

Public Document Pack

Sefton Council 

MEETING: CABINET
DATE: Thursday, 7th September, 2023
TIME: 10.00 a.m.
VENUE: Birkdale Room, Town Hall, Southport

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

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

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

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

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

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	Declarations of Interest Members are requested at a meeting where a disclosable pecuniary interest or personal interest arises, which is not already included in their Register of Members' Interests, to declare any interests that relate to an item on the agenda. Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room, 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. Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer to determine whether the Member should withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting or remain in the meeting and vote on the relevant decision.		
3	Minutes of the Previous Meeting		(Pages 5 - 26)
	Minutes of the meeting held on 27 July 2023.		
* 4	Day Opportunities Update	All Wards	(Pages 27 - 32)
	Report of the Assistant Director – Integrated Life Course Commissioning		
* 5	Phase 1 Business Plan for Sandway Homes Ltd	All Wards	(Pages 33 - 48)
	Report of the Assistant Director of Place (Economic Growth and Housing)		

* 6	Socioeconomic Duty	All Wards	(Pages 49 - 56)
	Report of the Executive Director - Place		
* 7	Business Continuity Policy	All Wards	(Pages 57 - 70)
	Report of the Executive Director of Corporate Resources and Customer Services		
* 8	Financial Management 2023/24 to 2026/27 - Revenue and Capital Budget Update 2023/24 – September Update	All Wards	(Pages 71 - 106)
	Report of the Executive Director of Corporate Resources and Customer Services		
* 9	Financial Management 2023/24 to 2026/27 — Medium Term Financial Plan 2024/25 to 2026/27	All Wards	(Pages 107 - 126)
	Report of the Executive Director of Corporate Resources and Customer Services		

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THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON TUESDAY 8 AUGUST 2023. MINUTE NO.S 39, 43, 47 (5) AND (9) AND 54 ARE NOT SUBJECT TO "CALL-IN"

CABINET

MEETING HELD AT THE COMMITTEE ROOM, TOWN HALL, BOOTLE ON THURSDAY 27TH JULY, 2023

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

34. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Cummins.

35. DECLARATIONS OF INTEREST

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

36. MINUTES OF THE PREVIOUS MEETINGS

Decision Made:

That the Minutes of the meetings held on 22 and 29 June 2023 be confirmed as a correct record.

37. RE-COMMISSION OF THE LIVING WELL SEFTON SERVICE

The Cabinet considered the report of the Director of Public Health that sought approval for the following:

- To undertake a tender process to recommission the Living Well Sefton Community Service (LWS) with intention to contract the service for a 3-year core contract period commencing 1 April 2024, with the option to extend for a further two, one-year extensions.
- To undertake a tender process to recommission the Specialist Stop Smoking Service 'Smokefree Sefton', for a 3-year core contract period commencing 1 April 2024, with the option to extend for a further two, one-year extensions.
- To give delegated authority for the Director of Public Health in consultation with the Cabinet Member - Health and Wellbeing to authorise a waiver to recommission a specialist stop smoking in pregnancy midwife based at Mersey and West Lancashire Teaching Hospital NHS Trust, for a 3-year core contract period commencing 1 April 2024, with the option to extend for a further two, one-year

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

extensions. The total expenditure for the 5-year potential contract period will not exceed the Light Touch Regime threshold.

- For the Director of Public Health in consultation with the Cabinet Member - Health and Wellbeing to be granted delegated authority to award the contracts resulting from the procurement and waiver processes and to award any extension options available.

The report set out the background to the matter and an Equality Impact Assessment was attached to the report.

Decision(s) Made:

That the Director of Public Health:

- (1) be authorised to undertake a Find a Tender Service (FTS) Light Touch Regime tender exercise for Living Well Sefton Community Service to run for a period of three years from 1 April 2024 with the option of two further one-year extensions;
- (2) be authorised to conduct an FTS Light Touch Regime tender exercise for the Specialist Stop Smoking Service 'Smokefree Sefton' to run for a period of three years from 1 April 2024 with the option of two further one-year extensions;
- (3) be granted delegated authority, in consultation with the Cabinet Member - Health and Wellbeing to award the contracts resulting from the procurement and to award any extension thereof; and
- (4) be granted delegated authority, in consultation with the Cabinet Member - Health and Wellbeing, to waive the contract procedure rules and make a direct award to Mersey and West Lancashire Teaching Hospital NHS Trust, for the contract of a dedicated stop smoking pregnancy midwife for 3 years from 1 April 2024, with the option of two further one-year extensions.

Reasons for the Decision(s):

1. The current contracts would expire on 31 March 2024.
2. The local authority public health team had responsibility to drive an early intervention and agenda, specifically targeting areas of inequality, to improve local population health outcomes.

Alternative Options Considered and Rejected:

- 1) To work with the existing providers to further develop services to meet the new specification and emerging needs of local people in Sefton, this was a universal service though interventions were specifically targeted in areas of highest need.

CABINET - THURSDAY 27TH JULY, 2023

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

The current procurement system for healthcare services was 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 that address the health needs of the local population and tackle health inequalities.

Furthermore, the lack of specialist provision for smoking cessation would have a significant negative impact on continuing higher rates of smoking-related illness in economically disadvantaged groups would continue to perpetuate health inequalities in long term conditions, especially lung cancer and chronic obstructive pulmonary disease.

38. DETERMINATION OF PROPOSAL TO ESTABLISH SEND RESOURCE PROVISION AT HOLY FAMILY CATHOLIC HIGH SCHOOL, FORMBY HIGH SCHOOL, THOMAS GRAY PRIMARY SCHOOL, BISHOP DAVID SHEPPARD CE PRIMARY SCHOOL

The Cabinet considered the report of the Executive Director for Children's Social Care and Education that proposed the establishment of a Special Educational Needs and Disability (SEND) Resourced Provision.

Appendix A to the report set out the Public Notices and Proposal for the Establishing Resources Bases.

Decision(s) Made:

That

- (1) the proposal as detailed in the statutory notice to establish the four SEND Resourced Provisions with effect from 1 September 2023 be approved; and

Rule 27

- (2) 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 (Children's Services and Safeguarding) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

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 because if consideration of the matter was deferred to comply with the Forward Plan timetable, then the implementation date would not be able to be met.

Reasons for the Decision:

The local authority had the power to consider all options including expanding a school following the statutory process detailed in the report.

The proposal would build on the good standards for teaching and learning already in place at the schools. The development would provide places for children and young people with SEND within the Resourced Provision. All four schools were judged by Ofsted to be providing good quality education.

This development would not have any negative impact on other schools, academies, and educational institutions in the area.

The proposed resource base would not replace existing provision but would supplement and improve provision across the Borough.

The addition of the Specialist Resource Base to the school would not have a direct impact on admissions or provision at other schools within the area.

Long-term value for money would be achieved by pupils having their needs met within appropriate mainstream provision with specialist support rather than in special school provision. This would free special school places for pupils with the highest level of needs and provide the opportunity to place high need pupils within the Borough, rather than in out-of-Borough provision.

Alternative Options Considered and Rejected:

Failure to provide sufficient places for children with Special Education Needs and Disability (SEND) in the Borough would result in additional costs for the Council through more expensive specialist placements.

39. HIGH NEEDS FUNDING 2023/24 QUARTERLY MONITORING UPDATE

The Cabinet considered the report of the Assistant Director of Children's Services (Education) that advised of:

1. The monitoring position of the High Needs budget position on 1 July 2023, as per the previous agreement to provide regular updates, and included:
 - The forecast expenditure to year end based on current / anticipated Special Educational Needs and Disability (SEND) support required during 2022/23.

CABINET - THURSDAY 27TH JULY, 2023

- The provisional High Need budget forecast for the 2023/24 financial year based on announced funding levels and estimated High Needs demands.
2. An update on the current SEN Review / Sufficiency Programme aimed at bringing High Needs expenditure pressures back into a more manageable financial position in the future including the outcomes from the work to date on the national Delivering Better Value Programme

Decision(s) Made:

That **the Council** be requested to:

Dedicated Schools Grant (DSG) – High Needs Budget

- (1) note the current forecast position relating to the 2023/24 High Needs Budget;
- (2) note the forecast accumulative deficit position of the High Needs Budget;
- (3) note the provisional potential deficit position facing the 2023/24 High Needs Budget;

Update on the Special Educational Needs (SEN) Review / Sufficiency Programme

- (4) note the outcomes from the Delivering Better Value Programme; and
- (5) note the continuing work being undertaken through the SEN Review/ Sufficiency Programme.

Reasons for the Decision:

- 1) To provide an updated on the 2023/24 High Needs budget financial position.
- 2) To provide Members with a provisional update of the potential deficit budget forecast against the High Needs budget in 2023/24.
- 3) To ensure that the SEND Review / Sufficiency programme could progress to provide sustainable and effective SEND support for Sefton pupils within the available resources allocated through the Dedicated Schools Grant – High Needs Block.

Alternative Options Considered and Rejected:

Not applicable.

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

40. APPROVAL OF THE PLAYING PITCH AND OUTDOOR SPORTS STRATEGY

The Cabinet considered the report of the Assistant Director of Place (Economic Growth and Housing) seeking to approve the 2023 Sefton Playing Pitch and Open Space Strategy (PPOSS), and to replace the 2016 Playing Pitch Strategy which was out of date, according to Sport England guidance.

The PPOSS looked at current and future need and provision for outdoor sport in Sefton. It provided a robust and objective justification and a strategic framework to make sure that Sefton would be able to best meet existing and future need for outdoor sport. This would help the Council to protect sports sites from loss due to development, help justify developer contributions including compensatory provision, provide a strategic context for sports asset provision and management and support and justify investment decisions including external funding bids. It would also support Sefton's corporate health and other initiatives.

The PPOSS had been prepared by consultants for a Steering Group comprising officers across relevant Council departments, Sport England and sports' National Governing Bodies, in line with Sport England guidance.

Appendix 1 to the report set out the draft Playing Pitch and Open space strategy for Sefton.

Decision Made:

That the 2023 Sefton Playing Pitch and Open Space Strategy be approved and replace the 2016 Playing Pitch Strategy.

Reasons for the Decision:

National planning and Sport England guidance required the Council to have a robust and up-to-date assessment of outdoor sports provision. The guidance stated that any Playing Pitch and Open Space Strategy (PPOSS) which had not been revised for more than 3 years should be considered out of date. Sefton's previous Playing Pitch Strategy dated from 2016.

Alternative Options Considered and Rejected:

The alternative would be not to have an up-to-date PPOSS. This would make it more difficult to protect outdoor sports sites from development through the development management process, to justify the need for developer contributions including compensatory provision or to justify the policy approach in any Local Plan review. There would be no up-to-date strategic context for sports asset provision and management (including 3G pitches) or support for Sefton's corporate health and other initiatives. Having no up-to-date PPOSS would severely constrain the ability of sports

CABINET - THURSDAY 27TH JULY, 2023

clubs and site managers (including the Council) to access external funding. The lack of an up-to-date PPOSS could also lead to a poor relationship with other Steering Group members and partners, such as Sport England, the Football Association and Football Foundation.

41. CONFIRMATION OF AN ARTICLE 4 DIRECTION TO PREVENT THE CONVERSION OF USE CLASS E (COMMERCIAL, BUSINESS AND SERVICE) TO USE CLASS C3 (HOUSING) WITHOUT THE NEED FOR PLANNING PERMISSION

The Cabinet considered the report of the Assistant Director of Place (Economic Growth and Housing) confirming the making of a non-immediate Article 4 Direction in relation to changes of use from E (Commercial, Business and Services) to C3 in shopping parades in the Bootle Area Action Plan area. The proposed Article 4 Direction was made in February 2023 and sought to restrict permitted development rights in these areas from commercial, business and service uses to dwelling houses.

Appendix A to the report set out the Article 4 Direction.

Decision Made:

That the making of a non-immediate Article 4 Direction, as attached to the report at Appendix A, in relation to changes of use from E to C3 on commercial parades within the Bootle Area Action Plan area, be confirmed, the Article 4 Direction to come into force on 7 February 2024, one year after it was made.

Reasons for the Decision:

People could, using permitted development rights under the General Development Permitted Order 2015 (as amended), convert their commercial units on local shopping parades to residential properties. Whilst in many instances, residential use would be appropriate, in some instances this could result in sub-standard accommodation. Changes of use could also result in negative impacts upon the vitality and viability of shopping parades.

Once the Article 4 Direction came into effect, planning permission would be required before such changes of use could take place, and this would ensure the Council had control of these proposals. The Council would therefore be able to consider whether the proposals, either individually, or in combination, would have a detrimental impact on residential amenity.

Alternative Options Considered and Rejected:

Option 1 – Do not have an article 4 direction. It would mean business as usual and that the Council would continue to have little control over conversions from units in Use Class E (such as in shopping parades) to Use Class C3 (residential). It might risk further fragmentation of shopping

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

areas with a detrimental impact on the usability and health of those shopping areas. It might also mean that some accommodation provided might be low quality and provide poor living conditions.

Option 2 – Issue an Article 4 direction with an immediate effect. This would mean that the control of use from units in parades to dwellings would be in place as soon as the direction was made. However, the Council would be liable to pay compensation to owners. This could be costly, and it was not clear how this could be financed.

Option 3 – Cover the whole of Sefton or the Bootle AAP area with an article 4 direction. The National Planning Policy Framework was clear that an article 4 should be kept to the minimum area that was necessary. The Council was aware of article 4 directions being rejected by the Secretary of State due to proposed directions being applied too widely.

42. PROCUREMENT OF FLEET AND MACHINERY FOR GREEN SEFTON

The Cabinet considered the report of the Assistant Director of People (Operational In-House Services) that sought approval for officers to complete procurement exercises for the provision of machinery and fleet vehicles required for the ongoing delivery of Green Sefton's land management and maintenance services. The report also sought delegated authority for the Assistant Director of People (Operational In-House Services), in discussion with the Cabinet Member - Health and Well Being, to award the new contracts to the highest scoring Bidder(s), in accordance with the scoring criteria set out in the report.

Decision(s) Made:

That

- (1) the Assistant Director of People (Operational In-House Services) be authorised to undertake a procurement exercise for the provision of fleet vehicles and machinery required for the ongoing delivery of Green Sefton's land management and maintenance services to the current standards. This is to utilise the Frameworks listed, and to be based on a Schedule of Rates approach to allow flexibility in future ordering, but with a sample Bill of Quantities for pricing purposes only at this stage, and with a view to entering into a contract for a maximum period of 10 years comprising an initial 7 year period with an option to extend for up to 3 periods of 12 months;
- (2) the basis of evaluation of quotations, as set out in the report, be approved; and
- (3) the Assistant Director of People (Operational In-House Services) be granted delegated authority, in consultation with the Cabinet Member - Health and Well Being, to award the new contract(s) to the highest scoring Bidder(s) in accordance with the scoring criteria

CABINET - THURSDAY 27TH JULY, 2023

set out in the report, and to award any extension thereof in due course; this would be subject to adequate revenue and capital budgets being available and approved post tender.

Reasons for the Decision:

The procurement exercise outlined in the report was essential to provide appropriate arrangements for the ongoing operational delivery of Green Sefton's land management and maintenance services to the current standards.

Alternative Options Considered and Rejected:

Lease hire of fleet vehicles, machinery and equipment instead. However, as had been demonstrated previously, this would incur significant increased revenue costs, limit the fleet vehicles, machinery and equipment available and restrict the flexibility of future service delivery options.

Another option discounted would be not to allocate the revenue funding anticipated as being required (to be confirmed post tender). However, the service was already delivering a basic specification and standard – not providing the resources required to maintain these standards would result in lowering of said standards further resulting in increased risk, potential insurance claims on unmaintained land, certainly a further rise in public complaints etc. leading to reputational damage.

43. PRE-PROCUREMENT REPORT : SUPPLY OF FRUIT & VEGETABLES

The Cabinet considered the report of the Assistant Director People (Operational In-House Services) seeking approval to commence a mini competition procurement exercise for the Supply of Fruit and Vegetables via the University Catering Organisation (TUCO) framework agreement, of which the Council was a member.

Decision(s) Made:

That

- (1) a mini competition procurement exercise for the Supply of Fruit & Vegetables for the Catering Service via the TUCO framework agreement, of which the Council is a member, be approved; and

Rule 46

- (2) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decision to be treated as urgent and not subject to "call in" on the basis that it cannot be reasonably deferred because a new Fresh Fruit and Vegetable supplier needs to be in

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

place for the new school term in September. The current supplier of Fresh Fruit & Vegetables has stated that the company will cease to trade in the near future and will not be able to supply the service from September onwards.

Reasons for the Decision(s):

To comply with The Council's Contract Procedure Rules 2023, Cabinet approval was required prior to the commencement of the procurement exercise with a value exceeding the Public Contracts Regulations Spend Threshold (i.e. £533,691.00 for goods/services).

The Framework was compliant with the Public Contract Regulations and Officers from the Council's procurement section were satisfied that it could be used for this purpose.

The Assistant Director People (Operational In-House Services) had delegated authority to award, negotiate and enter into the contract that arose from the procurement exercise.

Alternative Options Considered and Rejected:

None.

44. APPOINTMENT TO THE WALTON CENTRE NHS FOUNDATION TRUST

The Cabinet considered the report of the Chief Legal and Democratic Officer seeking to appoint an elected Member to serve on the Council of Governors for The Walton Centre NHS Foundation Trust.

Decision Made:

That Councillor Laura Lunn Bates be appointed to serve on The Walton Centre NHS Foundation Trust - Council of Governors for three years, commencing September 2023.

Reasons for the Decision:

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

Alternative Options Considered and Rejected:

None.

45. TREASURY MANAGEMENT OUT-TURN 2022/23

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services providing a review of the Treasury

CABINET - THURSDAY 27TH JULY, 2023

Management activities undertaken during 2022/23 and an update to 30 June 2023. The Cabinet received the outturn report to allow monitoring against the Treasury Management Policy and Strategy and Prudential Indicators approved by the Cabinet and Council in March 2022. The report was also provided to the Audit and Governance Committee, whose role it was to carry out scrutiny of treasury management policies and practices.

Decision Made:

That the Treasury Management position during 2022/23 and the update to 30 June 2023 be noted, together with the review of the effects of decisions taken in pursuit of the Treasury Management Strategy and the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

Reasons for the Decision:

To ensure that Members were fully apprised of the treasury activity undertaken during 2022/23 and also to 30 June 2023, in order to meet the reporting requirements, set out in Sefton's Treasury Management Practices and those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) code.

Alternative Options Considered and Rejected:

Not applicable.

46. FINANCIAL MANAGEMENT 2023/24 TO 2026/27 - REVENUE AND CAPITAL BUDGET UPDATE 2023/24 – JULY UPDATE

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

- 1) The current position relating to the 2023/24 revenue budget.
- 2) The current forecast on Council Tax and Business Rates collection for 2023/24.
- 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.

Decision(s) Made:

That:

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

Revenue Budget

- (1) the current position relating to the 2023/24 revenue budget be noted;
- (2) the actions being taken to refine forecasts and identify mitigating efficiencies to ensure each service achieves a balanced position be noted;
- (3) the financial risks associated with the delivery of the 2023/24 revenue budget be recognised and it be acknowledged 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.

Capital Programme

- (4) the spending profiles across financial years for the approved capital programme, as outlined in paragraph 7.1 of the report be noted;
- (5) the latest capital expenditure position as at 30 June 2023 of £4.475m, as outlined at paragraph 7.3 of the report, and the latest full year forecast of £63.057m, as outlined at paragraph 7.4 of the report, be noted;
- (6) it be noted that capital resources will be managed by the Executive Director Corporate Resources and Customer Services to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council, as outlined at paragraphs 7.12-7.14 of the report.

Reasons for the Decision(s):

To ensure the Cabinet was informed of the current position in relation to the 2023/24 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 2023/24 and agreed allocations for future years.

To progress any changes that were 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 could be applied to capital schemes in the delivery of the Council's overall capital strategy.

CABINET - THURSDAY 27TH JULY, 2023

Alternative Options Considered and Rejected:

Not applicable.

47. FINANCIAL AND CORPORATE PERFORMANCE 2022/2023

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services on the revenue and capital outturn position in relation to the 2022/23 financial year. The report outlined key variations and, where appropriate, any impact on future years' financial performance. In addition, the report provided details of the Council's Corporate Performance for 2022/23 and current corporate risks.

Decision(s) Made:

That

Revenue Outturn

- (1) the General Fund net deficit of £2.808m for 2022/23 that will reduce the Council's General Balances by £5.700m more than was budgeted for, but in line with the decisions of the Cabinet during the year to partially fund the pressures faced during the year, be noted;
- (2) the decrease in Schools' balances of £0.296m for 2022/23 and the net reduction of non-schools centrally retained Dedicated Schools Grant (DSG) balances of £5.962m, be noted;
- (3) the overall deficit on the High Needs Budget of £18.666m, be noted;
- (4) the changes to Earmarked Reserves in 2022/23 be noted;
- (5) **the Council** be requested to approve the addition and utilisation of the Earmarked Reserves, as detailed in paragraph 6.4.(a), (c) and (d) in the report;

Capital Outturn

- (6) the total capital outturn of £35.941m for the financial year 2022/23 be noted;
- (7) the successful delivery of a number of schemes, as set out in section 11 of the report, that have supported the delivery of the Council's core purpose, be noted;

Corporate Performance

- (8) the Council's Corporate Performance Report for 2022/23 and the latest Corporate Risk Register alongside the financial outturn for the year be considered and noted; and

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

the Council is recommended to:

Revenue Outturn

- (9) approve the addition and utilisation of the Earmarked Reserves detailed in paragraph 6.4.(a), (c) and (d).

Reasons for the Decision:

The production of a revenue and capital outturn report was a key feature of effective financial management and would allow Members to make informed decisions that would support service delivery and medium-term financial sustainability.

This report should be read in conjunction with the Treasury Management Outturn report for 2022/23 that also appeared on the agenda.

Alternative Options Considered and Rejected:

Not Applicable.

48. 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 had been published regarding the intention to consider the following matters in private for the reason set out below.

Decision Made:

That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The Public Interest Test has been applied and favours exclusion of the information from the Press and Public.

49. SEFTON NEW DIRECTIONS - EXEMPT APPENDIX

The Cabinet considered exempt information provided by the Executive Director Adult Social Care and Health in relation to Sefton New Directions. (Minute No. 53 below refers).

Decision Made:

That the exempt information be considered as part of the report in relation to Sefton New Directions. (Minute No. 53 below refers).

CABINET - THURSDAY 27TH JULY, 2023

Reasons for the Decision:

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

Alternative Options Considered and Rejected:

None.

50. DISPOSAL OF AINSDALE ATC AND MEADOWS SITE, SANDBROOK ROAD, AINSDALE - EXEMPT APPENDICES

The Cabinet considered exempt information provided by the Executive Director of Corporate Resources and Customer Services in relation to the Disposal of Ainsdale ATC and Meadows Site, Sandbrook Road, Ainsdale (Minute No. 54 below refers).

Decision Made:

That the exempt information be considered as part of the report in relation to the Disposal of Ainsdale ATC and Meadows Site, Sandbrook Road, Ainsdale. (Minute No. 54 below refers).

Reasons for the Decision:

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

Alternative Options Considered and Rejected:

None.

51. ST ANNE'S HOUSE, ST PETERS HOUSE AND BALLIOL ROAD CAR PARK, BOOTLE - EXEMPT APPENDICES

The Cabinet considered exempt information provided by the Executive Director of Corporate Resources and Customer Services in relation to St Anne's House, St Peters House and Balliol Road Car Park, Bootle. (Minute No. 55 below refers).

Decision Made:

That the exempt information be considered as part of the report in relation to St Anne's House, St Peters House and Balliol Road Car Park, Bootle. (Minute No. 55 below refers).

Reasons for the Decision:

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

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

Alternative Options Considered and Rejected:

None.

52. RE-ADMITTANCE OF THE PUBLIC

Decision Made:

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

53. SEFTON NEW DIRECTIONS

The Cabinet considered the report of the Executive Director Adult Social Care and Health indicating that Sefton New Directions was a wholly owned Council company. The report updated on the financial position of the company and requested the Cabinet to note the ongoing work with Sefton New Directions, in order to understand the financial pressures relating to the company.

Decision(s) Made:

That

- (1) the financial information / update provided as an Appendix to the report be considered and noted;
- (2) it be noted that a review of Sefton New Directions has commenced in partnership with the company;
- (3) it be noted that a further report will be submitted to the Cabinet in Autumn 2023, following the completion of the review of services; and
- (4) decisions relating to any immediate risks identified during the period of the review which require action be delegated to the Executive Director Adult Social Care and Health in consultation with the Cabinet Member - Adult Social Care.

Reasons for the Decision:

To provide an update on Sefton New Directions, as part of regular reporting on the company, and to highlight the recommendation which was to complete a strategic service review and report back findings to the Cabinet in Autumn 2023.

Alternative Options Considered and Rejected:

There were no alternative options to be considered other than the proposed option to undertake a review of the services provided by Sefton New Directions in partnership with the company to better understand the current financial position and consider ways to mitigate any future risk.

54. DISPOSAL OF AINSDALE ATC AND MEADOWS SITE, SANDBROOK ROAD, AINSDALE

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services requesting approval to complete the asset disposal of the Meadows/Sandbrook ATC site in Ainsdale to Registered Provider, The Riverside Group. Following the disposal, the site would be redeveloped to provide affordable housing, an extra-care housing scheme, and a learning disabilities and autism short-term assessment unit (STAU), the latter to be owned by the Council.

The report set out the background to the matter and site plans were attached to the report.

Decision(s) Made:

That

- (1) the sale of the Council's freehold interest in land at Sandbrook Road, Ainsdale, shown edged red on the plan within Appendix 2 of the report, to The Riverside Group on the basis of the Heads of Terms detailed within Appendix 1 of the report, be approved;
- (2) the transfer of the relevant section of the existing highway land, as detailed in Section 4.2 of the report, from The Sovini Group to the Council at a nominal value, which will in turn form part of the wider land sale transfer to The Riverside Group, be approved;
- (3) a supplementary capital estimate in the Adult Social Care capital budget programme of £0.987m to deliver the STAU be approved. This is in addition to the £2.580m that was previously approved by the Council following a recommendation from the Cabinet in September 2021 and is funded by the Better Care Fund – Disabled Facilities Grant (DFG). This development is within the conditions of the DFG grant that permit the Local Authority to expend a proportion of its allocation on other social care projects;
- (4) the deduction of up to 4% of the eventual capital receipt to cover the professional fees and incidental costs of disposal as set out in Capital Accounting Regulations, be approved;
- (5) authority be delegated to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Member – Adult Social Care, to approve any design changes to the STAU during the delivery phase and associated cost increases as a result of varying the contract;
- (6) the Chief Legal and Democratic Officer be authorised to complete the necessary legal formalities for the transfer of the section of highway land from The Sovini Group to the Council and in turn

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

dispose of the land shown edged red on the plan within Appendix 2 of the report to The Riverside Group;

- (7) the Chief Legal and Democratic Officer be authorised to complete the necessary legal formalities in relation to the development agreement for The Riverside Group to construct the STAU, on the Council's retained land shown edged red on the plan within Appendix 3 of the report;
- (8) the fact that The Riverside Group's contractor partner will commence site works immediately, and the new Short Term Assessment Unit is anticipated to be fully operational by July 2026, be noted; and

Rule 46

- (9) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decision to be treated as urgent and not subject to "call in" on the basis that it cannot be reasonably deferred because of the need to facilitate the completion of the land sale transfer with The Riverside Group as soon as practically possible, which will allow the demolition of existing buildings to commence. The site has been a target for anti-social behaviour with youths causing damage to buildings and nuisance to local residents. It is essential that the buildings are removed as swiftly as possible to remove this public health risk.

Reasons for the Decision(s):

This property transaction ensured delivery of a new Short Term Assessment Unit and a 90-unit extra care housing scheme that would support strategic aims of Adult Social Care. This project had already been approved by the Cabinet on 29 July 2021.

Alternative Options Considered and Rejected:

- (i) Option 1 – "*Do nothing*": do not dispose of the site to Riverside. This would result in no new autism care facility on the site. The Council would continue to utilise current provision and out-of-Borough placements which did not meet its needs and were financially unsustainable. There were also holding costs attached to the vacant assets on the site as well as ongoing anti-social behaviour which required constant review, management and revenue expenditure.

Risk: a continuation of current out-of-Borough placements would mean that the Council continued to incur substantial revenue costs.

- (ii) Option 2 – "*Redevelop the Meadows site for alternative use*": this might generate a higher capital receipt but leave the Council with

CABINET - THURSDAY 27TH JULY, 2023

having to use existing building-based provision – this had been explored and discounted as an option as refurbishment and redevelopment of several existing care facilities would be at a higher cost and the technology and space standards could not be integrated due to age of buildings. In addition, there would be a need to identify alternative services/placements whilst this happened for an extended period.

Risk: higher capital cost to the Council and refurbishment of older buildings may not meet the stringent care quality standards set by wider NHS partners.

- (iii) Option 3 – “*Design and build of the STAU solely by the Council*”: would have an additional capital impact of £0.75m. By pursuing a partnership approach, the Council would be benefiting from the economies and capacity to deliver the scheme as part of the larger build contract.

Risk: higher capital costs to the Council and there would be additional resourcing requirements. A professional team would need to be procured to lead on technical design and the procurement of building contractor.

55. ST ANNE'S HOUSE, ST PETERS HOUSE AND BALLIOL ROAD CAR PARK, BOOTLE

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services requesting approval to complete the freehold disposal of three property assets comprising St Anne’s House, St Peter’s House and Balliol Road Car Park, Bootle on the terms detailed within this report. The disposal formed part of Phase 3 of the Council’s Asset Disposal Programme and was conditional upon the purchaser securing planning consent to convert St Anne’s House and St Peter’s House to residential use.

Decision(s) Made:

That

- (1) the Heads of Terms for the proposed sale of St Anne’s House, St Peter’s House and Balliol Road Car Park, as detailed within Appendix 1 of the report, be approved;
- (2) the Valuation and gross figures provided within Appendix 2 of the report, which ensured the Council was obtaining best consideration for the sale of St Anne’s House and St Peter’s House, be noted;
- (3) authority to approve the valuation of Balliol Road Car Park be delegated to the Cabinet Member - Regulatory, Compliance and

Agenda Item 3

CABINET - THURSDAY 27TH JULY, 2023

Corporate Services, which shall inform the future price to be paid for this asset;

- (4) the deduction of up to 4% of the eventual capital receipt to cover the professional fees and incidental costs of disposal, as set out in Capital Accounting Regulations, be approved;
- (5) the Chief Legal and Democratic Officer be authorised to complete the necessary legal formalities;
- (6) it be noted that the relocation of the Council IT Data Centre from St Peter's House will be fully funded by the capital receipt from the sale of St Anne's House, St Peter's House and Balliol Road Car Park. The options and costs associated with relocating the IT Data Centre are currently being finalised and will be the subject of a further report to the Cabinet.

Reasons for the Decision(s):

- (i) The three assets were identified as being surplus to operational requirements and disposal would generate a capital receipt that could support the delivery of economic development and regeneration projects, which formed part of the Growth and Strategic Investment Programme.
- (ii) Incidental costs of disposal, such as Consultant's fees and valuation reports, could be deducted from a capital receipt in accordance with Local Authority Capital accounting Regulations.
- (iii) The assets had been identified for disposal because they adhered to two criteria: that each capital receipt forecasted represented financial "best consideration" and where the loss of other opportunities was quantifiable and did not undermine wider service delivery and economic development/ regeneration priorities.

Alternative Options Considered and Rejected:

- (iv) Option 1 – "*Do nothing*": do not dispose of St Peter's House and Balliol Road car park. The Council was obliged to agree to the Long Leaseholder's request to convert St Anne's House to residential use. Clause 2(13) of the existing lease did not permit the conversion of St Anne's House from office to residential, with such consent not to be unreasonably withheld by the Council (the Landlord).

Risk: Officers undertook a review of the Council's office accommodation in Bootle during 2021/22. A cost benefit assessment was completed, which led to the Council agreeing terms for a new lease of Magdalen House in 2022. Retention of St Peter's House was not required as the Council was in the process

of relocating all remaining services into Magdalen House and other operational Council buildings within Bootle. If the Council were to retain St Peter's House it would be left with a vacant office building and would incur holding costs including business rates of over £100k per annum.

- (v) Option 2 – “*Seek a joint disposal of St Anne’s House and St Peter’s House*”: the Council and the Long Leaseholder would jointly appoint agents to market both assets for sale, with interest from purchasers likely to be for converting the buildings to residential use.

Risk: this option was not preferred by officers as a joint disposal would be complex for both parties. Prospective purchasers would see this as an added complication, given that the Council and the Long Leaseholder may have conflicting objectives for a disposal. The agent acting for the Long Leaseholder had confirmed that a joint disposal was not the favoured option for his client.

- (vi) Option 3 – “*Council to buy out the Long Leaseholder of St Anne’s House*”: the Council would acquire the Long Leasehold interest in St Anne’s House for the sum presented within Appendices 1 and 2. This would provide the Council with unencumbered freehold ownership of the asset and the ability to bring forward a wider redevelopment scheme with other public sector partners.

Risk: The short-to-medium term (1-3 year) risk was that the Council was going to incur upfront capital outlay to buy-out the long leaseholder of St Anne’s House without any clearly defined financially viable plan for the assets. The Council would have ongoing revenue costs associated with holding two multi-storey vacant office blocks.

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Agenda Item 4

Report to:	Cabinet	Date of Meeting:	7 th September
Subject:	Day Opportunities Update		
Report of:	Assistant Director - Integrated Life Course Commissioning	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Adult Social Care		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

- The purpose of the report is to update Cabinet regarding progress the plans to re-commission day opportunities in Sefton.
- The report also asks for approval to extend current contracts whilst the procurement concludes.

Recommendation(s):

(1) That members approve the extension of interim contracts with existing day service providers by a further 12 months to complete the procurement exercise.

(2) That members note the update within this report, with regards to the commissioning approach and success of the consultation and engagement undertaken and ongoing support of the user reference group as part of a coproduced approach.

Reasons for the Recommendation(s):

The range of commissioning activity to support the longer-term vision and strategy has required a much broader market focus due to the impacts of the current cost of living crisis and increased pressure on fee levels and sustainability of provision including building-based offers of support has resulted in a longer timeframe being required to help commissioners to better understand the breadth of issues and impacts.

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

The option to progress the tender as described in the previous cabinet member report was considered and rejected based upon the need to further understand the wider market and impacts on fee levels due to the cost-of-living crisis, which is also impacting staffing levels.

What will it cost and how will it be financed?

Agenda Item 4

(A) Revenue Costs

No revenue costs above the current budget are required, although the work around fee levels to support the market may have broader impacts where community options cannot be developed.

(B) Capital Costs

No capital costs are identified by the contents of this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): The further work required will enable a clearer understanding of financial impacts to be considered.								
Legal Implications: Any required commissioning and procurement whilst further work is undertaken will be compliant with legal obligations.								
Equality Implications: There are no equality implications, an Equality Impact Assessment was undertaken in 2021 and will be updated as the work develops.								
Impact on Children and Young People: No direct effects, applicable to over 18s only.								
Climate Emergency Implications: The recommendations within this report will								
<table border="1"><tr><td>Have a positive impact</td><td>No</td></tr><tr><td>Have a neutral impact</td><td>Yes</td></tr><tr><td>Have a negative impact</td><td>No</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Yes</td></tr></table>	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							
The consideration of broader day service strategy will seek to create a positive climate impact in that options for the sustainable delivery of provision will seek to consider, within any contractual requirements, elements like transport, types of buildings, utilities and encourage the use of more community-based spaces which can also support climate positive outcomes.								

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Vulnerable people will be supported through having a range of both universal and commissioned provision available to them.
Facilitate confident and resilient communities:

<p>The programmes in place will support people to become more confident and resilient by enabling them to develop their skills, widen their friendship circles, access volunteering opportunities and for some equip them to access employment opportunities.</p>
<p>Commission, broker and provide core services: The proposed approach will seek to ensure sufficient capacity in the market which will offer Value for Money and good quality.</p> <p>The Vision and proposed commissioning approach are needs based, outcome focused and supportive of flexibility around an individual's needs. Services will support ongoing development and/or facilitate access to development, training and where possible employment options.</p>
<p>Place – leadership and influencer: This work aims to encourage more diverse provider markets operating locally in order to stimulate quality, choice and greater value for money.</p> <p>The Council is seeking to work with others to develop services, commissioned and universal.</p>
<p>Drivers of change and reform: The Council will be looking for innovation and flexibility within the market place in order to improve opportunities to access training and employment, increase people's networks/social circles and for some reduce dependency on models of care.</p>
<p>Facilitate sustainable economic prosperity: This model will enable providers to encourage greater independence by supporting and encouraging people to enhance opportunities for ongoing learning and development including employment opportunities.</p>
<p>Greater income for social investment:</p>
<p>Cleaner Greener</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7346/23) and the Chief Legal and Democratic Officer (LD.5546/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Ongoing engagement with the developed user reference group has enabled and will support ongoing work and decisions.

Engagement with providers and potential community groups will be ongoing and supported through the work with VCF providers and other organisations.

Agenda Item 4

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

Contact Officer:	Eleanor Moulton
Telephone Number:	07779162882
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Appendices:

There are no appendices to this report.

Background Papers:

The detail of the previous Cabinet report received in June 2021 can be viewed here.

[\(Public Pack\)Agenda Document for Cabinet, 24/06/2021 10:00](#)

1. Background

- 1.1 This report is about day opportunities in Sefton. Day opportunities are a range of services provided to people who are eligible for social care in the daytime. Services are usually provided in a building-based provision or can be to support with access to community activities.
- 1.2 Cabinet will be aware that a previous report approved on the 24th of June 2021 described the strategy and vision for day opportunities and the impact of the Covid 19 Pandemic on these services. There was a further update to the cabinet member for Adult Social Care in September 2022 detailing the outcome of the consultation.
- 1.3 Since the decision was made by Cabinet there has been an extensive public consultation and engagement process to gain a clear picture of the needs and aspirations of those who use day opportunities or those who may need them in the future. This led to the development of a reference group made up of experts by experience, families, and carers to support the co-production of a new specification which meets what they told us, reflects good practice and innovation from other areas and allows us to continue to meet demand.
- 1.4 The report also asks for a further extension of existing interim contracts because over the last 12 months we have seen an impact on workforce and in addition it was clear that the model of Day Opportunities needed to reflect work carried out on market sustainability required of all Councils by Department of Health and Social Care.

2. Introduction

- 2.1.1 Day Opportunities are places and services for supporting people with an assessed need during the day, they can be offered within a building-based location or within the community. Sefton commissions from 21 providers who deliver these services. The total day care budget for the current year 23/24 is £4,892,650. This does not include DP clients & there are additional budgets for travel, but we also get income to offset in part for example client contributions.
- 2.1.2 Day Opportunities are activities/services that help people to have a fulfilling life: they provide the opportunity to take part in various interests and activities, make friends, develop relationships, gain new skills and enable people to make a positive contribution to the community. Day opportunities also provide support to carers by means of creating respite so that they can pursue their own interests outside of their caring role.
- 2.1.3 The term 'day opportunities' covers a diverse range of services and activities, which cater for a variety of people and needs, and serve a number of different purposes, most of which are broadly preventive including:
- Providing social contact and stimulation; reducing isolation and loneliness maintaining and/or restoring independence
 - providing a break for carers
 - offering activities which provide mental and physical stimulation.
 - Enabling care and monitoring of very frail and vulnerable people
 - offering low level support for people at risk assisting recovery and rehabilitation after an illness or accident
 - providing some care services such as bathing and nail cutting.
 - Promoting health and nutrition providing opportunities for people to contribute as well as receive.

3. Work to date

- 3.1 A strategy was developed in 2021 which was based upon previous Cabinet decisions with regards to the model of support for day opportunities and also acknowledged the impact of the Covid 19 Pandemic and sought to explore the impacts on both people who use or may use services and providers.
- 3.2 A Consultation and engagement undertaken during 2021/22 highlighted the aspirations of people in Sefton to have access to range of services which enabled them to gain more independence, with greater choice and flexibility, and involving much great access to the community. Although building based offers may always be needed for some it was clear that there was a need for us to think differently about delivery.
- 3.3 The consultation found that the impact of the Covid 19 Pandemic had offered a significant challenge to providers and people who had used services and so recovery from both a financial and ongoing sustainability perspective has been slow in many cases, further developing the need for more flexible approaches to be in place.

Agenda Item 4

- 3.4 The recent impact on top of these challenges with regards to utility costs, and staffing shortages have provided demands on providers particularly building-based services, and this has impacted on costs.
- 3.5 Fee consultations with existing providers during 2022/23 have highlighted issues which regards to costs which require more detailed understanding by commissioners including how other Councils model day services.
- 3.6 In addition there is a need to understand the impacts on smaller community - based groups and the impacts of these costs and understood what options there may be to support growth in these areas.
- 3.7 Although we have now achieved a clearly defined co-produced specification and proposed model there is further steps take.
- Engagement with providers have proved there is the need to do further work with the market to ensure we can deliver our ambitions in partnership,
 - To ensure we can fully meet the need of those with dementia,
 - To allow further work with wider partners such as Age UK,
 - to perform further financial modelling and to understand best practice models from elsewhere to ensure we can achieve a financial sustainability and a high-quality model which can continue to meet demand for this service area.

4. Conclusion

- 4.1 Cabinet is asked to note the progress of the commissioning for day opportunities and the successful development of the co-produced specification and ongoing support of the established reference group.
- 4.2 Cabinet are asked to approve the extension of the interim contracts with current providers whilst the work described is undertaken, for a further 12 months to allow adequate time to work through the steps described in this report and ensure we can conduct a robust and support tender process in partnership with providers to allow us to deliver the ambition we hold for people who live in Sefton and would benefit from this critical service.

Agenda Item 5

Report to:	Cabinet	Date of Meeting:	7 September 2023
Subject:	Phase 1 Business Plan for Sandway Homes Ltd.		
Report of:	Assistant Director Growth and Housing	Wards Affected:	All
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary: Since 2018 Sandway Homes has delivered high quality sale and affordable housing in the borough. However, the recent economic issues in the country have impacted Sandway, as it has all housebuilders. This report provides Cabinet with an update on the progress and delivery of new homes as part of the Phase 1 Business Plan for Sandway Homes Limited and follows on from the Business Plan approved by Cabinet in December 2022.

The report provides an update on delivery of construction activity and forecast financial performance, comparing this to the previously agreed Business Plan.

The report outlines variations to the current Business Plan. At the meeting in December 2022, members agreed that should there be a material variation to that business plan a further report should be brought back for consideration and approval. Due to delays in sales completions this report brings details back to members as per that recommendation.

The report will also provide details of the current progress in respect of Phase 2 Business Planning.

Recommendation(s):

Cabinet is requested to:

1. Note the variations to the Phase 1 Business Plan as provided by the Company to the Council as of December 2022 and approve the revised Business Plan detail as set out in the report.
2. Consider the range of external economic factors and risks that have the potential to impact the delivery and financial performance of the Phase 1 business plan and confirm acceptance and understanding of these and the material impact that they may have.
3. Approve the changes to the loan agreement between the council and the company as set out in para 5.11.
4. Note the current position in relation to Phase 2 Business Plan and that a comprehensive update will be provided in November 2023.

Agenda Item 5

5. Approve that if there are any further material variations to this revised position that then must be reported to cabinet as shareholder at the earliest opportunity.

Reasons for the Recommendation(s):

Since 2016 the Council has been considering its role in the provision of housing throughout the Borough to complement an active third and private sector market.

There is significant demand for housing sites and housing development within Sefton, with over 11,000 housing units being required, over the Local Plan period, in order to meet with the local housing demand. There is a national shortfall of circa 1m homes (of which 400,000 fall into affordable homes) whilst across the Liverpool City Region a total of circa 50,000 housing units will be required in the medium term. Sandway Homes Limited seeks to increase housing completions and the availability of choice for residents and those wishing to live in Sefton.

This will be achieved by working with the council and stakeholders including Homes England and the Liverpool City Region Combined Authority to leverage in brownfield enabling funds to assist the local authority in proactively re-developing sites included in its brownfield disposal register.

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

There are no alternative options to be considered.

What will it cost and how will it be financed?

(A) Revenue Costs

All financial implications are discussed in detail within the report.

(B) Capital Costs

All financial implications are discussed in detail within the report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
All financial implications are included in the report
Legal Implications:
None.
Equality Implications:
None.
Impact on Children and Young People:
No Impact
Climate Emergency Implications:

The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	No
Have a negative impact	Yes
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7738/23.) and the Chief Legal and Democratic Officer (LD 5538/23.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

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

Contact Officer:	Lee Payne
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Agenda Item 5

Appendices:

None.

Background Papers:

None

1. Introduction/Background

- 1.1 The Council set up Sandway Homes in 2018 in order to help meet housing need by providing high quality affordable and sale homes in Sefton. Since this time the company has gone on to deliver against its objective of providing high quality homes. Sandway is currently concluding the development of its first two sites, at Barton's Close in Crossens, and Meadows Lane in Ainsdale. Both sites are well on the way to being completed, delivering 78 homes, 25 of which are available as affordable housing. However, as with all housebuilders, Sandway has been impacted by the wider economic issues being seen across the country.
- 1.2 Rising interest rates have increased mortgage rates making it difficult for those people who wish to own their home, and construction cost inflation has made the delivery of housing challenging for developers. Despite this Sandway continues to deliver new housing, and reservations of properties continues to be made by purchasers. The cost of living crisis, and the increase in homelessness in the borough means that the affordable housing being developed on Sandway sites is in greater demand than ever.
- 1.3 Cabinet has previously approved the Phase 1 Business Plan for Sandway Homes Limited at its meeting in July 2019, with detailed updates being provided at the meetings in September 2020, October 2021 and also in December 2022.

This report provides a further update on the delivery of the Phase 1 Business Plan and details the key variations since last year and the further considerations and decisions required by Cabinet.

2. Approved Phase 1 Business Plan

- 2.1 At the Cabinet meeting of September 2020, the Phase 1 Business Plan was agreed with the following key outputs and financial performance:

Table 1: Delivery of houses by site as at September 2020

Site	Units to be built	Start date (construction)	End date (Sales completion)
Meadow Lane, Ainsdale	48	May 2020	May 2022
Barton Close, Crossens	30	May 2020	April 2022
Buckley Hill Lane, Netherton	70	February 2021	April 2023
Total	148		

Table 2: Financial Performance as at September 2020

	Business Plan Forecast £
Income (House Sale and Grant)	29,124,678
Expenditure (Construction and Fees)	(23,345,158)
Expenditure (Company Overheads)	(1,622,090)
Expenditure (Land Acquisition)	(2,232,000)
Interest	(627,376)
Earnings Before Tax	1,298,054
Corporation Tax	(246,630)
EARNINGS AFTER TAX (Dividend)	1,051,424

3. Phase 1 Business Plan- Report to Cabinet 1 December 2022

- 3.1 The November 2022 update report to Cabinet on the 1 December 2022 considered the external economic factors that were having an impact throughout the UK. These factors impacted on the delivery of the company's Phase 1 business plan in terms of financial forecasts, programme and risk.
- 3.2 The November 2022 update to the Phase 1 Business Plan, amended the estimated completion of 2 sites where construction has commenced - Meadow Lane and Barton's Close - with the end date for sales completion being delayed by 4 months and 7 months respectively to July 2023 and May 2023.
- 3.3 Meadow Lane – Cabinet was informed that the delays to the estimated sales completions for this site were due to supply chain issues, and the shortages of skilled trades. The update noted that by Christmas 2022 that 18 properties were estimated to be completed and handed over with the remaining 30 being completed by May 2023.
- 3.4 Bartons Close – as with Meadow Lane Cabinet was informed that the delay on this site was due to supply chain issues and the shortages of key trades. The December 2022 update estimated that the 11 remaining properties would be completed by the end of January 2023.
- 3.5 Buckley Hill Lane – Cabinet was informed that a long lead in period for service diversions has had an impact on the main contractor being able to secure sub-contractor package prices on key components.

Agenda Item 5

The reasons for the delay in the Buckley Hill pre-construction works were reported to Cabinet in December 2022 as follows:

- Planning for a revised layout of 63 homes was secured on 21st November 2021 by way of a re-design so as to maximise saleability and values on the site, this was an initial 3-month delay;
- Following this a re-negotiation process with the Combined Authority (CA) commenced on the grant funding for the site as fewer units were to be delivered. This was completed on 12th April 2022.
- Stage 4 design period post planning commenced in December 2021 and continued through to approval of the CA allocation in April 2022.
- The Contract with the main contractor for service diversion works was subsequently agreed in May 2022, and quotes to statutory providers re-submitted. Following that period there have been the delays in those services being delivered by the statutory service providers.

4. The external economic environment

- 4.1 The current economic environment, on the back of wider and unprecedented post pandemic economic uncertainty continues to be extremely challenging for businesses and residents with rising interest rates, and high inflation, the cost of living crisis and the prospect of a potential recession as predicted by many economic commentators.
- 4.2 The impact on the housing sector is particularly sensitive to these operating conditions and has impacted the company due to:
- Mortgage rates increasing meaning that previous mortgage deals will have either been removed from the market or increased substantially in cost, thereby making potential buyers revisit their plans. Economists predict that further rises in interest rates could further weaken the UK's housing market;
 - Potential buyers having fewer financial resources to purchase a home;
 - Supply chain issues leading to works delays; and
 - Inflation pushing up prices for construction works.
- 4.3 The severity of this economic situation and the potential impact on the company's operations and planning cannot be under-estimated, with the impact already being felt with a slowdown in reservations taking place.
- 4.4 The economic issues affecting the country have impacted on housebuilding activity generally and data released in May 2023 showed the largest downturn in activity since May 2020 when sites were forced to shut down due to the pandemic. As a result of this there has been an understandable resultant and material variation to the Phase 1 programme that is detailed as follows.
- 4.5 As outlined earlier in this report delays to construction of the 2 sites which have commenced; Bartons Close and Meadow Lane, are due to wider external factors including supply chain shortages and a lack of skilled trades. Sales of homes at these 2 sites has also slowed over the last 9 months reflecting the economic conditions that exist in the UK at this time.

- 4.6 In addition at this point there have also been delays to getting Buckley Hill Lane started due to viability considerations, and long lead in times with the Utility Companies for service diversions.
- 4.7 As a result of this the company have revised the programme of phase 1 and have advised of the following:

Table 4: Start on Site and Completion by site

Site	December 2022		June 2023	
	Start on Site	Completion	Start on Site	Completion
Meadow Lane, Ainsdale	December 2020	July 2023	December 2020	October 2023
Bartons Close, Crossens	February 2021	May 2023	February 2021	September 2023
Buckley Hill Lane, Netherton	April 2023	July 2025	October 2023	November 2025

Meadow Lane and Barton Close

Bartons Close:

- 4.8 Progress continues at Bartons Close, with 12 completions taking place in the 2022/23 financial year, and a further completion in April 2023. The conclusion of the Section 38 agreement with SMBC highways and the S104 agreement with United Utilities is on-going due to the required technical changes requested by the Council regarding the adoption of parking bays and a turning head, after initial technical approval having been received. Construction is expected to be completed mid-September 2023. There are currently 3 unreserved properties at the site, however the team is confident these will be reserved in the coming weeks due to the homes being available for viewing due to reduced site construction. The site has attracted a number of cash buyers which has helped protect from the current economic uncertainty regarding mortgage rates. However, it remains a risk to current reservations.

Bartons Close

Unreserved	3	15%
Cash Buyer	5	25%
1 st time Buyer	4	20%
Sale / Mortgage	8	40%

Meadow Lane:

- 4.9 Meadow Lane also achieved 12 open market sales in the 2022/23 financial year, with a further 3 completions in Q1 of 2023/24. The site currently has 6 unreserved properties. The team is optimistic the remaining homes will be reserved before the construction is completed in October 2023, and have robust sales and marketing

Agenda Item 5

plans in place. As with Bartons Close, a number of reservations at this site are cash buyers, however there are also a number of first-time buyers, who may be more impacted by the increasing mortgage rates.

- 4.10 The team is in regular contact with the sales agent to review sales prices and ensure they are in line with market valuations. All recent house valuations have been achieved. The company will continue to monitor market prices. There is a small amount of sales incentive remaining for the two live sites, which can be used should there be a decrease in sales valuations.

Meadow Lane

Unreserved	4	12%
Cash	12	36%
1 st time Buyer	7	21%
Sale / Mortgage	10	30%

Buckley Hill Lane:

- 4.11 Delays to the service diversion works being delivered by the statutory service provider has impacted on the main contractor being able to secure sub-contractor package prices for key components such as timber frame / roof trusses and drainage which has resulted in uncertainty for Sandway Homes regarding price.
- 4.12 As a result of a rise in construction contract price, significantly above the £10m assumed in the Business Plan reported to Cabinet in December 2022, the site was re-tendered. Following a competitive tender process, a new contractor has been selected. All tender returns have been reviewed in line with the design information of cost and quality being the main drivers.
- 4.13 In addition to the enabling works contract, the total cost to deliver Buckley Hill Lane is now £10.8m, an increase of £0.8m to that reported in December 2022.
- 4.14 Further due diligence is needed on this cost to ensure that the contractor's proposals match the employer's requirements and Sandway's specification. The company also requires further detail regarding phasing of the scheme, break clauses and a cashflow. It is anticipated that final costs will be confirmed no later than the end of August 2023.
- 4.15 The company has requested an update on service diversions but as of the beginning of August 2023, 3 of the 7 diversions were completed. The delays are primarily due to restrictions on access to the highways. It is anticipated that diversions will be completed in September.
- 4.16 Cost estimates received have been confirmed as realistic by the cost consultant and are reflective of the market. Further value engineering exercises have led to a reduction in the overall contract price from the initial proposal, however, as stated above this will require further investigation to ensure all costs are included to reduce future contract variations. There are currently provisional sums within the contract sum, services and the Section 278 agreement. Further discussion is needed to finalise these costs.

- 4.17 The construction timelines provided by the contractor all indicate the site will be deliverable within dates proposed in the current business plan.
- 4.18 Of the 63 homes at Buckley Hill Lane, 45 are open market sale. As the fragility of the economy continues, the risk of unsold homes must be highlighted. Sandway has appointed an experienced external sales agent Abode to sell the properties. They have provided current open market valuations and advice on the phasing of the homes. Bellway Homes is on site close by at St Wilfrid's Place offering a similar range of house types with comparable open market values. Plots are being released and reserved which provides confidence in the current market. The first homes at Buckley Hill Lane will not handover until May 2024 and there is an acknowledged risk as to the future uncertainty of the market.
- 4.19 Subject to full Council approval, Buckley Hill Lane will additionally provide 18 apartments, a mix of 1 and 2-bedrooms across two separate apartment blocks which have been presented to the Council as an opportunity to acquire to directly deliver Council housing. The homes will be provided to households in housing need at social rent level forming part of the Council's first phase of delivering Council housing directly.
- 4.20 In May 2023 Cabinet approved the Council Housing Programme Business Plan, which outlined plans to add a further 29 council owned affordable homes from Sandway's Phase 2 programme, to add to the 18 at Buckley Hill, making an estimated total of 47 homes over the next 5 years.

5. Financial Performance

- 5.1 It was originally anticipated in 2019, that Phase 1 would deliver a profit / dividend to the council upon completion of £1.051m, which was subsequently increased to £1.350m and then reduced to £1.050m in a subsequent report received by members. This was in addition to the capital receipt from the 3 sites of £2.2m. Following the review of this first phase the following revised financial forecast has been developed: However, it must be caveated that the figure for July 2023 is based on a not yet finalised construction cost for Buckley Hill. It is anticipated that the contract sum will be confirmed by the end of August 2023.

Table 3: Updated financial forecast as of July 2023

	Business Plan forecast Sept 2020	Business Plan forecast Sept 2021	Business Plan forecast Nov 2022	Business Plan Forecast July 2023
	£	£	£	
Income (House Sale and Grant)	29,124,678	30,269,816	32,788,683	32,874,612
Expenditure (Construction and Fees)	(23,345,158)	(23,182,761)	(25,328,134)	(26,335,221)
Expenditure (Company Overheads)	(1,622,090)	(2,758,776)	(3,381,785)	(3,358,606)

Agenda Item 5

Expenditure (Land Acquisition)	(2,232,000)	(2,232,000)	(2,232,000)	(2,232,000)
Interest	(627, 376)	(428,740)	(549,881)	(577,319)
Earnings Before Tax	1,298,054	1,667,539	1,296,883	373,467
Corporation Tax	(246,630)	(316,832)	(246,408)	(70,579)
EARNINGS AFTER TAX (Dividend)	1,051,424	1,350,707	1,050,475	300,888

- 5.2 As outlined at point. 4.16, there remains a small number of uncertainties regarding the final contract price for the Buckley Hill Lane scheme, The company hopes to have further clarity on this by the end of August 2023.
- 5.3 There are also a number of figures to clarify in terms of the final build costs, which may impact the overall dividend achieved.
- 5.4 The open market sales are uplifted in line with current valuations but will remain at risk until the properties become available for sale in 2024.
- 5.5 Interest amounts may differ depending on future potential drawdowns, which will be further informed upon the receipt of a full cashflow from the appointed contractor.
- 5.6 As part of the transition to more energy efficient homes the government has updated Part L of the Building Regulations. These changes were fully introduced in June 2023 and therefore Buckley Hill Lane is now subject to these revised standards. Although the homes developed at Buckley Hill will have even higher standards of energy efficiency reducing the impact on the environment and making them cheaper to live in there are capital cost implications for Sandway. These costs are estimated to add £5,000 per plot to the construction costs totalling £315,000.
- 5.7 From this review it can be seen that:
- The forecast base case dividend from Phase 1 has been amended and the revised dividend of £0.300m vs the previous estimate of £1.050m is outlined in the table at 5.1. Delivery of this dividend is dependent on a number of factors including construction contract price for Buckley Hill Lane, achieving estimated sales valuations and the company maintaining its cashflow position in terms of further loan drawdowns. The Council's Medium Term Financial Plan will need to be updated for this position.
 - Following a review of all current and potential sales prices for homes, the income due from Phase 1 is now expected to be £32.8m. This reflects updated valuations for properties which are sale complete. The Company also continues to track comparable sales performance on similar developments in the borough. The sales contingency contained within the plan, provides headroom for fluctuations in values, and accommodates sales incentives on future plots as the market

continues to slow. This is obviously a volatile area of the market at present and will need to be the subject of continual review and monitoring over the coming months and risk is attached to this estimate.

- Similarly, construction costs and contingencies have increased during the last 12 months that take account of inflation, supply chain issues and as outlined above changes introduced by government to the Building Regulations. The key risk in this area relates to the construction cost of Buckley Hill Lane with this yet to be finalised with the main contractor. The company has received a contract sum from the contractor, however further diligence needs to take place to ensure the contract is robust and has no provisional sums or estimates leading to future variations to the contract sum. Until negotiations are completed there is an element of risk to this figure.

- A key issue in this forecast is that with Phase 1 taking longer than previously anticipated, the company will be carrying overhead costs for a longer period that will impact upon the dividend. As has been reported most of these delays have been driven by external economic factors as well as through the redesign of Buckley Hill Lane, but the cost of the overhead has now increased to an estimated £3.35m. This is a slight reduction from the figure reported in December 2022 due to a small reallocation of overhead that should have been allocated to construction costs. In the event that a Phase 2 programme is approved and commences before the end of Phase 1, a proportion of these overhead costs will be charged against Phase 2. Although not formally agreed, the team is currently monitoring time spent on phase 2 site investigations.

5.8 As previously reported, the revised profit/ dividend is outlined in the table at 5.1 in addition to the capital receipt of £2.23m payable to the Council.

5.9 The budgeted income receivable for 2022-23 business plan period was originally budgeted to be £19.3m which comprised of £1.05m grant funding, open market sales income of £14.8, and £3.4m of sales of affordable housing to Together Housing Group, this budget originally had sales forecast for Buckley Hill Lane which has not yet become a live site. Due to various delays onsite the actual income for the period is £9.6m which is a variance of £9.7m against the original budget, this is a variance of 8 completions at Bartons Close, 21 completions at Meadow Lane and 5 completions at Buckley Hill Lane. The income has been reprofiled into the 2023-24 financial year, with Buckley Hill Lane expected to deliver first completions in Q1 of 2024-25 financial year.

Timing of Dividend and Debt Repayment

5.10 The Council was previously advised that it would be in receipt of this dividend and capital receipt in financial year 2024/25. In December 2022 Cabinet was advised that due to the issues discussed earlier in this report, without any changes to the approach to construction the dividend would be delayed until November 2025, with Phase 1 debt being repaid in November 2025. This position remains unchanged.

Loan Agreement

5.11 As previously reported, the council has approved a loan agreement between it and the company. Upon review of the agreement, changes to legislation and to

Agenda Item 5

take account of changes to the Business Plan since that approval, there are a number of updates that are required: -

- Following Cabinet approval to increase the peak debt from £5.1m to £8.3m, the Loan Agreement will be updated to take account of this revised amount and given the value of the loan this will be signed under seal by the Chief Legal and Democratic Officer.
- The Agreement will be updated for the council's external auditor (and will be further updated when this changes again in 2024), and updated language following EU exit; and
- The wording in the agreement will be updated to take account of when repayment of the debt and payments of the dividend and capital receipt will take place.

6. Risks

6.1 Sandway has a risk register which is considered both in management meetings and by the Board. A summary of the main risks and mitigating actions, and the potential impact on the council is below:

Risk	Mitigating Action	Potential Impact
Supply chain – costs increase or there is a instance of supplier failure	The Local Supply Chain will be market tested during the design phase and engagement with local contractors will take place	Cost increases may further impact on the dividend
Failure to find buyers and/or to realise the predicted valuations for the unsold plots on the Phase 1 sites	<p>Ongoing monitoring of the housing market. Ensure works are measured in line with the valuations to ensure financial exposure is limited. Utilise incentives to stimulate sales if needed</p> <p>Current sales forecast is based on prudent open market sales values and a sales rate of 2 completions per month. Sales rates will also be reviewed in line with market conditions</p> <p>Sale to an investor or Registered Provider</p> <p>Retention of the properties for use as</p>	Potential impact on the dividend

Agenda Item 5

	Council Housing	
Further delays on the diversion of services at Buckley Hill Lane, may lead to a review of the contract sum with potential cost increases	Monthly project meeting with the contractor to ensure site is on programme and budget	Potential impact on the dividend Reputational risk from failure to meet the obligations under the Brownfield Land Fund
Further interest rate rises impacting on mortgage rates for buys	The Buckley Hill Land contract gives the ability to pause construction if market slows	Reputational risk from failure to meet the obligations under the Brownfield Land Fund
Programme delays	Buckley Hill Lane Build programme and cashflow to be finalised. Phasing plan produced and agreed. There will be penalties if each phased handover is missed	Reputational risk for the council if there are delays or issues such as unresolved snagging works
Contractor Failure	Insolvency cover from contractor will ensure there are sufficient funds to appoint a new contractor should they be unable to fulfil the contract. This is part of the contract documents	Delays while a new contractor is appointed may lead to reputational risk

Key Risks

- 6.2 The key risk is that the dividend which was forecast in November 2022 is no longer achievable. A revised forecast has been outlined in 5.1, table 3 but Sandway is not able to confirm the dividend until the final contract sum for Buckley Hill has been approved. There are currently provisional sums in the contract sum for services and the section 278 agreement and until finalised remain a risk to the contract sum. The services can be paid up front to secure the cost at start on site but this will have an impact on cashflow.
- 6.3 The company is currently forecasting a dividend figure of £300,888. This is based on achieving the current open market values for the properties and no further increases to the contract sum. There is a risk that there will be a drop in house prices at the time of first phase completions and or that valuations will need to be

Agenda Item 5

reduced as mortgage rates continue to grow and properties remain unsold. The sales risk is mitigated by adopting prudent sales values based on current price by square foot and by comparable values in the area. There are also break clauses in the contract with trickier dates and a market slow down clause allowing build to cease if there is a market crash.

- 6.4 Overall mitigation would mean sales cease and Sandway could offer the plots to a registered provider who could purchase the homes with the benefit of Homes England grant. Another option could be to sell the properties to an investor.

7. Phase 2 Business Plan

- 7.1 The company has identified two sites as part of the proposal for the Phase 2 business case: Bootle High and Bentham's Way. Grant funding proposals were submitted in December 2022 and funding of £1.03m had been allocated for investigatory works across the two sites. The grant will be administered in the same way as previous grant funding with a back-to-back agreement with SMBC. Bootle High allocation is £0.39m and Bentham's Way allocation is £0.64m. Project managers have been appointed for the investigatory works and have initiated a tender process to appoint consultants.

- 7.2 Early discussions with United Utilities have been held, and further technical reports are being produced with a view to further discussions on the approach to development of the Bentham's Way site (which may impact on number of units). Bootle High investigations are ongoing, and a pre-planning application has now been submitted to the Council, with a response awaited. There have been no material changes to this position since December 22 but a full and comprehensive update to Phase 2 will be provided to a subsequent Cabinet meeting.

8. Conclusion

- 8.1 As members are aware the country has been experiencing significant economic turmoil all of which has impacted on the operation of the housing sector and of the company. Prior to this delivery of the Phase 1 Business Plan was strong, progressing well and properties which were being developed were popular with buyers and were being sold as soon as they were completed.
- 8.2 However, the economic turmoil has impacted Sandway as it has on all housing developers and this has resulted in more uncertainty and risk, and as is outlined in the body of this report a forecast reduction in the dividend to £300,888 and a delay to completion of Phase 1 of the Business Plan of 4 months to November 2025 based on the last updated to Cabinet in December 2022.
- 8.3 Despite the challenges, the risks are being managed closely and adjustments have been made to the delivery of the final site at Buckley Hill Lane to provide more control, notably the inclusion of phasing arrangements in the contract so that delivery can be slowed down should sales also slow further. The company has a strong and growing brand profile, a popular product and is working closely with marketers to continue to deliver in the most challenging of contexts. Testament to the confidence in the quality of the product can be evidenced by virtue of ongoing

interest in the properties currently marketed for open market sale, by a number of Housing Associations.

- 8.4 Had the Council disposed of these sites to private developers, it would have simply received a capital receipt (which in all likelihood would have been eroded over time and through negotiation, due to market conditions and impacts on deliverability and viability). Sandway has not sought to renegotiate, and the Council can be reassured of receiving the originally negotiated capital receipt. It has provided a loan facility which it benefits from a return on as well as repayment, and the company is also delivering a dividend (albeit this has reduced for all of the aforementioned reasons).
- 8.5 The Company has also made great efforts to deliver housing estates which are fully Policy compliant, and deliver the highest standards of development, internal and external spaces, interface distances and gardens, affordable housing and other infrastructure and obligations. All, thus far, on Brownfield sites which have proven hitherto to have an absence of any major market interest and to be challenging to develop in many ways.
- 8.6 The Company continues to deliver housing numbers, housing quality and a return to the Council, all of which underpinned the original aims and objectives of the initial business case, and all those iterations reported subsequently. Any further changes to either the risk profile, or the actual or forecast company outputs will be reported to Cabinet.

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Agenda Item 6

Report to:	Cabinet	Date of Meeting:	7 September 2023
Subject:	Socioeconomic Duty		
Report of:	Executive Director - Place	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Communities and Housing		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

Socioeconomic disadvantage impacts many aspects of life in Sefton, including health, life expectancy, housing, employment and educational attainment. The 'socio-economic duty' (SED), Part 1 of the Equality Act (2010), aimed to deliver better outcomes for those who experience this disadvantage. The duty states that certain public bodies, when making strategic decisions on, for example, priorities or objectives, must consider how their decisions might help to reduce the inequalities associated with socioeconomic disadvantage. Although this section of the Act was passed with the rest of the Equality Act in 2010, it has never been enforced.

A number of local authorities in England, as well as the devolved governments of Scotland and Wales, have adopted the duty voluntarily. Authorities across the Liverpool City Region have also adopted the duty or are looking at how they can adopt the duty, and are working collaboratively on development and implementation.

This report recommends the adoption of the Socioeconomic Duty in Sefton, for incorporation within the Council's Equalities, Diversity and Inclusion strategy and action plan, and the Council's Equality Impact Assessment processes.

Recommendation(s):

- (1) That Sefton Council notes the continued challenges faced by many Sefton residents during this difficult economic period and the ongoing cost of living crisis, and remains focused on support for our most vulnerable residents and communities;
- (2) That Sefton Council adopts the Socioeconomic Duty, for incorporation into the Council's ongoing work and processes relating to Equalities, Diversity and Inclusion;
- (3) That Sefton Council will take socioeconomic disadvantage into account in terms of its public sector equality duty; and
- (4) That Sefton Council continues to work with partner agencies and other local authorities across the Liverpool City Region on the development and

Agenda Item 6

implementation of action plans associated with the Socioeconomic Duty.

Reasons for the Recommendation(s):

Adoption of the duty by local authorities can deliver a number of benefits, including:

- Improving outcomes for local people experiencing socio-economic disadvantage.
- Supporting cross organisational and cross departmental working.
- Raising awareness of socio-economic inequalities within organisations and among partners.
- Ensuring widespread organisational commitment to, and consideration of, socio-economic inequalities.

It is proposed that the Socioeconomic Duty aligns closely with the vision, values and core purpose of Sefton Council already, but adoption will support sustained focused on continuity and consistency in application of the emerging action plan.

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

Not adopting the Duty would leave the Authority out of step with our Liverpool City Region partners, and may lead to missed opportunity in terms of tackling inequality.

What will it cost and how will it be financed?

(A) Revenue Costs

At this time, there are no revenue costs expected to emerge directly from this report or the recommendations or actions therein. Any additional cost requirements associated would be reported and managed in accordance with the Council's financial procedure rules.

(B) Capital Costs

There are no capital costs associated with this report.

Implications of the Proposals:

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

There are no resource implications associated with the Socioeconomic Duty adoption. Actions will be addressed via existing resources in service areas and in the ongoing work of the Corporate Equalities Group.

Legal Implications:

Whilst not in force S.1 of the Equality Act 2010 states:

1 Public sector duty regarding socio-economic inequalities

(1) An authority to which this section applies must, when making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage.

Equality Implications:

Adoption of the Socioeconomic Duty will have positive implications from an equalities perspective. These are identified within this report.

Impact on Children and Young People: Yes

As above, adoption of the Socioeconomic Duty will have positive implications from an equalities perspective, including for families and young people (including care experienced young people) who experience socioeconomic disadvantage. These are identified within this report.

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

There are no environmental implications directly associated with adoption of the Socioeconomic Duty, and any implications associated with any emerging future actions will be considered and (where applicable) mitigated at that time.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: The principles of the Socioeconomic Duty and the actions emerging will directly support the protection of our most vulnerable, given the implicit focus on those experiencing socioeconomic disadvantage.

Facilitate confident and resilient communities: As above, the principles of the Socioeconomic Duty and the actions emerging will directly support the protection of our most vulnerable, given the implicit focus on those experiencing socioeconomic disadvantage.

Commission, broker and provide core services: Through recognition, all strategies, policies and projects in all service areas will consider the implications of the Socioeconomic Duty as part of their review and approval processes.

Place – leadership and influencer: As with much of the Council's Equalities, Diversity and Inclusion work, the aim will be to collaborate with partner agencies across Sefton and the Liverpool City Region on the Duty itself and the actions emerging, championing the Duty for adoption and for recognition.

Agenda Item 6

Drivers of change and reform: As above, the aim will be to collaborate with partner agencies across Sefton and the Liverpool City Region on the Duty itself and the actions emerging, championing the Duty for adoption and for recognition.

Facilitate sustainable economic prosperity: As above, the principles of the Socioeconomic Duty and the actions emerging will directly support the protection of our most vulnerable, given the implicit focus on those experiencing socioeconomic disadvantage.

Greater income for social investment: As above, the principles of the Socioeconomic Duty and the actions emerging will directly support the protection of our most vulnerable, given the implicit focus on those experiencing socioeconomic disadvantage.

Cleaner Greener: Not applicable.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7331/23) and the Chief Legal and Democratic Officer (LD.5531/23) have been consulted and any comments have been incorporated into the report.

Internal consultations on the Socioeconomic Duty and the associated actions have been, and remain, ongoing with the Council's Corporate Equalities Group, comprising membership from across the whole organisation.

(B) External Consultations

There have been no formal external consultations on the Socioeconomic Duty. External engagement has been ongoing, and will continue, with partner agencies and the other local authorities across the Liverpool City Region in terms of consistency of approach and effective implementation of actions.

Implementation Date for the Decision

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

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Appendices:

There are no appendices to this report

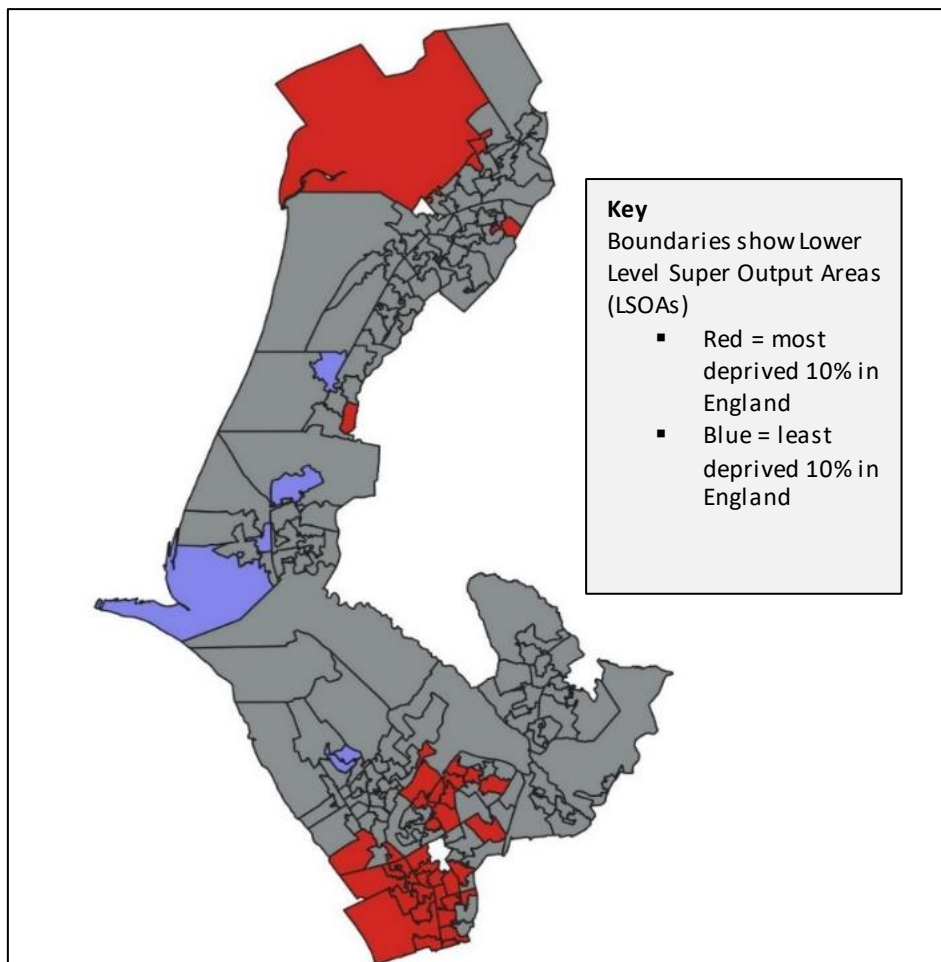
Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 As part of the Liverpool City Region, Sefton is a diverse borough with significant variances in terms of socioeconomic status, health and education outcomes. The borough is home to some of the wealthiest, and most deprived wards in the region.
- 1.2 Global and national challenges, such as austerity, recession, COVID, and the cost of living crisis, have exacerbated poverty and inequality across the borough. Council services and budgets continue to be under pressure, and this creates a situation where the most vulnerable may be put at risk.
- 1.3 1 in 5 Sefton residents live in the most deprived 10% of England Lower Super Output Areas, which amounts to approximately 54,500 residents.

Map of areas of Income Deprivation - Sefton



Source: Indices of Multiple Deprivation 2019 (DLUHC)

- 1.4 One area of Bootle is now ranked as the 28th most deprived in terms of income across England (out of 32,844 areas) and its ranking is falling (ranked 197th in 2007).
- 1.5 According to an ONS study on local income deprivation, Sefton has the 2nd most clustered distribution of wealth and poverty out of 316 authorities in England.

Agenda Item 6

- 1.6 26% of Sefton children are living in poverty after housing costs.
- 1.7 Sefton's most deprived populations spend, on average, 18 years less in good health than those in the most affluent areas of the borough.
- 1.8 Life expectancy in the most deprived ward in Sefton is 11 years lower for men and 9 years lower for women than in the least deprived ward.
- 1.9 The percentage of workless households in Sefton is higher than in the Liverpool City Region, the North West, and England.
- 1.10 16% of children in Sefton (aged 0 to 19) are living in relative low-income families.
- 1.11 In September 2022 Sefton Council received a report in relation to the Cost of Living crisis, which included significant information and context for the Socioeconomic Duty – please see [Report to: \(sefton.gov.uk\)](https://sefton.gov.uk).

2. The Socioeconomic Duty

- 2.1 The socioeconomic duty requires public bodies to adopt transparent and effective measures to address the inequalities that result from differences in occupation, education and place of residence. The socio-economic duty helps public bodies to recognise the link between different forms of poverty and the integrated approach needed to tackle them.
- 2.2 The duty provides another mechanism to support the most vulnerable in our society and which will be extremely important when we recover from the current cost of living crisis.
- 2.3 Research from Greater Manchester Poverty Action highlights the adoption of the SED/working in spirit of the SED in LAs across England. The development highlights the following:
 - One in seven councils have voluntarily adopted the socioeconomic duty.
 - A large number of councils are 'acting in the spirit of the duty', with over half considering socioeconomic status in equality impact assessments and in strategic decision making and policy development.
 - Both Labour and Conservative controlled councils have adopted the duty.
 - The percentage of local authorities who have adopted the socio-economic duty varies greatly across England. The regions with the highest proportion of local authorities adopting the duty are London, the North East and the North West.
 - Local authorities with high levels of child poverty are more likely to have voluntarily adopted the duty.

2.4 Within the Liverpool City Region, the Combined Authority and three other authorities (Halton, Knowsley and Liverpool) have adopted the Socioeconomic Duty, along with Merseyside Fire and Rescue Service.

3. What Does Adopting the Duty Mean In Practice?

3.1 Adopting the Socio-Economic Duty would mean that Sefton would, when making decisions:

Actively consider, at an appropriate level, what more can be done to reduce the inequalities of outcome caused by socio-economic disadvantage, in any strategic decision-making or policy development context.

3.2 In practical terms, this would involve the following actions and objectives:

- Formally incorporate poverty and socioeconomic disadvantage, in equality impact assessments, equality plans, and the broader decision-making process and strategies.
- Develop and use a range of relevant data, including quantitative and qualitative, to inform the implementation of the socio-economic duty and develop clear success criteria to measure the impact of the implementation.
- Ensure that implementation of the socio-economic duty enjoys strong and visible commitment from senior leaders.
- Embed the priority to tackle socioeconomic disadvantage at all levels of decision-making within the organisation.
- Engage with people with lived experience of socio-economic disadvantage and commit to finding new and sustainable ways to incorporate diverse expertise in policymaking to achieve successful outcomes.
- Collaborate with residents, civil society, and voluntary and community sector organisations to build awareness and understanding of the socio-economic duty and people's lived experience of socio-economic disadvantage, facilitate participative consultation and develop strategies to tackle socio-economic disadvantage together.
- Carry out monitoring and evaluation, skill-sharing and innovation and introduce mechanisms that can embed accountability for the implementation of the socio-economic duty.

3.3 As part of the equality assessment process, officers and elected members will be required to ask additional questions to identify and address opportunities to tackle economic disadvantage.

3.4 Examples of the questions used in the Fairer Scotland Duty guidance are as follows:

Agenda Item 6

- What are the potential impacts of the proposal/ decision as we currently understand them?
- Are there any unintended consequences of the proposal/decision on people experiencing poverty and at the sharp end of inequality?
- How could the proposal/decision be improved so it reduces or further reduces inequalities of outcome, with a particular focus on socio-economic disadvantage?
- How will this policy or service assist us to reduce inequality in outcomes overall?
- How can we ensure the views and experiences of people in poverty and at the sharp end of inequality inform decisions and service design?
- [If planning to adjust a proposal/decision], can we adjust our decision further to benefit particular communities of interest or of place who are more at risk of socio-economic disadvantage?

4. Next Steps

- 4.1 Work together with our Liverpool City Region partners on a joint approach to adopting the Socio-Economic Duty.
- 4.2 Amend the Equality Assessment process to include an analysis of the impact on inequality of any policies and functions being assessed. Review the monitoring questions used in consultation and engagement and data collection to include socio-economic data.
- 4.3 Develop data sources to inform the equality assessment process.
- 4.4 Further develop the Economic Strategy and Caring Business Charter to incorporate the Duty.
- 4.5 Develop training for officers and elected members on the Socio-Economic Duty.

Agenda Item 7

Report to:	Cabinet	Date of Meeting:	7 September 2023
Subject:	Business Continuity Policy		
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:

In the event of a major incident such as a fire resulting in the loss of access to a building, loss of ICT or pandemic flu it is good practice for organisations to have in place plans to ensure that services can continue to be provided. In the case of local authorities, the Civil Contingencies Act 2004 places an additional statutory requirement for Local Authorities to put in place a Business Continuity Management Programme.

The Council has existing business continuity arrangements to ensure the continued delivery of its priority activities to protect its vulnerable residents in the event of an emergency.

This revised policy sets out the Council's continued approach to implement an effective business continuity framework across all service areas which will ensure the timely recovery of priority services in the event of an incident.

The Policy has been revised to clarify and strengthen the responsibilities for all staff members and management.

Recommendation(s):

(1) Members approve the revised Business Continuity Policy.

Reasons for the Recommendation(s):

Approving a revised Business Continuity Policy provides leadership, clear direction and priority for the Council.

Alternative Options Considered and Rejected: (including any Risk Implications)
None

What will it cost and how will it be financed?

Agenda Item 7

(A) Revenue Costs. There are no additional revenue costs associated with the revised policy outside of the existing budgets.

(B) Capital Costs. There are no capital costs associated with the proposed revised policy.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no resource implications.	
Legal Implications: To ensure compliance with the Civil Contingencies Act 2004	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: No	
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	Yes
The revised has a neutral climate emergency implication as it is proposing continuing with the same approach as the previous policy.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Ensuring that the Council can continue to provide key services to the most vulnerable is positive.
Facilitate confident and resilient communities: Positive.
Commission, broker and provide core services: Neutral.
Place – leadership and influencer: Positive.
Drivers of change and reform: Neutral.
Facilitate sustainable economic prosperity: Neutral.
Greater income for social investment: Neutral.
Cleaner Greener: Neutral.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7335/23.....) and the Chief Legal and Democratic Officer (LD.5535/23....) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable.

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

Contact Officer:	David Eden
Telephone Number:	0151 934 4053
Email Address:	david.eden@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Business Continuity Policy

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 In the event of a major incident such as a fire resulting in the loss of access to a building, loss of ICT or pandemic flu it is good practice for organisations to have in place plans to ensure that services can continue to be provided. The Civil Contingencies Act 2004 places an additional statutory requirement for Local Authorities to put in place a Business Continuity Management Programme to ensure the Council can deliver its priority activities in the event of an emergency.
- 1.2 The Council's constitution states that services are expected to have arrangements in place to ensure the effective identification, evaluation and management of priority activities for the Council to recover.

2. Revised Policy

- 2.1 The revised Policy (Appendix 1) sets out Sefton Council's commitment to the management of Business Continuity by ensuring we have a Corporate Business Continuity Plan supported by Strategic, Tactical and Operational Recovery plans. This will enable the Council to respond to any incident or disruption and maintain our ability to continue to deliver priority activities and meet our contractual, legislative and regulatory obligations.

Agenda Item 7

- 2.2 The Policy sets out that the Strategic Leadership Board has overall accountability to ensure this policy is effectively implemented throughout the Council. To achieve this goal, we will:
- Maintain a Business Continuity Management Programme that broadly aligns to the requirements of ISO 22301 and the Business Continuity Institute Good Practice Guide 2018.
 - Establish Business Continuity objectives and targets, processes and procedures relevant to managing risk and improving organisational resilience.
 - Ensure that the Business Continuity Management Programme is subject to on-going appraisal against this policy evidenced by a structured testing regime.
 - Maintain and improve Business Continuity Management Programme arrangements through preventive and corrective actions; and ensure that the Business Continuity Management Programme and associated policy, standards, procedures and plans are embedded into the day-to-day activities and culture of the business.
- 2.3 The Policy has been revised to clarify and strengthen the responsibilities for all staff members and management.
- 2.4 As a result, the revised policy provides a strong foundation to enhance the Council's approach to business continuity across the organisation. Due to the statutory nature of business continuity, the revised Policy is presented to Cabinet for approval.
- 3. Current and proposed activity to embed business continuity**
- 3.1 The Risk and Resilience Team are currently refreshing the Corporate Business Continuity Plan which will be shared with the Strategic Leadership Board (SLB). An externally hosted business continuity exercise in January 2023 with SLB identified a number of recommendations which the Team are currently implementing.
- 3.2 A further annual exercise for SLB is being planned for January 2024.
- 3.3 There is a continual programme of renewing the existing business continuity plans in place across the Council as well activation tests and refreshing a specific business continuity risk register.
- 4. Progress on business continuity activity across Council**
- 4.1 Progress on embedding business continuity is provided to the Audit and Governance Committee on a quarterly basis.
- 5. Recommendation**
- 5.1 Members should approve the revised Business Continuity Policy.



Business Continuity Policy

September 2023

Agenda Item 7

Contents	Page
1.0 Policy Statement	3
2.0 Purpose	3
3.0 Scope	4
4.0 Aims and Objectives	4
5.0 Roles and Responsibilities	4
6.0 Metrics to Support the Objectives	7
7.0 Policy Principles	8
8.0 Policy Governance	9
9.0 Review	9
10.0 Distribution	9
11.0 Supporting Documents	9

Version Control

Version number	Date	Approved by	Effective from
1	24/01/2019	Strategic Leadership Board	24/01/2019
2	17/05/2023	Strategic Leadership Board	

BUSINESS CONTINUITY MANAGEMENT POLICY

1 Policy Statement

- 1.1. The Civil Contingencies Act 2004 places a statutory requirement for Local Authorities to put in place a Business Continuity Management Programme to ensure the Council can deliver its priority activities in the event of an emergency. Services are expected to have arrangements in place to ensure the effective identification, evaluation and management of priority activities for the Council to recover.
- 1.2 This policy sets out Sefton Council's commitment to the management of Business Continuity. By ensuring we have a Corporate Business Continuity Plan supported by Service Plans and Operational Recovery plans, this will enable the Council to respond to any incident or disruption and maintain our ability to continue to deliver priority activities and meet our contractual, legislative and regulatory obligations.
- 1.3 The Strategic Leadership Board has overall accountability to ensure this policy is effectively implemented throughout the Council. To achieve this goal, we will:
 - Maintain a Business Continuity Management Programme that broadly aligns to the requirements of ISO 22301 and the Business Continuity Institute Good Practice Guide 2018.
 - Establish Business Continuity objectives and targets, processes, and procedures relevant to managing risk and improving organisational resilience.
 - Ensure that the Business Continuity Management Programme is subject to on-going appraisal against this policy evidenced by a structured testing regime.
 - Maintain and improve Business Continuity Management Programme arrangements through preventive and corrective actions; and
 - Ensure that the Business Continuity Management Programme and associated policy, standards, procedures, and plans are embedded into the day-to-day activities and culture of the business.

2. Purpose

- 2.2. Business Continuity is not an additional activity undertaken by the Local Authority it is a key component of a well-run organisation by ensuring priority activities continue to be delivered in a crisis. Business Continuity provides a structured process to return service delivery to usual working standards should the business be disrupted by:
 - Loss of staff / people
 - Loss of premises
 - IT and information issues
 - Suppliers and partners
 - Civil Emergency Incident

3. Scope

3.1 Sefton Council's Business Continuity Management Programme encompasses all of our operations. This includes our outward facing service areas as well as corporate support functions such as HR, IT and Finance.

3.2 The Business Continuity Management Policy applies to the following stakeholders:

- All staff and elected members
- Contractors
- Delivery partners within our supply chain.

4. Aims and Objectives

4.1 Sefton Council are committed to maintaining our business activities to a high standard and responding to any form of disruption in a structured way. To do this we have an overarching Business Continuity Framework in the form of a Corporate Business Continuity Plan supported by Service Plans and Operational Recovery plans to facilitate the return to business as usual as quickly as possible. The objectives to support the Business Continuity Management Programme (BCMP) create a calendar of regular monitoring events, creating a picture of how the BCMP is performing and providing all the information required to exercise management control.

- Fully understand the organisation and develop a robust and enduring continuity response in critical areas and activities.
- Exercise and test continuity arrangements and plans to ensure suitability.
- Work with Agilisys to ensure IT disaster recovery arrangements are appropriate for the organisation.
- Provide appropriate training and awareness of the BCMP to further embed the continuity culture within the organisation.
- Maintain and continually improve the BCMP to ensure it remains current, appropriate, effective and aligned to industry standards and best practice.
- Manage existing and emerging external continuity considerations (understanding our suppliers)
- Review and maintain continuity-related risks and threats to the organisation.

5. Roles and Responsibilities

- **Cabinet** - approve the Council's Business Continuity Management Strategy and Policy.
- **Audit and Governance Committee** – monitor the progress of the implementation of the Business Continuity Policy and Strategy on behalf of Cabinet.

- **Chief Executive**
 - Overall responsibility for the design and implementation of Council Business Continuity Framework and its operation.
 - Delegation of the responsibilities for the design and implementation of the Council Business Continuity Framework
 - Responsible for and the approval of the Corporate Business Continuity Plan
 - Attend business continuity training and periodic exercises as requested.
 - Promotion of the benefits and the requirements for Business Continuity across the Council.
 - Will form an Incident Management team at the commencement of a Business Continuity Incident and lead on the Council's response.
 - Review the 1st line and 2nd line assurance provided on the Business Continuity Framework.

- **Executive Directors**
 - Contribute to the completion and periodic updating of the Corporate Business Continuity Plan.
 - Attend training and periodic exercises as requested and guidance indicates should be in place.
 - Ensure that for the Service Areas they are responsible for there are Service and Operational Business Continuity Plans which are kept up to date in accordance with guidance from the Risk and Resilience Team.
 - Will form an Incident Management team at the commencement of a Business Continuity Incident and where nominated take control of the situation.
 - Promote Business Continuity Management within their Service area and the wider organisation.
 - Support the Assistant Directors in providing assurance on the Business Continuity system.

- **Assistant Directors**
 - Contribute to the Corporate Business Continuity Plan.
 - Ensure that for the Service Areas they are responsible for there are Service and Operational Business Continuity Plans which are kept up to date in accordance with guidance.
 - Ensure that the Service and Operational Business Continuity Plans are based on accurate and up to date Business Impact Analysis.
 - Attend training and periodic exercises as requested and guidance indicates should be in place.
 - Promote the benefits of Business Continuity Management within their Service area.
 - Support the Incident Management Team when activated.

- Provide periodic 1st line assurance that the Sefton Business Continuity Framework is embedded within their Service Area.
- Where requested complete additional Business Continuity Plans to address specific risks.

- **Service Managers and other managers**
 - Will complete and keep up to date Business Impact Analyses for the Service and Operational Business Continuity Plans.
 - Attend training and periodic exercises as requested and guidance indicates should be in place.
 - Support the Incident Management Team when activated.
 - Where requested complete additional Business Continuity Plans to address specific risks
 - Promote the benefits of Business Continuity Management within their Service area.
 - Will ensure that Business Continuity Plans include appropriate recovery plans.

- **Executive Director of Corporate Resources & Customer Services (as well as Executive responsibilities above)**
 - Has responsibility for the design of the BCP Framework including the Business Continuity Strategy and Policy.
 - Design a Business Continuity Strategy in line with Sefton's objectives and statutory responsibilities,
 - Set priorities on Business Continuity activities, putting in place measures to assure the relevancy of the BC framework.
 - Ensures the BCM programme is sufficiently resourced.
 - Provide periodic assurance to the Chief Executive, SLB and Audit and Governance Committee on effectiveness of the Council's Business Continuity arrangements.

- **Risk and Resilience Team –**
 - Design, under the guidance of the Executive Director of Corporate Resources and Customer Services, the Council's BC framework and supporting guidance
 - Arrange and provide training,
 - Provide monitoring information to Audit and Governance Committee and Strategic Leadership Board on 1st line and 2nd line assurance on a regular basis.
 - Facilitate the production of BC plans at all appropriate levels by providing guidance and support.
 - Updating the Business Continuity Risk Register on a quarterly basis.
 - Facilitate the undertaking of the key activities of the Business Continuity Policy Metrics,

- **All Staff**
 - Have an awareness of key BC documentation particularly in relation to their Service Area and function
 - undertake the Business Continuity awareness eLearning course on Sefton CLC website.
 - Follow the guidance of the relevant Business Continuity Plan and the BC Policy and Strategy

6. Metrics to support the Objectives

6.1 Metrics are the measurements by which performance of the BCMP to achieve the policy objectives are assessed. Any deficiencies in performance against the metrics will form part of the corrective action process for improvements to be made to the BCMP. The metrics are monitored quarterly, with a summary report produced for circulation to the Audit and Governance Committee.

6.2 The following table outlines the key metrics:

Metric:	How:	Outcome:
Business Continuity Manual and Business Continuity / Recovery Plans are reviewed to ensure up to date and fit for purpose.	Reviewed by Business Continuity Manual and Plan Owners twice a year.	Result of review — update as required. Evidence of review recorded on the Testing and Exercise Schedule.
Strategic and Tactical Exercises to ensure roles and responsibilities are understood and to demonstrate good management of an incident.	Desktop exercise twice per year.	Exercises documented with any improvements recorded on the BCMP Improvement Plan for implementation.
Business Recovery Plan Exercise and testing to demonstrate the organisation can recover key activities.	Exercise and testing to be carried out in line with documented procedure. Testing and exercising schedules provided to the Risk and Resilience team for monitoring to ensure completed.	Results recorded and improvements recorded on the BCMP Improvement Plan for implementation.
Call Cascade to test communicating with Strategic, tactical team members and Heads of Departments during an incident.	Full cascade to be tested twice a year.	Results recorded and improvements recorded on the BCMP Improvement Plan for implementation.
Business Continuity	Review by Risk and	Document outcome of

Metric:	How:	Outcome:
Management Risk Register and Business Impact Analysis Review to capture and manage the risks and impact on the business in relation to Business Continuity.	Resilience Team with action owners quarterly.	review with action owners on the risk register and update the Business Impact Analysis as necessary.
Review Business Continuity arrangements with Council's key suppliers.	Supplier questionnaire sent to key suppliers annually.	Questionnaire and supporting information reviewed to ensure suitability to Sefton's requirements. Actions are managed through the BCMP Improvement Plan
All staff to complete the Council online Business Continuity training module	Online training module updated and released for completion on an annual basis.	Corporate Training monitors completion for compliance training, the results of which are included in the metrics dashboard

7 Policy Principles

- 7.1 Business Continuity Management is an on-going management and governance process and works on the *plan, do, check, act* principle. To achieve this, we follow a management framework to ensure all aspects of the Business Continuity Life Cycle are accomplished.
- 7.2 The Business Continuity Management Programme considers and addresses the following which are detailed in our Business Continuity Plans:
- Conditions for activating plans — lie with identified individuals and specialists who have the delegated authority to invoke their plan to support the recovery of business during an incident.
 - Emergency procedures — are in place with all sites for the safe evacuation of
 - employee partners and alternative arrangements for the continuation of business.
 - Fall back procedures — that support the maintenance of our key services and the identification of key personnel with specialist knowledge and security clearance.
 - Temporary operating procedures — identifying which tasks are key and have
 - alternative operating disciplines pending completion of recovery and return to
 - business as usual.
 - Resumption of normal operating procedures — which explain how we return to
 - business as usual following an incident.

- Maintenance schedule for plans and tests — specifies how and when plans will be tested.
- Awareness and education — a continual process of raising awareness across the whole business and additional education for personnel with Business Continuity responsibilities.
- Roles and responsibilities — identify who has the appropriate delegated authority, and what actions they need to take during an incident.
- Critical assets and resources — identified specialists, documented plans, processes and procedures and their availability to support crisis management. Back-up copies of plans and procedures should be kept both on and off site and available in paper and electronic format.

8. Policy Governance

- 8.1. The Policy is approved by the Cabinet and will be monitored on an ongoing basis by the Risk and Resilience Team who will provide quarterly assurance to the Audit and Governance Committee. Where issues in compliance are identified the team will provide support and guidance to ensure the principles of this policy are fulfilled.

9. Review

- 9.1 The Plan will be reviewed every two years to ensure that it is still relevant to the Council's needs. However, service area plans will be subject to review every six months to ensure that information and contact details are kept up to date.

10. Distribution

- 10.1 This document will be made available to all staff via Sefton Council intranet site.

11. Supporting Documents

- 11.1 The following documents have been produced in association with the Business Continuity Management System.
- Sefton Council Business Continuity Policy
 - Sefton Council Business Continuity Strategy
 - Sefton Council Business Impact Analyses
 - Sefton Council Business Continuity Plans
 - Agilisys Business Continuity Plans

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Agenda Item 8

Report to:	Cabinet Council	Date of Meeting:	7 September 2023 14 September 2023
Subject:	Financial Management 2023/24 to 2026/27 - Revenue and Capital Budget Update 2023/24 – September Update		
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:

- 1) The current position relating to the 2023/24 revenue budget.
- 2) The current forecast on Council Tax and Business Rates collection for 2023/24.
- 3) The monitoring position of the Council's capital programme to the end of July 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.
- 4) The latest performance management information for 2023/24.

Recommendation(s):

Cabinet is recommended to:

Revenue Budget

- 1) Note the current position relating to the 2023/24 revenue budget.
- 2) Note the actions being taken to refine forecasts and identify mitigating efficiencies to ensure each service achieves a balanced position.
- 3) Recognise the financial risks associated with the delivery of the 2023/24 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.
- 4) Recommend to Council the approval of a supplementary revenue estimate for

Agenda Item 8

£2.319m for Adult Social Care funded from the Market Sustainability Improvement Fund (MSIF): Workforce Fund.

- 5) Approve that decisions on the use of the Market Sustainability Improvement Fund (MSIF): Workforce Fund be delegated to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Member - Adult Social Care.
- 6) Approve a supplementary revenue estimate of £782,414 (2023/24 £360,745 and 2024/25 £421,669) for Place Based Business Support, to be fully funded by the grant allocation from the Liverpool City Region Combined Authority funded from the UK Shared Prosperity Funding (UKSPF).
- 7) Recommend to Council the approval of a supplementary revenue estimate for £1.000m for Education Excellence funded from the Delivering Better Value in SEND Programme grant.

Capital Programme

- 8) Note the spending profiles across financial years for the approved capital programme (paragraph 8.1).
- 9) Note the latest capital expenditure position as at 31 July 2023 of £7.195m (paragraph 8.16); the latest full year forecast is £63.999m (paragraph 8.17).
- 10) Recommend to Council the approval of a supplementary capital estimate for £1.300m for the Local Authority Housing Fund funded by grant from DLUHC.
- 11) Approve a supplementary capital estimate for £0.628m for the Local Transport Capital Block Funding – Pothole Fund funded by grant from the Liverpool City Region Combined Authority.
- 12) Approve a supplementary capital estimate for £0.242m for the UK Shared Prosperity Fund (UKSPF) funded by grant from DLUHC.
- 13) Approve a virement of £0.375m from the previously approved revenue budget for the UKSPF to the capital programme.
- 14) Note that the Council will procure an updated Stock Condition Survey for Crosby Library.
- 15) 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 (paragraphs 8.21-8.23).

Performance

- 16) Note the latest position relating to key performance measures.

Council is recommended to:

Revenue Budget

- 17) Approve a supplementary revenue estimate for £2.319m for Adult Social Care funded from the Market Sustainability Improvement Fund (MSIF): Workforce Fund.
- 18) Approve a supplementary revenue estimate for £1.000m for Education Excellence funded from the Delivering Better Value in SEND Programme grant, subject to final approval from the Department for Education.

Capital Programme

- 19) Approve a supplementary capital estimate for £1.300m for the Local Authority

Housing Fund funded by grant from DLUHC.

Reasons for the Recommendation(s):

To ensure Cabinet are informed of the current position in relation to the 2023/24 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 2023/24 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.

To ensure Cabinet are informed of key performance information.

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

None

What will it cost and how will it be financed?

(A) Revenue Costs

The report indicates that for 2023/24 an overspend position of £6.782m is currently forecast and that further work is being undertaken to refine forecasts and identify mitigating efficiencies to ensure each service achieves a balanced position. Further mitigating actions may be required to ensure the Council returns to a balanced forecast outturn position-if these actions are not available within the approved budget, existing reserves and balances may need to be used.

(B) Capital Costs

The Council's capital budget in 2023/24 is £64.106m. As at the end of July 2023 expenditure of £7.195m has been incurred and a full year outturn of £63.999m is currently forecast.

Implications of the Proposals:

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

Currently an overspend position of £6.782m is currently forecast for 2023/24, pending further work to refine forecasts and identify mitigating efficiencies. Further mitigating actions may be required to ensure the Council returns to a balanced forecast outturn position. However, it should be noted that significant pressure and risk remains in a number of areas, particularly relating to Children's Social Care. If budgets experience further demand and inflationary pressure during the remainder of the year further

Agenda Item 8

corresponding savings or financial contributions will need to be identified and approved by members.

Legal Implications:

None

Equality Implications:

There are no equality implications.

Impact on Children and Young People: Yes

The report highlights the current financial position relating to services provided for Children and Young People.

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

The allocations of capital funding outlined in section 8 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

<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 7348/23)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5548/23).

(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 and immediately following the Council 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 2023/24 to 2025/26

APPENDIX B – Performance Information 2023/24 – Quarter 1

Background Papers:

There are no background papers available for inspection.

Agenda Item 8

1. Introduction

- 1.1 On 2 March 2023, Members approved the Budget for the financial year 2023/24. 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, as reported in the Robustness Report also presented to Budget Council.
- 1.2 This report is the second of the Council's monthly budget monitoring reports and updates the revenue forecast outturn position for all services, including the initial pressures that have materialised since the budget was set.
- 1.3 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.
- 1.4 The capital section of the report informs Members of the latest estimate of capital expenditure for 2023/24 and forecast expenditure for 2024/25 and 2025/26. The capital budget to date is presented in paragraph 8.1. Paragraphs 8.2 to 8.20 review progress of the capital programme, including additional capital schemes. Finally, paragraphs 8.21 to 8.23 confirm that there are adequate levels of resources available to finance the capital programme.
- 1.5 As previously reported, this report will include performance information and key risk management areas on a quarterly basis. Due to the timing of the previous Committee, the performance information for the first quarter of 2023/24 was not yet available so is included within this report. The Corporate Risk Register areas at the end of the first quarter were presented to Cabinet in July within the Financial and Corporate Performance 2022/23 report.

2. Revenue Budget 2023/24 – Forecast Outturn Position as at the end of July 2023

- 2.1 Members are provided with updates of the Council's forecast financial revenue position each month during the financial year from July.
- 2.1 It is acknowledged that this is only the second 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 that will invariably be the subject of change. Forecasts will continue to be refined and a full review of all budgets and assumptions will be undertaken to refine the forecasts further for the Mid-Year update report that will be presented Cabinet in November. In addition, that 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.
- 2.2 As at the end of July 2023, the forecast outturn shows a net overspend of **£6.782m**, the majority of which relates to potential additional pressure within Children's Social

Agenda Item 8

Care and the potential impact of the local government pay award. It should be noted that the majority of services are reporting a balanced position or are implementing local remedial actions to return a balanced position at this stage. 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. Proposed actions to meet any forecast overspend will be reported to future Cabinet meetings.

2.3 The table below highlights the variations across services that make up the £6.782m forecast overspend:

	Budget	Forecast Outturn	Variance	Variance to June
	£m	£m	£m	£m
Services				
Strategic Management	3.906	3.941	0.068	0.033
Adult Social Care	110.598	110.598	0.000	0.000
Children's Social Care	80.081	85.042	4.791	-0.170
Communities	11.551	11.551	0.000	0.000
Corporate Resources	5.972	5.972	0.000	0.000
Economic Growth & Housing	6.409	6.409	0.000	0.000
Education Excellence	15.305	15.629	0.376	0.052
Health & Wellbeing	19.620	19.620	0.000	0.000
Highways & Public Protection	10.672	10.672	0.000	0.000
Operational In-House Services	16.160	16.840	0.530	-0.150
Energy Costs	4.200	4.200	0.000	0.000
Additional Pay Award Provision	4.333	5.833	1.500	0.000
Total Service Net Expenditure	288.807	296.307	7.265	-0.235
Council Wide Budgets	14.203	13.872	-0.483	-0.152
Levies	36.193	36.193	0.000	0.000
General Government Grants	(84.086)	(84.086)	0.000	0.000
Total Net Expenditure	255.117	262.286		
<u>Forecast Year-End Deficit</u>			<u>6.782</u>	<u>-0.387</u>

2.4 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 2023/24. However, there are a number of significant assumptions and uncertainties that could impact on this position before the year-end. The service has also committed to a number of efficiencies and savings that amount to £5.7m, in order to meet the savings approved as part of the approved

Agenda Item 8

2023/24 budget plus additional ones to meet the additional budgetary pressures arising from the increases in provider fees approved at Cabinet meetings in June 2023. The achievement of these savings will be carefully monitored throughout the year.

- **Children's Social Care** – The current forecast for the service shows a potential overspend of £4.791m. However, there are a number of significant assumptions and uncertainties that could impact on this position before the year-end.

Members will be aware that the 2023/24 approved budget included an additional £21m of investment in the service based on the requirement for additional staffing (including some temporary funding for additional agency costs whilst more permanent staff are recruited to, including International Social Workers and from staff coming through the social work academy) as well as additional resources to reflect the number of packages at the time, some potential growth as well as resource for inflationary pressures.

The current forecast for staffing is that it will broadly remain within budget as the impact of the initiatives above start to have an impact. This will require robust monitoring through the year. There are a clear set of assumptions driving this forecast in terms of when expensive managed / project teams will leave the Council as new staff are onboarded from the International Social Worker cohort and the academy. If these assumptions change then the forecast will be revised.

Certain areas of accommodation and support packages are forecast to overspend, partly due to additional packages in the late part of 2022/23 and early part of 2023/24. As mentioned in reports last year, packages initially have been at a higher cost than previously seen. However, recently improvements in practice have resulted in more children being placed in more appropriate settings at a lower cost. This is expected to continue throughout the year. Work is currently being undertaken to review forecasts for all types of care settings based on a number of children being in higher cost settings for shorter periods, which is expected to significantly impact on the forecast. In addition, where numbers and costs of Children with Disabilities has increased, specialist work is being undertaken to ensure health are making the appropriate contributions to the cost of care.

This is the key aspect of this financial forecast- the service is stabilising and as this takes place the review of placements will also be undertaken. At present the assumption is that all support, unless known otherwise, will continue for the whole of the financial year and for a number of placements this will not be the case. Senior managers are reviewing these, and the forecast will be updated accordingly in addition to the health contributions that are due.

As part of this work a further review of demand will be undertaken. This again will inform the forecast- the service is currently starting to stabilise and that will inform that estimate. Members will recall that in the budget reports it was advised that a tolerance of 5% on the budget could be expected based on advice from the DfE commissioner- based on the service budget that would amount to £4m. This current forecast is slightly higher than that at present before the outcome of the additional reviews is to be built in.

An update on these reviews, and their impact on the forecast, will be provided to the next Cabinet meeting. In considering this forecast, work will also be undertaken to determine if any of this pressure is temporary or permanent in nature and needs reflecting in future budget setting processes.

- **Corporate Resources** – At first quarter review the service is forecasting a balanced position. Based on the latest information, functions within the service are forecasting an underspend of £0.497m. However, there is pressure within the ICT budget from inflation on contracts that is in excess of the provision made and a loss of income from School SLAs as a result of a change in the contractual arrangement enforced by the provider for which the Council has no control. These two pressures amount to £0.600m, meaning an initial pressure of £0.103m exists. As stated, all services are underspent, and additional cost control will be required between now and the year end to deliver that balanced position and this position will be updated at mid-year review.
- **Economic Growth and Housing** – The service is showing a balanced position. However, based on the latest information, functions within the service are forecasting an overspend of £0.611m, although the service are currently examining forecasts. Additional cost control will be required between now and the year end to deliver that balanced position and this position will be updated at mid-year review.
- **Education Excellence** – The current forecast shows a potential net overspend of £0.376m, which relates to the provision of additional SEND staff. The service are reviewing all forecasts to identify areas that may be able to offset this additional pressure and this position will be updated at mid-year review.
- **Operational In-House Services** The current forecast shows a potential overspend of £0.530m. This relates to a number of areas across the Service, but mainly in Catering and the security service. The service is reviewing all forecasts to identify areas that may be able to offset these additional pressures, including from recharging additional costs being incurred, and this position will be updated at mid-year review.
- **Additional Pay Award Provision** – The approved Base Budget included a provision for the 2023/234 pay award of around 4.5%. This was line with most other local authorities who had budgeted for similar amounts. The offer from the National Employers for local government services body is for a fixed increase of £1,925, with a minimum of 3.5% (similar to the increase in 2022/23). For Sefton, this equates to an increase in the pay bill of about 6.0% or an additional £1.500m above the amount included in the 2023/24 budget. It should be noted that this offer has been rejected by trade unions who have balloted their members on whether to undertake strike action.

3. Revenue Budget Summary 2023/24

- 3.1 An overspend of **£6.782m** is currently forecast. However, as mentioned in section 2, this is a forecast early in the financial year based on a number of uncertainties and assumptions. Additional work will be undertaken across service areas to refine the forecasts and identify mitigating efficiencies to ensure each service achieves a balanced budget position. In Children's Social Care forecasts will be refined to take into account the improvements in practice that have seen children being placed in

Agenda Item 8

more appropriate settings, as well as the anticipated reduction in the number of Looked After Children.

- 3.2 As mentioned, the Council must achieve an overall balanced position to ensure its financial sustainability. Once forecasts have been refined, if an overall forecast overspend remains a remedial action plan to meet the residual balance will need to be produced and presented to members for approval. This may include measures previously used by the Council to reduce budget pressures.

4. **Additional Revenue Grant Funding**

Market Sustainability Improvement Fund (MSIF): Workforce Fund

- 4.1 On 28 July 2023, the government announced it is providing a further £570 million of ringfenced funding across 2023/24 and 2024/25 to local authorities to improve and increase adult social care provision, with a particular focus on workforce pay. The Market Sustainability Improvement Fund (MSIF): Workforce Fund will total £365m in 2023/24 and £205m in 2024/25.
- 4.2 Sefton will receive £2.319m from in 2023/24 with a potential to receive £1.493m in 2024/25 if allocated on the same basis. It should be noted that these are one-off amounts with no indication any funding will be available beyond 2024/25.
- 4.3 The funding has a particular focus on workforce pay. It is expected that this additional funding is used to support more workforce and capacity within the adult social care sector, including to help ensure that appropriate short-term and intermediate care is available to reduce avoidable admissions and support discharge of patients from hospital when they are medically fit to leave.
- 4.4 However, the additional funding is designed to have the same flexibility as the original MSIF (included in the Adult Social Care Base Budget for 2023/24) to meet local pressures, and so local authorities can choose to use the funding to:
- Increase fee rates paid to adult social care providers, particularly as we continue to prepare for the implementation of charging reform.
 - Increase adult social care workforce capacity and retention.
 - Reduce adult social care waiting times.
- 4.5 Services in scope for the funding have been expanded to include all care home categories and Supported Living.
- 4.6 There are grant conditions associated with the funding, which in summary are that:
- Local Authorities must allocate their full funding allocation from the grant on adult social care, as part of a substantial increase in planned adult social care spending. Local authorities must confirm that this has been added to their existing ASC budgets.
 - Local Authorities must evidence improvement in at least one of the target areas using Department of Health and Social Care (DHSC) performance metrics. The

target areas chosen should support the most pressing needs in the local authority area.

- Local Authorities must provide a final report in May 2024 on spend and progress. This must record all DHSC target area metrics: workforce recruitment and retention, reducing waiting times and increasing fee rates.

4.7 Cabinet is therefore requested to recommend to Council the approval of a supplementary revenue estimate for £2.319m in 2023/24 funded from the grant. It is proposed that, in line with delegated authority for decisions on use of previous similar funding, that decisions on the use of the funding are delegated to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Member - Adult Social Care.

UK Shared Prosperity Fund - Place Based Business Support

4.8 The Council has been allocated a revenue grant of £782,414 from the Liverpool City Region Combined Authority funded from the UK Shared Prosperity Fund (UK SPF) for the 2023/24 (£360,745) and 2024/25 (£421,669) financial years. This funding is provided to deliver Place Based Business Support. This will focus on activities such as: supporting existing businesses; supporting business start-up; job creation; advice and guidance; brokerage into national and UKSPF programmes, including innovation signposting; and key account and relationship management of SMEs and larger businesses companies.

4.9 Cabinet is therefore requested to approve a supplementary revenue estimate of £782,414 (2023/24 £360,745 and 2024/25 £421,669) for Place Based Business Support, to be fully funded by the grant allocation from the Liverpool City Region Combined Authority funded from the UK Shared Prosperity Funding (UKSPF).

5. Council Tax Income – Update

5.1 Council Tax income is shared between the billing authority (Sefton Council) and the three major precepting authorities (the Fire and Rescue Authority, the Police and Crime Commissioner and the Combined Authority – Mayoral Precept) pro-rata to their demand on the Collection Fund. The Council's Budget included a Council Tax Requirement of £160.236m for 2023/24 (including Parish Precepts), which represents 84% of the net Council Tax income of £191.139m.

5.2 The forecast outturn for the Council at the end of July 2023 is a surplus of -£0.015m. This variation is primarily due to: -

- The surplus on the fund at the end of 2022/23 being higher than estimated (-£0.314m).
- Gross Council Tax Charges in 2023/24 being higher than estimated (-£0.300m).
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£0.599m).

Agenda Item 8

5.3 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2023/24 but will be carried forward to be recovered in future years.

5.4 A forecast surplus of £2.045m was declared on the 17 January 2023 of which Sefton's share is £1.716m (83.9%). This is the amount that will be recovered from the Collection Fund in 2023/24. Any additional surplus or deficit will be distributed in 2024/25 and future years.

6. **Business Rates Income – Update**

6.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £62.388m for 2023/24, which represents 99% of the net Business Rates income of £63.018m. Business Rates income has historically been very volatile making it difficult to forecast accurately.

6.2 The forecast outturn for the Council at the end of July 2023 is a surplus of -£11.199m on Business Rates income. This is due to:

- The surplus on the fund at the end of 2023/24 being higher than estimated (-£9.916m).
- Increase in the gross charge on rateable properties (-£0.141m).
- A number of reliefs announced for 2023/24 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 (-£1.008m).
- Adjustments relating to prior years (-£0.134m)

6.3 When taking into account the lower Section 31 grants due on the additional reliefs, a net surplus of £10.493m is forecast.

6.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2023/24 but will be carried forward to be recovered in future years.

6.5 A forecast surplus of £12.836m was declared in January 2023. Sefton's share of this is £12.708m. This is the amount that will be distributed from the Collection Fund in 2023/24. Any additional surplus or deficit will be distributed in 2024/25 and future years.

7. **High Needs Budget**

7.1 Cabinet and Council have agreed to receive quarterly reports from the Executive Director of Children's Social Care and Education and the Assistant Director of Children's Services (Education) 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.

- 7.2 The latest quarterly report was presented to Cabinet in July, providing detail on the current monitoring position relating to the High Needs budget.
- 7.3 As part of the Delivering Better Value in SEND programme, the Council has provided an implementation plan to the Department for Education (DfE) which included a grant application for additional funding to support the changes required. The Council has now received confirmation from the DfE that their DBV Programme Board has given indicative approval of the implementation plan which they say, “demonstrates an aspiration to deliver significant improvements to services for children and young people with SEND alongside significant financial benefits over the next five years”. Sefton is due to receive £1.000m of funding from the DfE, subject to final approval by the DBV Programme Board. Cabinet is therefore requested to recommend to Council the approval of a supplementary revenue estimate for £1.000m in 2023/24 funded from the grant.

8. Capital Programme 2023/24 – 2025/26

Capital Budget

- 8.1 The Capital Budget and profile of expenditure for the three years 2023/24 to 2025/26 is as follows:

2023/24	£64.106m
2024/25	£58.986m
2025/26	£17.659m

- 8.2 The following updates have been made to the capital programme budget since the initial budget report to Cabinet in July:

- **Adult Social Care** – the Cabinet Member for Adult Social care has, under delegated authority, approved revised budgets for the Wider Social Care programme and Community Equipment Stores funded from the Better Care Fund – Disabled Facilities Grant (DFG). The total amount approved was £4.935m for Adult Social Care and £0.762m for Children’s Social Care.
- **Communities** – £0.074m has been added to the budget under delegated authority for a scheme to create tech rooms at Sefton’s Libraries funded by grant from the Library Improvement Fund.
- **Economic Growth & Housing** – £0.221m has been phased into 2024/25 for the Enterprise Arcade Project which will now start on site in quarter three due to the time needed to complete contractor procurement.
- **Education Excellence** – £0.500m has been phased into 2024/25 for a building alterations scheme at Litherland Moss pending the transfer of the school building back to Local Authority control.

Agenda Item 8

- 8.3 The following block capital grant allocations were approved by Council in March following recommendation by Cabinet for inclusion in the Capital Programme 2023/24:

<u>Capital Grant</u>	2023/24 £
Education Excellence	
Schools Condition Allocation	2,207,934
Highways and Public Protection	
City Region Sustainable Transport Settlement	8,154,000

- 8.4 Authority has been delegated to Cabinet Member to assign funding to individual capital schemes up to a value of £1m for Highways and the Schools block allocation listed above. The list of schemes for 2023/24 has been fully developed and will be presented to the individual Cabinet Members for approval noting that schemes in excess of £1m have already been approved by Council in July. A full list of the approved capital schemes will be presented in future reports to Cabinet.

Local Authority Housing Fund

- 8.5 Sefton has been granted funding under round two of the Local Authority Housing Fund (LAHF). This fund helps UK councils to provide accommodation to families with housing needs who have arrived in the UK through Afghan resettlement and relocation schemes and who are accessing bridging hotel accommodation. The intention of the LAHF round two is to address immediate pressures as well as increasing the stock of affordable homes for the future.
- 8.6 The total funding available to Sefton is £1,300,000 to purchase a minimum additional 12 family sized homes and one family sized temporary accommodation to families currently residing in bridging accommodation.
- 8.7 DLUHC have confirmed that it is prepared to enter into a Memorandum of Understanding with the Council to release the funding. Cabinet is therefore requested to recommend to Council the approval of a supplementary capital estimate for £1.3m to include the scheme in the capital programme for 2023/24.

Local Transport Capital Block Funding – Pothole Fund

- 8.8 The Liverpool City Region Combined Authority (LCRCA) has received additional grant funding from the Department of Transport to be spent on highways maintenance and improvement within the Liverpool City Region in 2023/24. This funding is in addition to the City Region Sustainable Transport Settlement block allocation reported to Cabinet and Council in March 2023.
- 8.9 The LCRCA proposes to make a total sum of £628,487 available to Sefton to spend exclusively on improvements to and maintenance of roads within the borough. The payment of grant will be made pending the signing of a Grant Funding Agreement.
- 8.10 Cabinet is therefore recommended to approve a supplementary capital estimate for the Pothole Fund for inclusion in the Highways capital programme subject to the acceptance and signing of the Grant Funding Agreement with the Combined Authority.

UK Shared Prosperity Fund

- 8.11 Following Government approval of the Investment Plan for the UK Shared Prosperity Fund (UKSPF) allocations to the Liverpool City Region, a report outlining the initial allocations of funding to Sefton Council for local authority led elements of that Investment Plan was presented to Cabinet in January 2023.
- 8.12 Formal grant agreements for the UKSPF were issued in March 2023 and following this there has been an increase to the amount of funding allocated and a split in the funding between revenue and capital elements for delivery of projects under each workstream. A breakdown of the revised amounts is shown below.

Revised Allocations	Capital £	Revenue £
Green, Resilient and Safe Communities	423,819	218,382
Local cultural arts and heritage	134,317	268,634
Town Centres	58,764	193,080
UK SPF Programme Management	-	140,518
	616,900	820,614

- 8.13 Sefton has therefore been awarded an additional amount of £241,744 giving a total allocation of £1,437,514 compared to the original amount of £1,195,770 reported in January to Cabinet and then approved by Council.
- 8.14 A delayed start to the UKSPF programme as a whole has resulted in delays for some local authorities to get mobilised and consequently LCRCA have asked all local authorities to review their projects and associated spend profiles for the remainder of the programme until March 2025. LCRCA have asked for a Change Control to be submitted for any variances and to consider any proposed changes. Sefton has reviewed the above programme (all projects and spend profiles) and whilst there are some small adjustments, most of the projects are spending as anticipated and within the threshold shown. A Change Control is still required and has been submitted to the LCRCA and is awaiting approval.
- 8.15 In order to add these revised allocations to the capital programme Cabinet is therefore recommended to approve a supplementary capital estimate of £241,744 for the additional grant and a budget virement from revenue of £375,156 to correctly allocate a total budget of £616,900 in the capital programme funded by the UKSPF pending acceptance of the Change Control by the LCRCA.

Crosby (Waterloo) Library

- 8.16 The Council recently announced that Cabinet had given consideration as to how refurbishment of the existing Crosby Library in Waterloo could be included in the Crosby Village project. It was announced that both schemes would be progressed as separate schemes - continuing to deliver the Crosby Village scheme whilst at the same time retaining the existing library in Waterloo. Cabinet is therefore asked to note that the Council will procure an updated Stock Condition Survey for the existing library in Waterloo.

Agenda Item 8

Budget Monitoring Position to July 2023

8.17 The current position of expenditure against the budget profile to the end of July 2023 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. The budget to date in the table below reflects the profiles of each individual scheme.

	Budget to July	Actual Expenditure to July	Variance to July
	£m	£m	£m
<u>Services</u>			
Adult Social Care	1.521	1.536	0.015
Children's Social Care	0.106	0.106	-
Communities	0.257	0.253	-0.004
Corporate Resources	0.578	0.585	0.007
Economic Growth & Housing	2.258	2.217	-0.041
Education Excellence	0.449	0.460	0.011
Highways & Public Protection	1.882	1.882	-
Operational In-House Services	0.156	0.156	-
<u>Total Programme</u>	7.208	7.195	-0.013

Capital Programme Forecast Outturn 2023/24

8.18 The current forecast of expenditure against the budget profile to the end of 2023/24 and the profile of budgets for future years is shown in the table below:

	Budget 2023/24	Forecast Outturn	Variance	Budget 2024/25	Budget 2025/26
	£m	£m	£m	£m	£m
<u>Services</u>					
Adult Social Care	8.026	7.919	-0.106	2.094	1.847
Children's Social Care	0.662	0.662	-	0.100	-
Communities	0.754	0.795	0.041	0.106	-
Corporate Resources	2.620	2.627	0.007	-	-
Economic Growth & Housing	24.279	24.276	-0.003	40.607	14.592
Education Excellence	8.902	8.855	-0.047	5.474	-
Highways & Public Protection	15.452	15.452	-	6.343	0.322
Operational In-House Services	3.412	3.412	-	4.262	0.898
<u>Total Programme</u>	64.106	63.999	-0.107	58.986	17.659

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

8.19 The current 2023/24 budgeted spend is £64.106m with a budgeted spend to July of £7.208m. The full year budget includes exceptional items such as £20.142m for

Growth and Strategic Investment projects, £1.096m for the Brownfield Housing Development fund, £0.760m for Sustainable Warmth Schemes, £2.000m for a Highways project at Millers Bridge, a £3.041m project for Southport Pier Decking, and a scheme to upgrade to LED Street Lighting (£3.606m).

8.20 Typically, on an annual basis the capital programme spends in the region of £25-30m. Given this typical annual level of spend it is likely that reprofiling of spend into 2024/25 will occur as the year progresses.

Programme Funding

8.21 The table below shows how the capital programme will be funding in 2023/24:

<u>Source</u>	£m
Grants	49.152
Prudential Borrowing	8.936
Capital Receipts	3.511
Contributions (including Section 106)	2.507
<u>Total Programme Funding</u>	64.106

8.22 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.

8.23 The Executive Director of 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.

9. Performance

9.1 The Council recognises the importance of performance management and service areas report regularly to Cabinet Members, Health & Wellbeing Board and Overview and Scrutiny on service-related performance and key corporate activity.

9.2 Members will also be aware that a detailed, comprehensive Corporate Performance is reported annually to Cabinet in July as part of the Financial Outturn report. Such an approach is the basis for reporting quarterly performance to Members as set out in Appendix B.

Agenda Item 8

APPENDIX A – Capital Programme 2023/24 to 2025/26

<u>Capital Scheme</u>	Budget		
	2023/24 £	2024/25 £	2025/26 £
Adult Social Care			
Disable Facilities Grants – Core Grants (DFGs)	3,000,000	-	-
Occupational Therapy Support for DFGs	663,774	-	-
ICT Development & Transformation	1,129,007	34,591	-
ICT Connectivity in Care Homes and Support Living	100,000	-	-
Fall Prevention Schemes	45,000	-	-
Care Home Improvements	475,449	200,000	-
Changing Places	51,327	-	-
Integrated Health and Wellbeing on the High Street	-	400,000	-
Short Term Assessment Unit	860,000	860,000	1,847,000
New Directions Programme Development	206,038	195,000	-
Technology Enabled Care	464,383	-	-
Community Equipment Provision	400,000	-	-
Double to Single Handed Care Equipment Provision	150,000	-	-
Community Equipment – Specialist Projects	232,435	-	-
Community Equipment Stores Improvements	65,000	-	-
Programme Support	122,922	-	-
Digitising Social Care	50,000	405,000	-
Community Based Falls Equipment	10,200	-	-
Children’s Social Care			
Support for Fostering Placements	99,370	100,000	-
Community Equipment Provision	270,000	-	-
ICT Development & Transformation	193,545	-	-
Springbrook Refurbishment	28,923	-	-
Springbrook Vehicle	70,000	-	-
Communities			
Leisure Centres – Essential Works	396,748	-	-
Libraries – Centres of Excellence	172,176	105,843	-
Sefton Libraries Live	30,000	-	-
Library Improvement – Tech Rooms	73,857	-	-
Neighbourhoods Projects	80,886	-	-
Corporate Resources			
Council Wide Essential Maintenance	1,785,785	-	-
Sustainable Warmth Schemes	760,092	-	-
ICT Transformation	73,812	-	-
Economic Growth & Housing			
Cambridge Road Centre Redevelopment	57,069	-	-
Crosby Lakeside Redevelopment	707,154	-	-
Strategic Acquisitions – Ainsdale	39,880	836,423	-
Marine Lake Events Centre	15,483,014	37,792,340	14,517,367
The Strand – Maintenance and Improvements	40,000	375,000	75,000
Enterprise Arcade	1,239,692	387,077	-

Agenda Item 8

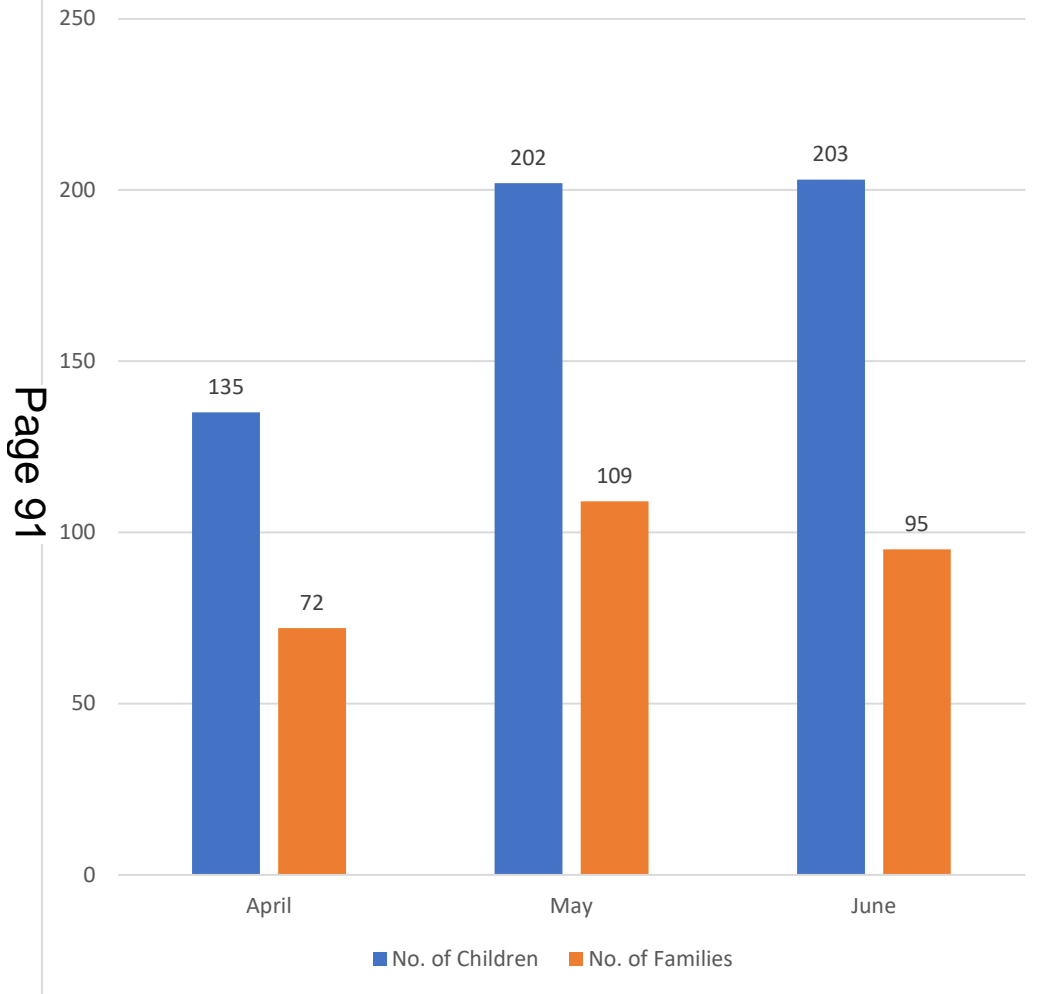
	2023/24 £	2024/25 £	2025/26 £
Transformations de Southport	1,425,000	1,075,000	-
Bootle Canal Side Business Plan	470,392	-	-
The Strand – Repurposing Programme	680,000	-	-
Housing Investment	-	33,960	-
Social Housing Allocations Scheme	13,590	-	-
Brownfield Fund for Housing Development	1,082,336	-	-
Southport Pier	3,040,588	107,679	-
Education Excellence			
General Planned Maintenance	245,605	30,249	-
Schools Programme	3,070,170	4,853,883	-
Sporting Betterment of Schools	1,583,215	-	-
Special Educational Needs & Disabilities	4,002,706	590,000	-
Highways and Public Protection			
Highways Programme	6,146,662	1,411,500	322,000
Highway Maintenance	3,700,000	-	-
LED Street Lighting Upgrade	3,605,580	3,662,630	-
Millers Bridge	2,000,000	-	-
Transport Growth Programme	-	1,268,620	-
Operational In-House Services			
Coastal Erosion and Flood Risk Management	1,285,195	1,916,883	898,000
Countryside Stewardship	11,659	-	-
Crosby Marine Lake Improvements	10,803	-	-
Parks Schemes	64,409	833,569	-
Tree Planting Programme	108,885	19,769	-
Golf Driving Range Developments	2,197	280,280	-
Ainsdale Coastal Gateway	-	866,175	-
Green Sefton – Vehicles, Plant & Machinery	149,487	-	-
Refuse Collection & Recycling	-	345,000	-
Vehicle Replacement Programme	1,779,494	-	-
Total Programme	64,105,511	58,986,471	17,659,367

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Q1 April to June 2023

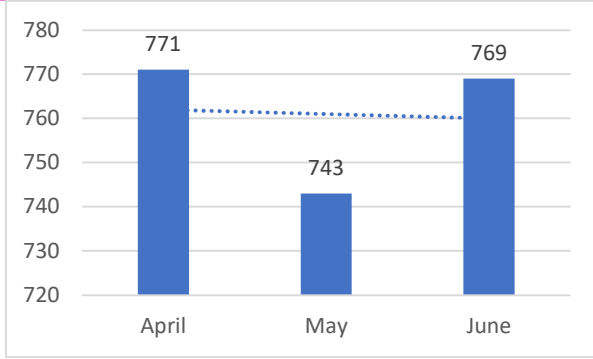
Children & Young People - Improving outcomes for children and their families

Early Help (EH) cases held & EH case closed with positive outcomes achieved



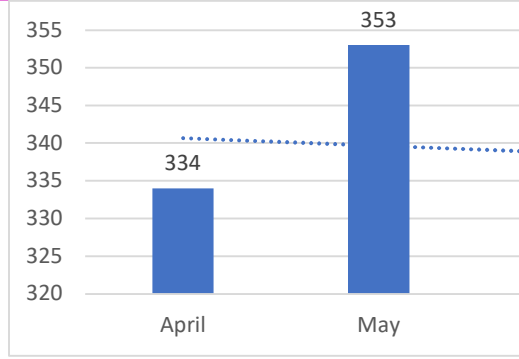
Early Help is a partnership approach to supporting children and families as soon as the need for help is identified. Based upon information gained through an assessment process, the right professionals work with the children and families to improve outcomes. Plans are put in place and reviewed regularly to ensure progress is measured and improvements stay on track. Families also benefit from signposting, advice and guidance through various community and voluntary services that provide a comprehensive offer. The number of referrals and caseloads fluctuate, and new children and families are received daily. Support plans are kept open until the identified needs are met and as such the service will always show as having open cases.

Number of Children on a Children In Need Plan



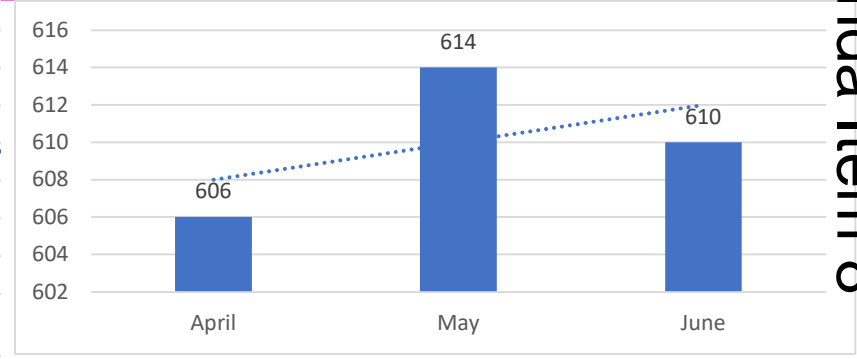
There are no direct performance comparators with other Local Authorities as the number of children in need with a plan is not published nationally or regionally. However, despite the trend showing a slight decline in the number of children in need (0-7yrs) with a child in need plan, the number is significant with consideration to caseloads and resources. A child in need is one who has been assessed by Children's Social Care as being in need of services, including family support, leaving care support, adoption support or disabled children's services. Typically, we would compare the rate of children in need with other LAs at a national and regional level. The rate of children in need per 10,000 children aged 0-17yrs in Sefton is 495. Using the most recent comparative data, the rate in 2022 was 494/10,000, which was above the national rate of 321/10,000 and the statistical neighbour rate of 334/10,000. The rate of children in need aged 0-17 in Sefton has been above the national rate since 2016, but despite a peak of 920 in April 2022, the numbers show a downward trend over the last three months.

Number of Children on a Child Protection Plan



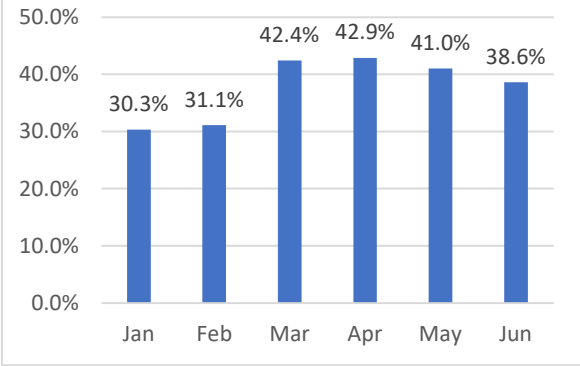
At the end of June 2023 there were 332 children who are the subject to a Child Protection Plan, which represents a rate of 61.4/10,000 children aged 0-17yrs in Sefton. Using the most recent comparative RIG data, the rate of children aged 0-17 on a Child Protection Plan in Sefton at the end Q4 (March 2023) was 63/10,000, compared with the Northwest rate of 48.2/10,000. Since 2013 the rate of children who are the subject of a child protection plan in Sefton has been marginally above the national comparable rate, but below the rates seen across statistical neighbours and LA's in the Northwest, and despite a slight increase in Jan 2023, the numbers continue to show a downward trend over the last three months.

Open Episodes of Cared for Children

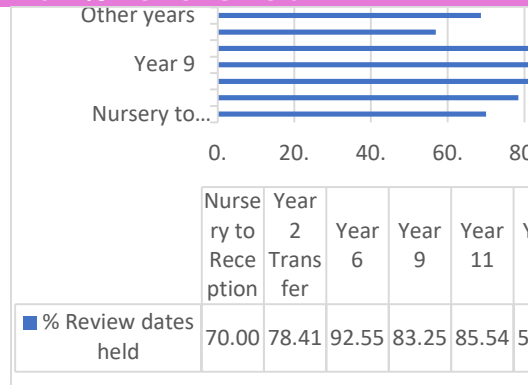


There are currently 624 cared for children (CLA) with an open episode of care, which represents a rate of 115.4/10,000. Using the most recent comparative RIG data, the rate of children looked after in Sefton at the end Q4 (March 2023) was 116/10,000 aged under 18yrs, compared with the Northwest rate of 97.8/10,000. Between 2013 and 2023 the rate of children cared for in Sefton has been broadly consistent with the rates seen across the Northwest and statistical neighbours, but above the national rate. However, since 2020, the rate of children cared for in Sefton has been above the Northwest and statistical neighbours and significantly above the national rate. At the end of financial year 2022/3 Sefton's rate of cared for children was 115/10,000 children under 18yrs, compared with 97/10,000 in the Northwest, 91/10,000 across statistical neighbours and 70/10,000 across England. Whilst actual numbers have fluctuated slightly over recent months, the trend is still showing a slight increase over the last three-month period, which represents a sustained demand on Council services and resources.

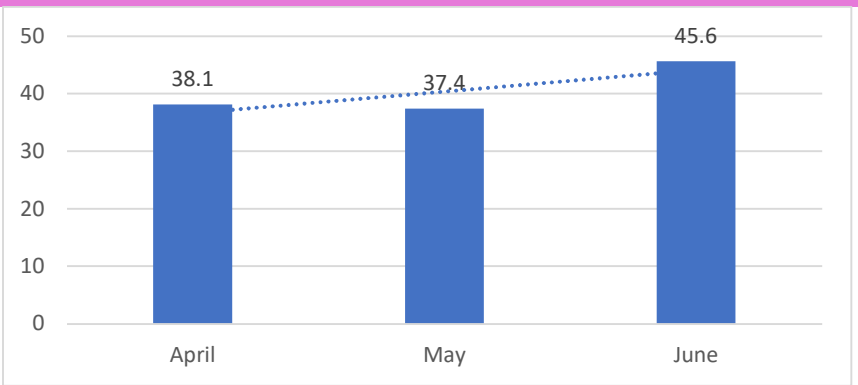
SEND Education, Health & Care Plan % Plans completed in 20 weeks



SEND Education, Health & Care Plan % Reviews Held



% of Care Experienced Young People In Education



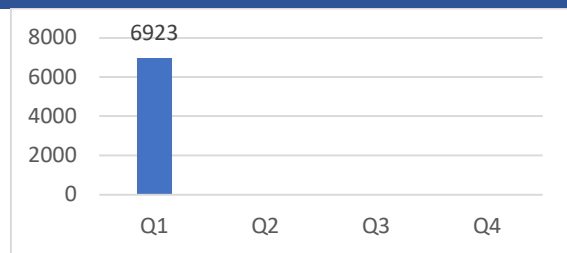
An education, health and care (EHC) plan is for children and young people aged up to 25 who need additional support from education, health and/or social care. Local authorities have 20 weeks from the date they receive the request for the assessment to give a family the final EHC plan. Performance on this is reported to government for a calendar year period. A review of a child's or young person's EHC plan checks their progress. A plan is in place to improve performance in this area, with additional programme management capacity in place. Immediate actions include –

- Improve Social Care advice into EHCP – all outstanding assessments to be completed in next 6 weeks.
- Improving the Local Offer – a review has commenced.
- Implementation of system changes by the end of September which will improve case management and progress tracking.
- Barnardo's have been commissioned to deliver the SENDIASS service from November 2023.

The percentage of care leavers (cared experienced) aged 19-21yrs who are in Education, Employment, or Training is 46.8%. This performance is slightly below the 2022 performance average of 48%, and behind the Northwest and National averages of 52% and 55% respectively. However, the increasing performance trend is positive.

Health & Wellbeing - Improving the health and wellbeing of everyone in Sefton and reduce inequality

Access to adult based targeted Active Sefton Services



Representative of access to:

Active Lifestyles (GP Referral and Weight Management) - a 12 week supported programme of physical activity and 6-week Weight Management Programme (Weigh Forward), which aims to provide residents who are above a healthy weight and/or suffer with/are at risk of developing Coronary Heart Disease (CHD) the opportunity to live a more active and healthy lifestyle.

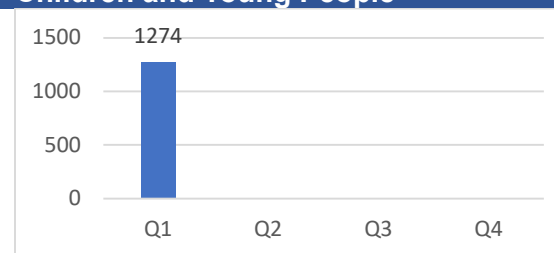
IHS Health Checks - a statutory programme delivered by the Active Lifestyles team to eligible adults aged 40-74, which is designed to detect early signs of stroke, heart and kidney disease, type II diabetes and dementia.

Active Ageing Falls Service – a 12-week strength and balance programme for residents over the age of 60 who are at risk of falling or have fallen. The service also incorporates support for social isolation and loneliness.

Active Workforce - a workplace wellbeing programme, aimed to improve the health and wellbeing of employees by breaking down all barriers leading to improved physical and mental wellbeing.

There was a reduction in access during Q1 of 172 people compared to the previous quarter, which was the result of less Active Workforce events over the winter months.

Number of children and young people supported through Children and Young People



Representative of access to:

MOVE IT (Weight Management) - a community-based weight management service for children aged 5-18 and their families, who are above their ideal weight or need help with weight maintenance.

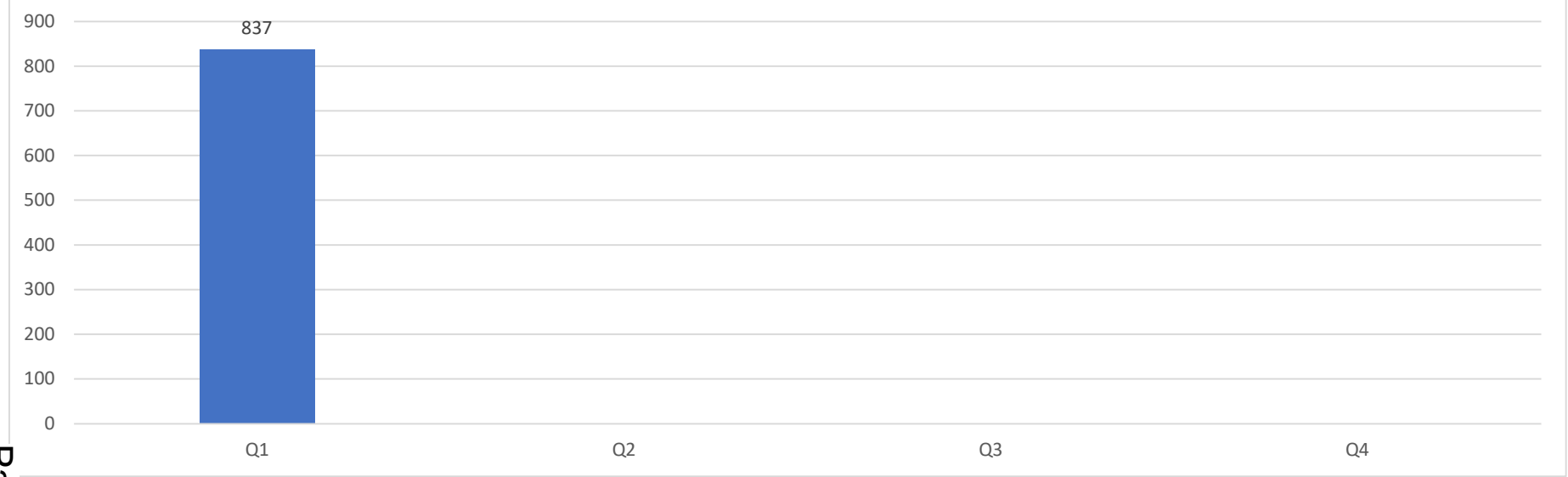
1-2-1 Programme (mental wellbeing) - a physical activity programme designed to build positive mental and physical health and wellbeing of Sefton’s young people (aged 11-19) who may need support. The project offers weekly physical activity or sport sessions using Development Officers as mentors.

Active Schools - a universal programme of support for all primary schools to be health promoting, equipping pupils and their families with the knowledge, skills, and motivation to be physically active and follow healthier eating choices.

There was a further **715** attendances through the Community delivery of Easter half-term and May half-term Be Active sessions.

There was a reduction of 1, 056 children and young people who accessed targeted and community programmes during Q1 as a result of a reduction in the Active Schools Programme due to i) 3 weeks of school holidays and ii) a staff vacancy within the Active Schools Team, which has since been filled.

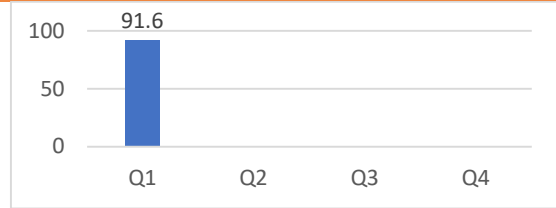
Public Protection Inspect Public Protection Inspections Undertaken



The Public Protection service undertakes a range of Food Safety, Health and Safety, Pollution Control, Trading Standards and Licensing inspections. These inspections enable us to monitor businesses, provide them with advice and guidance on legal requirements, and to take enforcement action when necessary. The Inspection programmes are an important activity for maintaining standards and ensuring that people are protected from harm and protect good businesses from unfair competition by those who try to cut corners with compliance.

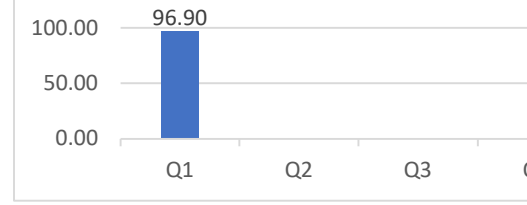
Adult Social Care - Empowering people to live an independent life, exercise choice and control, and be fully informed

Proportion of older people 65 and over who were still at home 91 days after discharge from hospital into reablement/rehabilitation services effectiveness of the service (2B1) (%)



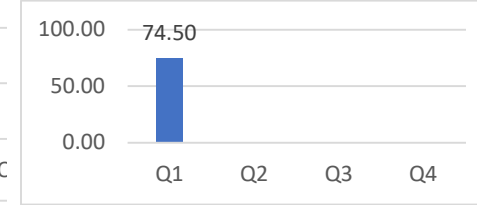
The Adult Social Care Outcomes Framework (ASCOF) measures nationally how well care and support services achieve the outcomes that matter most to most people. The three metrics included for Adult Social Care are part of the ASCOF. Supporting people to return home and regain their independence after a period in hospital is a key area of work for Adult Social Care. Upon leaving hospital individuals are supported at home receiving reablement and rehabilitation services who help people get back to their optimum so they can regain their confidence and independence. Sefton continues to perform well in in this area. The proportion of clients aged over 65 who are still at home 91 days after hospital discharge into reablement stood at nearly 92% at the end of Q1, is 12 percentage points higher than the rate at the end of Q4 22/23. The Council has now moved to the top quartiles both nationally and in the North West for this measure. Capacity within this area does however remain challenging.

Proportion of Adult Social Care Safeguarding Enquiries concluded where people's preferred stated outcomes were fully or partially met (%)



Adult Social Care has a responsibility to safeguard vulnerable people who have care and support needs. Making Safeguarding Personal (MSP) is a national initiative' aiming to encourage an outcome focused and a person-centred approach in safeguarding work. We ask those involved in a safeguarding episode what their preferred outcome would be, MSP indicates the percentage of people who had their preferred outcome fully or partially met. Whilst specific circumstances may mean that it is not always possible for an individuals desired outcomes to be achieved this is a key aspect of our safeguarding work. In Q1, the proportion of safeguarding enquiries where the preferred outcome has been fully or partially met, stood at nearly 97%. A thematic audit of safeguarding cases is planned for Q2 as part of ongoing quality monitoring.

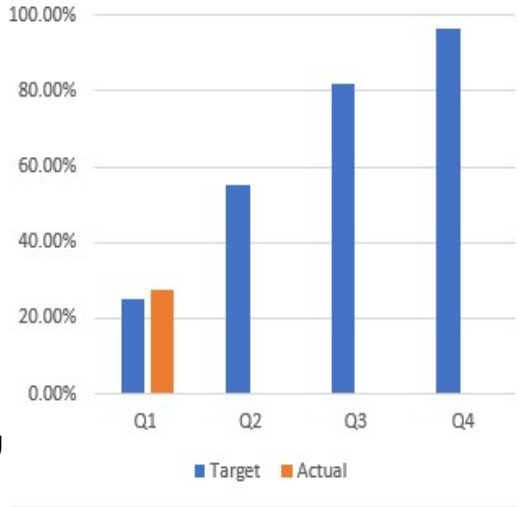
Proportion of people whose initial service was short term who did not go on to long term services (%)



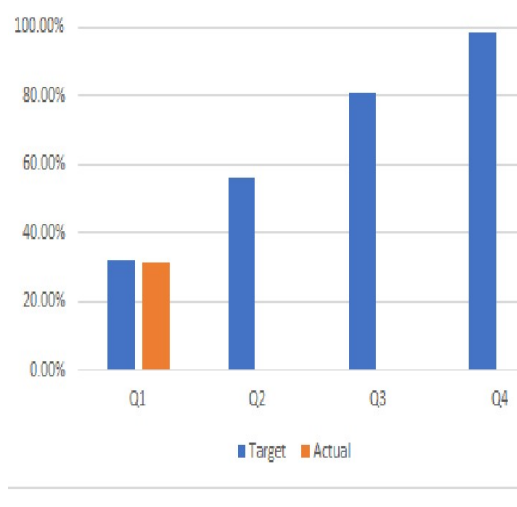
Where ever possible Adult Social Care aim to support people to be as independent as possible, living at home and having strong links with their communities. Whilst it is recognised that some people may well need long term services, this measure specifically shows the proportion of people whose short-term service resulted in a reduced, or no ongoing, need for support. A key responsibility of Adult Social care is to ensure early help and intervention helping people to delay the need for long term services.

Working for Our Communities Every Day - Working together to deliver affordable services which achieve the best possible outcomes for our communities

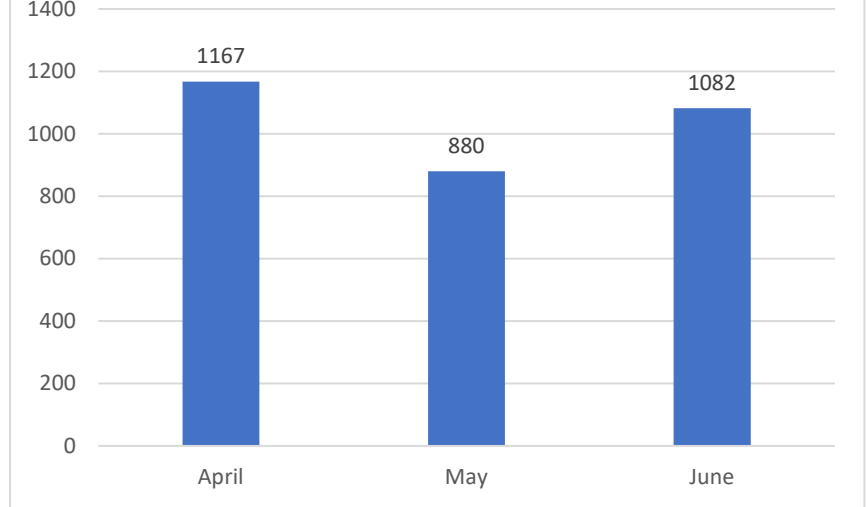
Council Tax Collection Rates %



Business Rates Collection Rates %



Number of Emergency Limited Assistance Claims

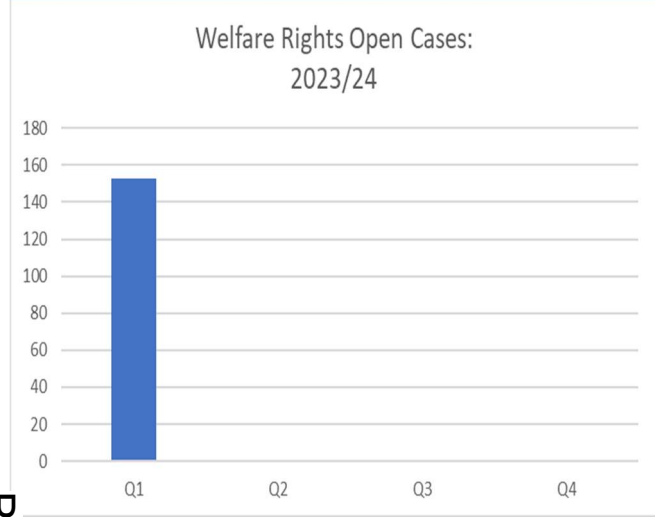


Page 97

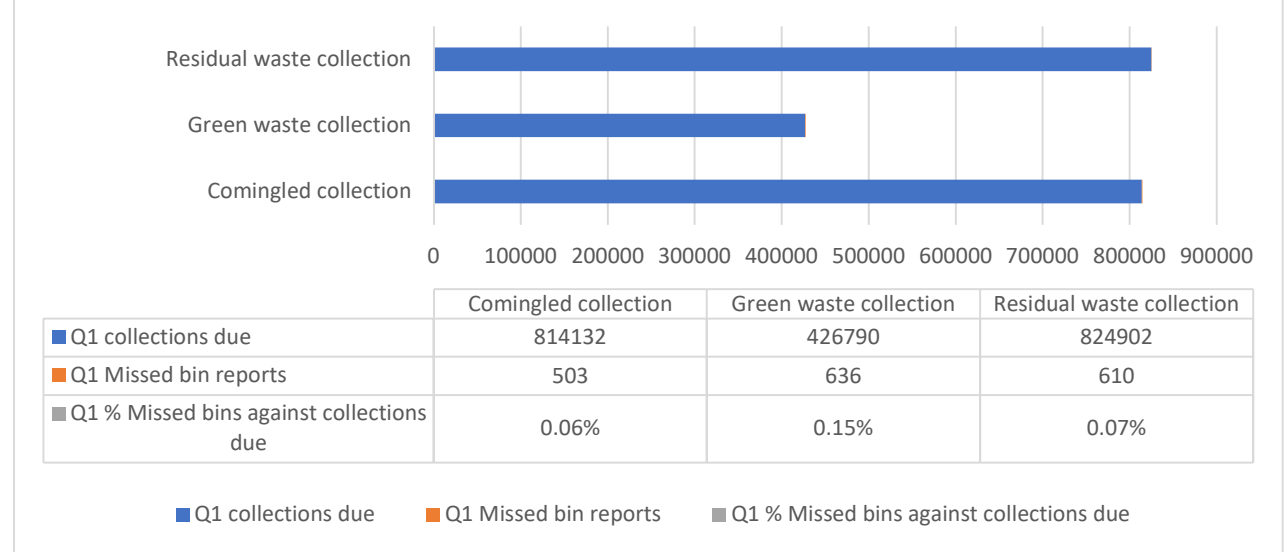
Council Tax and Business Rates collection, which is so critical to the Council, has started well in the first 3 months of the financial year. This builds on the position that was experienced in 2022/23 when despite the cost of living crisis, collection rates were maintained at budgeted for levels.

Sefton's Emergency Limited Assistance Scheme (ELAS) is available to support local people. This is for those experiencing severe hardship, a disaster or emergency. The number of ELAS claims continues to be high and this is prioritised across the service-monthly reports are provided to members and in the current economic climate the number of enquiries and rate of expenditure is forecast to continue through the year.

Welfare Rights Open Cases



Bins Collected



Page 98

To ensure that people claim their full entitlement Sefton Council provide a Welfare Rights Team consisting of a number of expert advisers. The team can provide advice and guidance for people who live or work in Sefton across the entire range of Welfare Benefits. Welfare Rights also provide advice sessions and offer appointments to help with the following:

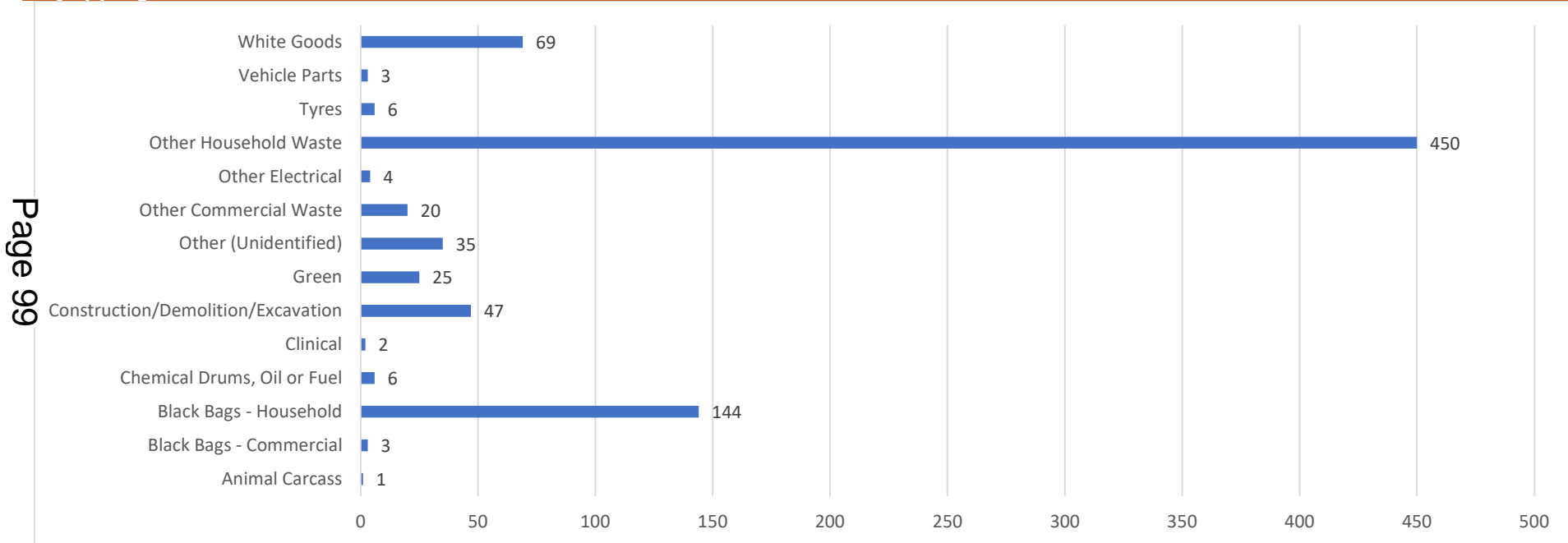
- Advice on claiming appropriate benefits.
- Help to complete benefit claim forms.
- Assistance to challenge Benefit decisions, including tribunal representation where appropriate.

The Waste Management Service continue to deliver a high-quality service provision for the collection of all waste streams from residential properties. Whilst the number of missed bins is very low, there is always room for improvement from both staff in their vigilance of collections and residents in ensuring waste is presented correctly. Additionally, it is essential that comingled bins contain the correct recyclable items to prevent contamination once the load reaches the transfer station for onward sorting.

- Advice regarding back to work benefits and better off calculations.

Welfare Rights received 723 contacts through the advice line in Q1 which is a 1 % decrease from Q4 and have worked on 153 open cases.

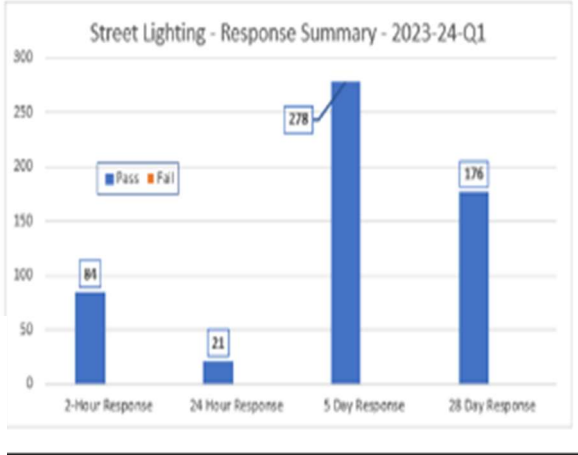
Flytipping



Fly tipping is defined as "the illegal deposit of any waste onto land that does not have a licence to accept it" as defined by the Keep Britain Tidy Group. Within Sefton, fly tipping continues to be an on-going issue and a blight on the Borough. The Council offer a Bulky Household Waste Collection Service at a competitive rate for residents to utilise for the correct disposal of household waste. Members of the public can report incidents of fly tipping via the Council's website at <https://www.sefton.gov.uk/bins-and-recycling/bins-and-recycling/litter-and-fly-tipping/fly-tipping/> Further education is required to assist members of the public to act correctly when disposing of waste. Fly tipping is a national problem and the government publish data regarding the volume of fly tipping incidents. Latest figures are available at [Fly-tipping statistics for England, 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/fly-tipping-statistics-for-england-2021-to-2022)

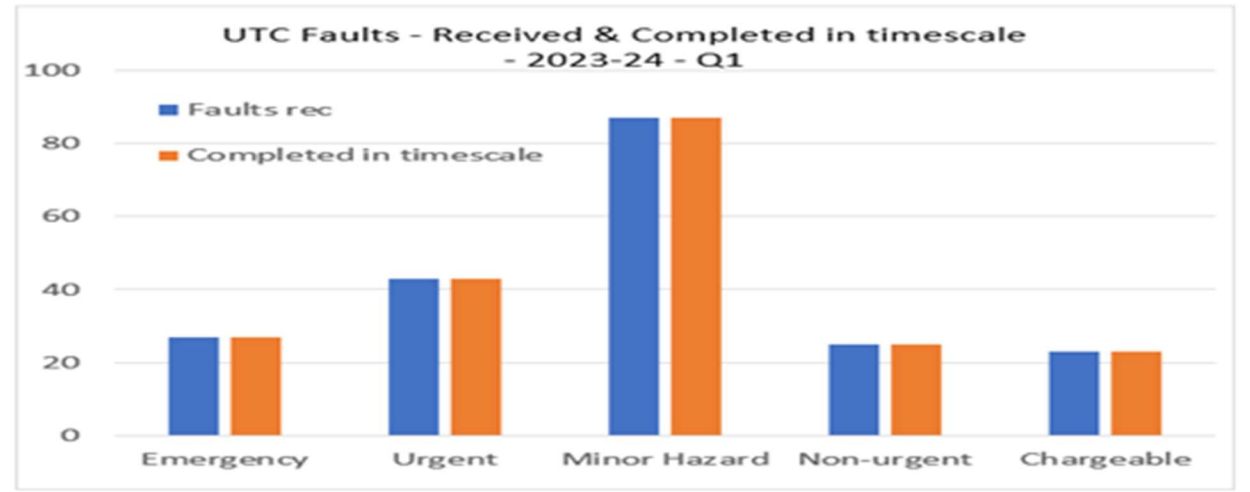
Street Lighting – response to notified faults

	Q1 Pass	Q1 Fail
2-Hour Response	84	0
24 Hour Response	21	0
5 Day Response	278	0
28 Day Response	176	0



Urban Traffic Control – response to notified faults

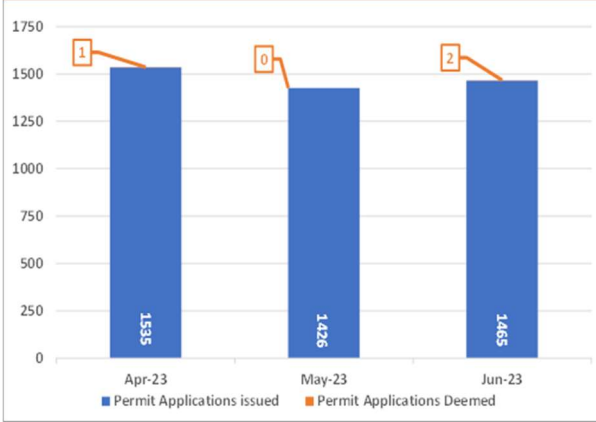
	Q1 Faults	Q1 Comp in Time
Emergency	27	27
Urgent	43	43
Minor Hazard	87	87
Non-urgent	25	25
Chargeable	23	23



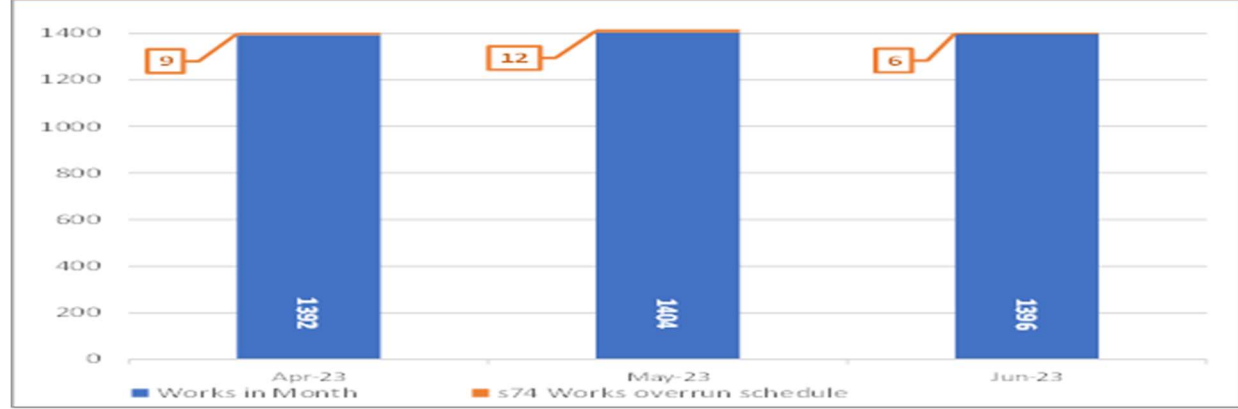
The Council has approximately 37,000 streetlights on its highways and recognises the importance of keeping them working well. When we are notified of faults, we assess the urgency of repair (e.g., 2-hours; 24 hours, 5 days etc.) allocate a target time for repair and pass it on to our appointed Contractor. We then monitor their performance against the targets. The contract includes financial penalties that can be applied if they fail to meet the required level of performance.

Urban Traffic Control (UTC) refers to our connected network of Traffic Lights and signal-controlled pedestrian crossings. Keeping these working well is essential for keeping people safe and the highway network flowing. When we are notified of faults, we assess the urgency of repair (e.g., emergency; urgent; minor hazard etc.) allocate a target time for repair and pass it on to our appointed Contractor. We then monitor their performance against the targets. The contract includes financial penalties that can be applied if they fail to meet the required level of performance.

Network Management Permit Approvals



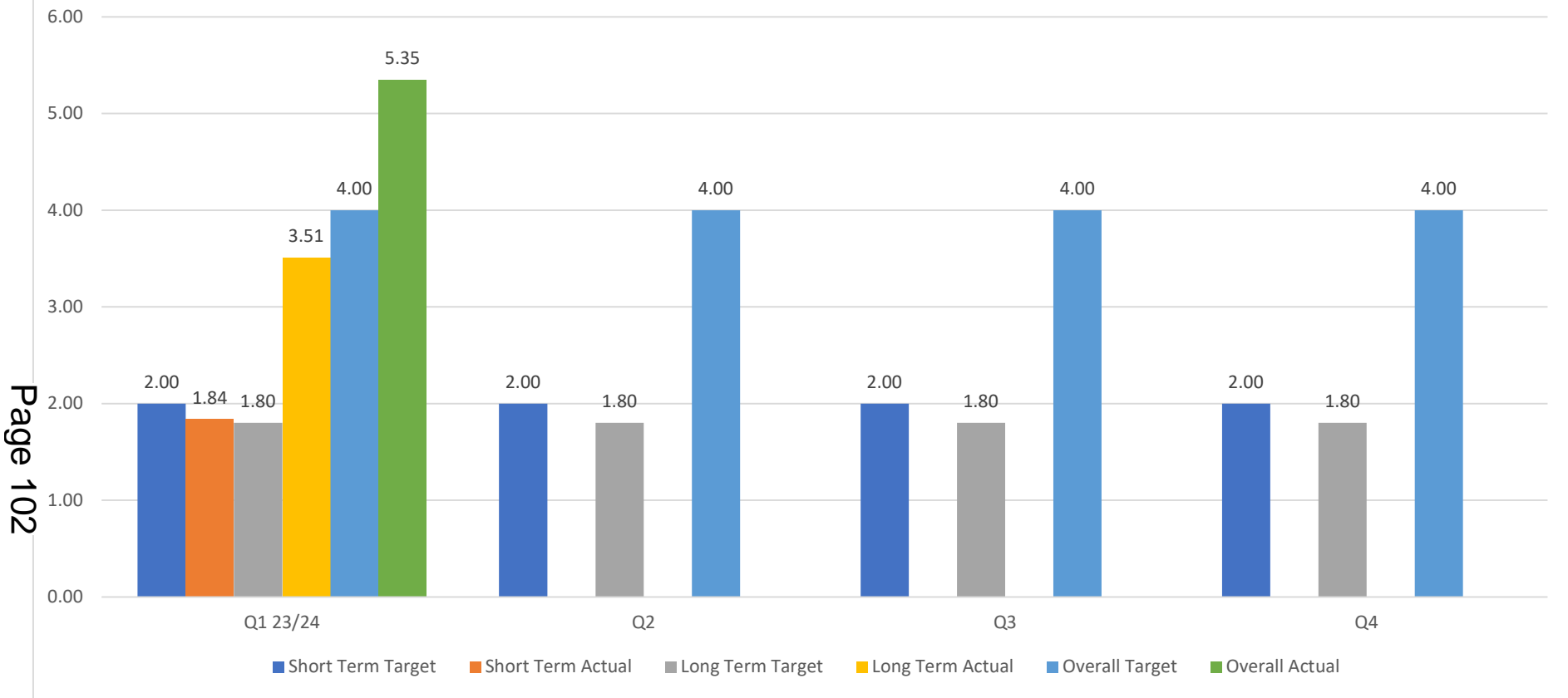
Network Management Permit Overruns



Minimising disruption caused by works on the highway is important for managing the network and keeping traffic moving. For this reason, anyone wishing to excavate part of the highway requires permission and a permit for the work. We have a set time to deal with requests (the time period differs depending upon the length of time the works will take) and either accept, challenge or amend the permit requested. If we do not deal with these requests in time, the permission is automatically granted (a Deemed Permit). This data shows how effectively we manage this important function. The Deemed Permits will also include requests we receive for roads that are not our responsibility.

Anyone wishing to excavate part of the highway requires permission and a permit for the work. When we issue a permit, it allows a set time to complete the works and remove the obstruction. We monitor compliance with the permits and charge companies if they overrun the time allowed. This helps to minimise disruption and ensure that the works are dealt with efficiently.

% Sickness Absence



The Council continues to monitor sickness absence and work with employees to ensure a healthy return to work.

Inclusive Growth - Creating more and better jobs for local people

Planning

Performance indicator	National and Local Targets	Q1	
P1	63% of major applications to be determined within 13 weeks (National target 60%)	85%	Performance well exceeds national targets and also our own more demanding local targets
P6	Maximum of 10% of Council's decision making on major applications by appeal over a 2-year period + 9 months (National target)	5.56%	Performance is within tolerance of national target

Business Growth & Investment (InvestSefton)

Indicator	Government Target	Local Target description	Target	Actual 2022/23	Forecast 2023-24	Comments
B2	No Government Target	No of businesses contacting Invest Sefton for Information, Advice & Guidance-Triage system (Phone/email/website)	250	335	340	InvestSefton exceeded targets with increased businesses looking for support to trade out of recession
B3	UKSPF	No of businesses receiving 1:1 support (face to face/diagnostic /action plan)	90	137	140	InvestSefton Advisers exceeded targets set under EU programmes-an increase of businesses ere looking for intensive face to face support

Employment & Learning					
Indicator	Local Target	Target 2022/23	Actual 2022/23	Forecast 2023/24	
E4 Adult Learning	% retention across all Adult Community Learning Courses	90.0%	97.7%	91.0%	Retention in learning is a key indicator of teaching quality and the satisfaction experienced by learners who have choice as adults about where and what they learn. The achievement of a high retention rate within the Adult Community Learning service indicates that the curriculum is attuned to the needs of the local labour market and the requirements of learners in the community who may be low skilled and wishing to acquire marketable skills for employment progression. Retention is also a key feature monitored and evaluated by Ofsted.
E6 Sefton@work	% of vulnerable people referred into the service from a third party receive targeted support, including subsidised placements	70.0%	80.1%	72.0%	This measure represents the high degree of integration/collaboration between Sefton@work with other partners/stakeholders close to the most vulnerable groups within our community. It also indicates a high conversion rate of moving people who may have multiple, complex barriers into appropriate support interventions that improve their employability. Subsidised placements with employers are tried and tested methods for workless people to gain real experience in a workplace setting.
E10 Not In Education Employment or Training	Remain in the best performing quartile for 16-18 Not Known when compared to Liverpool City Region and National Statistical Neighbours.	Yes	Yes	Yes	This measure indicates our intention to maintain recent performance on 16-18 NEET levels in line with other LAs with similar features to Sefton. The data on NEETs is uploaded monthly into a national government portal, meeting rigorous data quality standards.

Tourism					
Indicator	Government Target	Local Target	Target 2022/23	Actual 2022/23	
T2	A swift recovery back to 2019 levels of tourism volume and visitor expenditure	Increase Visitor Economy economic impact by 2.5% year on year,	£440m		Actual Annual figures will be for next report.
T3	A swift recovery back to 2019 levels of tourism volume and visitor expenditure	Increase Visitor Economy total employment by 2% year on year,	4795		

Housing				
Indicator Reference		Target per Quarter	Actual Q1	Comments
H1	Number of Landlord Licences Issued	160	227	Landlord licencing shows good performance in the first quarter of the new 5 year scheme. Monitoring of licencing and outcomes continues through a range of Key Performance Indicators.
H4	Number of actions taken against owners of vacant homes	15	25	Ongoing action is key to address empty homes in the borough. Q1 performance shows a good level of engagement in line with the empty homes strategy.

Regeneration				
Indicator Reference		Target per Quarter	Actual Q1	Comments
R1	100% of expenditure verified for projects which are externally funded.	100%	100%	SIF & UKSPF expenditure verified through Agresso.
R3	Funding Claims submitted completed and submitted on time to Audit	90%	90%	SIF & UKSPF funding claims for quarter completed and submitted.

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Agenda Item 9

Report to:	Cabinet Council	Date of Meeting:	7 September 2023 14 September 2023
Subject:	Financial Management 2023/24 to 2026/27 – Medium Term Financial Plan 2024/25 to 2026/27		
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** and **Council** of: -

1. The update to the Medium-Term Financial Plan (MTFP) for 2024/25 to 2026/27 taking account of all currently available information.
2. To provide an update on other areas that informs financial decision making including the Council's reserves position, its growth programme, its position on its wholly owned council companies and the High Needs budget as these are all interlinked with the MTFP.

Recommendation(s):

Cabinet is recommended to: -

- 1) Note the updated Medium-Term Financial Plan for 2024/25 to 2026/27 and any assumptions made.

Council is recommended to: -

- 1) Approve the updated Medium-Term Financial Plan for 2024/25 to 2026/27 and any assumptions made.

Reasons for the Recommendation(s):

In March 2023 Council approved a one-year budget plan for 2023/24. As part of this report, an indicative budget gap of £18.5m for 2024/25 to 2025/26 was reported, before any decisions on the level of Council Tax. The MTFP for this period has subsequently been updated to reflect the latest information available and to reflect the ongoing service pressures the Council is facing. The MTFP period has also been extended by a further

Agenda Item 9

year to 2026/27. In approving the recommendation laid out in this report, the Council will continue to ensure resources are well managed and reflect the key priorities of the residents of Sefton.

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

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

The report indicates that a total budget gap of **£44.245m** is currently forecast for the period 2024/25 to 2026/27, prior to decisions about Council Tax and any further budget savings being made. However, there is considerable uncertainty around some of the assumptions made, particularly around government funding in 2025/26 and 2026/27.

(B) Capital Costs

None

Implications of the Proposals:

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

Resource Implications (Financial, IT, Staffing and Assets): None	
Legal Implications: None	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: Yes The report highlights the additional resources included within the Medium-Term Financial Plan relating to services provided for Children and Young People.	
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
The allocations of capital funding outlined in section 7 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 7345/23)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5545/23).

(B) External Consultations

N/A

Implementation Date for the Decision

Following the expiry of the “call-in” period for Minutes of the Cabinet Meeting and immediately following Council.

Agenda Item 9

Contact Officer:	Stephan Van Arendsen
Telephone Number:	Tel: 0151 934 4082
Email Address:	Stephan.VanArendsen@sefton.gov.uk

Appendices:

There are no appendices to this report.

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 The Medium-Term Financial Plan (MTFP) is presented to Members each year with a view to outlining the strategic approach that the Council will take to managing its financial matters. As with previous years, this plan will need to take account of the significant change that is being experienced within Local Government both in terms of the manner and level of funding that is made available to councils and also the roles and responsibilities that it is required to fulfil.
- 1.2 As such this report sets out the specific financial challenges facing the Council over the next three years and how it plans to meet these. The approach to setting the Council's three-year revenue budget for the period 2024/25 -2026/27 and all other key financial issues that require consideration are also set out in the report.
- 1.3 There has been great uncertainty and change in the last 12 months with regard to the Central government funding that would be made available to local government and the financial parameters that councils should work within. The local government finance settlement for 2023/24 provided a good indication of funding that will be made available for 2024/25 and although there is risk around some of the assumptions, that is much less than in previous years. Beyond that point there is little information available to support financial planning, but it is critical that the Council makes estimates of the position that it could be in and develops a three-year budget package that can be updated as it progresses. During this period, a general election will be held and naturally the outcome of this will inform not only the financial resources available to the Council but will also define its roles, responsibilities and policies that are to be followed. As with previous years the full detail of the Local Government Finance Settlement for 2024/25 is expected at council level just before Christmas 2023.
- 1.4 A MTFP update for future years was included within the Budget report at March 2023 and this report provides Members with the latest information available to support 2024-25 to 2026-27 budget planning.

2. Approach to Budget Planning and Financial Sustainability

Financial Management Context

- 2.1 The Council has effective financial management arrangements which has enabled the delivery of significant savings over the last 13 years that has enabled the Council to set robust, deliverable and sustainable budgets while delivering priority services. Financial sustainability has been at the heart of this approach and this needs to continue over this three-year budget cycle.
- 2.2 In this approach the Council needs to be cognisant that the complexity and range of issues that it will need to address is becoming ever wider. In addition to the normal General Fund Budget setting, it is critical that there is a full financial understanding that informs decision making of the Council's reserves position, its growth programme, its position on its wholly owned council companies and the High Needs budget as these are all interlinked.

Agenda Item 9



- 2.3 In 2023/24 the Council continues to face significant challenges driven by the conditions in the national economy, especially high levels of inflation and the continued pressure within the demand led budgets of Adult Social Care and Children’s Services including social care and home to school transport. These are being managed at the same time as an agreed savings programme is being delivered in the wider Council. The first budget monitoring report for 2023/24, considered these in detail with Children’s Services and the impact of pay inflation again being prominent and key pressures during the year.
- 2.4 The challenges facing the Council over the coming three years are likely to be equally as significant. There is no indication that the Council will be in receipt of substantially more funding over this period and the demand for services is likely to increase. At present over 70% of the Council’s revenue budget is allocated to Adults and Children’s Services plus Home to School Transport. This means there is less than 30% of the budget for all remaining services. At a time of increased demand led growth it is essential that a three-year budget strategy is developed in order to support not only financial sustainability but also these services who for a number of years have had no growth in budget size, have contributed significant savings and at times worked within a vacancy freeze in order to support short term savings. This context as stated is critical for both budget planning but also service delivery and the delivery of the Corporate Plan.
- 2.5 The next three-year budget planning cycle will also take place at the same time as the Council’s Children’s Service Improvement Plan is delivered - this is the priority for the Council. As Members will be aware, a recommendation in the Commissioner’s report was that the MTFP should be aligned with that Improvement Plan for a period of five years. That process was conducted and reflected in the budget report of March 2023, and this will again be a key feature of this MTFP. Substantial ongoing work is continuing on this budget, with the Chief Executive, s151 officer and Director of Children’s Services working collaboratively on the management of the in-year position and longer-term budget plan. This service is now showing signs of stability in terms of financial management with the Council

understanding the key cost drivers of each aspect within the service. These will be developed over the course of this budget planning process and will continue to be aligned to the Improvement Plan and the view of the service around future demand in order to inform the three-year budget plan. This will in turn inform budget allocation, budget realignment in the service as required and how this will influence other budgets across the Council and longer-term investment opportunities.

- 2.6 The sections that follow in this report will therefore set out the national challenges facing all councils, the Council's forecast position and the steps taken to set a budget for the next three years.

Local Government Financial Environment

- 2.7 This Medium-Term Financial Plan sits against a continued backdrop of financial uncertainty and challenge for local authorities. The Local Government Financial Settlement for 2023/24 provided a degree of certainty to support financial planning for 2024/25 but as would be expected in light of current economic conditions and the forthcoming general election there is little information available to inform decision making beyond that point.

- 2.8 Whilst the funding that will be made available from central government remains difficult to forecast the financial environment the Council operates within is at present equally difficult to navigate is extremely volatile. This is reflected in:

- Significant inflationary pressures. The UK is currently experiencing higher than average inflation levels. The Consumer Price Index (CPI) is currently at 6.8%, and the Retail Price Index (RPI) is at 9.0% (although the rates were around 10% and 13% respectively for most of 2022/23). This is directly impacting on the costs of providing services and capital investment of all councils as well as having an impact on the wider economy and the cost of living for residents.
- Continued cost pressures relating to Adult Social Care and Children's Services including Social Care. The demand for, and cost of, social care and home to school transport continues to increase across both adults and children.
- The longer-term impacts of Covid-19 and the financial impacts of economic recovery including the role of councils in supporting the recovery process.
- The long-awaited Review of Relative Needs and Resources (formerly the Fair Funding Review) was due to review and reset councils' funding baselines according to local need. It has been delayed for several years by Central Government and had been expected to be the subject of consultation in Spring 2022 but there has been no progress and it is now unlikely that there will any change in this three-year budget planning period.
- As part of the Review of Relative Needs and Resources the Council would expect the Business Rates Retention gains the Council has made since the last reset would be lost. In addition, as part of the Liverpool City Region 100% Business Rates Pilot Agreement the Council has retained a 99% share of growth in Business Rates since April 2017. It is unclear what will happen to Business Rates Pilot schemes if the Review does not go ahead.
- The level at which the Council Tax referendum limit will be set over this financial planning period was confirmed in 2022. The policy is that council tax can increase by 2.99% per annum and a further 2% can be levied for Adult Social Care each year. This will be reflected in the Spending Power calculation for each council. There is uncertainty however as to whether this policy will continue after the next general election.

Agenda Item 9

- Health Integration – This integration is intended to bring together key functions such as social care, mental health services and public health advice, to deliver ‘joined up care’ for its local population, improve people's health & wellbeing and reduce health inequalities.

2.9 The level of uncertainty nationally makes planning ahead for the medium-term very difficult and makes it one of the most difficult years to be setting a budget. As such it is important that councils ensure they are appropriately prepared for a range of outcomes.

The Sefton Approach

2.10 As previously mentioned, the Council has over the last 13 years had a commitment to making all key decisions that would deliver financial sustainability. This is becoming increasingly difficult to maintain and the range of issues and functions that need to be considered and addressed continues to increase. This was also compounded by the unprecedented issues within the Children’s Services budget in 2022/23.

2.11 The Budget Report approved in March 2023 set out an estimated net funding gap over the period 2024/25 to 2025/26 of £18.535m, excluding any potential increases in Council Tax. In developing this Medium-Term Financial Strategy, the Council has sought to update this overall financial position based upon the latest information available. Central to this exercise has been a review of all assumptions underpinning the funding shortfall including all funding streams, both centrally allocated and locally generated, and all inflationary and demand led cost pressures.

2.12 As with any financial forecast the assumptions contained within it will be continually updated as additional information becomes available or assumptions are confirmed. Particular consideration must be given to the impact on future year budget requirements of demand increases, the pressures emerging in year linked to inflation and the delivery of savings. Members will be informed at regular intervals of the budget setting process as to the impact of any of these changes.

2.13 Some of the areas that will be the subject of continued review during this period will include the financial impact arising from:

- Inflation, including the impact of workforce shortages in some areas on pay levels.
- Pay awards.
- Level of contingencies required.
- Use of reserves.
- Capital financing.
- Trading position of Council companies.
- Demand led pressures relating to Adult Social Care and Children’s Social Care; and
- Impact of regeneration and other Council sponsored major developments.

2.14 Taking into account the latest available information relating to funding, and having considered and refreshed all other planning assumptions, the estimated overall gross funding gap facing the Council over the next three years is in the region of £44m (excluding any potential increases in Council Tax). This is summarised in the following table:

Agenda Item 9

Table 1: overall funding shortfall over MTFP period 2024/25 to 2026/27

	2024/25	2025/26	2026/27
	£'m	£'m	£'m
Investment:			
CSC – Accommodation Costs	2.000	2.000	2.000
CSC – Additional Legal Support	0.150	0.000	0.000
ASC – from additional funding below	3.268	0.000	0.000
Home to School Transport- growth in demand	0.400	0.400	0.400
Southport Pier	0.180	0.000	0.000
Marine Lake Event Centre*	0.000	0.000	0.700
Strand redevelopment*	0.000	1.100	0.000
Crosby Village Centre*	0.000	0.000	0.410
(* Indicative net additional costs and phasing)			
Total Investment	5.998	3.500	3.510
Inflationary Pressures:			
Provisions for Pay, Contract Inflation, etc.	8.700	6.400	6.400
Assumed increase in Care Provider costs re. ASC	7.500	5.500	5.500
Assumed increase in Care Provider costs re. CSC	2.000	1.250	1.250
Assumed increase in Home to School Transport	0.500	0.300	0.300
Total Inflationary Pressures	18.700	13.450	13.450
Other MTFP Changes:			
Council Tax Base	-1.050	-0.500	-0.500
Impact of Budget Decisions in Previous Years	0.200	0.200	0.200
Impact of Budget Savings agreed March 2023	0.455	-0.800	0.000
Total Other MTFP Changes	-0.395	-1.100	-0.300
Additional Funding:			
Social Care Grant	-4.100	0.000	0.000
ASC Market Sustainability and Improvement Funding (funding investment above)	-1.798	0.000	0.000
Adult Social Care Discharge Fund (funding investment above)	-1.470	0.000	0.000
Settlement Funding Assessment / Business Rates Baseline	-2.600	-2.600	0.000
	-9.968	-2.600	0.000
Revised MTFP Funding Gap excluding Council Tax and budget savings	14.335	13.250	16.660
Total MTFP Funding Gap			44.245

2.15 It should be noted that this position assumes that no rightsizing of budgets will be required on an annual basis.

Agenda Item 9

2.16 Within this position it can be seen that there are £55m of Council wide cost pressures across the three years (excluding ASC investment funded by additional Government funding) including the following:

- Children’s Social Care – additional resources of £10.650m, including funding for inflationary pressures (£4.500m) and potential increases in demand for accommodation (£6.000m).
- Home to School Transport - additional resources of £2.300m to fund inflationary pressures (£1.100m) and potential increases in demand for the service (£1.200m).
- Adult Social Care – additional resources of £18.500m to fund the net cost of inflationary provider fee increases.
- Other Inflationary Pressures – additional resources of £21.500m relating to the additional costs of funding pay awards, pension contributions, contract inflation and levy increases.
- Growth Programme – additional resources of £2.390m to fund investment in Council assets.

2.17 The funding gap presented of £44m is **before** taking into consideration any additional locally generated income in the form of Council Tax which would be expected to raise an additional £25.2m subject to Member approval (and assuming the referendum principles from 2023/24 and 2024/25 remain in place).

2.18 A 2.99% increase in the Council Tax rate would be in line with Central Government’s national planning assumptions for 2024/25, and the figures presented include a refreshed council taxbase reflecting forecast housing growth, collection rates and the anticipated cost of the Council Tax Reduction Scheme. The resources a Council Tax increase could potentially generate, including the impact of a 2% Adult Social Care Precept is shown below:

Table 2: Potential Resources generated from Council Tax Increases 2024/25 to 2026/27

	2024/25 £'m	2025/26 £'m	2026/27 £'m	Total £'m
Core increase (2.99%)	4.800	5.040	5.280	15.120
Adult Social Care Precept (2.00%)	3.200	3.360	3.520	10.080
Total	8.000	8.400	8.800	25.200

2.19 The growth in business rates reflects an annual increase in the nationally set Multiplier which is directly linked to the Consumer Price Index. In recent years businesses have been protected from these inflationary increases and Central Government has reimbursed councils via a grant for the lost income and it is assumed that this will continue to be the case.

2.20 As stated previously, forecasts will continue to be refined as further government announcements are made and clarity received on funding streams and cost pressures.

2.21 In light of the anticipated funding gap over the MTFP period, the Council is developing strategies in order to meet the challenges faced. Given the financial

uncertainty the focus will be on developing a balanced and sustainable budget for the next three years to provide some stability to the organisation.

- 2.22 As discussed earlier in this report, the Council has a demonstrable track record in developing deliverable budget packages that facilitate the delivery of sustainable services to the residents of the Borough, and ensure effective and efficient financial management, but this is becoming increasingly challenging. As such, in approaching this budget cycle, the Council will once again require a comprehensive approach to developing a budget package as the size of the financial challenge is significant, especially when considered against the scale of reduction experienced over the last 13 years. As part of this three-year budget cycle, it will also be important that the Council can demonstrate how it continually demonstrates that it achieves value for money in the delivery of services. The use of comparative data can sometimes generate debate; however the Council will identify key themes, trends and analysis which will be used to inform budget decisions over the three-year period.
- 2.23 The scale of the financial challenge facing the Council over the next three years will require key long term policy decisions to be made at the earliest opportunity if the Council is to remain financially well managed.
- 2.24 The Council's Corporate Plan for the period 2023 to 2026 set out the Borough's key challenges, which will guide the development of the budget package to ensure it is closely aligned to these priorities. These are:
- Children & Young People - Improving outcomes for children and their families.
 - Health & Wellbeing - Improving the health and wellbeing of everyone in Sefton and reduce inequality.
 - Adult Social Care - Empowering people to live an independent life, exercise choice and control, and be fully informed.
 - Working for Our Communities Every Day - Working together to deliver affordable services which achieve the best possible outcomes for our communities.
 - Inclusive Growth - Creating more and better jobs for local people.
 - Financial Sustainability
- 2.25 The process must, as always, remain a careful balance between balancing the budget in the short term whilst still maintaining prudent financial management over the longer term.

3. **Climate Emergency**

- 3.1 As Members will be aware, the Council has declared a climate emergency with the aim of being net zero at 2030. Progress on the project has been positive to date and firm progress towards this goal has been made and is on target. Over the course of this MTFP period, the remaining activities that will deliver on this net zero aim include the replacement of fleet and decarbonisation of a number of buildings including all Leisure Centres. Decarbonisation plans are in place and the Council clearly understands what is required to meet this target, however the estimated cost of the required fleet, boilers, etc., is estimated at £30m. If borrowed this would amount to around £1.5m additional cost per annum. This figure is currently not in

Agenda Item 9

the MTFP calculations as the Council seeks to determine what grants / funding will be made available from central government. This is a key feature of this MTFP.

4. **Member Engagement in the Budget Setting Process**

4.1 In order to facilitate the development of a budget package the Council will utilise a clear budget planning process involving key officers. A series of engagement and update sessions will be held throughout the budget cycle with the outcome being reported to Cabinet Members, on a collective basis, and in advance of February 2024 Budget Council in order that a progressive and informed budget package is developed.

4.2 The final budget package is scheduled in the committee diary to be considered by Overview and Scrutiny (Regulatory, Compliance and Corporate Services) Committee on 6 February 2024, Cabinet on 8 February 2024, and Council on 29 February 2024.

5. **Public Consultation**

5.1 The Council will ensure that as a budget is developed, appropriate consultation, engagement and communication takes place on the proposals for 2024/25 to 2026/27 in the final quarter of 2023.

5.2 Feedback will be shared with members and inform the budget package put forward to be agreed by Council on 29 February 2024.

6. **Financial Resilience**

6.1 The financial resilience of councils is something that has gained a higher profile in recent years, with an increasing number of councils now facing financial difficulties. In addition to the continued uncertainty surrounding Local Government funding and the pressures facing social care services for both adults and children, the current cost of living crisis and increasing inflationary pressures, has the potential to impact further on the financial resilience of many councils.

6.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) publish a Financial Resilience Index that measures the financial resilience of councils. The latest results were announced in May 2023 based on data from financial year 2021/22.

6.3 From this work there are two key issues for the Council. Firstly, when updated for the 2023/24 budget the Council will move from a period of medium risk to one of high risk due to the high amount (in percentage terms) of its budget it spends on demand led services, e.g., Adults Social Care and Children's Services. This is considered high risk as if spending pressures increase either in this area or other areas there is little flexibility to meet this pressure. As reported earlier there is approximately 70% of the Council's budget spent in these areas and this budget cycle needs to have this as a primary consideration, not only due to this risk but also as the Council has a large number of other services it needs to provide. A further increase in the proportion of the budget allocated to these demand led areas will increase the financial risk the Council faces and compromise financial sustainability.

- 6.4 The second key issue is around the level of reserves the Council holds. The Council's Reserves Strategy aids longer-term financial stability and mitigates the potential impact of future events or developments which may cause financial difficulty. The Council has a low level of total reserves compared to other councils.
- 6.5 As detailed later in this report, the Council ensures it has sufficient resources in General Fund Balances but has a much lower level of Earmarked Reserves to fund costs that will arise as a result of existing plans and commitments compared to others. These reserves are not relied upon to fund routine Council expenditure. General Balances and Earmarked Reserves are a key measure of the financial resilience of the Council. Any use of General Fund Balances would need to be reimbursed over the medium-term planning period to ensure that the Council continues to hold a level of Balances within the risk assessed range. Further information on the current level of reserves is set out later in this report.
- 6.6 The Council closely monitors its finances with routine reports being considered by Members on a monthly basis, with quarterly reports including comprehensive performance and risk sections. Remedial action is taken whenever required to offset emerging budget pressures. All savings proposals are regularly reviewed for deliverability and are risk assessed by officers throughout the year. The Council also undertakes regular reviews of its balance sheet risks and takes appropriate action as necessary.
- 6.7 As such the Council has a very strong record of sound financial management and has continued to deliver budget savings each year throughout the last 13 years. These have ensured that it has been able to protect core service provision and remain in a strong position financially.
- 6.8 Planning ahead for the medium-term enables the Council to make strategic and well considered decisions in relation to its finances and service provision. There continues to be uncertainty about the future funding levels for the Council going forward alongside the significant impact caused by the current cost of living crisis and increased inflation and the pressure and Improvement Plan with Children's Services making this approach more important than ever.
- 6.9 The Council does not underestimate the significant challenges faced both nationally by the Local Government sector as well as locally and recognises that dealing with these challenges is becoming increasingly difficult against a backdrop of uncertainty around economic recovery and Central Government support.

7. **Capital Programme**

- 7.1 In addition to developing a revenue budget package the Council also needs a Capital Programme that continues to invest in both existing operational assets and the development of larger infrastructure projects that will enhance facilities for everyone within the Council's boundaries in addition to the Borough's economy.
- 7.2 As part of the budget package agreed in March 2023 an indicative Capital Programme for the next three years was approved and this aligned with the Council's Capital Strategy. The Council has a Growth Programme now in delivery

Agenda Item 9

that includes the Southport Town Deal programme and investment in Bootle via the government Levelling Up Programme. This total Programme will need robust financial management to ensure it remains affordable and deliverable and in particular that:

- the Capital Programme is set within Prudential borrowing limits and in line with the Council's Capital Financing Strategy as approved by Members in March 2023.
- That capital plans, funding strategies and affordability is continually reviewed as a result of the current and forecast economic issues that exist such as high inflation and supply chain issues; and
- the investment supports the delivery of the Council's corporate Plan.

7.3 In 2023/24, the Authority is planning capital expenditure of £64.106m. The table below identifies the scale of planned Capital expenditure over the medium-term.

Table 3: Estimate of Capital Expenditure over MTFP period 2024/25 to 2026/27

Capital Expenditure					
	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
	Actual	Actual	Estimate	Estimate	Estimate
TOTAL	32.536	38.705	64.106	58.986	17.659

7.4 The estimated levels of expenditure above represent those elements approved by Council and which have been included within the Capital Programme. A summary of the Council's current Capital Programme was included as part of the Council's main budget report and was published alongside the Capital Strategy document. This continues to be updated as future capital decisions are made. These updates are reported as part of the monthly budget monitoring reports presented to Cabinet.

7.5 One of the fundamental requirements and drivers to maintain and continually update the Council's Capital Strategy is the greater emphasis on locally generated income (e.g., Council Tax and Business Rates) to support local government funding. The reliance on this income to support the delivery of frontline services means that it is important that the Council, working with its partners, optimises the opportunity. As a result, development of economic growth is important in ensuring that financial sustainability for the Council is achieved, and the ambitions as set out in Vision 2030 are met.

7.6 Funding for the Capital Programme is derived from variety of sources including external grants, contributions and capital receipts.

7.7 Capital receipts are generated in accordance with the Council's approved Asset Management Strategy and Disposal policy. There are currently approximately £30m of capital receipts either received or in the pipeline of activity which are being used to support the Growth Programme.

7.8 The Southport Town Deal projects – which were approved by the Department for Levelling Up, Housing and Communities (DLUHC) – have been included within the

estimates of capital expenditure above. Southport is set to receive £37.5m in government grant funding for a range of projects across the town centre and seafront following the successful bid and the award represents one of the largest Town Deals that the government has agreed nationally and across 101 towns.

- 7.9 Additional funding of £20m for Bootle has also been provided as part of the government's Levelling Up Programme which will support the regeneration of the town centre.

8. **Council Wholly Owned Companies**

- 8.1 The Council wholly owns three companies who provide services on its behalf. These are Sandway Homes Limited, Sefton Hospitality Operations Limited and Sefton New Directions.

- 8.2 While they operate at arms-length from the Council, the Council remains at least partially responsible for their performance and can be impacted by financial pressures they face and risks they carry. As such it is prudent for the Council to recognise potential cost pressures the companies face in its financial scenario, to the extent that they may affect the Council's future budgets.

- 8.3 Within the current financial environment of the UK there are two sectors that are under substantial financial pressure- the adult social care market and the housing sector. The main risks over the current financial planning period therefore relate to Sefton New Directions and Sandway Homes Limited. Sefton New Directions is facing financial challenges around staff costs, inflation and providing care, whilst Sandway Homes is being impacted by cost of construction, supply chain issues and the timing and pace of sales of homes due to interest rate increases.

- 8.4 A report on Sefton New Directions was presented to Cabinet in July and this outlined the comprehensive review of the business model for the Company - the outcome from this review will be considered at October Cabinet. Elsewhere on this agenda an updated Phase 1 Business Plan for Sandway Homes Limited is included together with the financial issues and implications that are arising.

- 8.5 In respect of Sefton New Directions despite losses in 2022/23 and forecast losses in the current year, reserves of £1.8m are forecast to be available to the Company at 31 March 2024. With a full review of the operating model being undertaken at present it is not anticipated that there will be an impact on the wider Council's finances.

- 8.6 In respect of Sandway Homes Limited, the latest business plan forecast for Phase 1 states that the dividend to be received will be £0.300m with the timing of financial returns in respect of peak debt, dividend and capital receipts being as previously reported. The Company continually updates the key aspects of what an exit strategy would look like but at this stage it is not forecast that there will be an impact on the Council's wider finances, however this will be kept under continual review.

- 8.7 The Council continues to work closely with all of its companies' experiencing income or cost pressures so that it can consider any actions that may need to be taken.

Agenda Item 9

9. Next Steps / Timetable

9.1 Given the period of this Medium-Term Financial Plan the intention is to set a three-year budget covering this period. The key next steps are as follows:

- Budget planning sessions to be held to refine the budget package and bridge the funding gap.
- Continue to review and refine the financial scenario in light of the latest information available.
- Budget engagement.
- Consider the budget package in light of the Provisional Local Government Financial Settlement expected in December 2023; and
- Finalise a budget package with the draft Budget Report to be considered by Overview and Scrutiny Committee and Cabinet before full Council.

10. General Balances and Earmarked Reserves

10.1 As part of its financial management process, the Council ensures it has set aside resources in General Fund Balances to fund unforeseen costs that may arise. In addition, the Council also holds Earmarked Reserves which have been provided for, for specific existing plans and commitments. The Council's approach to managing these balances and reserves was set out in the Budget Report approved by Council in March 2023.

10.2 Following the risk assessment undertaken at that time it was considered an appropriate level of General Balances for the Council would be in the region of 6.5% of the net revenue budget. Allowing some flexibility around this figure for changing circumstances, General Fund Balances between £15.9m and £17.9m would be considered prudent as a target for March 2024.

10.3 As at 31 March 2023 the Council held General Balances of £11.991m and Earmarked Reserves of £51.790m (£22.475m of which relates to unutilised Revenue Grants and Contributions). The budget for 2023/24 included a contribution to General Balances of £4.423m so balances are budgeted to increase to £16.414m by 31 March 2024. This amount of General Balances is within the risk assessed range at this time, however the risks facing the Council continue to increase, therefore it is likely that this sum will also need to increase. It is suggested that a sum of £23.00m should be the level of General Fund Balances that should be reached during this MTFP period (and importantly if any are used then they should be replenished in the same period). This higher level also reflects that unlike some other councils, Sefton does not have a historically high level of Earmarked Reserves that it could call on should there be an immediate or unforeseen financial shock.

10.4 In May 2023 DLUHC provided an update on levels of reserves and balances held by councils and whilst the Council's General Fund Balances were slightly higher than the median level across the country which is positive (at 6.13% vs 5.93%), as stated the Council has Earmarked Reserves that are substantially lower than the same comparator local authorities. The Council has always taken the view that Earmarked Reserves should only be held for a specific purpose, hence the continual review, however this level does mean that the flexibility reduces if an adverse situation develops that could require the redirection of resources. From

the current analysis it is estimated that £12m of Earmarked Reserves could be redirected to support the Council's wider budget position should a financial shock be experienced - this includes £9m in respect of the Environmental Warranty reserve which has been held for over 17 years and is currently the subject of review to determine its future. As such it is important that the General Fund Balances are at a level that compensates for this lower level of Earmarked Reserves.

- 10.5 As part of the in-year monthly monitoring that is undertaken and reported to Cabinet, Members will be aware that a surplus is forecast in respect of Business Rates. This is mainly due to changes in the Appeals Provision as a significant number of appeals were settled by the end of 2022/23. This position does not impact on the 2023/24 budget position but a one-off surplus of £4.8m could be available in 2024/25, depending on the amount that is required to be set-aside for future appeals against the latest Business Rates revaluation. If added to the current General Fund Balances of the Council, this would increase the level of Balances held to £21.214m on 1 April 2024.
- 10.6 In moving to this position, it is also recommended that consideration be given to an annual contingency being set up in respect of Children's Social Care to manage any cost pressure that arises between setting the budget (usually based on information as at end November) and the end of the financial year. This budget has increased from £39.2m in 2018/19 to £80.1m in 2023/24, but despite this and the forensic work that has taken place to inform each annual budget, it has overspent each year - this puts pressure on using General Fund Balances and also on other services to underspend to balance the in-year position, therefore it is considered that this is a specific risk that should be addressed in this MTFP period. If in discussions between senior officers, it is considered that the service is stabilising and this pressure will no longer materialise and the forecasting is more robust, this would not be required.
- 10.7 As part of this budget setting process the Council will review all of its Earmarked Reserves with due regard being given to the impact of any emerging issues and any other strategic financial decisions that will be made over the next four years.

11. **High Needs Deficit**

- 11.1 Win addition to the Council's General Fund Balances and Earmarked Reserves there are also those in respect of the Dedicated Schools Grant. As has been reported continually over recent years, the key issue and risk within this is the deficit balance in respect of the High Needs Budget. This has grown gradually since system reform in 2013. Up until 2019/20 the growth in the deficit was £1m-£2m per year so that the total was £5.4m at the end of 2019/20. This rate of increase however has grown significantly since that point with the deficit increasing by £6.2m in 2022/23 and forecast to increase by a further £6.6m in 2023/24. The deficit will therefore be in the region of £25.3m by the end of 2023/24. This has been driven by the number of EHCP's increasing from 1,765 at the start of 2020 to 2,857 at the end of June 2023.
- 11.2 With this being an issue for a number of councils across England the Council has been part of the Delivering Better Value programme. This programme estimates that without intervention the deficit on the High Needs Block will increase to over

Agenda Item 9

£100m by 2028. At the end of 2021/22 the deficits across England amounted to £2.5bn and are increasing by £0.5bn per year.

- 11.3 There is currently a statutory override in place until March 2026, that ringfences this deficit and the advice is that this should not impact on the General Fund of councils, however the risk is that when this override finishes the General Fund will have to fund the deficit. The Council has and will continue to lobby that this is a DSG issue, and the impact should either be met from the DSG or from central government funding or reform, however this risk is real and cannot be ignored.
- 11.4 When the deficit was increasing at a modest amount annually the Council could realistically have put in a recovery plan to meet this over, for example, a similar time period to which it has built up, e.g., a decade, but with annual increases of £5-£7m this is not possible. Therefore, engagement is required across the sector and with central government departments on how this will be addressed post 2026.

12. Insurance Fund

- 12.1 The Council holds an Insurance Fund on its Balance Sheet that provides the financial resources required to cover existing and future claims. This Fund is externally reviewed every other year to ensure that the Fund is sufficient to meet future liabilities. This is informed by the level of insurance claims received, estimated claims based on events that will have happened, but claims have not been made, and potential claims in future years.
- 12.2 During the current year the Council has conducted a procurement exercise in respect of its insurance cover. This has led to an increase in the premiums to be paid of 34%. This has a direct impact on the Insurance Fund, reducing the resources available to fund the costs of claims. This will also need to feed into the next review of the Fund in April 2024 and the potential implications will need to be reflected in this next three-year budget plan.

13. Debt/Borrowing

- 13.1 Members will recall from the Treasury Management Strategy approved in March 2023 that over the last decade, due to the prevailing market conditions, the Council has chosen not to undertake any long-term borrowing to support its capital expenditure. This is with the exception of the purchase of the Strand Shopping Centre and some other nominal amounts. The Council has instead chosen to temporarily fund capital expenditure by internally borrowing resources from its cash balances.
- 13.2 When long term interest rates (which determine interest payable on new long-term loans) are significantly higher than short-term interest rates, and this situation is expected to prevail for the foreseeable future, then a policy of internal borrowing is appropriate as it minimises the net cost of interest payable by the revenue budget over the medium-term. A policy of internal borrowing also reduces the credit risk faced by the Council.
- 13.3 When the Council's cash balances have reduced to levels such that it can no longer internally borrow (and this will be impacted by the High Needs Deficit), the Council will need to take advice from its treasury management advisor, Arlingclose, on the appropriate borrowing strategy. This will be reported to Budget Council and Audit and Governance Committee.

- 13.4 At 31 March 2023 the Council had £133.694m of external borrowing (loans advanced from the Public Works Loan Board (PWLB)) and in the region of £90m of internal borrowing.
- 13.5 The advice from Arlingclose is that the Council should continue with its existing policy of internally borrowing rather than undertaking significant new long-term borrowing to repay the internal borrowing for as long as it is possible. The capital financing budget for the Council will therefore reflect this policy. Officers will, however, continue to liaise with Arlingclose on this issue and should the advice received change Members will be advised accordingly.

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