough as local people have opened their hearts and homes.

The COVID-19 pandemic continued to have an impact on local people during the year and we continued to work with partners to unlock the borough's collective resources for the benefit of all. The Council continued to coordinate a group of partners for part of the year to ensure that a robust community response and support plan remained in place and being delivered to respond to the changing levels of need within our communities.

In February 2022 on behalf of Sefton's Domestic Abuse Partnership Board, the Council commissioned a Domestic Abuse Needs Assessment to understand the needs of people who experience domestic abuse in Sefton. The outcomes of the needs assessment will inform future service delivery and help target resources more effectively.

In March 2022 we celebrated LGBT+ Fostering and Adoption Week taking this opportunity

to encourage lesbian, gay, bisexual, and transgender+ people to think about giving a loving home to a child and foster.

In October we celebrated Black History Month, we are proud to be part of a new programme led by the Liverpool City Region Combined Authority, which brings together leaders from Merseyside Councils, community organisations, businesses and the public sector, to tackle race inequality. As part of our involvement, Sefton's Learning and Development team are playing an active role in the establishment of a £3.2 million Liverpool City Region Race Equality Hub. One of the first of its kind in the country, the Hub, will focus on training, employment and support for people from Black, Asian, and Minority Ethnic backgrounds. It will target employment inequalities and remove barriers in the labour market.

In November we once again came together to fall silent to remember those who died in conflict, with a number of Remembrance Day services. The 2021 Remembrance Day events marked a return to full public services with people from across the borough coming together safely.

Our communities have had, and continue to have, the opportunity to influence major projects within the Growth Programme through extensive, meaningful consultation and engagement. Of note is the quality and quantity of engagement carried out for the Southport Town Deal which heavily influenced what was included in the Town Investment Plan submitted to Government. In particular, over 1,000 young people were engaged with as part of this exercise. The strength of this consultation process underpinned our £37.5m Town Deal award – only one single town of 101 places received a larger Town Deal than ours.





A BOROUGH FOR EVERYONE

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As part of our work to facilitate confident and resilient communities we continued to work closely with schools to ensure that children and young people could continue to access education and training opportunities during the pandemic.

The Council continued driving change and reform to improve outcomes for local people. The the Council continued to prioritise the delivery of our SEND Improvement Plan. In July 2021, the Department for education revoked the Improvement Notice. At the end of 2021, the completion of Education, Health and care Plans within timescales was 60.8%.

Throughout the year the Council, continued to act as broker, worked hard with partners to ensure that access to COVID testing continued to meet the needs of communities and was localised.

Feeling safe, supported and free from discrimination and harm is important to our communities. Throughout the year the Council has worked with partners to to highlight the support available to people experiencing anti-social behaviour and the work taking place in Sefton to prevent and tackle it. The Safer Sefton Together Partnership has continued to fund many activities

throughout the year that offer diversionary activities to help reduce Anti-Social behaviour.

Sefton's Domestic Abuse Partnership Board was established following the implementation of the new Domestic Abuse Act (2021) and has overseen the development of a Domestic Abuse Needs Assessment to help inform the refresh of Sefton's Domestic Abuse Strategy.

The Welfare Reform Member Reference Group continues to work hard to address the impact of Welfare Reform on our communities and is now considering the impact of the Cost of Living Crisis which is hitting our communities hard. Working with our partners we are letting local people know where they can find help, support and advice.

The national Supporting Families Programme (formerly the Troubled Families Programme) aligns with the Sefton Localities model. Sefton's claim target for the 6-year programme was to achieve 'Significant and Sustained Progress' for 2487 families. To ensure timely draw down of payment by results (PbR) and attachment fees, Local authorities set annual PbR targets.

In Sefton, phase 2 of the national programme is being delivered via the Locality model by implementing the principles of "Whole Family working" In 2018, three years into the programme, Sefton were at 30% against the 6-year target.

Since implementing the "whole family working" model 70% of the target has been achieved. Early Help Workers based in the Family Wellbeing Centres across the three localities provide extensive support to families with multiple and complex needs through the delivery of whole family working.

Sefton Early Help have worked closely with commissioned services from the voluntary and community sector to provide a portfolio of family support. To ensure delivery of 'whole family working', practitioners are encouraged to have more conversations with families around attendance, worklessness and debt alongside the safeguarding issues affecting the family.

We have raised awareness across Early Help through the locality model with the seconded employment advisors from the DWP who are able to provide advice, guidance and support to vulnerable families looking to move into work.

Being in Phase 2 presented a more challenging programme to evidence significant and sustained progress for the families. This is particularly the case for the more complex cases where families qualify against several criteria. Progress needs to be achieved and sustained against all criteria that the family are affected by. We are confident that we will evidence progress for 100% of the target in the 7th year of the programme.

Sefton Adult Learning adapted several courses previously only undertaken in person so they can be accessed through remote digital means. While this became a necessity in periods of lockdowns, this expansion of engagement methods will be retained

to give learners more choice and flexibility to allow them to better cope with other responsibilities while sustaining their learning. Community learning offers in mental wellbeing, arts and crafts and mindfulness have proven tremendously popular, tapping into concerns in the community for re-connections, self-expression and innovative ways to deal with stress and ill health.

The Libraries team progressed plans to install special technology rooms in Southport, Bootle and Crosby, designed to help refugees and isolated residents throughout the borough. The new state of the art 'Tech Rooms' at The Atkinson Library, Bootle Library and Crosby Library, will help refugees and asylum seekers access language courses, while also helping isolated residents connect digitally with distant family members. Use of the Tech Rooms will also be available to small business owners and students from across the borough.

A new organisational culture programme started to be rolled out in March 2022. This will consider the impact of increased remote working and we will look to learn from others in this respect.

The Council was once again awarded the Navajo Charter Mark for displaying good practice and commitment towards its LGBT+ staff and community. We remain committed to supporting the diverse needs of all employees and the communities we serve and are committed to creating a more diverse and inclusive organisation and ensuring that all our staff feel welcome and heard.

In line with our One Council values, we have established a number of staff networks. These contribute to addressing and solving problems right across the Council. Our staff networks offer a place for staff to come together, share experiences and facilitate learning and development. The staff networks include:

- Sefton Council Christian Workplace Group
- Sefton's Black and Ethnically Diverse Staff Group
- Sefton LGBT+ Staff Network
- Sefton Disability Staff Network
- Sefton Women's Network



LIVING, WORKING AND HAVING FUN

The Public Health team continued to focus on the response to the Covid pandemic, whilst continuing to deliver wider public health interventions. The impact of Covid-19 has not been felt equally. It has exposed and exacerbated many long-standing health inequalities. Going forward Public Health will work with partners to ensure activities are aligned with efforts to promote community recovery post Covid and promote health and wellbeing for all.

The dedication and support Sefton's Foster Carers provide to vulnerable children means many of these young people see their carers as 'Angels.' In January we launched the #EverydayAngel campaign to show our appreciation for all the fantastic work they do and for the care they provide. From January to March we received 69 enquiries for information about or register an interest becoming a Foster Carers. We continue to encourage local people to think about becoming an #EverydayAngel themselves by fostering a local child and help to turn their life around.

Throughout the year our Foster families have enjoyed many of the great experiences that Sefton has to offer including a fun day at Crosby Lakeside Adventure Centre, the Fireworks and a visit to the Plaza.

Since the £1.4 million refurbishment and repurposing of the old Southport Market was completed in July 2021 the new Southport Market has welcomed, and continues to welcome, guests locally, regionally, and nationally, and the space has gone from strength to strength. The Market has created more than 30 new jobs, is supporting local businesses and entrepreneurship, and providing a catalyst for significant additional investment from the private sector in this area of Southport Town Centre. The event space at the rear of the market has seen a number of events, such as the venue's inaugural Oktoberfest, the first ever Christmas Extravaganza, transforming the space into a Winter Wonderland, with visits from the BigIn



Man himself! In December 2021 InvestSefton and The Good Business Festival hosted the 'Family Fortunes' event to explore how the business dynamic of working alongside those related to you may help, or occasionally hinder, growth and progression.

In March 2022 the Council hosted an event to celebrate the official launch of the new driving range at Bootle Golf Course. Since its opening at the end of January, the 10-bay Bootle Golf Course driving range has proven popular with local players and newcomers to the game. In one week, 18,750 balls were sold and 36 under 16s took part in the half-term offer of a free bucket of balls.

Also, in March 2022 Cabinet gave the go-ahead for the Council's Green Sefton team to seek a commercial partner to invest in its Southport Golf Links course. Improvements for the course itself and the on-site White House Café building are included in the plans.

The Council launched its wholly owned housing development company, Sandway Homes Limited, in January 2019. The company has continued to make strong progress on Phase 1 at 3 sites, and the Liverpool City Region Combined Authority has recently approved further funding for initial work to commence on Phase 2 planning in accordance with the Cabinet's resolution.

During the year the Council's employment and recruitment service Sefton@Work partnered with Sandway Homes Ltd, to cement employment opportunities for job seekers in the Borough. Work at two Sandway sites, in Southport and Ainsdale, provided promising careers for local people. Sefton residents were recruited into a range of jobs on both sites by matching prospective employees to roles with Sandway's main contractor Barnfield Construction.

The Marine Lake Events Centre and Marine Lake water and light show forms part of the Southport Town Deal which secured £37.5 million funding in 2021. The project has also secured further support from Liverpool City Region Combined Authority. The plans will provide a theatre space, conference and exhibition centre able to accommodate a range of events, and café/restaurant on the site of the existing Southport Theatre and Conference Centre. A water and light show is proposed to be installed on the Marine Lake.

The project will bring thousands of visitors to the town each year and provide a boost to the local economy.



VISIT, EXPLORE AND ENJOY

This year award-winning street artist Paul Curtis completed work on his largest ever mural to date – thought also to be the largest painting created by a single artist in the UK – transforming Ainsdale's Toad Hall. The Council commissioned Paul to carry out the work as part of its plans to invest in and develop the Ainsdale-on-Sea coastal area. The mural captures our Ainsdale dunes and sand lizards and people now travel from far and wide to enjoy the mural.

The Council received positive feedback from the many residents and visitors who enjoyed the food and drink outlets trialed at Crosby and Ainsdale during the summer.

The Southport Townscape Heritage Project is a heritage-led initiative to regenerate Southport's historic town centre over five years, enhancing the quality and strength of the linkages between the town centre and the seafront so that the two become more integrated. The project focuses on the four key streets linking Southport town centre and the Marine Lake attractions – Coronation Walk, Scarisbrick Avenue, Nevill Street and Bold Street – which sit within the Lord Street and Promenade Conservation Areas. The Townscape Heritage Project team coordinated over a dozen special events in September 2021, showing off the town's wonderfully varied buildings and historical quirks as part of the national Heritage Open Days festival.



CLEAN, GREEN AND BEAUTIFUL

Sefton's coastline, an internationally protected 'nature reserve', is stunning, and we understand why people want to visit. The coast again saw many visitors throughout the year. At the beginning of the year as restrictions changed, we worked with partner agencies and many fantastic volunteers to welcome people back to enjoy the coast.

In February 2022, Sefton was hit hard by storms Dudley, Eunice and Franklin. The Council worked closely with partner agencies to help keep people safe closing parks and roads where required. These led to the biggest impact on our tree stock in living memory.

During the year we completed the first part of the works to improve drainage in the Birkdale coastal area. As a result of the work, the risk of flooding to properties in the area by surface water has been reduced and habitats in the green beach area have been improved.

Flood risk is a serious issue for residents across the Borough and our officers are dedicated to finding both short and long-term mitigation and solutions to it. During this year we pledged that 2022 will be the greenest year yet as several key projects reach or move towards completion and significantly reduce the carbon footprint generated from Council operations.

Work at Bootle and Southport town halls is due to be completed later this year and this will result in carbon savings resulting in a 32% reduction in gas consumption. Across the Borough the installation of LED streetlights is continuing with 3,311 lanterns installed so far along with 213 full column replacements. This has meant

a saving 148,852 kWh of electricity already.

We have made progress towards a net zero carbon target of 2030 over the past two years and we are set to embark on key projects this year to reduce emissions borough-wide. We have approved plans for over £3 million to be spent on retrofit measures in over 500 homes in the Borough which will make homes more energy efficient, cheaper to run and better for the planet.

Schools in Sefton also got involved in green projects like the AirWatch project to monitor air quality in playgrounds and set about improving it.

Alongside partners, businesses and schools we will honour those pledges made during COP26 as part of our #IPledge campaign which saw over 50 business and schools make pledges towards a greener future. Our Green Sefton Team pledged to manage more of its outdoor spaces in a way that will boost biodiversity and mitigate the impacts of climate change. Working alongside community groups and businesses we will manage sites for nature, to ensure that we are using sustainable methods and to create havens for not only people to enjoy, but wildlife too.





ON THE MOVE

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This year positive progress has continued on all major transportation and highway schemes, including further consultation on the Southport liveable Streets – Low Traffic Neighbourhood proposals.

Sefton is set to receive £41.1m from the City Region Sustainable Transport Settlement (CRSTS), for a Highways Maintenance and Non-Maintenance package to deliver local schemes. Focusing on key corridors, the package represents a coordinated series of measures all designed to support public transport services, relieve congestion, and improve air quality for local communities.

As the year came to an end we were pleased to be preparing once again to welcome thousands of visitors to the borough as part of the three day Aintree Grand National Festival. We worked alongside Merseyside Police, Merseytravel and several other partners, the Council's traffic management team helps coaches, cars, limousines and even horse boxes get to the right place at the right time.



OPEN FOR BUSINESS

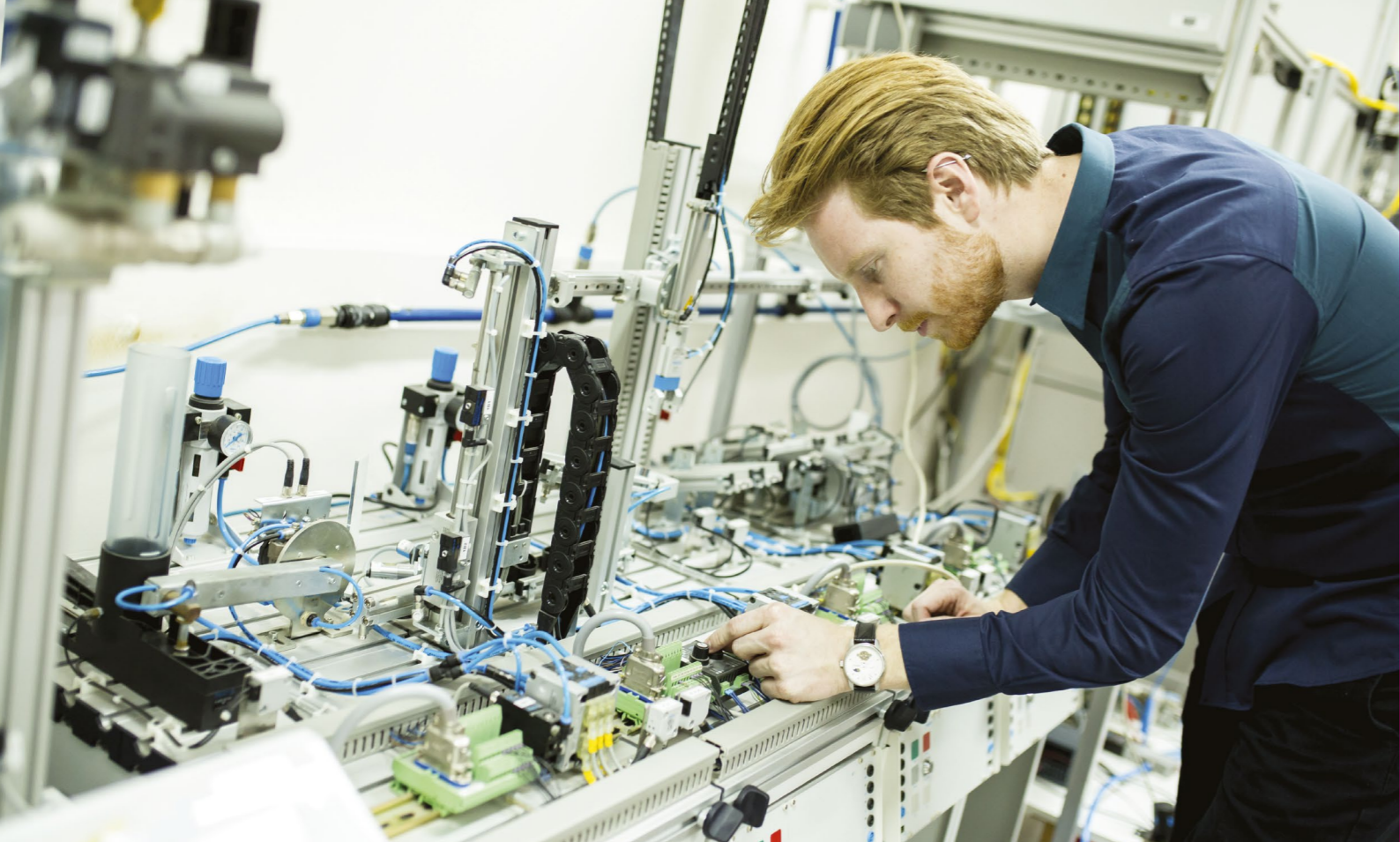
The Council has continued to support local businesses in many ways during the pandemic. Over the past two years Sefton's businesses of all sizes and sectors have faced major challenges and made sacrifices to protect their employees and customers from COVID-19. This has been an unprecedented time and many have had to adapt quickly to working and operating within restrictions designed to keep us safe, while at the same time supporting those who are most vulnerable. The Council continued to provide financial support, as well as practical support, such as PPE and testing vital infrastructure. .

Our Invest Sefton team has had far reaching and meaningful engagement with the business community. Regularly bringing together new and existing business so that we can work with local companies and potential investors to make Sefton an attractive and easy place for businesses to start, operate, grow and thrive. The Council is committed to working with businesses to help create new jobs for local people

The Mersey Reach project was developed with support from Sefton Council's business growth team, InvestSefton, and is expected to create up to 350 jobs when complete. Mersey Reach was named as Development of the Year 2021 at Insider's Liverpool City Region Property Dinner. Phase one consisted of four units and work has already started on phase two which will consist of 12 units with completion due in 2022.

The Council has reaffirmed its commitment to the Strand shopping centre, a cornerstone of the local community, which remains at the heart of plans to regenerate the hard hit town. In collaboration with partners and communities, we will continue to progress the exciting vision for the future of the Strand Shopping Centre. Partner organisations such as Y-Kids and the Big Onion continue to drive footfall in the centre while also delivering important outcomes for our communities.

Agenda Item 13



READY FOR THE FUTURE

The Council supports its workforce to develop and this year saw 15 new apprentices employed and a further 44 members of the Council's workforce take up the opportunity to take up an apprenticeship.

Our Digital Strategy outlines our vision to become a place connected by people, supported by technology, with connected communities that thrive; with support for local people and businesses that are empowered to take advantage of the opportunities afforded by digital technology. We are all living in a time of unprecedented change; the growth of consumer technology is changing the way we all live, work and play and we will work hard to ensure that local people and business are empowered to take advantage of innovative technology to support both personal and economic growth.

During the year we launched Ask SARA, a new online self-assessment tool and guidance tool, to allow people to browse a range of products and

services to suit their needs and help them to live independently for longer. We will continue to maximise the changes that have enabled our workforce to work from home over the last couple of years. The changes we are continuing to make provide us with an excellent foundation for future adaptability and meeting the changing expectations of residents.

We launched a new Council website which is the first step in a range of new technological innovations and improvements that will support new ways of working, improving how residents and businesses interface with the Council.

The Council has maintained an excellent record with regard to financial management over the last 12 years that has required it to meet a budget shortfall of £233m. This has continued to be predicated on medium term financial planning and setting multi-year budgets that enable effective planning of service delivery and the inevitable transformation activity. Delivering balanced budgets and in year underspends has continued during the pandemic alongside a strategic approach to increasing reserves that will improve financial sustainability.

We have a 3-year medium term financial plan that at this time is deliverable based on the assumptions within the comprehensive spending review.

The management of the Council's finances over the next 3-5 years however will rely, as with all local authorities, on the receipt of appropriate funding from central government. Adults' and Children's Services will continue to face significant budget pressure and the position on the High Needs Budget has required escalation in recent months.

We do not underestimate the degree of change needed within our Children's Services. We have invested heavily in this area and will ensure that we effectively resource the delivery of our Improvement Plan.

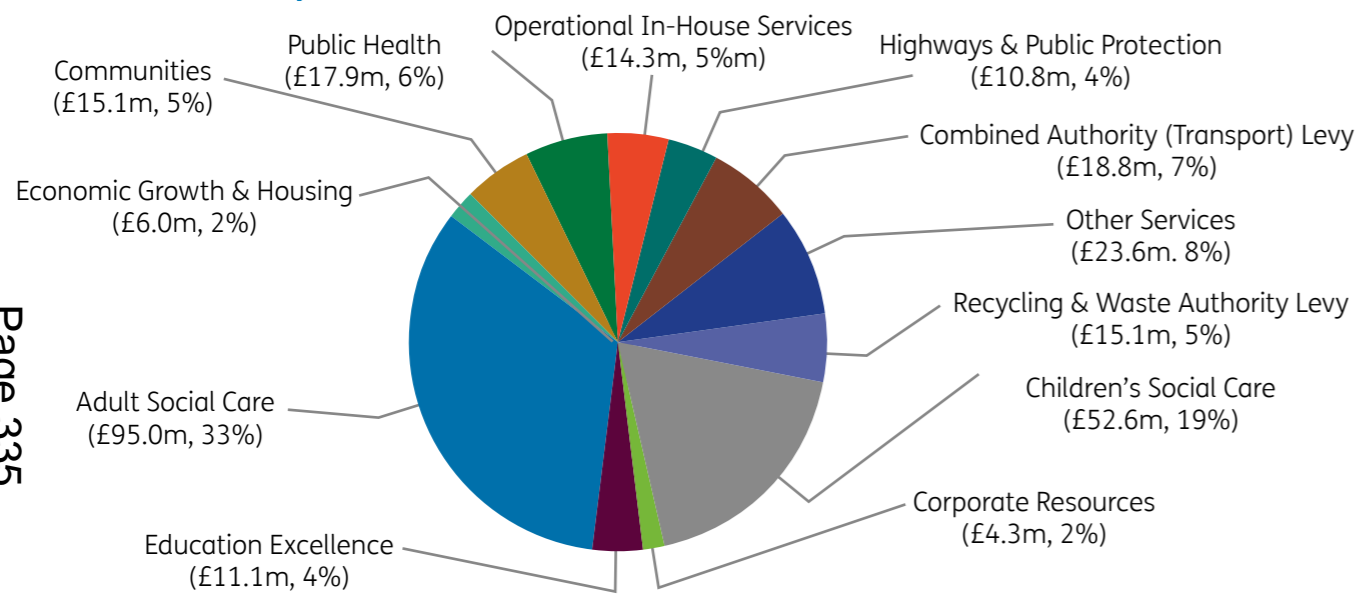
Government have promised reform of Business Rates and a Fair Funding review, and these will be key in determining how the Council approaches financial sustainability and contains a number of risks that have been identified in the budget report that was approved by Council in March.

The census survey takes place every 10 years and gives us the most accurate estimate of all the people and households in our area. The information from the census helps us to understand need, develop policies and plan for the future. The Council will consider the census information as it is published during 2022.

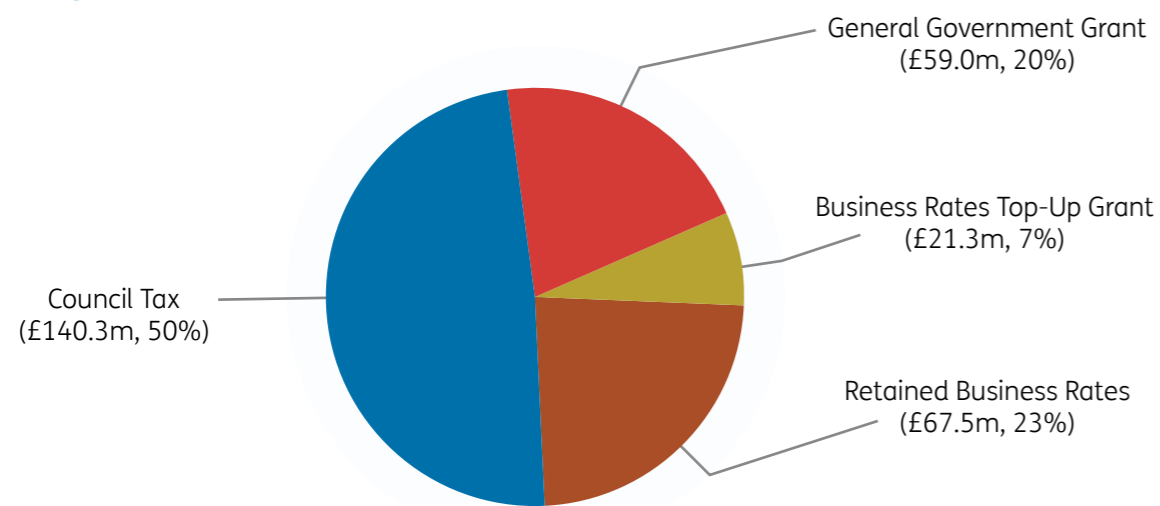


FOCUS ON PERFORMANCE

Service Expenditure 2021/2022



Sources of Funding for 2021/2022 Budget Requirement



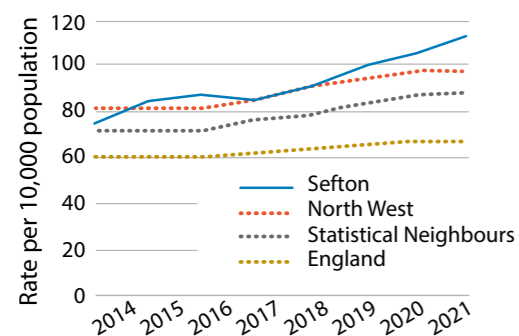
<p>A population of 275,899</p>	<p>Approximately 54,098 children and young people aged between 0 and 17</p>	<p>23.7% of Sefton's population is 65 years old or over</p>	<p>An average of 9,000 applications per year to it's local welfare support scheme (ELAS)</p>
<p>5.5% of Sefton residents aged between 16 and 64 were claiming out-of-work benefits in September 2021</p>	<p>18% children in low income families</p>	<p>18% households in Sefton were in receipt of Council Tax Reduction, this equates to 20% of all properties in Sefton</p>	<p>We have 1,000's of Volunteers</p>
<p>22 Miles of coast</p>	<p>25 Conservation areas</p>	<p>6 Nature reserves</p>	<p>40m Tons of cargo through the port</p>
<p>730 New homes in 2020/21</p>	<p>103 Schools in Sefton</p>	<p>560 Listed buildings</p>	<p>5 Historic parks and gardens</p>
<p>100 Iron Men</p>	<p>66 Councillors</p>	<p>Over 3,500 Strong workforce</p>	<p>Over 150,000 Bins emptied every week</p>
<p>66 Parks and green spaces cared for</p>	<p>190 Apprenticeships completed since 2018 188 staff currently on apprenticeships</p> <ul style="list-style-type: none"> A finalist of the Regional Apprenticeship Awards 2021 Awarded Highly Commended in the Advanced Apprentice of the Year Category at the Regional National Apprenticeship Awards 2020 Shortlisted Nominee for Sefton Apprenticeship Employer of the Year awards 2018 Two highly commended in Apprentice of the Year awards. 		

PROTECT THE MOST VULNERABLE

We are investing heavily Children's Social Care, and our new Executive Director, will be driving forward our Improvement Plan to deliver sustainable change. We are clear on what our priorities need to be in the short term and that it is also important to provide a sense of priority and focus on the areas that need addressing with most urgency.

Cared for Children, per 10,000 Children aged under 18 (Rate per 10,000)

	2014	2015	2016	2017	2018	2019	2020	2021	JAN 2022
Sefton	75.00	84.00	87.00	85.00	90.00	98.00	105.00	113.00	115.00
Northwest	81.00	82.00	82.00	86.00	91.00	94.00	97.00	97.00	N/A
Statistical Neighbours	71.90	71.90	71.30	76.40	77.90	83.60	86.30	88.70	N/A
England	60.00	60.00	60.00	62.00	64.00	65.00	67.00	67.00	N/A



Number of Cared for Children 28/02/2017	436
Number of Cared for Children 28/02/2018	476
Number of Cared for Children 28/02/2019	528
Number of Cared for Children 28/02/2020	563
Number of Cared for Children 28/02/2021	613
Number of Cared for Children 14/02/2022	619
Forecast to the 30/04/2025	770 (growth of 24%)

Adult Social Care continues to support over 4000 people with long-term support services and nearly 400 carers

During 2021/22, Adult Social Care received 23,280 contacts from local people. Social Workers and Occupational Therapists undertook 6162 assessments, dealt with 2780 safeguarding contacts received as well as completing 5976 reviews.

Covid continued to have a challenging impact on families, individuals, and Care Providers across the borough and Adult Social Care have worked hard to provide support along with health colleagues and a wide range of community partner organisations.

The service has continued to provide support to local residents with over 5000 people and 400 carers receiving long term support services. Over 19000 care hours are commissioned each week. Work to transform and improve local services has also continued with a review of day care opportunities and engagement with local people using services to understand how they would like to see this offer develop in the future.

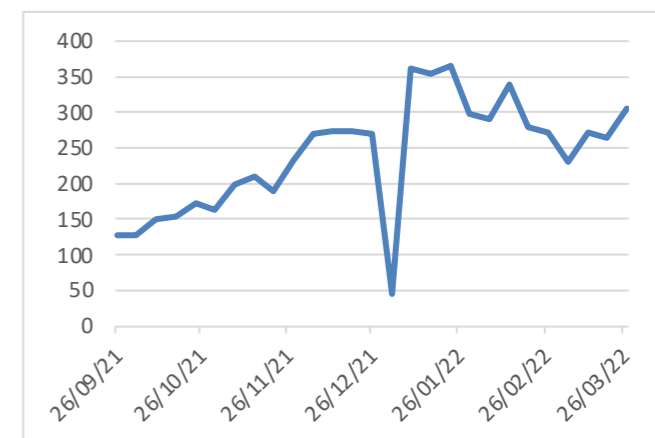
In relation to Safeguarding concerns received over 95% were resolved within 7 days.

FACILITATE CONFIDENT AND RESILIENT COMMUNITIES

The Council works with partners to facilitate confident and resilient communities. It also supports people through many internal processes.

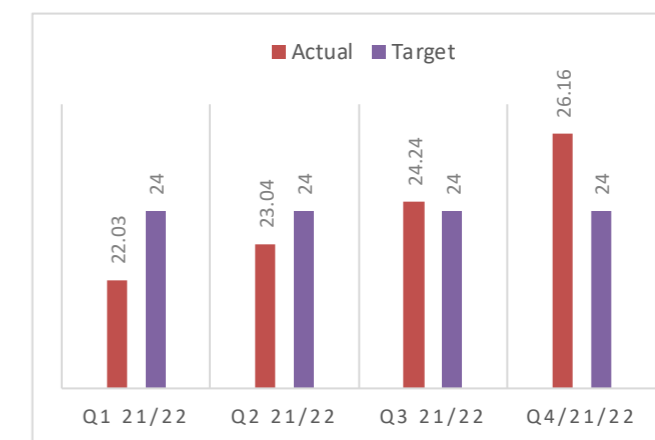
Weekly Welfare Support Claims

9,812 applications, **6,770** awards (69%) allocating £644,379, which includes **£175,000** Investment in Voluntary, Community and Faith Sector for work done in respect of anti-poverty and welfare support to the community. **78%** of applications submitted by residents living in the defined South Sefton ward boundaries and 69% of applications submitted by residents aged 16 - 45 years



Housing Benefits -

New Claim - Speed of processing (days) - providing people with help with their rent



Affordable Housing Delivery Annually	Housing Standards Inspections Quarterly	Landlord Licences Issued Quarterly																														
<p>Number of Affordable Homes Completed (Gross)</p> <table border="1"> <tr><th>Year</th><th>Count</th></tr> <tr><td>2018/19</td><td>145</td></tr> <tr><td>2019/20</td><td>161</td></tr> <tr><td>2020/21</td><td>201</td></tr> <tr><td>2021/22</td><td>134 (to be confirmed)</td></tr> </table>	Year	Count	2018/19	145	2019/20	161	2020/21	201	2021/22	134 (to be confirmed)	<p>Inspections</p> <table border="1"> <tr><th>Quarter</th><th>Count</th></tr> <tr><td>Q1</td><td>19</td></tr> <tr><td>Q2</td><td>53</td></tr> <tr><td>Q3</td><td>47</td></tr> <tr><td>Q4</td><td>31</td></tr> </table>	Quarter	Count	Q1	19	Q2	53	Q3	47	Q4	31	<p>Numbers of Licences Issued</p> <table border="1"> <tr><th>Quarter</th><th>Count</th></tr> <tr><td>Q1</td><td>255</td></tr> <tr><td>Q2</td><td>218</td></tr> <tr><td>Q3</td><td>243</td></tr> <tr><td>Q4</td><td>222</td></tr> </table>	Quarter	Count	Q1	255	Q2	218	Q3	243	Q4	222
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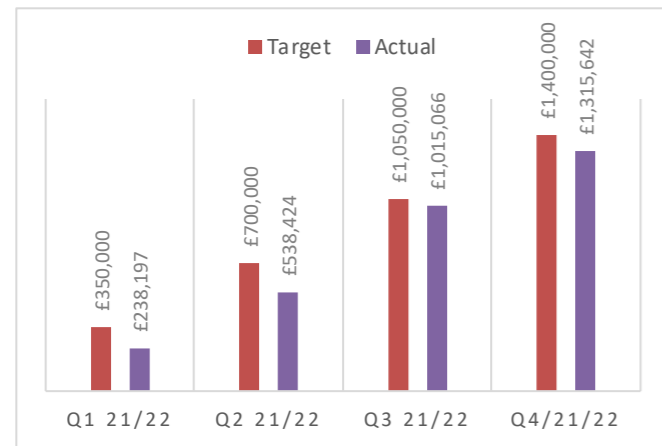
Landlord Licenses

The function continues to perform well with 222 new licenses issued since January 2022 and 942 since April 21, despite the challenges of carrying out compliance inspections during the pandemic. The Business Case for extending licensing arrangements for a further 5 years from March 2023 has been approved by Cabinet and consultation is due to commence on this in May.

The Council provides eligible people with assistance through Disabled Facilities Grant (DFG) so that their home may be adapted where it is essential to give a disabled person better freedom of movement around the house.

Disabled Facilities Grant

Providing a disabled person better freedom of movement around their home. Commission, broker and provide core services



COMMISSION, BROKER AND PROVIDE CORE SERVICES

Provide full Waste Collection Service Across the borough

A full service is provided



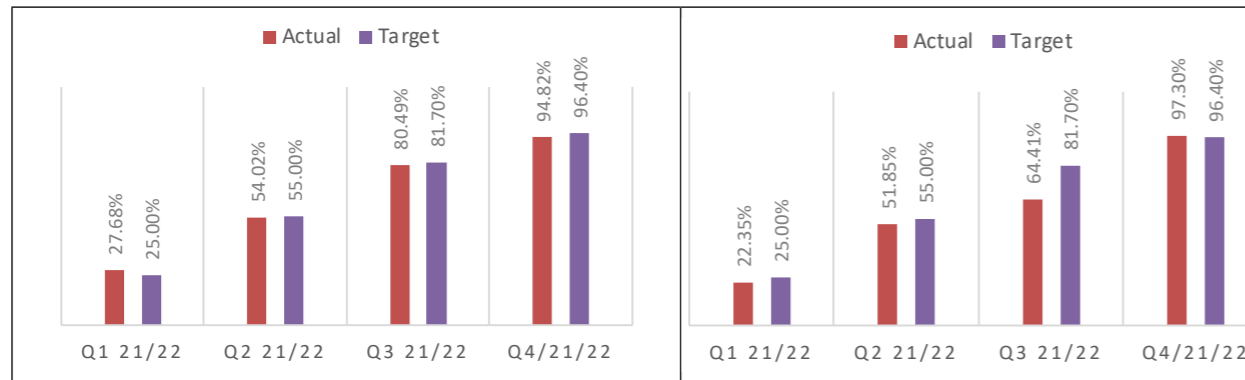
Street Cleansing on all adopted routes

Currently underachieving target

70% completion in Q4



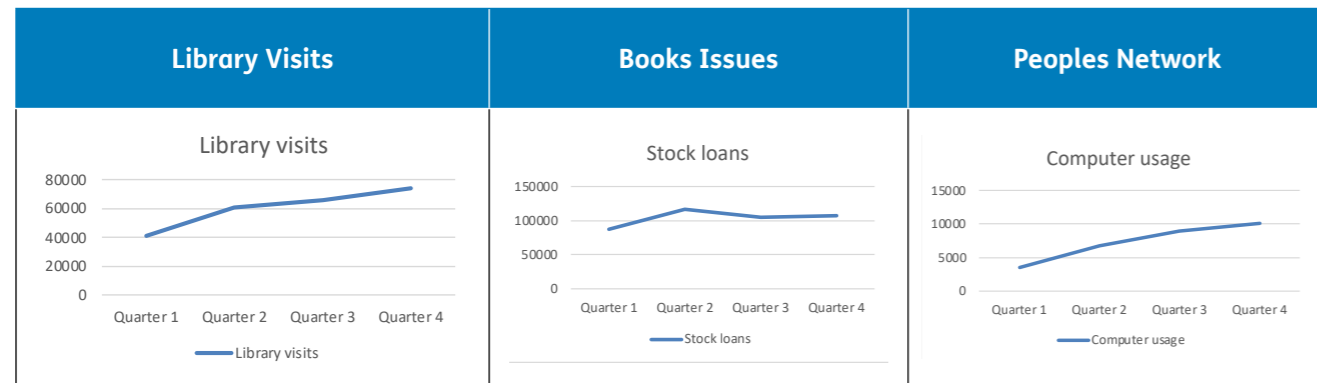
Council Tax Collection Rates



Libraries

There are 6 libraries, 4 of which are co-located sites plus there is a Home Visit Library Service which operates across Sefton delivering books to housebound residents. As well as book loan and public computer use, the library service delivers over 1300 community activities a year.

The service has been particularly successful in recent years in attracting external funding to provide innovative community projects such as the award-winning Human Libraries Project. The Library Service successfully adjusted its delivery model during to a virtual model and saw usage of e-content double in 2021.

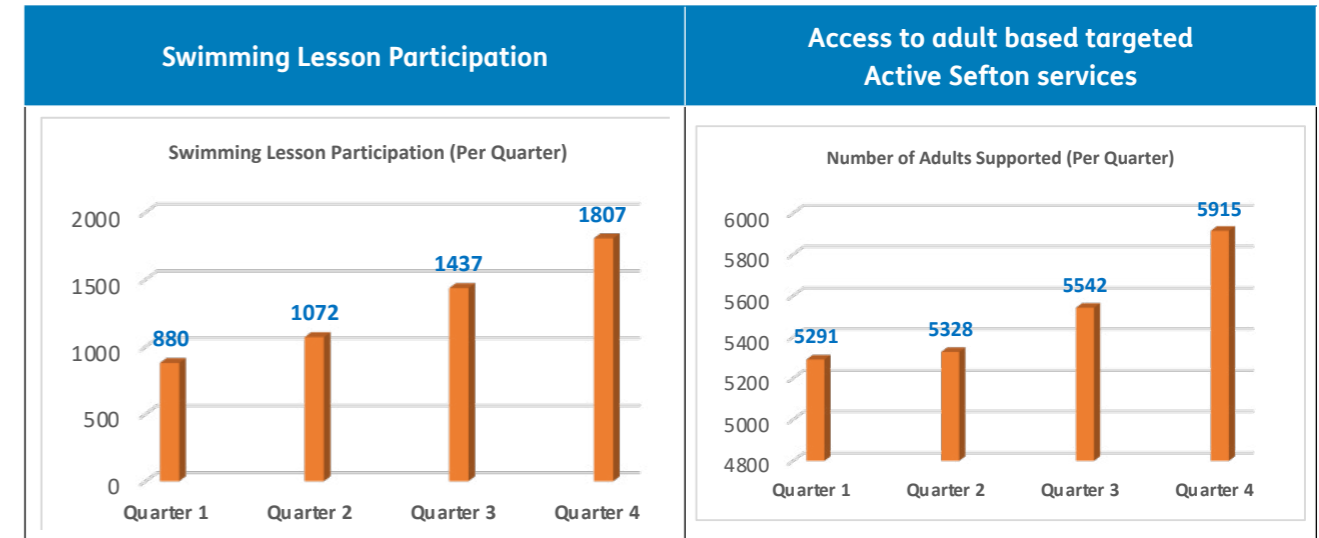


Book loan is recovering strongly but quarter 3 consistently sees lowered seasonal loans

Computer usage has been particularly hard hit by Covid but is showing slow signs of recovery

The leisure offer was heavily impacted during COVID, from a financial perspective and and is still recovering. The closure of Leisure Centres during prolonged periods of lock down, in addition to the impact of COVID on personal finances, meant that the Leisure Centre membership significantly reduced by an average of 43%, with larger sites (Meadows and Dunes) losing between 50-60% of members. Massive strides have been made to recoup lost members, with approximately 3,015 re-joining by end of March 2022 (with a total membership figure of 10, 867).

The Aquatics Service has been incredibly successful during 2021-22 with 1, 807 live swim lesson members by end of March 2022. There were also 9,000 aquatics pool hours, 330 swimming lessons per week, with 17,160 swimming lessons and approximately 171,600 swimmers attending swimming lessons over the year. 71 schools are also utilising the service with 62 hours of pool space, 2,130 school children coming through the pool doors each week and 80,000 school swim visits per year.

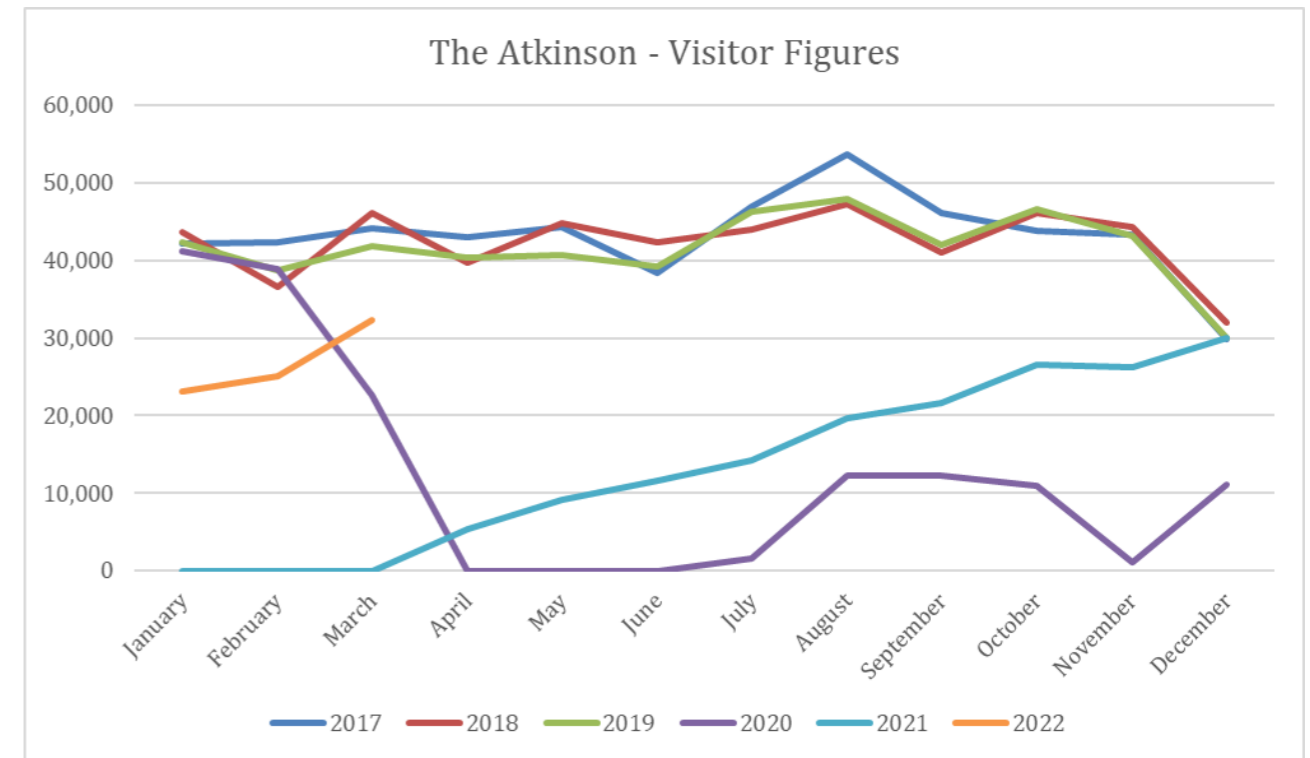


Capacities for swimming lessons were still reduced in Qu.1 due to COVID restrictions

Representative of access to GP Referral, Weight Management, NHS Health Checks, Active Ageing Falls Service and Active Workforce

There are positive signs of audience recovery with excellent theatre attendance at the Atkinson since re-opening in Sept 2021. Approximately 14,000 people attended the Christmas pantomime bringing significant benefit to the Southport visitor economy.

Several exhibitions have captured high-profile publicity including BBC and ITV features on the 'I Grew Up 80s' exhibition. The Courage & Devotion exhibition has developed good relations with the Polish community and military enthusiasts across Merseyside.



PLACE-LEADERSHIP AND INFLUENCER

This year as part of work to combat the effects of child poverty, which have been worsened by the pandemic, Cabinet approved the development of a Child Poverty Strategy. The Council is working in partnership across the statutory, community, voluntary and faith sectors to ensure services are put in place to support families. Its aims will include working to prevent families falling into poverty, and support to help those already in difficulty. Increasing family income and improving opportunities for employment and building resilience in local communities against the causes of poverty are key aims of the Strategy. Improving mental wellbeing, addressing stigma and exclusion and improving digital inclusion are also among its objectives.

The Youth Justice Partnership focused on performance which, when benchmarked against the National Targets is good. Our latest reoffending data relates to April 2018 to March 2019, in comparison to April 2019 to March 2020. Performance is good with a reduction of 8.1%. Sefton has the second highest reduction rate as shown in the table below. In the same time period, there was a reduction in the number of children in the annual cohort from 125 to 90.

Proportion of offenders who reoffend (%)	Apr 2018 to to Mar 2019	Apr 2019 to Mar 2020	Change
LANCASHIRE	38.7	35.8	-2.9
Swansea	42.3	34.9	-7.4
Wirral	40	42.5	2.5
Stockton-on-Tees	36.8	36.7	-0.2
Nottinghamshire	33.7	31.8	-1.9
Bridgend	58.2	54	-4.2
Darlington	41.7	45.5	3.8
Sefton	44.8	36.7	-8.1
North Tyneside	41.4	32	-9.4
Wigan	25	37.5	12.5
Calderdale	35.5	39.4	3.9

The Council has been leading the way in raising awareness of the menopause and its effects on the workplace. The Active Workforce team works with local organisations across Sefton to improve the health and wellbeing of their employees. Following the launch of Sefton’s new Menopause policy, Active Workforce have helped to foster a more open and positive approach to the condition within workplaces across the Liverpool City Region.

Active Workforce have received praise from the University of Liverpool following the delivery of interactive and informative workshops around the menopause and its symptoms.

DRIVERS OF CHANGE AND REFORM

The Sefton Integrated Care Partnership brings together key partners from across Sefton, recognising both the vital role of wider cross-sector partners and the central role that Primary Care Networks will play in adopting a population health management approach in Sefton. The Integrated Care Partnership will work together to deliver improved health and care outcomes for Sefton’s population, in 2018-20, Sefton had the largest gap in life expectancy at birth in the Northwest - 14.2 years in men and 12.3 years in women. This reflects continuing large differences in health from life-course effects of health determinants, and also a two times higher mortality rate from Coronavirus in people from most compared to least deprived areas, which is also seen nationally. The Health and Wellbeing Board and system partners have already agreed several key priority areas embodied within the Health and Wellbeing Strategy 2020-2025.

This year working closely with CCG colleagues to explore population health in Sefton, in preparation for the Integrated Care Partnership, developing a Population Health profile for St Oswald Ward, which is considered a ‘left behind’ neighbourhood (Informed by the Overcoming health inequalities in ‘left behind’ neighbourhoods report, commissioned by an All-Party Parliamentary informal Group and delivered by OCSI and NHS; January 2022).

The Head of Communities has continued to drive forward the implementation of the Localities model and the understanding of the model continues to embed across the Council and partners, in particular how the model will align with the Integrated Care Partnership.

This year excellent progress has been made on the Street Lighting Asset Project, retro-fitting low-energy LED lanterns to existing street lighting and upgrading street lighting columns where necessary, significantly reducing the Council’s energy usage, Carbon footprint and future maintenance costs.

We have maintained and further developed Sefton’s substantial air quality monitoring network, including new monitoring stations and a network of 80 diffusion tubes monitoring key pollutants. We have also developed and implemented further innovative air quality improvement actions, including a Domestic Solid Fuel Behaviour Change Project, a Low-Cost Sensor co-location project with Liverpool John Moore’s University and, in Q3 a joint Emissions Enforcement Project with the Driver and Vehicle Standards Agency (DVSA). Work also continues to progress on the business case for a Clean Air Zone in the south of the borough.

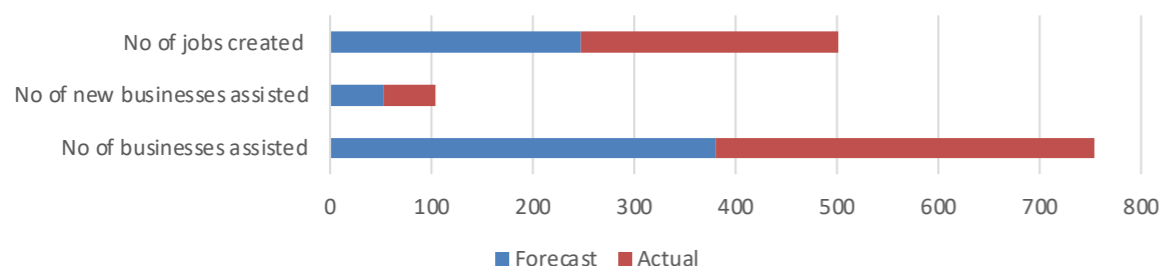
FACILITATE SUSTAINABLE ECONOMIC PROSPERITY:

Over £1.6 million of Omicron Hospitality & Leisure Grants paid to almost 500 companies across the Borough. Additionally, more than 150 of Sefton small and micro businesses in the hospitality, leisure and accommodation sectors have received nearly £340,000 from the third round of the Additional Relief Grant scheme.

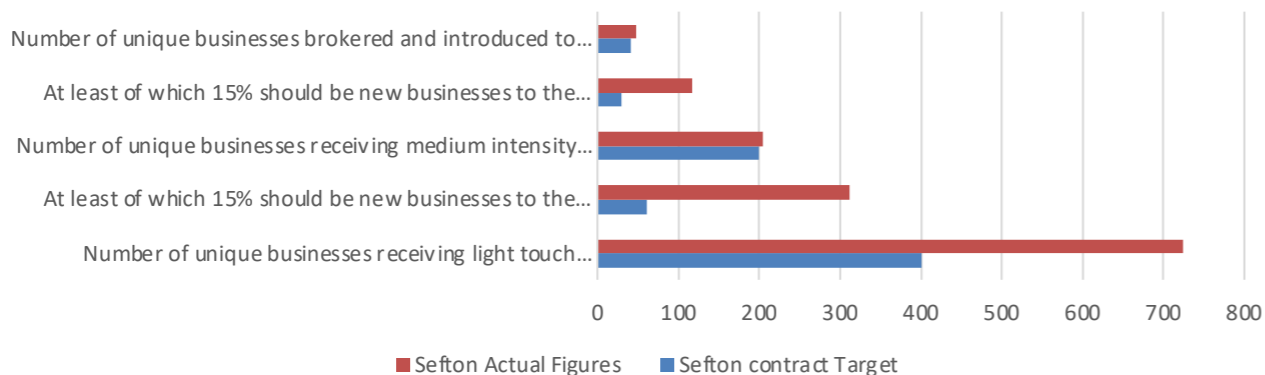
Sefton Council has paid out over £100 million of grant funding to the Borough's businesses during the pandemic.

The Council fulfilled its ERDF Business Growth Programme contractual obligations for phase2 ending 31 December 2021 and its Government Growth Hub funding obligations.

ERDF Business Growth Programme performance-Sefton- December 2021



Sefton Growth Hub performance Mar 2022



Covid-19 has had an adverse impact on the Tourism Service with many of its activities put on hold such as major events, however several activities have continued to perform well

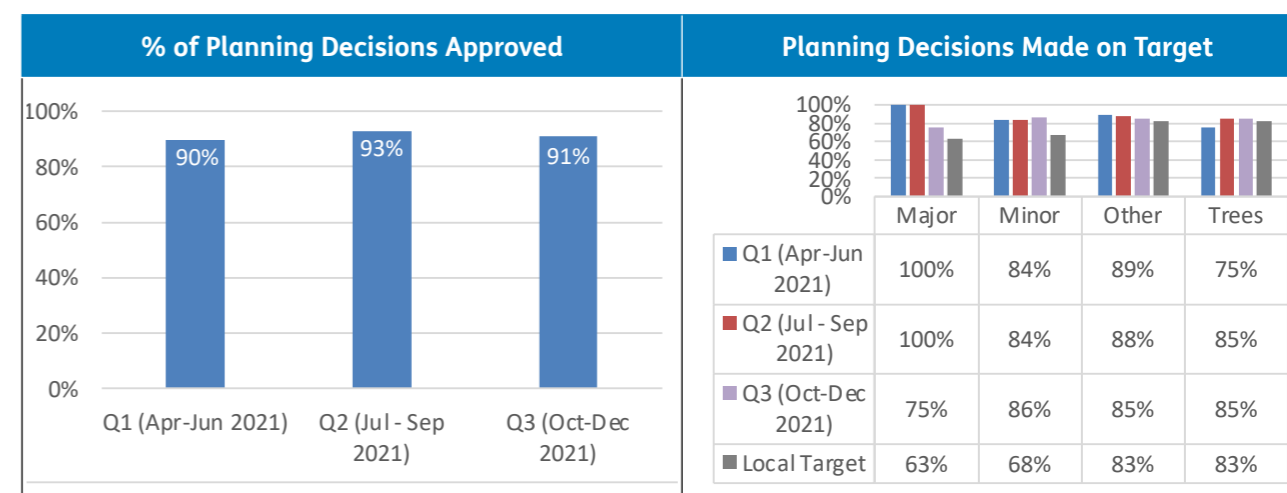


3.6m
Visitor Numbers

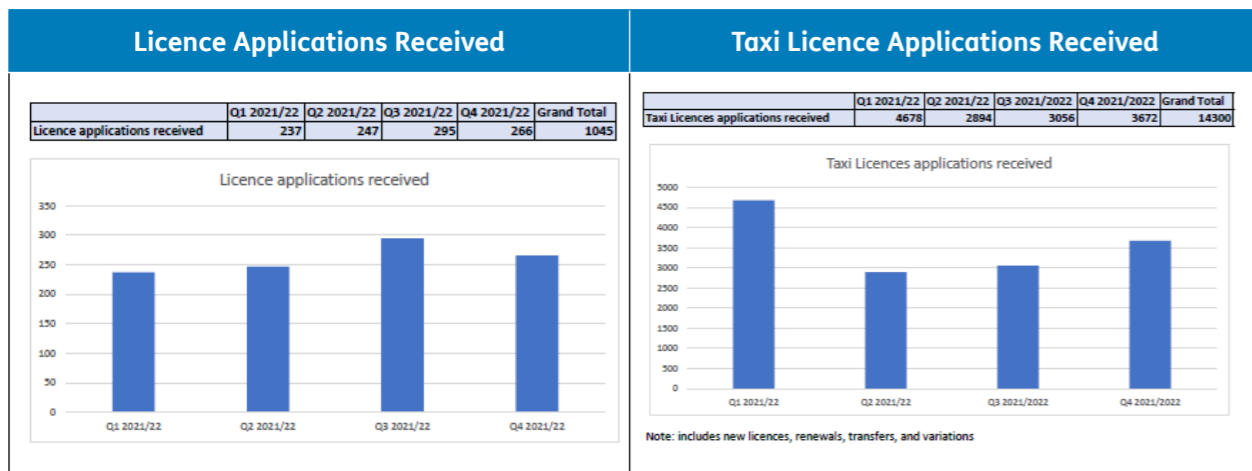


350,000
Staying Visitors

The Planning Service responded to lockdown with a series of initiatives to stimulate economic activity which was recognised nationally as an exemplary.



The Council is designated as the local Highways Authority and these services are responsible for planning, managing, and maintaining a safe and efficient highway network. This includes supporting all highway users, whether they are walking, wheeling, cycling, or using motorised vehicles. The services and the highway network are important for supporting the local economy and for connecting residents to important amenities, jobs, and leisure activities. The development of our transportation and highway network and the services provided have a key role to play in addressing climate change, air quality, congestion, inequalities, and other issues affecting our communities.

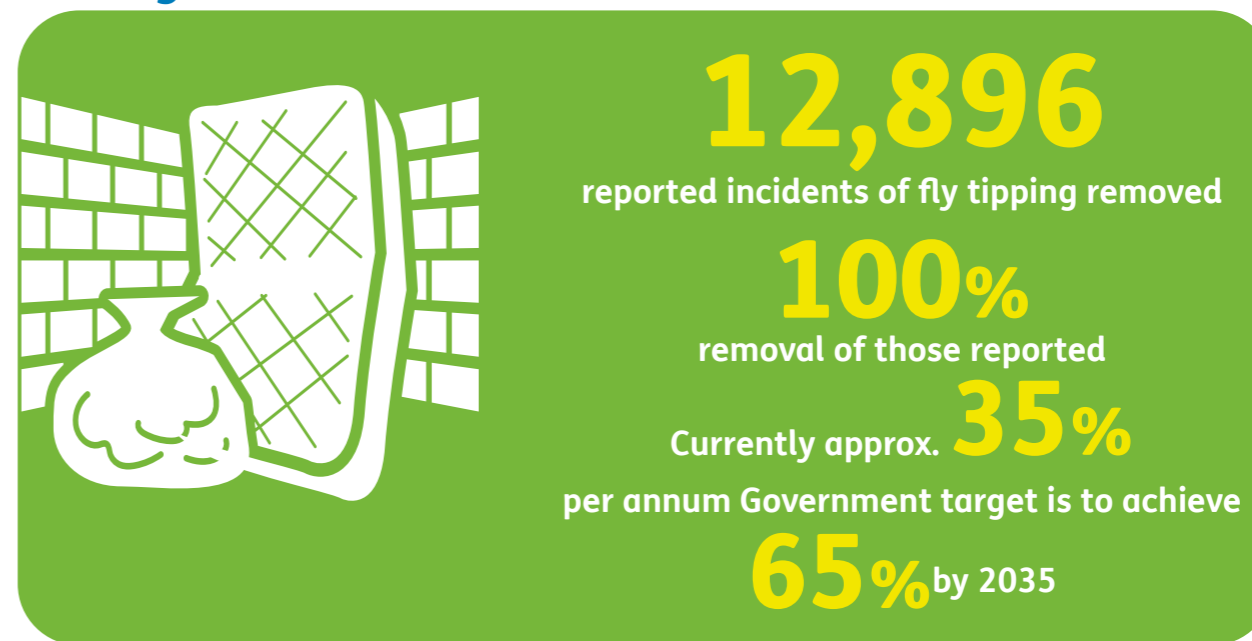


GENERATE INCOME FOR SOCIAL REINVESTMENT:

In February 2022 Cabinet approved the proposed strategy and Business Plan for Sefton Hospitality Operations Limited (SHOL). SHOL is a private company set up to create and operate hospitality outlets offering exciting, diverse, and accessible options for their customers. From hotels through to bars and restaurants, as well as outside catering, food delivery and events SHOL aims to provide unique experiences for both its guests and employees. In January 2022 SHOL launched a recruitment drive offering permanent employment and career opportunities, with all roles paying a real living wage or above and offering training and development routes in an interesting and diverse sector. SHOL is keen to cultivate a diverse and inclusive workforce.

CLEANER AND GREENER:

Removal of all fly-tipping incidents across the borough.



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Agenda Item 14

Report to:	Cabinet	Date of Meeting:	Thursday 28 July 2022
Subject:	Financial Management 2022/23 to 2024/25 and Framework for Change 2020 - Revenue and Capital Budget Update 2022/23 – July Update		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Leader of the Council		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform **Cabinet** of:

- 1 The current position relating to the 2022/23 revenue budget.
- 2 The current forecast on Council Tax and Business Rates collection for 2022/23.
- 3 The monitoring position of the Council's capital programme to the end of June 2023:
 - 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 position relating to the 2022/23 revenue budget.
- 2) Recognise the financial risks associated with the delivery of the 2022/23 revenue budget and acknowledge that the forecast outturn position will continue to be reviewed, and remedial actions put in place, to ensure a balanced forecast outturn position and financial sustainability can be achieved. The remedial actions required to address this financial forecast will be reported to Cabinet in September 2022.
- 3) Approve the creation of the post 'Assistant Director - Help and Protection' within Children's Services with the post being funded via the deletion of vacant posts to the value required. Appointment to this post will follow the Council's normal

Agenda Item 14

- process for jobs of this grade.
- 4) Agree that due to the potential changes to the treatment of high needs balances / deficits that the financial position be reported as part of each monthly budget monitoring report during the year.
 - 5) Approve the reporting cycle for the Council's Wholly Owned Companies.

Capital Programme

- 6) Note the spending profiles across financial years for the approved capital programme (paragraph 7.1).
- 7) Note the latest capital expenditure position as at 30 June 2022 of £5.198m (paragraph 7.4); the latest full year forecast is £42.426m (paragraph 7.6).
- 8) Note that capital resources will be managed by the Executive Director Corporate Resources and Customer Services to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council (paragraph 7.9).
- 9) Recommend to Council to approve a supplementary capital estimate of £0.700m for Phase 1 of the Strand Repurposing project funded from the Economic Recovery Earmarked Reserve.
- 10) Recommend to Council to approve a supplementary capital estimate of £0.171m for the completion of the Crosby Lakeside Adventure Centre improvements, funded from the Economic Recovery Earmarked Reserve.

Council is recommended to:

- 11) Approve a supplementary capital estimate of £0.700m for Phase 1 of the Strand Repurposing project funded from the Economic Recovery Earmarked Reserve.
- 12) Approve a supplementary capital estimate of £0.171m for the completion of the Crosby Lakeside Adventure Centre improvements, funded from the Economic Recovery Earmarked Reserve.

Reasons for the Recommendation(s):

To ensure Cabinet are informed of the current position in relation to the 2022/23 revenue budget.

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 2022/23 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 2022/23 an overspend position of £2.197m is currently forecast and that mitigating actions will be required to ensure the Council returns to a balanced forecast outturn position. Having conducted this initial review for the year, work will commence over the next period and the remedial plan will be presented to the next meeting of Cabinet in September 2022.

(B) Capital Costs

The Council's capital budget in 2022/23 is £42.426m. As at the end of June 2022 expenditure of £5.198m has been incurred and a full year outturn of £42.426m is currently forecast.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): Currently an overspend position of £2.197m is forecast for 2022/23. Therefore, remedial actions will be needed to ensure the Council returns to a balanced forecast outturn position. However, it should be noted that significant pressure and risk remains, particularly relating to Children's Social Care and energy costs. If these budgets experience further demand and inflationary pressure during the remainder of the year further corresponding savings will need to be identified.</p>									
<p>Legal Implications: None</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Have a positive impact</td> <td style="width: 20%; text-align: center;">N</td> </tr> <tr> <td>Have a neutral impact</td> <td style="text-align: center;">Y</td> </tr> <tr> <td>Have a negative impact</td> <td style="text-align: center;">N</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td style="text-align: center;">N</td> </tr> </table> <p>The allocations of capital funding outlined in section 6 may be spent on projects that will have a high climate change impact as they could relate to new build, rebuild, refurbishment, retrofit and demolition proposals. Environmental consideration will be taken into account when specific projects are designed and tendered – which will help to mitigate negative impacts.</p>		Have a positive impact	N	Have a neutral impact	Y	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	N
Have a positive impact	N								
Have a neutral impact	Y								
Have a negative impact	N								
The Author has undertaken the Climate Emergency training for report authors	N								

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.

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources & Customer Services is the author of the report (FD 6877/22)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5077/22).

(B) External Consultations

N/A

Implementation Date for the Decision

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

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

Appendices:

The following appendix is attached to this report:

APPENDIX A – Capital Programme 2022/23 to 2024/25

Background Papers:

There are no background papers available for inspection.

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1. Introduction

- 1.1 On 3 March 2022, Members approved the Budget for the financial year 2022/23. This budget was developed throughout the preceding nine months and took account of all known issues. Within that report, and as with previous years, the inherent financial risk within the budget, especially with respect to Children's Services, was identified. This was further reflected within the reserves' strategy for the Council.
- 1.2 A report to June's Cabinet and Council on 14th July, provided an update for Members of the financial position with the Council for events that have materialised in the last few months including the increased cost of providing Children's Services and the increase in energy costs affecting the Council from global price increases. A remedial action plan was presented in the report and approved by Council.
- 1.3 This report is the first of the Council's monthly budget monitoring reports and updates the revenue forecast outturn position for all services, including the pressures previously identified in the June report.
- 1.4 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.
- 1.5 The capital section of the report informs Members of the latest estimate of capital expenditure for 2022/23 and forecast expenditure for 2023/24 and 2024/25. The capital budget to date is presented in paragraph 6.1. Paragraphs 6.2 to 6.8 review progress of the capital programme. Finally, paragraphs 6.9 to 6.11 confirm that there are adequate levels of resources available to finance the capital programme.

2. Revenue Budget 2022/23 – Forecast Outturn Position as at the end of June 2022

- 2.1 Members are provided with updates of the Council's forecast financial revenue position each month during the financial year from July.
- 2.2 The report to Cabinet in June 2022 highlighted the significant financial pressures being faced by the Council relating to Children's Social Care and energy costs. A remedial action plan was approved to meet these estimated costs during 2022/23. These are included in the forecast outturn position below.
- 2.3 As at the end of June 2022, the forecast outturn shows a net overspend of **£2.197m**. As with all organisations at this time, the Council is operating in a very challenging financial environment. However, it is vital that the Council achieves a balanced forecast outturn position to ensure its financial sustainability. The remedial action plan to meet the Children's Social Care and energy pressures has meant there is little flexibility left for the use of existing reserves and balances. As a result, these new pressures, and any further increase in Children's Social Care or energy pressures, will need to be met from within the existing Council budget.

2.4 It is acknowledged that this is the first full budget monitoring report of the year so forecasts will include a number of assumptions on anticipated expenditure and income for the remainder of the year. A full review of budgets and assumptions will therefore be undertaken to refine the forecasts for the next report to Cabinet in September. In addition, the report will outline remedial actions to be implemented to ensure a balanced forecast outturn position, potentially including the adoption of financial principles used in previous years.

2.5 The table below highlights the variations across services that make up the £2.197m forecast overspend:

	Budget	Forecast Outturn	Variance
	£m	£m	£m
Services			
Strategic Management	4.024	4.033	0.009
Adult Social Care	102.055	102.055	0.000
Children's Social Care	52.151	60.506	8.355
Communities	17.591	18.134	0.543
Corporate Resources	5.407	5.229	-0.178
Economic Growth & Housing	6.583	6.660	0.077
Education Excellence	11.296	12.216	0.920
Health & Wellbeing	19.349	19.349	0.000
Highways & Public Protection	11.364	11.245	-0.119
Operational In-House Services	14.867	15.657	0.790
Energy Costs	0.000	4.300	4.300
Total Service Net Expenditure	244.687	259.384	14.697
Council Wide Budgets	0.180	0.180	0.000
Levies	35.222	35.222	0.000
General Government Grants	(72.356)	(72.356)	0.000
Remedial Action Plan	0.000	-12.500	-12.500
Total Net Expenditure	207.733	209.930	
<u>Forecast Year-End Deficit</u>			<u>2.197</u>

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

- **Adult Social Care** – The current forecast assumes that the Adult Social Care budget will break-even during 2022/23. However, there are a number of significant assumptions and uncertainties, partly as a result of COVID-19, that could impact on this position before the year-end. This budget has historically underspent each

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financial year therefore, although the most accurate position will be reported in September this will be the subject of change through the year, however due to the issues facing the Council it is important that any potential flexibility or otherwise is raised early in the financial year.

- **Children's Social Care** – The current forecast shows a potential overspend of £8.355m, a slight increase in the figure of £8.2m reported to Cabinet in June shown below:

	£m	£m
Children's Social Care:		
- Agency Staffing	2.3	
- Managed Teams	1.7	
- Staffing	0.8	
- Accommodation	2.8	
- Social Work Academy	0.6	
		8.2

As has been regularly reported over the last three years, the cost of accommodation 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.

Members will be aware that the Council has commenced the delivery of its improvement plan in respect of Children's Services. As part of that plan, it is essential that there is sufficient management capacity and grip within the service to support improvement. As a result, it is proposed that an additional Assistant Director post be approved - 'Assistant Director - Help and Protection'. This will be the subject of job evaluation with an indicative Hay 3 grade. This post will be the subject of external recruitment, will follow the Council's agreed processes for a post of this level and will be funded by the deletion of vacant posts within the existing structure to the value required to fund the post - the Director of Children's Services will identify these posts in advance of the recruitment commencing. As a result of the creation of this post the current Assistant Director - Social Care will be re-titled Assistant Director - Cared for Children. This will be a title change only for the current postholder. Four of the existing eight service managers who currently report to this post will report to the new Assistant Director - Help and Protection.

- **Communities** - The current forecast shows a potential overspend of £0.543m. This mainly relates to increases in premises and supplies and services costs at sports and leisure facilities, including some essential maintenance costs. This forecast will be reviewed and mitigation measures identified to reduce this balance, which will be updated for the September report
- **Education Excellence** – The current forecast shows a potential overspend of £0.920m relating to Home to School Transport. There has been an increase in the number of children being transported, especially relating to out of borough placements. In addition, there has been an increase in the cost of providing the transport.

- **Operational In-House Services** The current forecast shows a potential overspend of £0.790m. This relates to a number of areas across the Service, including forecast shortfalls in income on Burials and Cremations, Catering, Green Sefton activities (mainly golf courses) and vehicle maintenance.
- **Energy Costs** – As reported in June, the global increase in energy prices is having a significant impact on the Council's energy and fuel costs. This is currently estimated at £4.300m and is being closely monitored as more information becomes available from the Council's framework providers on the fees being paid.

2.7 As stated, a remedial plan will be developed for the next month's Cabinet report- this will reflect the financial position and forecast as at end of July 2022 and will be reported at the start of September. In addition to reviewing options to support this position, those services who are forecast to overspend will review every budget held with a view to developing in year and, where required, permanent savings to balance their own position and every other service will seek to refine their forecasts and spending plans with a view to delivering in year savings.

Caring Business Charter implementation

2.8 The Caring Business Charter aims to improve connectivity between care experienced young people and local businesses and employers across Sefton, increasing access to employment, training, apprenticeship, coaching and mentoring opportunities. More than 20 local employers have signed up to the Charter at the time of its launch. Council funding in the amount of £92,000 is proposed, funded from the Economic Recovery Earmarked Reserve, to provide capacity for growth in the number of signatories to the Charter, for support for both young people and employers in progressing the opportunities identified, and for monitoring and measuring progress and outcomes from the Charter. This has been approved by the Section 151 Officer in line with the Council's Financial Procedure Rules.

3. Council Tax Income – Update

2.9 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 £150.008m for 2022/23 (including Parish Precepts), which represents 84% of the net Council Tax income of £178.590m.

2.10 The forecast outturn for the Council at the end of June 2022 is a surplus of -£1.625m. This variation is primarily due to: -

- The surplus on the fund at the end of 2021/22 being higher than estimated (-£0.517m).
- Gross Council Tax Charges in 2022/23 being higher than estimated (-£0.144m).

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- Exemptions and Discounts (including a forecasting adjustment) being lower than estimated (-£0.964m).

2.11 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2022/23 but will be carried forward to be recovered in future years.

2.12 A forecast surplus of £2.022m was declared on the 15 January 2022 of which Sefton's share is £1.699m (84.1%). This is the amount that will be recovered from the Collection Fund in 2022/23. Any additional surplus or deficit will be distributed in 2023/24 and future years.

4. **Business Rates Income – Update**

4.1 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 £56.664m for 2022/23, which represents 99% of the net Business Rates income of £57.236m. Business Rates income has historically been very volatile making it difficult to forecast accurately.

4.2 The forecast outturn for the Council at the end of June 2022 is a surplus of -£6.867m on Business Rates income. This is due to:

- The deficit on the fund at the end of 2022/23 being lower than estimated (-£0.091m).
- Increase in the gross charge on rateable properties (-£1.295m).
- A number of reliefs announced for 2022/23 were assumed in the NNDR1 return with the loss of income as a result of these reliefs covered by Section 31 grant payments. It is now forecast that the value of these reliefs will be less than anticipated (-£5.481m).

4.3 When taking into account the lower Section 31 grants due on the additional reliefs, a net surplus of £1.420m is forecast.

4.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2022/23 but will be carried forward to be recovered in future years.

4.5 A forecast deficit of £18.702m was declared in January 2022. Sefton's share of this is £18.515m. This is the amount that will be distributed from the Collection Fund in 2022/23. Any additional surplus or deficit will be distributed in 2023/24 and future years.

5. **Dunes Splashworld – Compensation Payment**

5.1 The Council has recently settled a claim against the original developer relating to a range of issues stemming from latent defects at the Splashworld facility. The payment will be utilised in the first instance to fund the current capital scheme that was previously approved to remediate the latent defects at the facility, as well as

any associated legal costs that were incurred in settling the litigation. Any residual amount will be utilised to offset some of the income losses currently being incurred whilst the facility is closed for the repairs to take place.

6. **High Needs Budget**

- 6.1 Within this Cabinet agenda there is a separate agenda item with regard to the High Needs budget and the changes that are proposed, details of sufficiency planning, the Council's engagement on the Delivering Better Value Programme and the current high needs deficit and the risk around future central government decision making in respect of this deficit.
- 6.2 In addition, also included on this Cabinet agenda is the Outturn Report for 2021/22 and this provides granular detail on the performance of this budget in that year and again stresses the risk that could be presented. In light of these factors, the SEND green paper, the commencement of the Delivering Better Value Programme and the potential changes to accounting treatment of these high needs deficits that exist in a substantial number of councils in England, it is proposed that a monthly financial forecast be presented to Cabinet each month that reflects financial performance against budget and remedial planning - this will be considered alongside the wider quarterly performance report that will be presented to Cabinet and Council.

7. **Council Wholly Owned Companies - in year reporting**

- 7.1 The Council now has three Wholly Owned Companies, Sefton New Directions, Sefton Hospitality Operations Limited and Sandway Homes Limited. The now established reporting cycle for these companies is that a Business Plan for each is presented to Cabinet, as shareholder, each autumn. This reflects the operational and financial plans for each company for the year ahead. These will be presented to Cabinet in autumn 2022 and will inform activity for 2023/24. A key aspect of these reports is that through the in-year monitoring if there are any material variations these will be reported to Cabinet at the earliest opportunity. As each company completes its year end arrangements a report will be provided to Overview and Scrutiny committee.

8. **Capital Programme 2022/23 – 2024/25**

Capital Budget

- 8.1 The Capital Budget and profile of expenditure for the three years 2022/23 to 2024/25 is as follows:

2022/23	£42.426m
2023/24	£13.840m
2024/25	£5.930m

- 8.2 The following updates have been made to the capital programme budget since the initial budget report to Cabinet in February.

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- **Adult Social Care** – £0.455m for a new Digitising Social Care Grant has been added to the budget following approval by Cabinet in March.
- **Communities** - £0.021m was added for a new project for Crosby Village Decorative lights funded from Section 106 contributions and approved under delegated authority.
- **Economic Growth & Housing** – the following additions to the programme were approved by Council in April and May:
 - £0.065m for a Social Care Allocations Housing scheme funded by prudential borrowing
 - £1.250m for the Enterprise Arcade project funded by the Southport Town Deal
 - £2.750m for the Transformations De Southport project funded by the Southport Town Deal
 - £0.206m for the Southport Pier Decking project funded by prudential borrowing
- **Education Excellence** – £0.017m was added for a new project for a PMLD Classroom at Rowan Park approved under delegated authority.

8.3 In addition to the above capital budgets the following capital grant allocations have been approved by Cabinet and Council for inclusion in the Capital Programme 2022/23 and 2023/24:

Capital Grant	2022/23 £	2023/24 £
Adult Social Care		
Disable Facilities Grant	4,823,370	-
Education Excellence		
Schools Condition Allocation	2,426,403	-
High Needs Provision Capital Allocation	2,062,067	2,908,641
Basic Needs Funding	-	878,823
Highways and Public Protection		
City Region Sustainable Transport Settlement	6,210,000	-
Key Route Network	400,000	400,000
Transforming Cities Fund - Urban Traffic Control	596,495	397,663
Traffic Signal Maintenance	250,000	-
TOTAL	16,768,335	4,585,127

8.4 Authority has been delegated to Cabinet Member to assign funding to individual capital schemes for Adult Social Care, Highways and the Schools block allocations reported above. The list of schemes for 2022/23 is being fully developed and will be presented to the individual Cabinet Members for approval. A full list of the approved capital schemes will be presented in future reports to Cabinet.

Budget Monitoring Position to June 2022

- 8.5 The current position of expenditure against the budget profile to the end of June 2022 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, whilst Highways and Public Protection will complete most of its programmed works during quarters two and four of the financial year. The budget to date in the table below reflects the profiles of each individual scheme.

Service Area	Budget to Jun-22	Actual Expenditure to Jun-22	Variance to Jun-22
	£m	£m	£m
Adult Social Care	0.711	0.711	-
Children's Social Care	0.042	0.042	-
Communities	0.158	0.158	-
Corporate Resources	0.243	0.243	-
Economic Growth & Housing	1.609	1.609	-
Education Excellence	0.454	0.454	-
Highways & Public Protection	1.586	1.586	-
Operational In-House Services	0.396	0.396	-
Total Programme	5.198	5.198	-

Capital Programme Forecast Outturn 2022/23

- 8.6 The current forecast of expenditure against the budget profile to the end of 2021/22 and the profile of budgets for future years is shown in the table below:

Service Area	Full Year Budget 2022/23	Forecast Out-turn	Variance to Budget	Full Year Budget 2023/24	Full Year Budget 2024/25
	£m	£m	£m	£m	£m
Adult Social Care	5.069	5.069	-	1.624	0.860
Children's Social Care	0.075	0.075	-	-	-
Communities	1.907	1.907	-	0.290	-
Corporate Resources	6.145	6.145	-	0.819	-
Economic Growth & Housing	10.412	10.412	-	1.211	0.075
Education Excellence	4.698	4.698	-	3.018	0.007
Highways & Public Protection	9.165	9.165	-	4.934	3.663
Locality Services	4.955	4.955	-	1.944	1.326
Total Programme	42.426	42.426		13.840	5.930

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

- 8.7 The current 2022/23 budgeted spend is £42.426m with a budgeted spend to June of £5.198m. The full year budget includes exceptional items such as £2.033m for

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vehicle replacement, £4.439m for Green Homes and Sustainable Warmth schemes, £9.454m for Growth and Strategic Investment projects, previously approved amounts for essential repairs and maintenance (£1.183m) and a significant scheme to upgrade to LED Street Lighting (£3.887m).

- 8.8 Typically, on an annual basis the capital programme spends in the region of £25m. Given this typical annual level of spend it is likely that reprofiling of spend into 2023/24 will occur as the year progresses.

Programme Funding

- 8.9 The table below shows how the capital programme will be funding in 2022/23:

Source	£m
Grants	30.522
Prudential Borrowing	7.670
Capital Receipts	2.191
Contributions (incl. Section 106)	2.043
Total Programme Funding	42.426

- 8.10 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.
- 8.11 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.

Strand

- 8.12 The Strand Repurposing Programme is designed to drive the economic, social and physical regeneration of Bootle Town Centre and to catalyse wider regeneration of the whole of Bootle. The programme is planned to be delivered in Phases to enable the Strand to continue to operate throughout the works to refurbish and repurpose the centre.
- 8.13 The first Phase is to finalise the Canalside development, which started last year with funding from the CA and from the Council, as well as bringing more diverse uses to some areas of underused space. It is also to progress the collaborative work that has been started with Health partners in South Sefton, via the Integrated Care Partnership Board, to progress the more detailed designs for an Integrated Health and Social Care Hub to be located in the Re-purposed Strand, which will significantly improve health and wellbeing outcomes for local people and address health inequalities.
- 8.14 The first Phase is critical to start to drive up footfall and economic growth in the town centre and in this way to lift land and property values, which aims to de-risk the remaining Re-purposing programme for private sector investment.
- 8.15 While delivery strategy for the projects is finalised, and while feedback is awaited on the Levelling Up Funding bid submitted in July 2022, funding is proposed for

allocation to ensure continued progression of design and planning work, aiming for a scheduled start of construction in mid-2023.

- 8.16 Council funding in the amount of £680,000 is proposed from the Economic Recovery fund to enable the Council to progress with this work without delay. Cabinet is therefore asked to recommend that Council to approve a supplementary capital estimate of £680,000 for the capital works required, funded from the Economic Recovery Earmarked Reserve.

Crosby Lakeside Adventure Centre

- 8.17 The Crosby Lakeside Adventure Centre (CLAC) hospitality refurbishment project is transforming the hospitality facilities at the CLAC to make them fit for purpose for this key coastal gateway and to make the hospitality operations financially sustainable into the future, which they have not been previously.
- 8.18 The project has been wholly funded by The Combined Authority (CA) but was disrupted in November 2021 by the failure of the contractor, causing many months delay and requiring re-procurement of works. The CA agreed to provide further funding to cover the estimated additional costs arising because of the contractor failure, especially construction inflation in terms of labour and materials.
- 8.19 The main hospitality facilities are close to completion, but the Bunkbarn element (a new residential unit for schools and community use) has seen further cost increases primarily as a result of construction inflation. These costs exceed the additional funding provided by the CA. Council funding in the amount of £171,000 is proposed from the Economic Recovery Fund to cover this budget shortfall and ensure delivery and completion of the project.
- 8.20 Cabinet is therefore asked to recommend that Council to approve a supplementary capital estimate of £171,000 for the capital works required, funded from the Economic Recovery Earmarked Reserve.

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APPENDIX A – Capital Programme 2022/22 to 2024/25

Capital Project	Budget		
	2022/23 £	2023/24 £	2024/25 £
Adult Social Care			
New Directions Programme Development	247,854	-	-
Digitising Social Care	455,000	-	-
Sefton Carers Centre	30,000	-	-
Core DFG Programme	132,351	-	-
Wider Social Care Programme	3,992,156	1,623,750	860,000
Community Equipment Stores	211,540	-	-
Children's Social Care			
Support for Fostering Placements	74,956	-	-
Communities			
Dunes Splashworld – Essential Repairs	463,133	101,874	-
Litherland Sports Park – 3G Pitch & Lighting	6,320	-	-
Orrell Mount Sports Hub	1,198,667	-	-
Libraries - Centres of Excellence	90,000	188,019	-
Section 106 Funded Projects	148,535	-	-
Corporate Resources			
Council Wide Essential Maintenance	1,051,028	818,833	-
STCC Essential Maintenance	54,650	-	-
Victoria Baths Essential Works	76,960	-	-
Bootle & Southport Town Hall Retrofit Energy Saving	29,950	-	-
Green Homes Grant Sustainable Warmth Schemes	4,438,882	-	-
ICT Transformation	493,281	-	-
Economic Growth & Housing			
Strategic Acquisitions - Bootle	17,620	-	-
Cambridge Road Centre Development	53,930	-	-
Crosby Lakeside Development	1,544,913	-	-
Town Centre Commission Bootle Canal Side	240,263	-	-
Southport Market Redevelopment	47,335	-	-
Strategic Acquisitions - Ainsdale	90,600	836,423	-
Marine Lake Events Centre	3,175,637	-	-
Enterprise Arcade	1,494,000	-	-
Transformations De Southport	2,750,000	-	-
Strand Business Plan	40,000	375,000	75,000
Housing Investment	33,960	-	-
Brownfield Fund for Housing Development	537,790	-	-
Social Housing Allocations Scheme	65,000	-	-
Southport Pier	321,822	-	-
Education Excellence			
Schools Programme	3,978,168	3,017,760	7,055
Planned Maintenance	197,617	-	-
Special Educational Needs & Disabilities	522,143	-	-

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	2022/23 £	2023/24 £	2024/25 £
Highways and Public Protection			
Transport Schemes	5,277,913	1,328,620	-
LED Street Lighting Upgrade	3,886,920	3,605,580	3,662,630
Operational In-House Services			
Burials & Cremation Service – Vehicles & Equipment	47,713	-	-
Coastal Erosion and Flood Risk Management	1,504,248	1,656,926	1,306,000
Parks Schemes	110,426	154,700	-
Tree Planting Programme	134,505	19,769	19,769
Golf Driving Range Developments	290,268	-	-
Ainsdale Coastal Gateway	327,712	-	-
Crosby Marine Lake Improvements – Phase 1	30,339	-	-
Green Sefton – Plant & Machinery	131,152	-	-
Vehicle Replacement Programme	2,033,329	113,000	-
Wheeled Bins	345,000	-	-
TOTAL PROGRAMME	42,425,586	13,840,254	5,930,454

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

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Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Marine Lake Events Centre – Final Business Case		
Report of:	Executive Director (Place)	Wards Affected:	Cambridge & Dukes
Cabinet Portfolio:	Regeneration & Skills		
Is this a Key Decision:	Yes	Included in Forward Plan:	No
Exempt / Confidential Report:	The report is not confidential but appendices 1 and 2 are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

The report provides an update for Cabinet on the Marine Lake Events Centre (incorporating The Light Fantastic) and presents the preferred option for progressing the commitment of Southport Town Deal funding for the project. The report also includes the business case for the project for required submission by the Council, as accountable body, to Government on behalf of the Town Deal Board.

The report also sets out the next steps required in relation to appoint of main contractor and Operator.

Recommendation(s):

(1) The full business case for the project is agreed and should be submitted to Government on behalf of the Town Deal Board;

(2) The agreement and return of all project documentation to the Department for Levelling Up, Housing & Communities (DLUHC) is delegated to the Chief Executive and the Executive Director of Corporate Resources and Customer Services, in consultation with the Executive Director (Place) and the Cabinet Member for Regeneration and Skills and Cabinet Member for Regulatory, Compliance and Corporate Services, on behalf of the Town Deal Board and in line with Town Deal funding deadlines;

(3) The Executive Director (Place) in consultation with the Cabinet Member for Regeneration and Skills be authorised to exercise delegated authority to procure a suitable contractor for the capital works via a fully compliant framework;

(4) The Heads of Terms for the operation and management of the Marine Lake Events Centre as set out in the report and Full Business Case be approved and that the Executive Director (Place) in consultation with the Cabinet Member for Regeneration and Skills be authorised to exercise delegated authority to agree the detailed terms;

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(5) Cabinet notes that The Liverpool City Region Combined Authority continue to support the principle of allocating up to £20m to the new Events Centre, from which the first £2.3m has been released to support pre-development work;

(6) A request for a supplementary capital estimate to enable the scheme to be included within the Council's Capital Programme will be brought back to Cabinet and Council following on from The Liverpool City Region Combined Authority final approval and agreements from The Department for Levelling Up, Housing & Communities (DLUHC);

(7) The Cabinet notes the key risks identified within this report; and

(8) It be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Deputy Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan.

Reasons for the Recommendation(s):

Cabinet has previously approved to progress with a new Marine Lake Events Centre in Southport as part of the successful Southport Town Deal.

Under the Town Deal Heads of Terms, Sefton Council is required to submit a full business case by 8th August 2022. The business case for the Marine Lake Events Centre (incorporating The Light Fantastic) has been developed in accordance with the guidance provided for Town Deal projects. The business case needs to be approved for the submission to be made to Government to facilitate the provision of the grant funding.

As per Cabinet on 29th July 2021 a Competitive Dialogue procedure to procure an operator for the MLEC site is underway, and as this process concludes it is necessary to agree the final terms to allow appointment.

It also now required to start the process of appointing a suitable build contractor, with early engagement and input increasing cost certainty and reducing risk on the project.

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

The Outline Business Case presented to Cabinet on 24th June 2021 considered several alternative options ranging from do minimum, to refurbishment, to major redevelopment. The preferred option was major redevelopment with the other options being rejected as they did not meet the project aims and objectives.

The preferred way forward identified at the Outline Business Case stage was subject to further review in early 2022 focused on the re-examination of the scheme given capital affordability constraints alongside a review of the funding strategy. This review led to the

confirmation of the preferred way forward scheme as set out at the Outline Business Case stage.

The shortlisted intervention options examined as part of the Full Business Case include the Outline Business Case preferred option requiring £73m of funding and a reduced scheme requiring £61.8m capital investment.

These two intervention options were considered against a revised reference case that considers that the STCC did not re-open after COVID-19 and has been mothballed by the Council. Therefore, the Do Minimum option, examined as part of the Outline Business Case, was no longer considered.

The preferred option from the Outline Business Case scored the highest in the Full Business Case and therefore the circa £73m major redevelopment remains the preferred option.

What will it cost and how will it be financed?

The Business case that has been developed and is included as the basis for decision within this report has been developed by an external firm with significant sector experience, IPW. This is the source of all estimates in respect of capital costs and income and expenditure forecasts in relation to the future operation of the centre.

This has then been reviewed by Turley, another independent company with expertise of this industry and market who have verified that the assumptions made are robust and can be relied upon.

(A) Revenue Costs

As reported, the business case for the ongoing operation of the centre has been developed by IPW who are an internationally-renowned company specialising in event centre operations. These income and expenditure estimates have subsequently been reviewed by another external company with expertise of the sector, Turley, who have advised that they are robust and can be relied upon for decision making. It is considered by these industry experts that the estimates contained within the business case for annual profit and loss are prudent. These net revenue costs will be finalised as an operating agreement is finalised as per the recommendations within this report and the proposed delegation.

The financial model is based upon securing an operator who will pay the Council an agreed annual sum to run the centre for a minimum of 25 years. This legal agreement between the Council and the operator is a key factor in the business case and the financial risk that the Council needs to consider. Under the business case, if the Council is to borrow £19.7m, an annual subsidy will need to be provided and this will need to be built into future Medium Term Financial Plans (MTFP). The size of any subsidy, net of operator income, will be determined as the operator procurement is finalised and will be reported in a future Cabinet (due September 2022) and Council report. This final position will be determined by the capital funding available to the Council following negotiations with grant providers, the final negotiated position with a preferred operator that takes account of the length, value and nature of the lease, and initial upfront costs of operations.

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In developing the business case, it is an assumption that under the lease agreement the basis for the annual payment is legally binding. The Council's preferred position is that such an agreement is backed by a parent company guarantee or some other form of guarantee that protects the Council's position thus minimising the risk of default. The final detail of this will only be known when a preferred operator is selected. At that stage, a full risk analysis will be undertaken and reported to members for consideration.

The modelling of the lease agreement will have both a fixed and variable element according to the business case with the fixed element being inflation linked. Therefore, if a loss materialises in any given year or profit exceeds the estimates in the business plan then this would be shared by the operator and the Council and will add to the base position reported in the business case

One of the key risks to the Council over the term of the agreement is if the operator chooses not to continue within the centre and wishes the lease agreement to terminate or if the operator fails to continue as a going concern. The lease agreement should not permit such termination. However, in any such a scenario the Council would revert to the parent company guarantee or other form of guarantee as per the agreement for security of ongoing receipt. In the event that the guarantee cannot be exercised then an alternative operator would need to be sought and the business case and model changed. This would inevitably change the financial implications for the council detailed within this business case and would require further Cabinet and Council approval due to the significance and materiality.

Within the business case there is a detailed sensitivity and risk analysis that identifies the impact of various income and expenditure scenarios and how they would impact the business case and also the risks that would need to be managed by the operator and Council - again this has been developed and verified by IPW and Turley. These will be refined as previously set out with further reports provided to Members for decision, but it is important that the range of sensitivities and the potential impact is understood. In the event that the council's capital contribution is £19.7m to this project, as stated a subsidy will be required each year that will be built into the Medium Term Financial Plan. If there are adverse variations to this case, from either the capital costs or the ongoing annual operations, as reflected in the sensitivity analysis this will add to this position however similarly if actual financial performance improves compared to the business case then this will reduce the council's annual funding requirements. Full details on this will be provided in the report that will be presented to cabinet in September 2022

(B) Capital Costs

From the business case presented it can be seen that the proposal is for a £73m capital build- this estimate reflects a cost estimate based on RIBA stage 2 work. In terms of funding £33.3m is available to the Council from the Southport Town Deal and there are ongoing negotiations with the Liverpool City Region Combined Authority (CA) with a view to a further £20m being received – discussions are ongoing to seek additional gap funding from other public sources. Once the CA funding above is secured there would be a funding gap of £19.7m on the overall capital cost of the centre and this is the sum that the Council at present would need to support. Based on a 40 year annuity loan from the Public Works Loan Board at 3.41% this would result in an annual repayment sum of £0.91m. Any borrowing/ funding solution will be in accordance with the Council's

Treasury Management Strategy and associated policies and the advice of the Council's Treasury Management advisors.

If additional gap funding is not secured and the capital cost remains at £73m then this is the gap funding that the Council would need to meet. If additional funding is secured the Council's contribution would reduce as would the annual repayment cost. It should be noted that at present there are ongoing discussions with various other organisations (e.g. Arts Council England) in an attempt to secure further capital funding. However at present it is considered prudent to report on the funding sources where firmer information is available.

In considering the capital cost within this report at the current time, as has been reported extensively nationally, the most significant cost risk is in relation to inflation. Based on advice from the council's professional advisors, within the current cost estimate is contractor price inflation with 8.1% (£3.74m) built into the cost estimate and a further 5.1% (£2.78m) through to construction. This is based on industry metrics (Bank of England) but this will need updating as the work continues on the revisions to the cost estimate and funding sources. In addition, provision has also been made for inflation that will have materialised from recent global events of 4% (£2.18m). These assumptions have been built into the current business case. Consideration and management of these issues which are outside the Council's control is critical as if there are cost increases above this level, this will be reported for Cabinet consideration through the ongoing robust project reporting and scrutiny, and discussions will need to be had with central government and / or the CA as to whether they are prepared to fund any increases. If this is not the case then the council would need to consider options available to it to address any funding shortfall that may arise. The potential impact of this is reflected within the sensitivity analysis of the business case.

Implications of the Proposals:

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

Internal resources will be utilised for the bid submissions and associated processes. Any additional resource requirements will be identified as delivery strategy for the project is finalised.

Legal Implications:

Details of any legal implications are contained within the report.

Equality Implications:

Any equality implications will be identified and mitigated. For example, a Changing Places unit is included as a key part of this scheme. The site will be accessible for use by all sections of the community, even those not attending events, social value will also be embed into the both the operator and build contractor procurement ensuring skills and training is a major priority. Consultation and engagement is ongoing and will continue with residents and stakeholders, including Southport Access for Everyone (SAFE).

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Climate Emergency Implications:

The recommendations within this report will:

Have a positive impact	Y
Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	N

The continuation of work directly contributes towards achieving the targets within the Council’s Climate Emergency strategy. The design and operation of the new Events Centre will help Sefton’s aim of becoming net zero carbon neutral by several design and building techniques. These will be outlined in the final business case. This will also help the Events Centre sales position as several event organisers now expect venues to be able to demonstrate good practice when it comes to the environment.

Contribution to the Council’s Core Purpose:

Protect the most vulnerable: N/A
Facilitate confident and resilient communities: The proposed new event centre will provide a high-quality cultural experience that will provide a first-class venue and destination for local communities to use and enjoy.
Commission, broker and provide core services: N/A
Place – leadership and influencer: The proposed new Events Centre will be an enabler for change and lead to further private sector investment in Southport. The proposed centre will be a game change for the Sefton Visitor Economy being fundamental in the Covid-19 visitor economy recovery while also helping change the perception of Southport and the wider region.
Drivers of change and reform: Providing a long-term sustainable future for a new multi functioning event space that will include conference facilities and auditorium along with new uses such as E-sports.
Facilitate sustainable economic prosperity: The new Events Centre will act as a major catalyst for the visitor economy contributing millions to the local economy by supporting local businesses and supply chains. It will also enable future private sector investment.
Greater income for social investment: The new Events Centre is projected not to require any large subsidies that have been required in the past

Cleaner Greener: The future operation will contribute to Sefton's aims to becoming net zero Carbon Neutral.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6867/22) and the Chief Legal and Democratic Officer (LD5067/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

The new Events Centre formed part of the Southport Town Deal consultation. This overall consultation resulted in over 7,000 responses with regards to the overall Town Deal. Separate consultation also took place with under 16s in relation to The Events Centre and future uses, with more than 1,000 respondents.

As part of the upcoming planning submission further consultation is taking place at the time of writing, this has included a two-day drop-in session with other 300 people engaging in the event providing feedback on the proposals. A webinar has also taken place with the design team and the online consultation is currently ongoing.

Consultation and engagement with local residents and stakeholders will continue throughout the design and subsequent construction process.

Implementation Date for the Decision

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

Contact Officer:	Mark Catherall
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Appendices:

Appendix 1 (Exempt) – Operator Procurement Initial Submissions

Appendix 2 (Exempt) – Full Business Case

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

- Cabinet meeting 1st April 2021, Southport Town Deal – Heads of Terms: - <https://modgov.sefton.gov.uk/documents/s102024/Southport%20Town%20Deal%20Heads%20of%20Terms.pdf>

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- Cabinet Meeting 24th June 2021, Southport Theatre and Convention Centre - <https://modgov.sefton.gov.uk/documents/s103515/Southport%20Theatre%20Convention%20Centre.pdf>
- Cabinet Meeting 29th July 2021, Marine Lake Events Centre Pre-Development and Capital Funding Bids - <https://modgov.sefton.gov.uk/documents/s104462/Marine%20Lake%20Events%20Centre%20Pre-Development%20and%20Capital%20Funding%20bid%20submissions.pdf>

1. Background

- 1.1 Following the successful submission of Southport's Town Investment Plan, under the government's Town Deal funding programme, Southport has been allocated £37.5m for a range of projects. All project funding allocations through the Town Deal have been developed with the agreement and support of the Town Deal Board and in line with the Town Deal Programme Heads of Terms.
- 1.2 The Marine Lake Events Centre incorporating The Light Fantastic has been allocated £33.3m from the fund and is acting as the anchor project to the overall Town Deal, given the importance of the project and of the offer to the town's economy.
- 1.3 This project comprises the demolition of the aging Southport Theatre and Convention Centre (STCC) complex, replacing it with a high quality, modern events centre, spectacular water and light show and greatly improved public realm. The vision is set out below.

Project vision

"To transform the STCC into a high quality, distinctive entertainment and business events venue capable of providing great experiences to audiences and users. It will be an anchor for the Waterfront redevelopment, retaining and attracting visitors and driving economic impact for Southport".

- 1.4 This project was initiated in February 2020, when the Council commissioned a 2-Stage Feasibility Study to consider the future options for the STCC. The Feasibility Study considered: the condition and historic operating performance of the STCC, market trends and demand parameters and it identified and assessed potential options for redevelopment. The options were progressed to RIBA Stage 0 & 1 and indicative capital costs established.
- 1.5 The Council subsequently commissioned the development of an Outline Business Case (OBC) to determine the preferred option for the future development of the

STCC. The OBC process ran from July to October 2020 and included a significant engagement and a range of workshops with Council Officers (see workshop summary box).

- 1.6 The options appraisal at OBC stage considered a long-list of ten potential options, including: Business As Usual, Do Minimum, full refurbishment, partial refurbishment, a range project options (with greater and lesser facilities) on the current site and redeveloping the facilities on an alternative site. These options were subject to a SWOT analysis and options filtering using a Red Amber Green (RAG) approach against the project objectives and critical success factors.
- 1.7 This exercise identified a short-list of project options that were subject to an economic assessment, these were: Business As Usual, Do Minimum a three project options (all new build options on the current site, varying in relation to the scale and mix of facilities proposed).
- 1.8 The outcome of the economic assessment was the identification of a Preferred Option

Preferred Option at OBC Stage

The preferred option at OBC Stage was 'New STCC, Waterfront and Water & Light Show'. It included the demolition of the existing STCC, replacing it with a high-quality state of the art entertainment and events centre (1,200 seated and 1,500 seated and standing capacity theatre, 1,500sqm exhibition hall and break-out facilities to support a 1,000 person conference) and outward facing café and restaurant facilities. It included new car parking spaces underneath the exhibition hall (to allow for future development of the surface level car park). It also opened up the waterfront alongside the Marine Lake through pedestrianisation, provision of a pontoon with a light feature and food and beverage pop-ups. It completed the development with permanent water and light features and a spectacular water and light show.

- 1.9 The Preferred Option (and OBC) formed the basis of the project that was agreed by the Council's Cabinet and informed the applications to potential funding partners (i.e. Towns Fund and LCRCA).

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- 1.10 Further to the completion of the OBC and the submissions to funding partners, the project has been further developed and refined, through a process of testing and optioneering. This has been particularly important, due to the changing economic conditions that have played out since the project was first considered, for example the length and impact of the Covid-19 pandemic and associated restrictions on the events and hospitality sectors, and the issues affecting the construction sector (and impacting build cost) such as availability of labour and materials and increasing energy costs.
- 1.11 The Council's Delivery Team undertook a headline alternative options review between December 2021 and March 2022 to consider opportunities to amend the Preferred Option to improve deliverability (considering capital costs and availability of funding) whilst seeking to achieve the project objectives.
- 1.12 This process led to some amendments to the Preferred Option that is now being developed to improve deliverability, and confirmed that the alternative lower cost scheme options did not fully deliver the desired project outcomes.
- 1.13 The Business Case has been produced by IPW... on behalf of Sefton Council, the Business Case is structured as follows:
- **Strategic Case** – presents the strategic case for the project. This comprises the case for change including; description of the current situation and summary of market assessment. It identifies the project vision and objectives and demonstrates how the project aligns with key local, regional and national strategic policies and objectives. It also sets out the long-list options appraisal, and summarises the approach to identifying a Preferred Option at OBC stage, and key changes since that point.
 - **Economic Case** – Sets out to identify the proposal that delivers best public value to society, including wider social and environmental effects
 - **Financial Case** – presents the financial case for the redevelopment of the STCC based upon the Preferred Option, which includes a more detailed summary of the capital costs, operating position, affordability and funding
 - **Commercial Case** - sets out the commercial case for the project, including an overview of how the Preferred Option will be managed and procured effectively
 - **Management Case** – sets out the management case for the project, detailing the programme management and governance arrangements, project timetable and risk management arrangements

2.0 Strategic Case

- 2.1 The STCC has played an important role in the development of Southport's visitor economy and infrastructure over the years and forms a key part of its cultural landscape. However, the building is no longer considered fit for purpose as a modern and sustainable events centre of the future. The key issues relating to the current building fall into three categories;
- Building Condition
 - Technical short comings
 - Operational
- 2.2 The condition and technical issues with the building have had an impact on its operation and financial performance, as well as a significant fall in the number of events and attendances it can attract
- 2.3 In August 2020, the Council considered the potential to re-open the STCC in the short-term (for say 1-2 years) prior to any longer-term redevelopment. However it was not considered viable due to the uncertainty in relation to the timing of the Government lifting Covid-19 restrictions for re-opening entertainment facilities (and the lead in times for re-booking events), along with the capital and revenue costs required to make the building safe and operational.
- 2.4 A range of market assessment reports have been commissioned by the Council and inform the development of this project. The assessments cover both the core uses for the existing STCC and also a range of other potential uses that could form part of any redevelopment of the site (either as part of the facilities or as enabling/complementary development). The key studies include:
- STCC Feasibility Study Phase 1, IPW... (April 2020)
 - STCC Feasibility Study Phase 2, IPW... (July 2020)
 - Sefton Hotel & Visitor Accommodation Development Strategy, Hotel Solutions (February 2019)
 - Residential Market Review and Site Evaluation, Southport Promenade, Savills (May 2020)
 - AGL overview of Food & Beverage market (September 2020)
 - Southport Marine Lake Car Park Development Analysis, CBRE (March 2022)

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2.5 The project objectives were initially identified during the STCC Feasibility Study, and were revisited and refined as part of the OBC development process in August

Project objectives

- Re-establish the STCC as a leading business, entertainment and events venue
- To be a transformational regeneration project for the Waterfront, Southport and the City Region that facilitates the 'levelling up' agenda
- To increase the overall economic impact of the STCC development site
- To improve the financial operating position of the STCC and to reduce any revenue subsidy requirements
- To reduce carbon footprint of the STCC.

and September 2020. The final five project objectives are as follows:

2.6 The following Critical Success Factors were also identified:

- To improve the overall quality of the audience/visitor experience of STCC
- To retain existing and attract new customers, visitors, users and events to the STCC
- To be the catalyst for the regeneration of the Waterfront and the wider town, enabling and unlocking other projects
- To drive additional footfall to the Waterfront area, increasing usage on both event and non-event days to create greater vibrancy
- To optimise the operating position of the STCC
- To be an affordable/fundable project
- To be a deliverable project (taking into account commercial, procurement and contractual considerations)
- For sustainability to be included within the design.

2.7 The project has great potential to contribute to the Government and City Region's Levelling Up agenda. It is a locally developed project, that will provide quality job and training opportunities and support an increased level of local pride and satisfaction in the town.

3.0 Economic Case

- 3.1 The assessment of economic benefits has been undertaken in full compliance with the latest HM Treasury Green Book (2020) and relevant Departmental guidance published by the Department for Levelling Up, Housing and Communities (DLUHC).
- 3.2 Table 3.0 summarises the user profile and the number of attendances generated for the preferred option three years after investment (2028 a mature year).

Table 3.0: User profile by type of activity (000s, annually)

Profile of visits by option		
Market segments		Preferred Option
<i>Day visits</i>		
Entertainment Events		93,987
Conferences		17,934
Restaurant/Café		46,213
Waterfront Concessions	F&B	19,521
Water & Light show		273,600
Total day		451,255
<i>Overnight stays</i>		
Entertainment Events		10,443
Conferences		38,349
Restaurant/Café		266
Waterfront Concessions	F&B	398
Water & Light show		14,400
Total overnight		63,856
Total visitor days		515,111

Source: IPW

- 3.3 Table 3.1 sets out the annual gross additional off-site expenditure (after deducting non-additional visits at the Sefton LAD spatial level). Total on and off-site expenditure for the preferred option is £18m.

Table 3.1: Gross additional visitor expenditure off-site (£s, annually)

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Components	Preferred Option
Entertainment Events	£2.4m
Conferences	£5m
Restaurant/Café	£400k
Waterfront F&B Concessions	£200k
Water & light show	£6m
Total off-site	£14m
Total on and off-site	£18m

Source: IPW

- 3.4 The business plans for the preferred option indicates that direct on-site employment (FTEs) across is 101. Table 3.2 summarises the option gross employment on and off-site, which totals 290 FTEs.

Table 3.2 Summary of gross on and off-site employment impacts

On and off-site gross employment	Preferred Options
Direct on-site employment - venue	26
Venue F&B	33
Other on-site (restaurant, café, F&B)	43
Total on-site	101
Off-site jobs	188
Total on and off site gross jobs	290

Source: IPW

- 3.5 The preferred option demonstrates a BCR of 2.9:1 providing a high value for money rating.

4. Financial Case

- 4.1 The project will be funded through a combination of public sector grant funding and external Borrowing/funding by the Council, in accordance with the approved Treasury Management Strategy and following advice from the council's Treasury Management Advisor. In addition, it is anticipated that the operator will seek to provide an additional level of fit out that will be funded by the operator.
- 4.2 As per the business case there will be revenue implications for the Council with the preferred option, Full detail on this will be included in a future Cabinet and Council report once the operator procurement has concluded. The amount built into the Council's Medium-Term Financial Plan would be up to £0.91m (the cost of borrowing £19.7m over 40 years, as stated earlier), less the income received from the preferred operating partner.
- 4.3 The project costs have been developed by Gardiner & Theobald, the project Cost Consultant. The cost of the preferred option is circa £73m. It is the current assumption that £33.3m will be funded via the Town Deal, £20m will come from

the Combined Authority for which discussions are ongoing and £19.7m will come from the council via borrowing/ external funding. For illustrative purposes and pending a final decision on the optimum funding solution a 40-year annuity loan will lead to an annual repayment of £0.91m being required. Discussions are ongoing with other potential grant funders at present and if successful this will reduce the council's contribution and annual repayment cost, but it is considered that this is most prudent position to report at this time. If this is not the case, the Council will need to consider the options available to it to deliver a fully funded scheme.

- 4.4 The costs set out in the cost plan represent an estimate of the cost of the proposed Marine Lake Events Centre Development works in Southport. The cost plan has been updated in line with the agreed changes to the brief and scope of work set out in the Design Team RIBA Stage 2 Reports. The scope of work includes a new Theatre, Convention Centre, Meeting Rooms, Café and Restaurant, Public Realm, Carparking and Water and Light Show.
- 4.5 Prudent contingencies are assumed within the net construction costs based on the professional advice from G&T, reflecting the current value of the risk and value engineering which is being monitored carefully going forward to test this allowance.
- 4.6 Inflation applied to this cost plan is in line with the G&T tender price forecasts for this period, forecast inflation has also been indicated up to the midpoint of construction (2Q2024) at more than 5%, along with additional assumptions given continued inflationary pressures in the UK's economy and continued uncertainties impacting the construction sector.
- 4.7 G&T has assessed the impact of the various contributing factors to construction costs and has updated its latest set of Tender Price Forecasts, which now show an expected rise in tender prices on average by 5% across the UK in 2022, followed by 3.5% in 2023. Thereafter, G&T expects that annual inflation should fall back towards long-term average of around 2.5% in 2024 and then 2.25% in 2025. Contingencies that reflect the current stage of design and inflation have been included in line with G&T's construction inflation forecasts. Inflation does remain a significant risk in the current market and this risk is captured in sensitivity analysis undertaken on the business case.
- 4.8 This inflationary impact as therefore been applied in line with these Tender Price Forecasts. Any delay to the programme will result in increased costs.
- 4.9 The Business case has identified the following categories of financial risk or opportunity relating to the project:
 - Increase in project development costs
 - Increase (or reduction) in PWLB loan interest rates
 - Additional grant funding secured from third parties (e.g. Arts Council England)
 - Operator deal
 - Term of lease – currently assumed between 25 years and 40 years

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- Lease basis – Full Repairing and Insuring assumed (if an Internal Repairing and Insuring, this would result in structural repair cost provisions sitting with the Council)
- Rent free periods (as operator bidders may request in early years)
- Variable rental performance – higher or lower than forecasted by industry experts.

4.10 Therefore, the following sensitivity analysis has been undertaken as part of the business case and full detail is provided in that appendix

- Increase in Project Costs from £73m (+ 5%, +10% and +15%)
- Increase in PWLB rates of 0.5%, 1% and 1.5%
- Decrease in PWLB rates as above
- Income (from operator and other Council)
 - Decrease income – 10% and 20%
 - Increase income – 10% and 20%
- Combine two of the above factors – increase in cap cost and increase in PWLB

4.11 This is a business case, and whilst sensitivities can be detailed with a view to informing decision making, and so the variety of risks (financial or otherwise) are known, this reflects the position at the time of writing and will inevitably change over time.

4.12 Borrowing will take place in accordance with Treasury Management Strategy and with guidance from Treasury Management Advisors.

5. Commercial Case

5.1 The Commercial Case sets out how the Preferred Option has been managed and procured to date and future procurement activities required, it also identifies the key contractual arrangements and risk apportionment.

5.2 The key commercial objectives of the project are to, Design and build a new MLEC and W&LS; and transfer the long-term operation of the MLEC and W&LS to a third-party operator. The preferred contract form for the Operation of the MLEC is a Fully Repairing and Insuring (FRI) Lease. An Agreement for Lease is also required to cover the period from appointment to handover of the building.

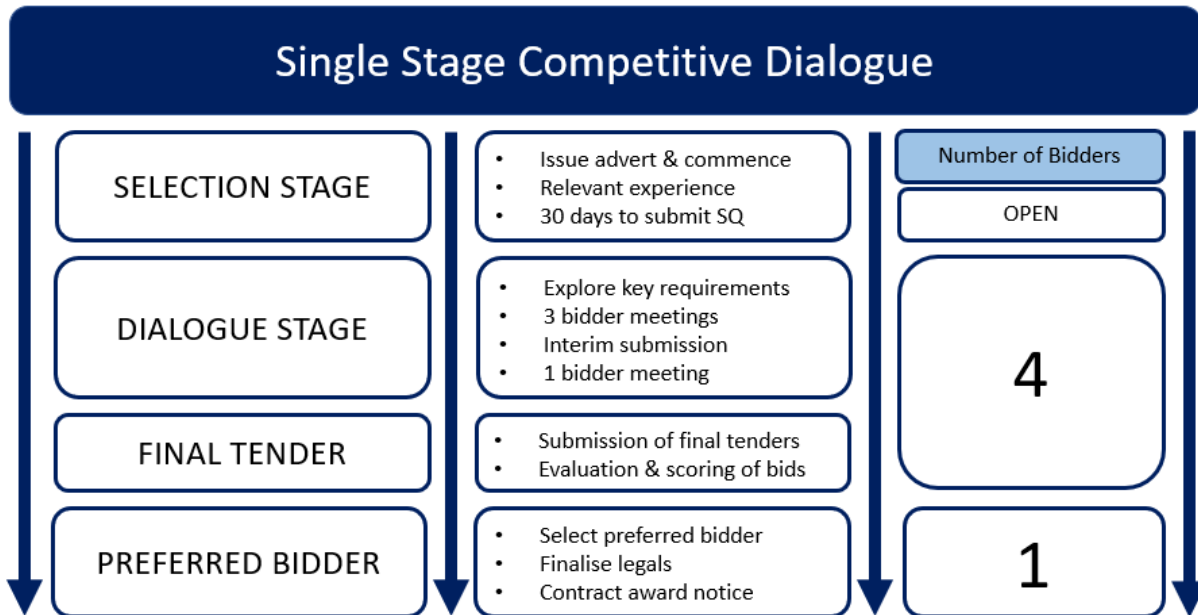
5.3 Based upon the scope and nature of the project, combined with the commercial context generated by COVID-19, the Council would be best positioned to 'develop' the project directly.

Local Authority Developed Schemes

It is not uncommon for local authorities to develop such facilities directly, for example Leeds City Council was the developer of the 13,500 capacity fd Arena Leeds, Hull City Council developed the 3,500 capacity Bonus Arena in Hull and Swansea Council recently developed the new 3,500 capacity Swansea Arena.

- 5.4 Taking the role of developer means that the Council will be responsible for the full delivery of the project including the following:
- Appointment of full professional team (including design, project and commercial advisors)
 - Design development and delivery of a planning application
 - Project funding – applications, agreements etc
 - Procurement of an operator(s)
 - Procurement of a build contractor
 - Employers agent and contract management.
- 5.5 G&T developed a Contractor Procurement Report as part of the Delivery Strategy, The Contractor Procurement Report describes the full range of contractor options available, including Traditional, Design and Build, Management Contracting, Construction Management, Partnering or Target Cost Contract.
- 5.6 The Contractor Procurement Report recommended that two stage Design and Build procurement route (design input from Employer) shown on the figure above was considered most appropriate for the Council to based upon the Council's attitude to risk and certainty.
- 5.7 A procurement process to appoint the future operator of the MLEC is currently in its final stages. This process is subject to Regulation 30 of the Public Contracts Regulations and is using the competitive dialogue process. The overall process comprises of an initial Selection Questionnaire stage and a single period of dialogue with an interim submission.

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5.8 The proposed route for contractor procurement has been extensively assessed and reviewed over the past year, initially within the Delivery Strategy to provide a firm basis for project planning and more recently to confirm the approach to be used to go out to market within the next month or so.

5.9 G&T assessed two principal routes to market for the project, use of a Framework or an Open Market Tender. The advantages and disadvantages of each are set out in Table 5.1 below.

Table 5.1 Framework and Open Market Comparison

Route to Market	Advantages	Disadvantages
Framework	<ul style="list-style-type: none"> Compliant Route to Market Reduced procurement timescales. Supply Chain pre-qualified Framework Suppliers capable of delivering Works of similar value and risk Two Stage Tender & Two Stage Hybrid model available. Fixed framework pricing on some elements of the project, identifying O/H & P Opportunity for Pre-Contract Services Agreement/Fee & Open-book approach Known list of Contractors Lower Procurement costs Less risk of legal challenge 	<ul style="list-style-type: none"> Competition may be limited Additional cost for using Framework, transparency/cost build-up required Form of contract/contract conditions may require adjustment Consideration for setting of evaluation weightings to evidence competition More structured and less flexible No opportunity to down select Limited negotiations at final stage (phased clarification) Limited to contractors on the Framework

Route to Market	Advantages	Disadvantages
Open Market	<ul style="list-style-type: none"> • Compliant Route to Market • No additional cost associated with using a Framework Agreement • Flexibility on form of contract and contract conditions to apply to project • Flexibility with setting evaluation weightings to suit WCC strategy • Down Selection is available • Greater selection of contractors • Flexibility to negotiate in final stages • Easier to construct a bespoke process 	<ul style="list-style-type: none"> • Extended procurement timescales • Potential of a challenge from unsuccessful bidders • Lack of interest from the market. • Need to pre-qualify • Additional time to manage • Additional cost to manage • No Guarantee of Tier 1 Contractor • Risk of legal challenge slightly greater

- 5.10 Comparing the Council's objectives for the contract against the advantages of each option, led to the recommendation that the Council should use a Framework to procure the Build Contract.
- 5.11 Subsequently, G&T assessed six potential frameworks available to the Council, as follows: Crown Commercial Services, NHS SBS, SCAPE, PAGABO, North West Construction Hub and Procure Partnerships North West. Each framework was then scored against seven key criteria.
- 5.12 This framework assessment resulted in two short-listed frameworks for more detailed consideration, Crown Commercial Services Framework and Procure Partnerships North West. Based on an overall comparison of both frameworks the Delivery Team recommended using Procure Partnerships North West (PPNW) to procure a Build Contractor.
- 5.13 The PPNW framework agreement provides for model form call-off contracts (which include amended forms of the JCT Design and Build Contract and the JCT Pre-Construction Services Agreement). As such, the pre-construction services agreement and the building contract will be required to be in the forms provided. Whilst the framework agreement does allow "any required project specific amendments necessitated by the detail of any individual project" to the model form contracts, this is subject to the Access Agreement prohibiting the inclusion of any term which could lead to a breach of regulations 18 (Principles of Procurement) and/or 33 (Framework Agreements) of the Public Contracts Regulations 2015.
- 5.14 The Public Contracts Regulations 2015, regulation 33(6) provides that: *"Contracts based on a framework agreement may under no circumstances entail substantial modifications to the terms laid down in that framework agreement, in particular in*

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the case referred to in paragraph (7)”. Paragraph (7) states “Where a framework agreement is concluded with a single economic operator (a) contracts based on that agreement shall be awarded within the limits laid down in the framework agreement; and (b) for the award of those contracts, contracting authorities may consult the economic operator which is party to the framework agreement in writing, requesting it to supplement its tender as necessary.”

- 5.15 In cases of multiple supplier framework agreements, the general point around no substantial modification still prevails however where not all the terms governing the provision of works have been laid down in the framework, a competition can be run among all economic operators on the framework. In addition, the framework agreement provides that call-off contracts must not purport to exclude or vary any of the terms and conditions of the model form contracts without the agreement of Oldham Council (as the lead Procuring Authority on the PPNW Framework)
- 5.16 The Framework Administrator, Procure Partnership Northwest, has confirmed in writing to the Council that “the framework has been procured in line with Public Contract Regulations 2015 and as such like all frameworks to be compliant they can only be procured by a public sector body. In the case of the Procure Partnerships Framework that public sector body was Oldham Council. They procured the framework which was led by Oldham Council supported by Procure Partnerships, and the specialist legal procurement team at Sharpe Pritchard LLP”. and that “The framework was structured in a manner to allow other public sector bodies in the North West access the contractors that sit within the framework agreement. Sefton Council were also specifically named within the procurement notices as a potential framework user to ensure there is absolutely no breach of Public Contract Regulations 2015.”

6 Management Case

- 6.1 The project’s management will be based around Sefton Council’s Delivery Framework, which is governed within a Programme Management Environment, and specifically the Growth & Strategic Investment Programme (GSI).
- 6.2 The Council has appointed a Delivery Team to manage the delivery project on its behalf. The Delivery Team includes the following services:

Table 6.1 –Project Delivery Team services

Service
Venue Development Advisory Services and Client Representative
Project Management Services
Quantity Surveyor/ Cost Consultancy

Service
Operator Procurement
Venue Planning advisory
Project funding support
Contract administration/employers agent
Principal designer
Technical Advisory Services

6.3 A detailed project programme has been developed, taking into account the following key considerations:

- the importance of opening a new facility as quickly as possible to minimise the lost economic impact and for the local economy and the hospitality sector in particular, created by the closure of the STCC
- the requirement for a Business Case to be submitted to Government by 4th July 2022 to secure the Towns Fund investment
- that the Council must sign off the Business Case and be confident of the overall deliverability of the project at the point of submission to Government and therefore completion of a Stage 2+ design and submission a full planning application is targeted prior to the submission of a Business Case
- the requirement for a full planning application, design development and cost certainty drove the requirement to appoint the professional team and key advisors in a short timeframe
- the target of completing an operator procurement process prior to the submission of planning and the Business Case - to ensure that the project can benefit from early operator input into the design process (including alignment with any specification reductions or cost savings required), and selecting an operator will provide the Council and other funders with certainty regarding the future sustainability of the project and inform wider funding strategy decisions
- the planning determination period is fixed at 16 weeks as an EIA is included. Submission of the planning application is on the critical path.
- a Two Stage Design and Build approach to the procurement of the Main Contractor has been assumed as the basis for wider project planning (and has been re-confirmed in response to prevailing market conditions), as set out in Section 5 of this report

7. Business Case Appraisal

7.1 The appraisal process commenced on 11 May 2022 and the process has involved:

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- A review of the current business case scope against the requirements of Towns Fund/DLUHC, Green Book, Liverpool CR SIF and other guidance to ensure full coverage.
- Addition of additional sections and information to meet the full scope.
- Specific discussions on the economic case to ensure wider regional and national benefits are fully accounted for and a separately commissioning a Land Value Uplift assessment by CBRE to meet the requirements of DLUHC.
- Progressive review of each of the five case models as they are updated by IPW with Turley issuing specific Clarification Questions for a written response by IPW.

7.2 Turley's Business Case & Funding team with Colliers have provided independent specialist due diligence services. The Turley team have appraised over 150 business case over the last seven years across all project types for a wide range of national clients. For added robustness, Colliers have carried out a specific detailed review of the revenue and operator model from a tourism and leisure point of view.

7.3 Turley's have concluded that overall, the business case is a well-developed and detailed business case that has been assembled progressively over time with the correct professional advice. The gaps in the business case are currently not likely to alter the balance of the case. These will need to be fully addressed (and can only be) as the business case is finalised and then progressed to a full business case after the selection of contractor and operator.

8. Risk

8.1 The business case contains a full risk assessment of the project with a number of worst-case scenarios linked to both construction and operator phase, the business case sets out a number of mitigation requirements.

8.2 The report details the risks of this project, and it is important that there is recognition of such areas as:

- Current and potential future rates of inflation
- The potential of further interest rate rises
- The impact of inflationary pressures, market competitiveness, resourcing challenges, logistical challenges, and material lead-in times on the construction sector
- Future conditions in the sector and impacts on the level of rental income should the number of events and revenue not be achieved.