

MEETING: CABINET
DATE: Thursday 19th July, 2012
TIME: 10.00 am
VENUE: Town Hall, Southport

Member

Councillor

Councillor P. Dowd (Chair)
Councillor Cummins
Councillor Fairclough
Councillor Hardy
Councillor Maher
Councillor Moncur
Councillor Tweed

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

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

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

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

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A G E N D A

Items marked with an * involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1.	Apologies for Absence		
2.	Declarations of Interest Members are requested to give notice of any disclosable pecuniary interest, which is not already included in their Register of Members' Interests and the nature of that interest, relating to any item on the agenda in accordance with the Members Code of Conduct, before leaving the meeting room during the discussion on that particular item.		
3.	Minutes of Previous Meeting Minutes of the meeting held on 21 June 2012		(Pages 5 - 14)
* 4.	Transformation Programme and Revenue Budget 2012 - 2015 Report of the Chief Executive to follow	All Wards	
* 5.	Consultation on an appropriate Council Tax Reduction Scheme Report of the Head of Corporate Finance and ICT	All Wards	(Pages 15 - 28)
6.	Supporting People Review Update Report of the Director of Older People	All Wards	(Pages 29 - 38)
7.	Southport Cultural Centre - Project Update Report of the Strategic Director - Place	All Wards	(Pages 39 - 66)
* 8.	Refurbishment of King's Gardens, Southport - Acceptance of Heritage Lottery Fund Grant Report of the Strategic Director - Place	Ainsdale; Birkdale; Cambridge; Dukes; Kew; Meols; Norwood	(Pages 67 - 90)
9.	Meols Cop High School - Proposed New Extension Report of the Director of Built Environment	Meols	(Pages 91 - 96)

- * **10. Supplementary Planning Document - Houses in Multiple Occupation and Self-Contained Flats.**
Report of the Director of Built Environment

All Wards

(Pages 97 -
102)

THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON WEDNESDAY 4 JULY 2012. MINUTE NO's 16, 21 AND 22 ARE NOT SUBJECT TO 'CALL-IN'.

CABINET

MEETING HELD AT THE TOWN HALL, BOOTLE ON THURSDAY 21ST JUNE, 2012

PRESENT: Councillor P. Dowd (in the Chair)
Councillors Fairclough, Hardy, Maher, Moncur and
Tweed

ALSO PRESENT: Councillors Brodie-Browne, Booth, Carr, Papworth,
Roche and Shaw

13. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Cummins.

14. DECLARATIONS OF INTEREST

No declarations of interest were made.

15. MINUTES OF PREVIOUS MEETING

RESOLVED:

That the Minutes of the Cabinet meeting held on 24 May 2012 be confirmed as a correct record.

16. TRANSFORMATION, MEDIUM TERM FINANCIAL PLAN AND REVENUE BUDGET UPDATE

The Cabinet considered the report of the Head of Corporate Finance and ICT which provided an update on the latest assumptions contained in the Medium Term Financial Plan (MTFP) 2013/14 – 2014/15; highlighted the potential budget gaps for that period and recommended the first stage of budget reductions to contribute to the balancing of the 2013/14 budget.

The report also sets out proposals for a change to the Treasury Management Policy to allow improvement of cash management.

This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

RESOLVED: That:

- (1) the Council be recommended to approve the Medium Term Financial Plan (MTFP) projected assumptions contained in the report;

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- (2) the potential budget shortfalls within the MTFP be noted as follows:-

	£m
2013/14	21.7
2014/15	22.0

- (3) the Council be recommended to approve the initial budget proposals for 2013/14 and future years outlined in paragraph 8 of the report, and that officers be delegated to take the necessary actions to achieve the impact outlined;
- (4) the Council be recommended to approve the change to the Treasury Management Policy as outlined in paragraph 8 of the report.

17. SUPPORTING PEOPLE REVIEW UPDATE

The Cabinet considered the report of the Director of Older People which provided an update on the progress of the Supporting People Review and set out the proposed commissioning priorities for the Supporting People Service with regard to the achievement of budget savings required for 2012/13 and 2013/14.

This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

RESOLVED: That:

- (1) approval be given to the adoption of the principles set out in 5.1 of the report;
- (2) Officers be authorised to work with providers, utilising the principles, to formulate reduction proposals to meet the required budget savings in 2012/13 and 2013/14; and
- (3) that a further report be submitted to the next meeting of the Cabinet on 19 July 2012.

18. CARE HOME FEES 2011/12 AND 2012/13

Further to Minute No. 94(5) of the meeting held on 2 February 2012, the Cabinet considered the report of the Director of Older People on the current position relating to the fees payable to Care Homes for 2011/12 and 2012/13 in respect of residents placed in those homes by the Council.

The report indicated that in December 2010, as part of the budget-setting process for 2011/12, the Council decided to make no increase for 2011/12 to fees payable to Care Homes in respect of residents placed in those homes by the Council. An application was subsequently made to the High Court by Sefton Care Association (SCA) and four Care Home providers for

a Judicial Review of that decision. The case was heard in August 2011 and the Judgment that was handed down on 9 November 2011 quashed the Council’s decision, on the grounds that the consultation on the decision had not been adequate and in making the decision the Council had not had “*due regard*” to the “*actual costs*” of providing that care. A full copy of the Judgment was provided at Annex 1 to the report.

The Judgment ordered that the Council make a fresh decision as to the fees that it will pay to care homes in Sefton for its financial year 2011/12 in respect of residents placed in those homes by the Council, and before making the decision the Council should consult with, and shall take into account representations made and evidence provided by the Claimants (i.e. SCA and the four Care Home Providers who brought this case). A copy of all the representations received, including the Laing and Buisson Report on the actual costs of residential care in Sefton were also appended to the report.

The Leader of the Council indicated that the subject of the report was very complex and it was crucial that the Cabinet Members gave full consideration to the content of the report and in particular, took into account the equality impact assessment and risk management issues in Sections 4 and 5 of the report before reaching a decision.

The Strategic Director – People referred to Sections 4 and 5 of the report; the extensive consultations which had taken place with the Care Home Providers; the representations which the Providers had submitted and the officer response, which were set out within the report. He indicated that officers would continue to meet and consult the Providers on this issue and consider any further evidence submitted with regard to the actual cost of providing care for residents placed in those homes by the Council.

Members of the Cabinet raised questions on the following issues referred to in the report and Officers responded to the issues as referred to below:

Page / Paragraph in the Report	Question / Response
Page 73 – Recommendations (Councillor Fairclough)	<p>Why had the officers recommended a 0% increase in Care Home fees for 2011/12 and 2012/13? And what are the risks with that recommendation?</p> <p>Response: After taking into account all of the factors set out in the report, the officers are satisfied that the current fees proved sufficient to meet assessed care needs in 2011/12. Officers are further satisfied that the fees would continue to be sufficient to meet assessed care needs in 2012/13.</p> <p>The key risk, is if we’ve got our assessment wrong and we set fees below costs of meeting assessed care needs, this in turn leads to the risks identified in</p>

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	<p>sections 4 and 5 of the report, in particular: some care homes struggle to adapt to the fees set, leading to them becoming unviable and withdrawing from the market; homes increase the top-up charged to cover the difference between the usual cost fee level and the fee they wish to charge, or more homes charge top-ups; homes decide not to take Council placements, or reduce the number of placements, reducing choice for Council-funded service users and making it more difficult to place service users. There is also the risk that standards within homes fall. These risks are more relevant to 2012/13 and need to be balanced against what we know happened in 2011/12, when there was no deterioration in quality, no increase in number of homes charging a top-up, no increase in homes declining Council-funded placements, no home closures due to fee levels and investors still prepared to invest, including those not previously in the Borough. The Council would need to manage the risks on an on-going basis, working with care homes, social care staff, CQC and service users.</p>
<p>Page 82 – Paragraph 3.5 (Councillor Tweed)</p>	<p>The Laing & Buisson Report states that “there is no such figure as the actual cost of residential care in Sefton”. If that’s right, how can we have due regard to them?</p> <p>Response: There are 140 plus Care Homes in Sefton and they have a wide range of actual costs for the delivery of care services. Members need to have due regard to that range of costs. Whilst the Laing and Buisson report is not considered to be definitive, it highlights that the wide range of costs, as indicated in Table 21 (Food Costs) and Table 29 (Training Costs) of the report (pages 181 and 186) which the Council must have due regard to. Consequently, any single figure provided for actual cost can only be an approximation of the cost, the Laing and Buisson report is based on the median costs, i.e. higher than the costs of half the homes and lower than the cost of half the homes, so that figure would not meet all the costs of all the homes. The Council must set its “usual costs”, i.e. the fee the Council would usually expect to pay to meet assessed care needs. Members can also take into account other local factors that might indicate whether or not fees are sufficient, for example, the viability of the market and the ability for the Council to place service users.</p>

<p>Page 78 – Paragraph 1.10</p> <p>(Councillor Moncur)</p>	<p>Can you explain the different view in the court cases referred to in this paragraph about whether or not the fees could be set below actual costs.</p> <p>Response: There are a range of actual costs in Sefton, some considerably more expensive than others and fees need not reimburse all the actual costs of every home. It may be that the actual costs of some homes are simply not affordable, or are above what the Council needs to pay as there are sufficient lower priced homes of a suitable standard available. The Judgment in the Neath case said that the Council had to understand providers costs, not to fully reimburse them. The duty is to set “usual costs” sufficient to meet assessed care needs of supported residents, having “due regard” to “actual costs”, not necessarily to pay actual costs in full, otherwise the guidance would say that.</p> <p>Within the actual costs of different homes will be different levels of economy, efficiency and effectiveness, the Best Value duty requires us to seek out value for money and it would not be reasonable to expect the Council to pay costs of an inefficient, uneconomical supplier or to meet the costs of providing care, support and services over and above those necessary to meet assessed care needs. This would be inconsistent with the Best Value duty to which we are also required to have “due regard”. Finally, the “Building Capacity Agreement” referred to at paragraph 1.4 refers to the Council taking account of actual costs and potential for improved performance and more cost effective ways of working.</p>
<p>Page 80 – Paragraph 2.2</p> <p>(Councillor Maher)</p>	<p>Clarification was sought on the figures referred to in that paragraph.</p> <p>Response: The paragraph details the number of bed spaces available in Care Homes within Sefton and the number of beds funded by Sefton Council during 2010/11. The 2,580 figure refers to all placements during the year, including people who died during the year and people placed temporarily (e.g. respite, re-enablement / rehabilitation & intermediate care) as well as permanent placements, whilst the 1,680 figure provides a snapshot of the beds in use at that particular time at the end of 2010/11.</p>

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<p>Page 86/87 – Paragraph 3.14 (Councillor Hardy)</p>	<p>Can you comment on the statement by the SCA referred to in that paragraph which indicates that the “SCA genuinely believes that the situation is at or approaching crisis point”.</p> <p>Response: Members will recognise that similar statements have been made before, over the years, without crisis point being reached. The current evidence available does not demonstrate that we are at a crisis point. There have been no Care Home closures or any decline in satisfaction levels or quality ratings. It is difficult to assess if we are approaching crisis point but if there is any change in the current situation and any further evidence is provided to demonstrate that we are approaching a crisis, the officers would give full consideration to the evidence. The Council would continue to talk with the Providers Forum and officers are fully committed to listening to and entering into dialogue with the providers on a regular basis.</p>
<p>Page 89 – Paragraph 3.25 (Councillor P. Dowd)</p>	<p>Can you comment on the points made by the SCA which they believe “undermine the credibility and rationality” of the Council’s stated view of the Laing and Buisson report.</p> <p>Response: The officers refute those claims made by the SCA. The Council need to understand the costs of care homes but a full breakdown of the costs showing how the component parts contribute to total costs has not been provided by Laing & Buisson. We are not able to analyse how the total costs for each home differ or to assess efficiency or effectiveness within the costs provided. We will continue to give full consideration to any future evidence provided.</p>
<p>Page 86 – Paragraph 3.12 (Councillor P. Dowd)</p>	<p>Can you comment on the disparity of the requests for ‘inflationary uplifts’ referred to in that paragraph.</p> <p>Response: It is important to acknowledge that these represent the particular position of these providers, their particular cost base, business model and ethos, some are not-for-profit providers, which doesn’t necessarily mean their costs are lower but gives them a different business model. The very large difference of a range of 0%-4.5% in 2012/13 rather than a minimum of 21% in 2011/12 suggested by the Laing & Buisson report, is part of the evidence which casts doubt on the</p>

	<p>accuracy and applicability of Laing & Buisson figures across the Sefton market. It does again emphasise the range of actual costs and possible differences in efficiency/economy of costs and business models not just between these and those in the Laing & Buisson Survey but also within the small number of individual responses received.</p>
<p>n/a (Mr B. Milburn, Strategic Director – Place)</p>	<p>Can you assure me that the impact on service users has been considered in addition to the economic factors.</p> <p>Response: We can give you that assurance. Whilst much of the discussion is about costs, the service users are at the centre of our concerns. The fee must be sufficient to meet assessed care needs. The risks identified within the impact and risk management elements of the report include, potential for falling standards in homes, homes charging higher top-ups or more homes charging top-ups, and reduced choice for Council-funded placements. There is also a suggestion that homes may refuse to take Council-funded placements or take fewer placements. The report highlights that if a home decided it could no longer provide for an existing resident, this would have implications for that resident's Article 8 Human Rights. The Council would address any such case on its merits, as it does now when presented with a resident who had been paying a top-up but can no longer afford to, some residents are re-located to a new home but with some high-need, elderly and long-term residents this isn't appropriate. We will continue to monitor the market, work with providers, social care staff and CQC to ensure that the needs of service users are met.</p>

This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

RESOLVED: That:

- (1) after careful consideration of all the issues outlined in the report and having balanced the issues to be taken into account, approval be given to:
 - (a) a 0% increase in care home fees for 2011/12; and
 - (b) a 0% increase in care home fees for 2012/13

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- (2) the Director of Older People be directed to submit a further report to Cabinet should the ongoing monitoring of the implementation of this decision, as outlined in the Equality Analysis Report, indicate subsequently that the level of fees paid may not be sufficient, or that they become insufficient, to meet the assessed care needs of supported residents.

19. SEFTON METROPOLITAN BOROUGH COUNCIL (THORNTON TO SWITCH ISLAND LINK ROAD) A5758 BROOM'S CROSS ROAD (SIDE ROADS) ORDER 2012

Further to Minute No. 242 of the meeting held on 3 March 2011, the Cabinet considered the report of the Director of Built Environment seeking approval to make, advertise and submit for confirmation a Side Roads Order for the proposed Thornton to Switch Island Link.

This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

RESOLVED: That:

- (1) a Side Roads Order be made under Sections 14 and 125 and Schedule 1 of the Highways Act 1980 to be known as the Sefton Metropolitan Borough Council (Thornton to Switch Island Link Road) A5758 Broom's Cross Road (Side Roads) Order 2012 for highway improvements and modifications (described in Annex A of the report) needed for the construction of the proposed new highway, the Thornton to Switch Island Link; and
- (2) the Director of Built Environment in consultation with the Head of Investment Programmes and Infrastructure, the Head of Planning Services and Head of Corporate Legal Services be authorised to take all necessary steps to secure the making, submission for confirmation and implementation of the Side Roads Order including (but not limited to) drafting and publishing the Statement of Reasons, the publication, advertisement, notification and service of all notices, the investigation of and response to objections, and the presentation of the Council's case at any Public Inquiry.

20. SEFTON METROPOLITAN BOROUGH COUNCIL (THORNTON TO SWITCH ISLAND LINK ROAD) A575 AND BROOM'S CROSS ROAD COMPULSORY PURCHASE ORDER 2012

Further to Minute No. 19 above, the Cabinet considered the report of the Director of Built Environment seeking authority to make, advertise and submit for confirmation a Compulsory Purchase Order to acquire land and rights for the proposed Thornton to Switch Island Link and associated works and to publish and approve the accompanying Statement of Reasons.

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This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

RESOLVED: That

- (1) a Compulsory Purchase Order be made under Sections 239, 240, 246, 249 and 250 of the Highways Act 1980 and the Acquisition of Land Act 1981 to be known as the Sefton Metropolitan Borough Council (Thornton to Switch Island Link Road) A5758 Broom's Cross Road Compulsory Purchase Order 2012 for the acquisition of land and new rights (the 'Order Land') within the areas shown on the plans in Annex A for the construction of the proposed new highway, the Thornton to Switch Island Link and associated works described in the Side Roads Order;
- (2) the Director of Built Environment in consultation with the Head of Investment Programmes and Infrastructure, the Head of Planning Services and Head of Corporate Legal Services be authorised to:
 - take all necessary steps to secure the making, submission to Secretary of State for confirmation and implementation of the Compulsory Purchase Order including (but not limited to) drafting and publishing the Statement of Reasons, the publication, advertisement, notification and service of all notices, the investigation of and response to objections, and the presentation of the Council's case at any Public Inquiry;
 - negotiate and acquire interests in land and new rights set out in the Compulsory Purchase Order either by agreement or compulsorily; and
 - negotiate and enter into any appropriate agreements with Government departments and agencies to secure the necessary access and rights to construct the scheme and undertake any associated works.

21. SCHEME OF MEMBERS ALLOWANCES

The Cabinet considered the report of the Director of Corporate Commissioning on the proposals by the Independent Remuneration Panel for the implementation of a new Scheme of Members' Allowances.

This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

RESOLVED:

That the following recommendations be submitted to the Council for consideration on 5 July 2012:-

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- (1) the recommendations made by the Independent Remuneration Panel set out in paragraph 2.1 of the report be noted;
- (2) the Cabinet's view that Members' Allowances be frozen at the current level be forwarded to the Council, subject to the need to comply with the Department for Communities and Local Government Guidance referred to in the report;
- (3) the publicity required as set out in Section 3 of the report be undertaken; and
- (4) the Council's Constitution be amended to insert the revised Scheme.

22. URGENT ACTION TAKEN BY THE LEADER OF THE COUNCIL

The Cabinet considered the report of the Leader of the Council which provided details of an urgent decision he had taken on 30 May 2012 relating to the closure of St. George of England High School on 30 August 2012.

RESOLVED:

That the report be noted.

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Report to: Cabinet
Council

Date of Meeting: 19th July 2012
6 September 2012

Subject: Consultation on an appropriate Council Tax Reduction Scheme and to publish the draft scheme.

Report of: Head of Corporate Finance and ICT **Wards Affected:** All

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt/Confidential No

Purpose/Summary

As part of the 2010 Spending Review, the Government announced that the current national Council Tax Benefit system would be replaced by a Local Council Tax Reduction Scheme from 2013-14, reducing expenditure by 10 per cent. This is part of a wider policy of decentralisation and welfare reform. The Local Government Finance Bill was introduced to Parliament on the 19th December 2011.

On the 18th May 2012, The Department of Communities and Local Government published Localising Support for Council Tax- Statement of Intent. It sets out the requirements for preparing a 'Local Council Tax Reduction Scheme'. The document outlines very specific procedures to be followed in preparing a scheme and the requirements placed upon Local Authorities to consult.

Whilst the Bill has not received Royal Assent the Government requires Local Authorities, before adopting a scheme, to, in the following order :

- a. consult any major Precepting Authority which has power to issue a precept to it,
- b. publish a draft scheme, and
- c. consult such other persons as it considers are likely to have an interest in the operation of the scheme.

By law the scheme will have to be formally adopted by the 31st January 2013.

Recommendation(s)

1. To agree a draft Council Tax Reduction Scheme on which the Council will consult interested parties in accordance with the approach set out in this report.
2. To consult on the removal of Council Tax exemptions and discounts.
3. To require The Head of Finance and ICT to present a report to Cabinet following consultation with a recommendation for final agreement by Council.
4. The Cabinet to recommend to Council that approval be given to the rescheduling of the Council meeting from the 7th February 2013 to the 24th January 2013.

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How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being			✓
5	Children and Young People			✓
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendation:

Legislation requires the Council to formally have in place a Council Tax Reduction Scheme by the 31st January 2013. The scheme must be consulted upon with Precepting bodies and other such persons as it considers are likely to have an interest in the operation of the scheme.

What will it cost and how will it be financed?

(A) Revenue Costs

The Government has announced provisional Council Tax support grant allocations of approximately £23.6m to fund the scheme from April 2013; this resource is to cover Sefton Council and its Precepting bodies requirements. This is a shortfall of 13.6% on the current Council Tax benefit scheme. In addition the authority will receive in the region of £84K to implement the new scheme.

(B) Capital Costs N/A

Implications:

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

Legal

Consultation must be carried out in accordance with the order set out in the Bill. When consulting, the Council must ensure that ALL interested parties are able to give their view and influence the design of the scheme. The Council must also take into consideration any adverse effect of any changes on any particular group when making its final decision on a scheme.

Human Resources None

Equality

In relation to compliance with the Equality Act 2010, Section 149, Members need to make decisions in an open minded balanced way showing due regard to the impact of any recommendations being presented. Members need to have a full understanding of any risks in terms of people with protected characteristics and any mitigation that needs to be put in place. Equality Impact Assessments, including consultation, provide a clear process to demonstrate that Cabinet and Council have consciously shown due regard and complied with the duty. A full EIA will be published with the final recommendations to Cabinet and full Council.

- | | | |
|----|--|-------------------------------------|
| 1. | No Equality Implication at this time | <input checked="" type="checkbox"/> |
| 2. | Equality Implications identified and mitigated | <input type="checkbox"/> |
| 3. | Equality Implication identified and risk remains | <input type="checkbox"/> |

Impact on Service Delivery:

Overall there will be a reduction in funding to help Sefton residents with Council Tax costs estimated at 13.6%. Since pensioners are required to be protected under the scheme there is an estimated reduction impact on all working age claimants at 27.7%. This is on the assumption that the benefit caseload does not increase.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 1602) and Head of Corporate Legal Services (LD 933) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

If Sefton Council choose not to adopt a Local Council Tax Reduction Scheme, the Secretary of State will impose a default scheme and there will be no need to consult as the current Council Tax Benefit Scheme will become the local scheme. However, the Council would be required to meet approximately £3.2m of the funding shortfall with the remaining £0.5m falling on the police and fire authorities. In addition any additional shortfall for increase in caseload will require further cuts on general services.

Implementation Date for the Decision

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

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Background Papers:

The following are background papers available for inspection:

- a. Localising Support for Council Tax – A Statement of Intent from DCLG
- b. Technical reform to Council Tax – summary of responses report from DCLG
- c. Localising Support for Council Tax – Funding arrangements consultation.
Published by DCLG 17th May 2012.
- d. Local Government Finance Bill – introduced to Parliament 19th December 2011.
- e. Technical Reform to Council Tax – summary of responses report from DCLG May 2012
- f. Data fact sheets covering proposals.

Introduction/Background

The Local Government Finance Bill which was introduced to Parliament on the 19th December 2011 requires Local Authorities to design their own schemes to administer Council Tax Support, working within a framework set out in legislation. The current Council Tax Benefit scheme will no longer exist from April 2013.

The Statement of Intent published on the 18th May 2012 by DCLG requires the following framework for the Local Council Tax Reduction Scheme:

- Future Council Tax Reduction to be offered in the form of a means tested discount.
- Billing Authorities must have a Council Tax Reduction Scheme formally in place by the 31st January 2013 to begin on 1st April 2013.
- Pensioners will be protected through a national framework of criteria and allowances (with no changes to current levels of award).
- Guidance from the Secretary of State states that scheme should support work incentives and in particular avoid disincentives to move into work.
- Scheme must set out the classes of person who are entitled to a reduction and the reductions that will apply.
- Local Authority must consult before making a scheme and each year must consider whether to revise or replace the scheme.
- Scheme must state the procedure by which a person may apply.
- Scheme must state the procedure by which a person can make an appeal.
- A transitional provision to allow existing Council Tax Benefit claimants to be treated as having made an application for Council Tax Reduction.

Secondary legislation is due to be published early autumn and final funding and regulations in December 2012.

Consultation and engagement

The 'Localising Support for Council Statement of Intent' was published in May 2012 by the Government. The document sets out the requirements for preparing a 'Local Council Tax Reduction Scheme'. The document outlines very specific procedures to be followed in preparing a scheme and the requirements placed upon Local Authorities to:-

- a. consult any major Precepting Authority which has power to issue a precept to it,
- b. publish a draft scheme, and
- c. consult such other persons as it considers are likely to have an interest in the operation of the scheme.

By law the scheme will have to be formally adopted by the 31st January 2013.

The consultation should be carried out in accordance with the Best Value Guidance 2011 and must ensure that all interested parties are able to give their view and influence the design of the reduction scheme. The consultation should be carried out as early as possible to ensure feedback can influence the scheme and allow sufficient time for feedback to be gathered, impacts to be understood and a scheme to be agreed. In order to ensure the Council meets its obligations in relation to consultation and

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engagement in preparing a 'Local Council Tax Reduction Scheme' it is recommended that the following process is agreed:

Timeline for Consulting on a local Council Tax Reduction Scheme

Produce Options for Members for consultation	July 2012
Consult with Precepting Authorities	July 2012
Consider responses from Precepting Authorities	September 2012
Consult Interested Persons (12 weeks)	August – October 2012
Start to analyse consultation feedback	September/October 2012
Determine any disproportionate impacts	September/October 2012
Publish recommendations to Cabinet Including an equality impact assessment	December 2012
Council approval of scheme	January 2013
Publish Scheme	End of January 2013

The Consultation and engagement processes will be undertaken in accordance with the Standards for Consultation and Engagement and a plan will be submitted to the Panel for Consultation and Engagement for approval. A range of methods will be used, as appropriate to the different audiences, to ensure full participation by all interested parties and inclusion in the consultation.

Equality Impact Assessment

The Consultation, Engagement and Equalities Group will take forward the development of the impact assessment for the proposed changes to Council Tax Benefit. A first draft is in development based on impacts identified through national impact assessments on both the changes to Council Tax Benefits and the wider benefit reforms. The EIA document will be reviewed throughout the consultation process to ensure the outcomes influence the consultation process and the feedback from the consultation is captured.

Context

Sefton MBC currently administers Council Tax and Housing Benefit on behalf of the Government and reclaims a cost of delivering this service (the Administration Grant) and the amount that has been paid out (the Subsidy).

Table below shows the caseload trend for Council Tax Benefit Claims

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YEAR	CLAIMANTS THAT ARE PENSIONERS	CLAIMANTS THAT ARE OF WORKING AGE	TOTAL COUNCIL TAX BENEFIT CLAIMANTS
2009/10	15,814 (51.85%)	14,685 (48.15%)	30,499
2010/11	15,951 (49.98%)	15,964 (50.02%)	31,915
2011/12	15,823 (47.74%)	17,321 (52.26%)	33,144

Table below shows number of Benefit claims in Council Tax bands

BAND	Council Tax Bill before discounts and benefits	Number of Properties	Number of Benefit Claimants
-A	£ 742.33 - £ 786.76	84	35
A	£ 989.77 - £1,049.01	39,059	18632
B	£1,154.74 - £1,223.84	26,632	7713
C	£1,319.70 - £1,398.68	29,921	4714
D	£1,484.66 - £1,573.51	14,752	1340
E	£1,814.58 - £1,923.18	8,052	458
F	£2,144.51 - £2,272.85	3,831	121
G	£2,474.43 - £2,622.52	2,691	54
H	£2,969.32 - £3,147.02	220	1

- There is a range of liability charges for each band as it takes into account the areas which attract the Parish Precepts. Properties in Band –A are those that are Band A properties that have been adapted for use by a disabled person.
- The current number of claimants who receive Housing Benefit and Council Tax Benefit is over 33,000. Most claimants will receive both Council Tax and Housing Benefit.
- Pensioner claimants appear to be reasonably stable across the years.
- There is an increasing volume of working age claimants, caused by the economic downturn.
- Most Sefton benefit claimants live in Band A and Band B properties.
- Council Tax Benefit is shown as a credit on the Council Tax account with a bill being sent out for the balance if claimants are not entitled to maximum Council Tax benefit.
- The Council Tax Reduction scheme may pay less benefit to the 17,000 working-age claimants in Sefton.

Budget Implications

Council Tax benefit expenditure totalled £27.3m in 2011/12. The Government has announced provisional Council Tax support grant allocations of approximately £23.6m to fund this expenditure from April 2013. This results in an initial funding reduction of **£3.7m** (13.6%) before allowing for any change in caseload or a potential reduction in the Council Tax collection rate as a result of the introduction of a new local scheme.

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A reduction in the collection rate equivalent to 10% of the initial funding reduction would add a further £0.370m to the cost of the scheme, increasing the saving required to **£4.1m**.

The benefit case load for working age clients has increased by an average of 8.6% per annum over the last two years, which equates to an increase in expenditure of approximately £1.150m each year. If this trend continued in 2012/13 the saving required would increase to **£5.2m**.

However, the Government are forecasting a flattening off of demand from working age claimants and a reduction in pensioner claimants between 2011/12 and 2013/14, equivalent to approximately -£0.470 (-1.7%) at local level. If this occurred the saving required would reduce to **£3.6m**.

Sefton's share of the initial funding reduction (**£3.7m**) is £3.161m (including parish precepts), the remainder of the funding reduction falls on the Major Precepting bodies, the Merseyside Police Authority (£0.372m) and the Merseyside Fire and Rescue Service (£0.167m).

The Council has the option to vary the terms of the current Council Tax benefit scheme for working age claimants in order to reduce the costs of the scheme to mitigate the funding reduction. Alternatively the Council could choose to find the savings from efficiency measures or cuts elsewhere in its budget. However, any funding shortfall not mitigated by changes to the scheme will need to be considered in the context of the £21.7m savings gap already forecast for 2013/14 in the revenue budget report presented to Cabinet on 21st June 2012.

Impact on Households

It is inevitable that reductions in the amount of Council Tax benefit payable to households will have an impact on the amount of income they have available for other needs. This impact will be felt particularly by people who rely on income based benefits for all or part of their income.

Income based benefits are set at a rate to provide basic living expenses for each week, e.g. a single person age 25 or over will be awarded £71 per week in JSA (£56.25 for 16 to 25 year olds). Any reduction in the levels of Council Tax benefit available will mean a reduction in the amount of income available for other needs. As a result households will, at least in the short term, have to make the choice between paying the increase in Council Tax or paying for other daily living costs.

In short, if means tested benefits are paid at the minimum acceptable standards then withdrawing Council Tax benefit will put claimant's income below minimum acceptable standards by the amount of benefit withdrawn.

Creating the Sefton Local Scheme

The local Council Tax Reduction Scheme needs to

- Provide assistance to those in financial need
- Promote incentives to work
- Take into account relevant factors such as Equality duty
- Follow statutory requirements and fair procedure when making the scheme.

- Be transparent and accessible

Impact on Council Tax Collection Levels

In determining the Council Tax Reduction Scheme, the Council must fully consider the householder's ability to pay as this quickly translates into the Council's ability to collect. Many households that currently receive 100% Council Tax Benefit may receive a bill for part of their Council Tax liability that they had not previously faced. Other households may see a marked reduction in the amount of help they receive with their annual Council Tax bill.

It is expected that there will be additional administration and collection costs associated with any cuts to the amount of help people receive with their Council Tax bill. The figures below demonstrate the current difficulties people face in paying their Council Tax when not in receipt of full benefit.

Liability Orders Obtained – Council Tax Benefit Awarded 2011/12

Total Number of LO's 2011/12	Number of LO's - CTB Awarded	Number of CTB LO's - Paid in Full	Number of CTB LO's With Balances	Cash Value Of CTB LO's With Balances
10128	1798	395	1403	£455887.75

Notes to the above table

- The figure of 1798 is based on cases with Council Tax Benefit in payment as at 31.03.12.
- Some of the awards were only made after the Liability Order was obtained.
- The figures do not include cases where Council Tax Benefit was no longer in payment at 31.03.12 or has been awarded for inclusive periods within the financial year.

The above figure of 1403 can be broken down further in terms of the current enforcement stage in each individual case.

Recovery Stage	14 Day Letter	AOB	AOB Pending	AOE	AOE Pending	Bailiff	Arrangement
Number	25	381	257	14	17	514	195

Key

14 Day Letter = Letter sent warning of bailiff action

AOB = Attachment of Benefit in place (£3.40 deduction per week)

AOB Pending = Attachment pending as an earlier debt still subject to an attachment

AOE = Attachment of Earnings

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AOE Pending = Attachment pending as an earlier debt still subject to an attachment
Bailliff = Case with bailiff for collection
Arrangement = Payment arrangement agreed with Sefton

Additional Information

83% of the cases with balances are HB/CTB cases – current value £378,386.83.

Methodology used for options design:

The Operational workgroup and relevant officers within the Council developed a range of potential options within the required Government framework for the Local Council Tax Reduction Scheme. The Group identified and examined the potential effects on benefit claimants, developed information sharing channels and attended various meetings to discuss potential implications of the impending changes.

Background information was gathered from a number of sources prior to and during the process as follows:

- Professional organisations i.e. CIPFA and IRRV
- Government seminars and workgroups
- Merseyside Practitioners working group
- Working with other Local Authorities
- Software providers – to ensure any proposals can be delivered.

Draft Scheme Design

The draft Scheme addresses the funding shortfall for Council Tax Benefit claimants through three principle areas:-

- a) To reduce the Council Tax discounts and exemptions on certain unoccupied properties. This will provide the Council with additional funding to minimise the impact for working age claimants and will support other Council objectives such as bringing empty properties back into use. The proposed changes to Council Tax discounts and exemptions will not affect the majority of Council Tax Benefit claimants.
- b) To consider a level of Council Tax payable by all claimants of the Council Tax Reduction Scheme.
- c) To adjust the specific rules for some claimants.

Technical Reforms to Council Tax discounts & exemptions

The Government is proposing changes to Council Tax Discounts & Exemptions to certain classes of unoccupied properties. The Government intends to make the change in legislation to take effect for the year 2013/14.

The proposed Council Tax Technical Reforms have been included to achieve the required financial savings for the Council Tax Reduction Scheme in Sefton to relieve the impact for working age claimants.

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The changes to Council Tax discounts and exemptions will require a Council resolution later in the year once enabling legislation is in place.

a) Increase Council Tax Base (Council Tax Technical reforms)- Revenues Fact Sheets 1, 2, 3 & 4

Proposed Measures	Current Regulation	Government Proposal	Council Proposal	No of properties affected	Estimated Cash value
a) Removing the Council Tax discount for properties not occupied as a main home	10% discount	Allow Councils to reduce the discount to nil	To reduce the discount to 0%	530	£72,000
b) Removing the Council Tax six month exemption for unoccupied & unfurnished properties	Class C exemption- 6 months exemption	Abolish the exemption and allow Councils to give a discount between 0% and 100%. The period of the discount must be 6 months.	To reduce the discount to 50% for the 6 month period	1570	£456,000
c) Removing the discount on long term empty properties and charging an 'empty homes premium' of 50% on properties left empty for more than 2 years	0% discount after 6 months	Allow Councils to levy an 'empty homes premium' on properties left empty for longer than 2 years.	To charge a premium of 50% making the total liability 150% after 2 years	896	£523,000
d) Removing the Council Tax exemption on empty properties undergoing major repair or structural alteration	Class A exemption –up to 12 months exemption	Abolish the exemption and allow Councils to grant a discount between 0% and 100% for 12 months	To reduce the discount to 50%	364	£237,000
Total					£1,200,000

Pros	Cons
<ul style="list-style-type: none"> • Minimises the financial impact for working age claimants. • Potential additional income to LA • Would encourage owners/landlords to sell/let properties quicker. • Interaction with Empty Homes & other initiatives 	<ul style="list-style-type: none"> • Increased costs for homeowners trying to sell. • Changes in housing market may impact on number of properties affected and will therefore reduce potential income. • Avoidance tactics • Collection impact

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It is proposed that the draft Council Tax Reduction Scheme be calculated as a means tested discount, defined by the terms of the existing Council Tax Benefit Scheme except as identified below:-

b) Limit liability- working age claimants will pay a percentage of their bill – Liability 5, 7, 8

Description	Estimated value	Summary
Limit to a percentage of liability when calculating entitlement to Council Tax Reduction. (after discounts& reliefs)	a) 70% = £4,500,000 b) 80% = £3,020,000 c) 85%= £2,270,000 -	This means that everybody will pay a percentage of their Council Tax bill
Key Pros		Key Cons
<ul style="list-style-type: none"> Creates incentive to work Affects all working age claim types irrespective of income Spreads burden across all working age claimants Easy to understand and administer 		<ul style="list-style-type: none"> Creating new CT liabilities for around 11,000 households who previously did not have to pay anything on the lowest incomes and subsequently have the least disposable income from which to pay. Collection rates are likely to be low for this group. Increased administration for Council Tax collection Increased demand for front line services Forecasting future savings is difficult

c) Specific Rules

Capital limit – do not grant a Council Tax Reduction to any working age claimant who has capital savings above £6,000 – Capital 1

Description	Estimated Value	Summary
Do not grant a Council Tax Reduction to a working age claimant who has capital savings above £6,000.	£80,000	Current Council Tax benefit scheme calculates tariff income of £1 per week for every £250 capital or part thereof in excess of £6,000. Any capital over £16,000 would automatically disqualify a person from entitlement to claiming Council Tax benefit. Generally, for the purposes of calculating entitlement, capital takes the form of savings (e.g. in cash, building society accounts, bank accounts, stocks & shares, ISA's etc.) but excludes the value of the property where the claimant lives.
Key Pros		Key Cons
<ul style="list-style-type: none"> Capital can be used to pay for Council Tax liability Affects all working age claim types that have not been transferred from DWP to Council Tax Benefit Scheme 		<ul style="list-style-type: none"> Use of capital may limit long term savings for the scheme Claimants may reduce capital in order to qualify for a reduction

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Remove the second adult rebate for working age claimants–Liability 11

Description	Estimated Value £k	Summary
Remove entitlement for working age claimants to Council Tax Second Adult rebate	£48,000	Second adult rebate is based on the income & circumstances of other adults living in the household with the claimant & partner.
Key Pros		Key Cons
<ul style="list-style-type: none"> • Simplifies scheme • Creates incentive to work 		<ul style="list-style-type: none"> • Increased administration for Council Tax collection • Does not interact with other Council Tax discounts (sole occupier, students) • Will continue to operate for pensioner claims

Withdraw facility to backdate the Council Tax Reduction award – Parameters 2.

Description	Estimated Value	Summary
Withdraw facility to backdate award for working age claimants.	£25,000	Currently working age claimants can have their benefit backdated for up to 6 months in cases where they can provide “good cause” why they did not apply earlier (e.g. hospitalisation, bereavement etc.)
Key Pros		Key Cons
<ul style="list-style-type: none"> • Simplifies the benefit scheme • Reduces administration costs • Encourage claimants to claim on time 		<ul style="list-style-type: none"> • Could disadvantage vulnerable claimants

Reduce or Remove deduction for “non-dependants” for working age claimants Household 3 and 4

Description	Estimated Value	Summary
1. Remove deduction for non-dependant(s) for working age claimants or, 2. Introduce flat rate deductions for non-dependants for working age claimants:- <ul style="list-style-type: none"> • £2.00 per week for non-working non dependants • £5.00 per week to apply to all working age working no dependants. 	1. £178,000 (minus) 2. £72,000 (minus)	Current deductions range from £0.00 to £9.90 per week depending on the income of the non-dependant. Note: There are no non-dependant deductions for Council Tax Benefit if the claimant or partner - <ul style="list-style-type: none"> • Is blind or has recently regained their sight or, • Receives the care component of disability living allowance payable at any rate or receives attendance allowance payable at any rate.
Key Pros		Key Cons
<ul style="list-style-type: none"> • Will help to mitigate impact of welfare reform on households. • Creates incentive to work for Non dependents who can contribute to the Council Tax bill 		<ul style="list-style-type: none"> • Claimants who currently do not qualify could now qualify – forecasting implications unknown.

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- | | |
|---|--|
| <ul style="list-style-type: none">• May encourage renting householders to take in lodgers where they under occupy homes, make better use of housing stock and reduce chance of landlords pursuing repossession. | |
|---|--|

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Report to: Cabinet

Report: 19th July 2012

Subject: Supporting People Review Update Report

Report of: Director of Older People

Wards Affected: All

Is this a Key Decision? No.

Is it included in the Forward Plan? No

Exempt/Confidential No

Purpose/Summary

The purpose of this report is to update Cabinet on the progress of the Supporting People Review. At the 21st June meeting Cabinet requested that a further update report to be brought to this meeting.

Recommendation(s)

Cabinet is recommended to

1. Note the progress on the Supporting People Review;
2. Agree the managed review and re-commissioning processes outlines in Section 5 of the report, including the integrated re-commissioning of all supported/assisted living services; and
3. Request that a further report is made to Cabinet on the 13th September 2012.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy			√

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Reasons for the Recommendation:

On 21st June 2012 Sefton Council Cabinet considered the report of the Director of Older People which provided an update on the progress of the Supporting People Review and set out the proposed commissioning priorities for the Supporting People Service with regard to the achievement of budget savings required for 2012/13 and 2013/14. Cabinet resolved that:

- (1) approval be given to the adoption of the principles set out in 5.1 of the report;
- (2) Officers be authorised to work with providers, utilising the principles, to formulate reduction proposals to meet the required budget savings in 2012/13 and 2013/14; and
- (3) that a further report be submitted to the next meeting of the Cabinet on 19 July 2012.

This report meets the requirements of point (3) above.

What will it cost and how will it be financed?

The March 2012 Council approved a budget reduction of £2m in 2012/13 and a further £1m in 2013/14. The report identifies that this saving is at risk, especially in 2012/13. The Cabinet will need to note that any non-achievement will require additional in year savings to be identified. These will be presented in the next report to Cabinet.

FD 1670/12

(A) Revenue Costs

Implementation of savings proposals for Care & Support Services requires a managed review of approximately 440 individual care and support packages in line with assessed care needs and Fair Access to Care criteria. In order to complete these reviews in a consistent and timely manner, so as to inform the re-commissioning process and enable the earliest possible realisation of savings, it is proposed to draw together a small team of existing staff to undertake the reviews, with minimal back-filling by agency staff to prevent pressures building up within the day-to-day social care workload, delivered within existing resources.

(B) Capital Costs

There are no additional costs associated with this report

Implications:

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

Legal

LD. The Head of Corporate Legal Services has been consulted any comments have been included in the report. (LD1000/12)

The Supporting People grant support (which was formerly aid under Local Government Act 2000, s93) was withdrawn in April 2011 and the monies formerly allocated under this grant are now paid as part of the local authority 'Formula Grant'.

Human Resources

There are no immediate Human Resource implications arising directly from this report. Officers are currently discussing specific reduction proposals with service providers, including some internal service providers. These discussions are likely to identify some human resource implications.

When apparent options come from the review, and Human Resource implications become clearer, these will be subject to as necessary formal consultation with employees and trade unions.

Equality See Section 3

The Corporate Commissioning Team holds the responsibility for taking an overview on Equality Impact Assessments and assessing the impact of decisions. These will be published on the Council website.

- | | |
|---|---|
| 1. No Equality Implication | |
| 2. Equality Implications identified and mitigated | |
| 3. Equality Implication identified and risk remains | x |

In relation to compliance with the Equality Act 2010, Section 149, Members need to make decisions in an open minded balanced way showing due regard to the impact of the recommendations being presented. Members need to have a full understanding of any risks in terms of people with protected characteristics and any mitigation that has been put in place. Equality Impact Assessments, including consultation, provide a clear process to demonstrate that Cabinet and Council have consciously shown due regard and complied with the duty.

Impact on Service Delivery:

E2.1 - There will be a reduction in the number of clients that will be able to be supported due to a reduction in units available, together with a change in the level of support available. This may have an impact on the community.

There is a related saving (E2.2), to review staffing support for the Supporting People commissioning functions, which will be progressed alongside E.2.1 and as part of a wider review of directorate commissioning resources. This will **potentially** result in a reduction in the number of staff directly supporting the Supporting People commissioning functions. **Trade Unions and employees are aware of this review. When specific options emerge from the review with particular implications for employees these will be subject to formal consultation with trade unions and employees. At this stage the outcome of the process listed in this report is awaited.**

What consultations have taken place on the proposals and when?

Regular and ongoing consultations have taken place with Strategic Directors, Director of Older People, Director of Commissioning, Head of Personnel, Head of Corporate Finance & ICT, Head of Legal Services and Trade Unions.

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The methodology used followed Sefton's Public Engagement and Consultation framework and was approved by the Sefton's Engagement and Consultation panel.

A consultation plan was drafted by the Head of Service Commissioning and Partnerships and agreed by the consultation panel on 21st October 2011. It was agreed that the public consultation on the proposal would take place between 21st October 2011 and the 16th January 2012.

Since the Cabinet decision on the 16th February consultation has continued with service providers to identify if and how the in-principle budget reductions can be achieved. Since approval of the Commissioning Principles by Cabinet on 21st June, consultation has focused on more detailed discussions with providers to formulate reduction proposals to meet the required budget savings.

Are there any other options available for consideration?

None.

Implementation Date for the Decision

Following the call-in period for the minutes of this meeting

Contact Officer: Peter Moore
Tel: 0151 934 3730
Email: peter.moore@sefton.gov.uk

Background Papers:

None

1. Introduction/Background

- 1.1 Supporting People is a discretionary programme that funds housing-related support services to help vulnerable people live independently in their own accommodation or to move from temporary accommodation into a more permanent place. The report to Cabinet on 21st June 2012 detailed the specific client groups supported with the funding.
- 1.2 The programme funds a mixture of short-term (from a few weeks up to a maximum of two years) and long-term services, falling mainly into the following categories:
 - *Accommodation-based services* - where the support is linked to the person's temporary or permanent accommodation (e.g. sheltered accommodation, temporary hostels);
 - *Visiting/Floating support services* - where the support is not linked to the person's accommodation but is provided in the person's home; and
 - *Assistive Technology* - a "lifeline" community alarm system provided either as part of the accommodation or within someone's own home.
- 1.3 A more detailed description of the wide range of specific services commissioned through the Supporting People Programme was set out in the report to Cabinet on 21st June 2012.

2. Consultation and Engagement Update

- 2.1 Since the Cabinet decision on the 21st June consultation has continued with service providers to formulate specific reduction proposals, utilising the Commissioning Principles agreed by Cabinet, to meet the required budget savings in 2012/13 and 2013/14.
- 2.2 On 2nd and 3rd July all providers were invited to attend Provider Consultation Meetings. These meetings were organised to address four broad groupings of providers:
 - Older People Services;
 - Excluded Groups - Accommodation-based Services;
 - Excluded Groups - Floating Support Services; and
 - Care & Support Services.

At those meetings providers were presented with: an overview of the Council's budget challenge; an update on the Cabinet decisions; confirmation of the agreed Commissioning Principles; and savings proposals for their particular service area.

- 2.3 Since the above meetings, officers have been meeting with individual providers to discuss and understand the implications of implementing the proposals, to listen to alternatives and to formulate reduction proposals specific to each provider.

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3. Impact Assessment Overview

- 3.1 There is a potential that a reduction in Supporting People funding will lead to negative impacts for the vulnerable adults supported by the funded services, including those with protected characteristics of age, disability and gender and those in receipt of a care package for assessed care needs.
- 3.2 The Equality Impact Analysis Reports will be completed during the next stages of the process to enable Cabinet to take account of the potential impacts and identified mitigation against those impacts as part of the decision making process.

4. Risk Management Overview

- 4.1 Details of risks and mitigating actions are being addressed within the developing Equality Impact Analysis Reports to enable Members to weigh up the risks identified.
- 4.2 Members will be aware that there are risks that a significant reduction in access to preventative services funded through Supporting People could increase the pressure on higher-cost statutory services, including, adult and children's social care services and services provided to meet the Council's statutory homelessness duties. These risks can be reduced by a more integrated approach to commissioning and the provision of early intervention and prevention services to ensure the most effective use of the total available resources. Service users with the highest needs will continue to receive services if they meet the social care eligibility criteria for adults or children's services.

5. Budget Reduction Proposals

- 5.1 At the Provider Consultation Meetings referred to in 2.2 above, the following budget reduction proposals were shared with service providers:

Older People Services

- To reduce overall cost by conducting a full service redesign of both hours and hourly rates being delivered into Category 2 Sheltered Housing, and reshaping current service delivery. (This same approach will apply to the single provider of Category 1 Sheltered Housing)
- Explore Value for Money of Community Alarm Services to reduce cost whilst increasing capacity.

Excluded Groups - Accommodation-based Services

- To reduce overall cost by varying hours, hourly rates and reshaping service delivery
- To retain the number of clients accessing a service at any one time
- Increase the throughput of clients by varying the length of stay in a support service

Excluded Groups - Visiting/Floating Support Services

- To reduce overall cost by varying hours and hourly rates and where necessary reshaping service delivery
- To retain the number of clients accessing a service at any one time
- Increase the throughput of clients by varying the length of stay in a support service

Care & Support Services.

- Managed Review of all Care & Support packages in line with assessed care needs and Fair Access to Care criteria.
- Integrated re-commissioning of supported/assisted living services across the People Directorate.

- 5.2 At these meetings providers were asked to consider the information provided; consult with Service Users as necessary to inform their response; comment on how services might be re-modelled in line with savings required; and to comment on the potential impact and mitigation of changes to services. The Provider Consultation Meetings were constructive meetings, with providers seemingly recognising the difficult situation that the Council faces and appearing to want to engage positively in seeking solutions.
- 5.3 As stated above, officers are now meeting with individual providers to discuss and understand the implications of implementing the above proposals, to listen to any alternatives suggested by providers and to formulate the specific reduction proposals for each provider.
- 5.4 Whilst the processes for progressing the proposals in respect of Older People Services and the services to Excluded Groups are similar, the process in respect of Care & Support Services does require a different approach. The Care & Support Services are commonly provided to services users who have assessed care needs and sometimes in support of the package of care provided to meet those needs, hence the need for a managed review of all care and support packages in line with assessed care needs and Fair Access to Care criteria.
- 5.5 There are approximately 440 service users in Supported Living services, of which approximately 200 receive some Supporting People Funding. In order to complete reviews for all service users in a consistent and timely manner, it is proposed that a small team will be drawn together from existing staff resources, with minimal back-filling by agency staff to prevent pressures building up within the day-to-day social care workload. This approach will cost approximately £40,000 but should enable all reviews to be completed by the end of October 2012, thereby informing the re-commissioning process outlined below and enabling the earliest possible realisation of savings.
- 5.6 The second part of the budget reduction proposals related to Care & Support Services is the integrated re-commissioning of supported/assisted living services across the People Directorate. The Directorate currently commissions a range of supported/assisted living services which predominantly provide services for people with learning disability, mental health and physical disabilities to enable

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them to live as independently as possible in their own homes. These services are funded by a combination of social care funding; health funding; Supporting People; and Independent Living Fund (ILF). The total gross cost of commissioned Supported Living Services is approximately £15.5m per annum.

5.7 The range of Supported/Assisted Living services commissioned includes:

- **Supported Living** - Services provided around an individual or individuals to assist them live as independently as possible in their own home. Support will range depending upon the level of assessed needs, from assistance to maintain daily living skills to 24 hour support with care needs. Their own home would normally be via a tenancy, (or mortgaged property), which allows them to access wider benefits to enhance lifestyle and provide security of tenure.
- **Outreach or Community support** - Services provided to individuals to enable them to access the community and enhance skills to enable them to function more independently or reduce social isolation. Normally these would be provided outside of the home and could be included as part of a care package.
- **Shared Lives (previously Adult Placement)** - Services provided as part of a family setting which can assist individuals to maintain independence with family type support. Normally the person holds a tenancy within the service and so can access benefits to enhance lifestyle.
- **Domiciliary Care** - Services provided within the home to assist daily living, including personal care to enable the person to live as independently as possible within their own home. These services are separate to the general domiciliary care services re-commissioned in 2011/12.

In addition to the above, individual service users may also be in receipt of complementary Day Care Services offered as part of their care and support package to provide stimulating and meaningful day time activity, reduction of social isolation and provide respite for carers.

5.8 The outline plan for the re-commissioning process is as follows:

	Action	Timescale
Phase One	<ul style="list-style-type: none"> • Mapping of existing services including hours and costs. 	July–September 2012
Phase Two	<ul style="list-style-type: none"> • Collaborative approach with care management team to review and re-establish service needs and outcomes. 	July–October 2012
Phase Three	<ul style="list-style-type: none"> • Phase One and Two data used to establish forum with provider for pre-commissioning cost negotiation, to achieve in-year savings where possible. • Phase One and Two data used to inform future 	September–October 2012 September–October 2012

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	Commissioning and procurement activity.	
Phase Four	• Plan commissioning and procurement process and activity.	October 2012 – Jan 2013 – ongoing
Phase Five	• Commence new services	February-April 2013

- 5.8 Throughout the review and re-commissioning processes outlined above, communication and consultation will be undertaken with service users, providers and other stakeholders.

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Agenda Item 7

Report to: Cabinet

Date of Meeting: 19 July 2012

Subject: Southport Cultural Centre – Project Update

Report of: Strategic Director (Place)

Wards Affected: Dukes

Is this a Key Decision? No

Is it included in the Forward Plan? No

Exempt/Confidential No

Purpose/Summary

To set out the history of the project, the potential additional cost and time over-run identified within the project: and the measures taken to mitigate this additional cost and time overrun.

Recommendation(s)

That Cabinet:

1. Notes the potential 'worst case' cost scenario now identified in respect of the completion of the project;
2. Instructs the Strategic Director (Place) to pursue all potential means of mitigating cost and time overruns, including;
 - a. Where possible reducing specifications to the minimum acceptable level for a 'fit for purpose' facility.
 - b. Undertaking any further possible Value Engineering exercises to maximise cost savings.
 - c. In conjunction with the Head of Corporate Finance & ICT, explore further funding arrangements to mitigate the increase in final project cost.
 - d. In conjunction with the Head of Corporate Legal Services, explore the potential for minimising and/or recovering additional costs incurred.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	

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8	Improving the Quality of Council Services and Strengthening Local Democracy		√	
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Reasons for the Recommendation:

To reflect and respond to concerns expressed in relation to cost & time overruns in delivering the Southport Cultural Centre project.

What will it cost and how will it be financed?

(A) Revenue Costs – See Report

(B) Capital Costs – See Report

Implications:

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

<p>Legal – There may be legal consequences of seeking recovery of unnecessary expenditure. The statements around third parties made in this report are true in the opinion of the author of the report in both substance and fact. The report constitutes fair comment on a matter which is in the public interest and is an opinion which could reasonably and honestly be held by any individual knowing all of the facts at the time of writing the report.</p>		
<p>Human Resources - None</p>		
<p>Equality</p>		
1.	No Equality Implication	<input type="checkbox"/> *
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD.1672/12) and Head of Corporate Legal Services (LD998) have been consulted and any comments have been incorporated into the report.

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Are there any other options available for consideration?

No

Implementation Date for the Decision

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

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Background Papers:

The following papers are available for inspection by contacting the above officer(s).

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1. Background

1.1 Members will recall a Capital Programme Update report, presented to Cabinet on December 8th 2011, which included information on the current position relating to the Southport Cultural Centre refurbishment project. The report identified that a cost over-run of £777,000 had, at that time, been incurred and that in the light of this over-run the Council's contract management consultants, Capita Symonds, were asked to undertake a risk assessment exercise to quantify what the 'worst case' funding scenario might be to project completion. On completing this exercise Capita Symonds identified the potential for a further £600,000 of unanticipated expenditure prior to contract completion, bringing the total anticipated outturn to £16,980,862, and representing a total 'worst case' cost over-run of £1.377m, with an expected completion date of December 2012.

1.2 After consideration of the report the Cabinet agreed, that

- the progress made in relation to the delivery of committed capital schemes and particularly the potential for under- and over-spends related to those schemes, be noted
- a Cabinet Sub-Committee be requested to consider which of the uncommitted capital schemes identified in the report should be approved for continuation or abandonment within the Capital Programme and submit its recommendations to the Cabinet and Council;
- any under-spends achieved within the committed Capital Programme, together with any approved funding associated with the abandonment of any uncommitted schemes referred to above, be in the first instance allocated to off-set any net overspends currently identified within the Capital Programme;

As a result of this action existing capital funding in the order of ~£1.2m was identified from under-spends and reductions in uncommitted schemes to off-set the potential final costs of the Southport Cultural Centre.

1.3 Since this time, Officers within the Investment Programme & Infrastructure (IP&I) Division's Client Team have taken an increasing role in the scrutiny of the contract management of the Cultural Centre project, in order to achieve the earliest possible completion and mitigate additional claims for extensions of time from contractors and curtail additional costs.

1.4 As part of this process, an updated project plan was developed, setting out the packages of work still outstanding and the information required from Capita Symonds in order to complete those works. This ensures that only essential works are carried out and that appropriate information and instruction is made available to the contractor to expedite work.

1.5 As part of that exercise, Capita Symonds has now identified that a further £1,006,750 worth of additional works are potentially required, in addition to the previous "worst case" scenario that they provided during December 2011. This is clearly a matter of serious concern. The IP&I Client Team has been very active in ensuring that only essential works are carried out in order to mitigate any increase

but clearly there is concern over why/how such a significant further cost overrun is now being predicted and why Capita's project management failed to identify these elements of work as part of their previous "worst case" scenario.

2.0 Background to the Project Approval Process

- 2.1 Cabinet originally considered a report in November 2008 setting out a number of options for the refurbishment of the buildings forming the Southport Cultural Centre. A preferred option was selected for the implementation of a full refurbishment scheme with an anticipated cost of £22m. Following some extensive discussions with potential funders a budget was established based on grant offers "in principle" of approximately £8m from CABE from their Sea Change Programme (£4m) and from the North West Development Agency (£4m).
- 2.2 In normal circumstances for a project of this scale & complexity the process of developing the feasibility report into a detailed design, procuring a Contractor and, securing and testing a "Target Cost" for the project would take at least 2 years to complete, leading to a start on site in the spring of 2011. However, in early 2009 the Council were asked by CABE to bring the project forward to meet its revised programme requirements. This led to detailed discussions being held with the key external funders to determine the basis on which their formal (as opposed to "in principle") grant offers would be made. It became clear that as well as generating specific outputs associated with visitor numbers, both CABE and North West Development Agency (NWDA), required the Council to make a physical start on the project in May 2010 and, more demandingly, to defray £8m of expenditure by the end of March 2011, in order to be able to claim their grant offers in full. Both funding bodies confirmed that failure to meet these targets and deadlines would result in significantly reduced (or possibly withdrawn) grant offers.
- 2.3 A bid had also been made to the Heritage Lottery Fund (HLF) seeking a contribution to the project, in respect of both the construction and the museum fit out. Whilst HLF encouraged the Council to apply with a more focussed 'Museum only based' bid, it was clear that a firm offer from HLF wouldn't be received in sufficient time to allow the Contract to be let in accordance with the strict procurement programme. As such a significant "Value Engineering" exercise (this is a method of reducing costs by changes to specification or methods of delivery) was undertaken to ensure that the project could be delivered with no reliance on the HLF for funding. A revised smaller scheme, which still delivered the key aspirations/outputs for the Cultural Centre was therefore developed. It was agreed that the second HLF bid would concentrate on the fit out of the Museum spaces.
- 2.4 The second HLF bid was very well received but ultimately didn't secure HLF Board approval. However, a final slightly modified, third bid did secure a First Stage approval for £900,000 of HLF grant. The details of this bid and the implications of developing the project to HLF Stage 2 were considered by Cabinet in January 2012. The substantive project therefore progressed on the understanding that there would be no HLF contribution to the build. Capita identified a budget estimate based upon an agreed scope of works, which included a capital contribution from the Council of £7.3m.

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- 2.5 Bovis Lend Lease, (later re-branded Lend Lease) was engaged at a relatively early stage in the process to help in the planning of construction. They considered that the budget wasn't sufficient to fund the scope of the works and a revised budget was established which increased the Council's contribution to £7.7m
- 2.6 A Cabinet report, considered on 20th May 2010, obtained approval for the Council to enter into a full Contract with Bovis Lend Lease, for the delivery of the Southport Cultural Centre project based on this revised budget. The report also confirmed the level of external funding and the principle conditions associated with drawing that funding down. At that stage the total scheme costs were to be funded as follows;

Sefton Council Capital programme	£7.7m
NWDA	£4m
Sea Change	£4m
TOTAL	£15.7m

- 2.7 The external funders requirements proved extremely challenging to address as they effectively halved the time available for the project development process. However, with the co-operation of all parties and some careful programming, a site start was achieved at the end of May 2010. This resulted in the very challenging spend target of £8m by March 2011 imposed by CABE/NWDA being achieved, however this did have some detrimental impacts on the programme. Subsequently the Council has been successful in claiming the grants in full from both major funding parties.
- 2.8 The "Target Cost", established following consideration of the design as developed in May 2010, was established at £11,366,801 (compared with the previous cost estimate of ~£22m in 2008). In addition a contingency sum of £568,340 was identified. This equated to 5% of the contract sum (rather than the entire scheme cost) and was considered by Capita Symonds to be reasonable based on their knowledge of the building at that time. Other costs making up the total budget included design fees, surveys, legal and property costs and costs associated with the relocation of staff and artefacts.
- 2.9 The time constraints placed on the scheme by the external funders and the subsequent need to decant staff and exhibits prevented further extensive survey work being undertaken, prior to the commencement of works, to explore the potential scale of risks to the project. Had the time been available and had this work been undertaken it is probable that some further contingency would have been proposed and/or further funding sought.
- 2.10 It should also be noted that the Sea Change Grant Funding Offer allowed for the grant to be reduced if any reductions were enforced by the relevant Government Department. Following subsequent Government savings cuts, CABE informed the Council in July 2010 that the Sea Change Grant would be reduced by £92,141 to £3,908,000. In response to this, a decision was taken to further reduce the scope of works.

3.0 Achievements

3.1 Despite these problems the project has achieved some significant success, the principle achievement to date clearly being meeting the challenging conditions imposed by the external funders to draw down their funding grants. This should not be under-estimated as it involved undertaking a very significant element of work within only 10 months of construction. It also involved some materials and equipment being pre-purchased and vested to the Council significantly in advance of when they would normally be procured. Other achievements worthy of note are;

- The successful engagement with the BuildSefton and Sefton at Work initiative to ensure that local businesses benefit from the project. As such, a high percentage of the sub contractors and suppliers engaged in the scheme are from Merseyside.
- There have also been examples of labourers engaged in the project securing longer-term employment with the subcontractors. A school leaver engaged by the stonemasons completing the repairs to the frontage has been taken on as a stonemason apprentice following some excellent work.
- Lend Lease secured Silver Award by the Considerate Constructor's scheme for the Southport Cultural Centre. This means that the site is one of the top 6.5% performing sites in the Country.
- The Council secured confirmation from the National Security Advisor that the scope of the works to the Art Gallery would ensure that the Government Indemnity Scheme (GIS) standards would be met and hence the Gallery would be able to secure the loan of nationally important collections.

4.0 Challenges addressed during the construction process

4.1 Whilst maintaining good progress in order to meet the spending target, there were a significant number of "*discoveries*" within the first year of the project that resulted in additional costs and in some cases, time delay. Whilst initial survey work was completed prior to the works beginning to help inform the design of the project, many of these discoveries could not have been reasonably foreseen until work progressed on the internal stripping out and demolition.

4.2 The more significant issues are as follows;

- Significant structural weakness within the building resulting in the need for structural strengthening through additional steelwork
- Poor construction within the 1980's roof extension following numerous occurrences of leaking resulting in excessive deflection, requiring strengthening prior to any new roof construction.
- Poor condition of the support under the main theatre stage resulting in the need for significant timber strengthening.

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- The stone façade of the building on Lord Street was discovered to be in much worse condition than originally estimated, requiring much greater repair work than originally priced for, to prevent pieces of masonry from falling.
- The structure of the 1980's extension was found to differ significantly from that predicted, requiring redesign of the structural support, particularly within the proposed studio space.
- There was evidence of structural damage within the Clock Tower requiring the extension of scaffolding and completion essential safety repairs
- Large areas of plasterwork, previously hidden behind wall boarding, were found to be in a poor and unsafe condition, resulting in a far greater degree of replacement than was originally estimated.

4.3 In all cases, where problems have been discovered, every effort has been made to minimise and mitigate the impact of these discoveries. However, in nearly all cases there has been no option other than to instigate the various elements of strengthening, repair or structural modification as part of the works.

4.4 A further factor affecting the outturn cost has been the fluctuation in prices for the various work packages between costs established based on the design developed prior to the award of the contract and the final detailed design. Had more time been available at the outset, then these costs could have been established with greater certainty, based on more developed design information.

4.5 Progress on the project has also been affected by a number of external factors that have had a particular impact on time. Lend Lease has identified that the following matters have had a significant impact upon the project and therefore should, in theory, result in the Contract handover being delayed beyond the original target date. The additional costs relate to Lend Lease being on site longer than anticipated and are identified as follows;

- The scaffolding required within Lord Street to enable the stone works treatment was delayed by Scottish Power taking much longer than programmed to complete the electrical diversion works
- Entry to Cambridge Walks to complete the necessary drainage improvement works within this space was delayed some months through the very lengthy and costly process associated with securing agreement from Threadneedle and their lawyers. The scope of works within the Walks was reduced to partly mitigate the impact of this delay.
- Late delivery of the extensive detailed design information necessary to meet the programme has also contributed to the delay. Capita advised that their design team was subsequently been strengthened to improve the appropriate flow of information.

4.6 When the Target Cost was established some Value Engineering savings had already been instigated.

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- The HLF bid had included for the introduction of the environmental control system within the museum spaces to mirror those included within the project for the galleries. It was agreed therefore that this important element of the project should be delivered as part of the main contract as a subsequent retro fit would have proven very costly. Some further reductions in the scope of work were initiated to accommodate this increase in cost.
- It was also found that one of the previously introduced reductions in the scope of the works, namely the removal of the lift within Bank Buildings, would impact upon the already agreed Listed Building Consent. Therefore, following some detailed consideration, the lift was reintroduced within the scheme (this subsequently ensured that the Building could accommodate the storage of artefacts relocated from Botanic Gardens)

4.7 Additional non-contractual costs, over and above those originally estimated, have also been incurred.

- These include costs associated with the legal agreement with Threadneedle; a compensatory payment to Arriva to secure their removal from the building and a compensatory payment to a shop owner necessary to secure vacant possession and to avoid the threat on a possible court injunction which would have impacted upon the ability to meet the external funders' time target.

4.8 The list of Value Engineering savings agreed post Contract award to off-set the cost of the "discoveries" above is also numerous. In all cases the potential saving has been given careful consideration to ensure that there was no significant impact from an operational perspective and, where appropriate against the capacity to generate income. Some prioritisation within the building has been necessary to ensure that the treatment of the main public areas is of the necessary high quality of finish, with reductions in standards of the back-of-house areas considered more appropriate. Amongst the savings implemented are;

- Rationalising/reduction of the standard painting specification and floor coverings
- Omission of the glazing of the porte cochere
- Reduction in permanent external lighting in lieu of a more flexible projection system
- Relocation of the electricity sub station from the roof into Cambridge Arcade
- Reduction in the scope of public realm works
- Omission of improvement works to offices in Bank Buildings
- Rationalisation/reduction of the standard of doors and ironmongery.

4.9 Where possible extensive negotiations have been held with suppliers and sub contractors to drive down costs without impacting on efficiency and appearance.

5.0 The Respective Roles of the Council's IP&I Client Team and Capita Symonds

5.1 In order to assist Members with their consideration of this matter it is helpful to clarify the remit of the Council's IP&I Client Team, established as part of the Major Service Review undertaken during 2008 and it's relationship with Capita Symonds in their contract management role. Following the Major Service Review the

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service contract agreed in September 2008 passes ALL responsibility for the management of construction contracts to Capita Symonds as Service Provider. Capita Symonds are therefore responsible for delivering the following aspects of related work;

- Design
- Architectural
- Mechanical and Electrical
- Structural
- Environmental
- Specialist (Theatre, Acoustics, etc)
- Procurement
- Cost Monitoring and Control
- Project Management
- Health and Safety Management

- 5.2 The Service Contract is output based and sets out the objectives that should be achieved and **not** the process of how they should be achieved. It is entirely the responsibility of Capita Symonds to establish processes and procedures for the management of contracts and to manage and direct their resources accordingly. The Service Contract set out standards that Capita Symonds are expected to comply with, which, in addition to the normal statutory requirements, essentially require Capita Symonds to instigate and comply with good industry practice and safeguard the Council's best interests. However, even if the Council believed its best interests are not being safeguarded it does not have the right to step in or direct the actions of Capita Symonds.
- 5.3 Indeed care needs to be exercised in this regard in order to avoid the risk to the Council of it taking upon itself the responsibilities, and therefore the liabilities and obligations, which rightly sit with Capita Symonds.
- 5.4 It is also worthy of note that, while construction contracts are entered into in the name of the Council, Capita Symonds are named as the Contract Administrator. This means that contractually Capita Symonds has the responsibility to manage the construction contract and the Council has no right to direct the actions of the contractor.
- 5.5 The Council's IP&I Client Team has a role in the management of the wider Service Contract, which includes the commissioning of Capita Symonds on a project by project basis and the agreement of appropriate fees for the works to be undertaken. During the course of the delivery of any project the IP&I Client Team have no formal contractual role but seek to maintain an overview of the performance of Capita Symonds and if necessary instigate actions to address any concerns or perceived deficiencies.
- 5.6 In respect of this project, the IP&I Client Team in order to protect the Council's best interests have become involved in a way that may technically exceed their remit, but which has been considered essential given the increases in project costs and time overruns.
- 5.7 At various stages in the project delivery Capita were advised that the Client Team were concerned about the numbers of staff allocated to deliver this scheme, their

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level of experience and the frequency in which Capita staff were being moved on to and away from the project delivery team. Capita responded by giving assurances that they were resourcing the team correctly and that additional expertise was being drawn in from other parts of the Capita business. Despite the concerns of the Client team this remains Capita's position.

5.8 Part of the role of the IP&I Client Team is to ensure that ultimately the project delivers what the end user requires and to provide liaison and support to the end user throughout the construction process. It is very easy to underestimate the time and effort that must be devoted to this task when dealing with a large and complex project such as the Cultural Centre.

5.9 The IP&I Client Team will undertake whatever is necessary to help facilitate the project, including:

- Helping the end user articulate their requirements
- Helping to agree a manner in which these requirements will be met
- Ensuring that the Council's requirements are conveyed to Capita Symonds
- Liaising between Capita Symonds and the end user
- Clarifying any further information requirements
- Co-ordinating end user input into design decisions (colour, materials, etc)
- Liaising with the Contractor regarding access or other practical issues.

5.10 It is important to note however that this project management role is from the Council's end user point of view and should not be confused with Capita's formal and contractual project management role related to the construction contract.

6.0 Summary of Source of Cost Overruns

6.1 The Client Team have undertaken an assessment of the additional costs identified since Financial Statement 13 of October 2011, in order to ascertain whether there are costs that are discretionary or whether costs are essential in order to meet the minimum required to provide a fit for purpose facility. The basis of the additional work is identified in the table below;

SOURCE OF COST	%
Delay of information	12
Client Variations	9
Provisional Sum Expenditure	11
Conservation Requirements	2
Discovery / Essential design requirements	66
TOTAL	100

6.2 The table demonstrates that the variations issued directly by the Council during this period accounts for 9% of the total increase of expenditure. This is primarily related to the reintroduction of the provision of a lift as an essential requirement of the Listed Building Consent. The majority of additional cost is as a result of discovered design requirements that are essential to providing a fit for purpose facility. In effect, these are elements that would always have been required but due to the complex nature of the project and the need to deliver to the time outputs of the major external funders, were not discovered before commencement

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or during the early months of the project. Indeed, essential design requirements accounts for 66% of the total projected worst-case increased cost.

- 6.3 The second most significant issue, representing 12% of the increase, relates to claims by the Contractor in relation to delays incurred while waiting for direction / instruction from Capita Symonds. The claims are being contested by Capita Symonds.

7. Proposed Actions

- 7.1 The primary aim of officers must be to ensure that the project can be completed within an agreed funding envelope and as quickly as possible, providing a definitive timetable for the end user who can then plan for occupation and opening. Additionally, is the need to review all elements of additional cost in order to ensure that there is no duplication within the project plan whereby newly identified works are already allowed for within provisional sums or with the allocation for outstanding risk.

- 7.2 In order to achieve these aims Officers are working to identify :-

- The extent to which the reduced design timeline (caused primarily as a result of funders requirements) could be considered responsible for the overspend
- If the advice provided by Capita Symonds at the time of the 'Value Engineering' process, undertaken to match the project to available funding, was of a standard that could be expected of a reasonably qualified and skilled consultant with the knowledge available to them at that time.
- If the target cost agreed between Lend Lease and Capita Symonds, resulting in the £400,000 funding increase, was an accurate reflection of the project work requirements based upon the information that was available at that time.
- If the level of 'Discovery' (i.e. additional essential works not identified during the design process), has been reasonable or should a reasonably qualified and experienced consultant, have identified the level of outstanding risk remaining given the complex nature of this listed building and advised accordingly.
- If the lack of continuity of architectural / project management staff (provided by Capita Symonds) has impacted upon scheme cost and if the decision making of Capita Symonds in terms of identifying and allocating necessary staffing resources been of an acceptable standard.
- If the quality of the work, and general performance, of the consultant been to an acceptable standard for a reasonably experienced and qualified consultant.
- If the performance of Lend Lease been that which could reasonable be expected from an experienced contractor.
- If it is reasonable that there has been an increase in 'worst case' cost, of £1m between December 2011 and March 2012 given that the project was already

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well advanced in December 2011 and therefore what opportunities exist for further 'discovery' items to be identified.

- 7.3 As the physical construction work continues no firm date can yet be determined for building works completion. The contractor has made a formal claim for an extension of time until late January 2013 and has issued early warning notices of the potential for a contractual delay to March 2013. This represents either a 7 or 9 month delay in building works completion. The contractor has however indicated that it should be possible to partially mitigate some of this delay, and with the co-operation of Capita Symonds and the Council, achieve completion during November / early December 2012.
- 7.4 In the meantime, Officers have taken the following actions;
- a) Capita Symonds was requested to provide a detailed report setting out in their opinion why/how this significant time delay and cost overrun has developed. A copy of that report is attached as Annex A.
 - b) Following receipt of that report further information has been requested from Capita Symonds to detail the "compensation events" between October 2011 and April 2012 and to provide a non-technical explanation and summary of those events. At the time of writing this report that further information was still outstanding. Further information may be available for presentation at the Cabinet meeting.
 - c) Capita Symonds has been instructed to take all necessary action in order to mitigate further delays and any outstanding risks that may lead to further unforeseen expenditure.
 - d) Officers are reviewing in detail all additionally identified works in order to ensure that only business critical works are undertaken and to ensure that no provisional sum / risk allocation has been made which will therefore represent duplication.
 - e) Officers will continuously review work specifications and seek to reduce these to a minimal acceptable level, providing further Value Engineering cost savings, while ensuring that they and the facility remain fit for purpose.
- 7.4 In light of the stage that the contract has reached and also taking cognisance of the fact that the Council has already served notice on Capita Symonds to terminate the Council's Service Contract with them the emphasis of activity must be placed on getting the Cultural Centre finished at the minimum excess cost. However, officers will ensure that any necessary procedures are followed to ensure disputes are registered within relevant timescales so as to protect the Council's position in relation to any possible future action and to avoid being 'out of time' to make such challenges, but the primary objective is to complete the project before considering any other action.
- 7.5 Clearly, there is likely to be a significant Capital Programme funding gap in the final delivery of this project. Investigations are being made into potential sources of funding to bridge this gap, including reprogramming of other capital works funding streams; the potential use of corporate underspends/balances; the

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possible use of asset disposal income and the potential for claims against the Council's consultants and contractors. There is little or no prospect of being able to secure additional external funding.

8. Project Evaluation / Conclusion

- 8.1 Clearly this project has suffered from significant technical, project management and funding issues: resulting in cost and timescale overruns. It is essential that a full evaluation of the whole life cycle of the project is undertaken to inform future decision making. The outcome of this review will have a direct impact on future Capital Programme decisions and on the future staffing / skill requirements required when these services return to Council control following termination of the current contractual arrangement with Capita Symonds.

- 8.2 One of the most frustrating elements of the project has been the lack of direct control the Council is able to exercise in its relationship with its consultant and contractors. The evaluation report will not only assist in determining future delivery structures but also help to ensure that enhanced risk assessment protocols are available at the earliest possible stage to support informed decision making on how or whether similar projects would progress in future.

Southport Cultural Centre

Expenditure Summary Report

28 May 2012



Southport Cultural Centre Expenditure Summary Report – May 2012

- 1.0 Executive Summary
- 2.0 Introduction
- 3.0 Project Inception
- 4.0 Feasibility Stage
- 5.0 Project Funding
- 6.0 Project Scope Reduction
- 7.0 Design and Procurement
- 8.0 Summary of Project Costs

1.0 Executive Summary

The Southport Cultural Centre redevelopment project was conceived in 2006/2007 to improve the sophistication of Southport's cultural offer.

What can be seen through the initial stages of the project is that a budget in the region of £22m was needed to redevelop the facility in line with Sefton Council's aspirations.

The scheme was developed from inception with Sefton Council commissioning the services of a number of specialist consultants to advise Sefton Council and develop the scheme.

The original scheme at feasibility stage of £22m was not affordable. A revised budget of £15.608m, with limited contingency allowance, was subsequently identified and allocated by Sefton Council. Accordingly the scope of the project was reduced in line with the available funding. As the project developed a number of additional requirements were identified and the scope and cost increased accordingly.

The original procurement strategy was changed by Sefton Council in order to meet the restrictive conditions of grant funding, accelerating the overall project programme by reducing the design and procurement stages resulting the project commencing on site without completing the detailed design.

The project currently has a forecast out-turn cost of £17,987,611. This represents a cost increase against the Sefton Council budget of £2.4M.



2.0 Introduction

This summary report has been prepared by Capita Symonds in response to a request by Sefton Council to provide further information regarding the capital expenditure on the Southport Cultural Centre redevelopment project. This report should be read in conjunction with cost reports and other communications issued previously. The report aims to give an overview of the history of the project from its early inception through to the current time with the project in the latter stages of construction.

3.0 Project Inception

The need and opportunity for the re-development of Southport Cultural Centre can be traced back to 2006/2007. Following work carried out by Locum Destination Consulting, Sefton Council published a report in March 2007 entitled, "Southport – Classic Resort" which, amongst other things, made a recommendation for the creation of a Cultural Centre in the heart of Southport, the purpose of which was to build upon and improve the sophistication of Southport's cultural offer. The report proposed that the Cultural Centre would be based on the existing adjoining Grade 2 listed buildings of the arts centre, art gallery and central library on Lord Street. This proposal included for the relocation of the Botanic Gardens Museum facility co-locating with the new Cultural Centre.

4.0 Feasibility

Sefton Council commissioned Levitt Bernstein, a specialist conservation/heritage architect practice, to carry out a feasibility assessment. This work, led by Levitt Bernstein in consultation with Sefton Council Arts and Leisure services, culminated in a Final Options Appraisal Report which was published in September 2008. The report relied upon input from a number of consultants including ABL Cultural Consulting (Market assessment and budget projections), Structural assessment (Curtins), Heritage Assessment (KM Heritage) and construction/project costs (Davis Langdon).

The report concluded that the anticipated cost for the preferred option of a national quality Cultural Centre incorporating a heritage gallery and museum would be £22M, excluding fit-out of the museum and art gallery/artwork. A contingency allowance of 10% was made within the estimate.

This cost estimate was based on a two year construction programme with a start on site date of June 2011 and completion in June 2013.

5.0 Funding

Following adoption of the preferred option proposed in the Final Options Appraisal report, Sefton Council reduced the overall budget for the project by £1.7M to £20.3M. At the same time Sefton Council were engaged in the process of securing funding for the project.

Sefton Council were offered a grant for the project of £4M from the Government's Sea Change project which was subsequently matched with £4M of grant from the NWDA. Further possible funding was identified by Sefton Council with £2M from the Heritage Lottery Fund, a £1M contribution from the private sector and £2M from other organisations, including the Arts Council.

Funding from the above sources totalled £13M and approval was subsequently given by Sefton Council Members for a contribution from the Capital Programme of £7.3M, making up a total available budget of £20.3M.

In January 2009 CABE, who administered the Sea Change programme advised Sefton Council that the grant offer was conditional on the capital expenditure being brought forward with a site start on site date in 2010 with a view to achieving substantial progress by early 2011. Similarly the NWDA then determined that their contribution should be expended in its entirety by the end of March 2011. The Funding Agreement subsequently determined that to enable the £4M to be drawn down, that £8M of eligible costs should be expended and that a start must be made on site in May 2010, some thirteen months earlier than the programme proposed in the Final Options Appraisal Report.

Sefton Council took the decision to accelerate the programme in order to take advantage of the £8M funding from the Sea Change programme and NWDA. As a result Sefton Council did not have sufficient time to secure the remaining £5M funding identified from the Heritage Lottery Fund, Arts Council and the private sector, before engaging in the procurement of the main building contract for the proposed works. The budget for the project was subsequently further reduced by Sefton Council by £5M to £15.3M.

In the summer of 2009, an application was submitted to the Heritage Lottery Fund by Sefton Council for a reduced £1M contribution to the project. Sefton Council had previously identified a possible funding of £2M from the HLF application but were advised that the bid would have a greater chance of success if it was limited to £1M. Sefton Council accordingly increased the budget by £1M to £16.7M.

In January 2010 the Heritage Lottery Fund advised Sefton Council that the application for the £1M grant was not approved. Sefton Council made further revisions to the budget aligning the budget to the reduction of available funding and an estimated scheme cost of £15.3M to Cabinet in January 2010.

Sefton Council sought a further £400k from Cabinet and on 6 May 2010 a budget of £15.7M for the scheme was approved.

In July 2010 Sefton Council received confirmation from CABE that, due to a Government led review of funding support to the Sea Change contribution that, all schemes would be faced with a reduction in grant support. The reduction amounted to £92k and as a consequence a further reduction in the budget was made to £15.608M.

The final approved budget of £15.608M for the scheme allowed for an equivalent contingency of £476,340, approximately 3.1% of the total available budget.

A further impact of the accelerated programme was in the development of the detailed design for the scheme. The procurement strategy for the scheme was based on a two-stage tender; the first stage being used to identify a preferred contractor followed by a second stage to develop the design and agree a robust target price with the contractor which reflected the detailed design. The accelerated programme did not allow for this second stage to be fully undertaken prior to awarding the main building contract and the start of site works in May 2010.

Lend Lease were notified as the preferred contractor by Sefton Council at the end of the first stage tender on 08 January 2010 with agreed costs for construction overheads (prelims) of £1,043,717 and profit of 2% of the total construction costs.

Sefton Council's decision to accelerate the programme was raised as a major concern in the Levitt Bernstein Design Stage E report dated 9th March 2010 issued to Sefton Council. Section 12 of report states:

" The procurement programme is driven by the constraint that the NWDA & Sea Change funding of £8m must be expended by the end of March 2011 & that construction should commence before end of May 2010. This has led to tenders being sought at stage E on incomplete design information to enable a target cost to be arrived at. It will be necessary to include a number of Provisional sums for areas where design work has not been completed & the associated risks will remain with the client."

The report further stated;

"This is a distortion of the most risk-adverse procurement option, but has been adopted by the council to maximise the chance of meeting NWDA & Sea Change spending deadline"



6.0 Project Scope Reduction

With a significantly reduced budget; £15.7M compared to £22M identified at feasibility stage, the project team were tasked with finding areas where significant cost savings could be made. The task of finding cost savings was set prior to and without the benefit of detailed design development as the period for detailed design development had been curtailed by Sefton Council in order to meet the £8M Sea Change and NWDA conditions of grant award.

As the detailed design had not been progressed, the task of identifying cost savings focussed on reducing the budget by reducing specific areas of the project scope. The scope of reductions required by Sefton Council included:

- Omission of structural works within the Library
- Omission of proposed Local History Studies into Bank Building as
- Omission of damp proof course in Bank Building
- Reduction in finishes generally
- Omission of alterations to back stage WC's
- Limit works in Bank Building to redecoration
- Omission of new ceilings for Museum galleries.
- Omission of the proposed Bank Building Lift

Following the decision to award Bovis Lend Lease preferred contractor status, further cost savings were identified by Bovis Lend Lease through their supply chain of sub-contractors. These areas included:

- Retention of studio seating
- Revise the M&E supplier
- Reduced spec of feature lift,
- Omission of acoustic wall, roof light, clerestory lantern
- Simplification art gallery roof
- Reuse of roof tiles
- Alterations to the plant room
- Reduction of the scope of the external lighting
- Omission of the re-wiring of bank Building
- Removal of the glazing to the Porte Cochere (entrance façade)

Despite the potential for cost savings that were identified in a number of areas, it has not been possible to realise the full benefit of all of these savings as a result of the re-introduction by Sefton Council of items previously omitted. Examples of this include:

- Finishes
- Refurbishment of back stage WC's
- Bank building lift
- New studio seating
- Clerestory lantern
- Art gallery roof

7.0 Design & Procurement

On 01 October 2008, Sefton Council's in house architectural team and associated technical services were transferred to Capita Symonds as part of a 10 year outsourcing partnership agreement. Sefton Council appointed Levitt Bernstein prior to this transfer date to carry out the feasibility and concept design work for the scheme. Following transfer, Levitt Bernstein were retained at the request of Sefton Council on the project as the lead architect and designer.

A tender list of six contractors was identified following responses to an OJEU pre-qualification notice. Following receipt of tenders and a cost/quality based assessment, Lend Lease were chosen as the preferred contractor at the end of the first stage tendering process. Whilst Lend Lease did not offer the lowest cost (second lowest), their submission in terms of quality was deemed to be superior.

Following appointment of a contractor as preferred contractor status, the industry standard approach for Sefton Council's preferred method of procurement of the construction works is summarised as follows:

- **Stage 1**
Award preferred bidder status.

- **Stage 2**
Develop detailed design and issue Work Packages for initial pricing by the preferred contractor.
Establish target price with preferred contractor based on detailed design.
Award main building contract based on agreed target price and programme.

The works were procured under an industry established form of partnering agreement adopting the NEC form of building contract with a 50/50 pain/gain share between the client and contractor of any increases or savings made against the target price items within the agreed scope of the works. This method of procurement is essentially a cost plus contract where the contractor is paid the actual cost of the works plus an agreed percentage fee representing the contractor's profit. A target price contract of this nature therefore carries a level of financial risk to the client. This risk was exacerbated as the target price was agreed with the contractor without the benefit of detailed design.

The project strategy was based on Levitt Bernstein developing the detailed design through to a point where construction status drawings would be issued to the preferred contractor following stage 1 tender period.

The programme for this detailed design was to take place between February and August 2010 before a start on site date of late September 2010. It was further planned that following the point at which Levitt Bernstein were due to complete their detailed construction issue drawings, the Sefton Council architectural team, which had been transferred to Capita Symonds, would oversee the delivery of the construction phase of the project. As mentioned earlier in this report, the post contract design and procurement period was curtailed by Sefton Council leaving the design incomplete prior to the agreement of the target price, programme and the commencement of site works. The works commenced on site on 28 May 10; such works primarily being site establishment and demolition.

Levitt Bernstein continued with their design development until mid August 2010, some four months after Lend Lease had commenced work on site.

8.0 Summary of Project Costs

The project currently has a forecast out-turn cost of £17,987,611 as reported in Capita Symonds Cost Report 15 dated 05 April 2012. This represents a cost increase against the Sefton Council budget of £2.4M.

In the 13 month post contract (start on site) period between May 2010 and June 2011, Capita Symonds reported a total cost increase against the budget of £682,192, as reported in Cost Report 11 dated 01 July 2011. This cost increase included additional works instructed by Sefton Council including:

- GIS modifications to the museum area required by Sefton Council - £147k
- Delayed access by Contractor to Cambridge Walks area due to protracted negotiations between Sefton Council and Landlord (Threadneedle) – £40k
- Delayed access by Contractor to site areas due to Sefton Council instructed utility (Scottish Power) works - £48k
- Addition of a new lift (Lift 2) as required by Sefton Council - £122k

To assist in the understanding of the cost increase in the the period July 2011 and April 2012 the table below tracks the principal movement in costs against those key cost drivers (see category descriptions 1 to 5 below) that have been presented in previous Capita Symonds cost reports to Sefton Council. The figures presented are rounded for the convenience of this report and should be read in conjunction with the Capita Symonds full cost report relevant to each period.

Report No	Report Date	Forecast Cost	Budget Deficit	Cat 1	Cat 2	Cat 3	Cat 4	Cat 5	Movement in Period
CR12	26.08.11	£16.38m	£776k	£82k	-	£12.5k	-	-	£94k
CR13	24.10.11	£16.98m	£1.37m	£282k	£196k	£21k	£17k	£80k	£596k
CR14	16.12.11	£17.05m	£1.44m	£72k	-	-	-	-	£72k
Letter	27.02.12	£17.52m	£1.91m	£301k	£145k	£18k	£2.1k	-	£466k
CR15	10.04.12	£17.99m	£2.38m	£447k	£21k	-	-	-	£468k

Category 1 (Cat 1) – Design development necessary to inform the building works due to the curtailment of the traditional procurement timescale

Category 2 – Additions to scope/ project specification instructed by Sefton Council i.e. client changes

Category 3 – Works required for conservation/ heritage compliance because of the grade II listed building status. The decision to instruct these works is at the discretion of the Conservation Officer.

Category 4 – Discovery of unforeseen building work requirements relating to the specific condition and nature of the building.

Category 5 – Other miscellaneous costs not covered by Cat 1 to 4 e.g. Claim by Contractor for additional commercial management, document collaboration portal (web site)

It should be noted that following Cost Report 14 in December 2011, a significant amount of the cost increase followed the adoption of a “Project close out strategy” (Technical Packs) which was proposed by Lend Lease and approved by Sefton Council. This cost has to date been categorised as design development (Category 2). A further review of these items will be required to ascertain a more detailed split between the other categories.

Certain elements of the project are under the direct control of Sefton Council and do not therefore form part of the commission placed with Capita Symonds. These are;

Client direct works e.g. utilities - Current increase over budget of £49k

Client managed costs e.g. acquisitions, relocation, fees, legal costs etc. Current increase over budget of £119k.

The current out-turn cost forecast includes a number of claims for compensation events from the Contractor, which have not yet been fully assessed and/or agreed with the Contractor by the Capita Symonds cost management team. The assessment and agreement of these claims is a function undertaken by the cost management team in accordance with the duties placed on the contract administration team under the form of contract that is used on this project (NEC). It should be noted that the out-turn forecast cost includes an allowance for identified risk items, which may or may not be expended to complete the project.

END

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Place Directorate
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Date: 06 July 2012
Our Ref: LA020/JE
Your Ref:
Please contact: Mr J Ellis
Contact Number: 0151 524 6500
Fax No:
e-mail: jonathan.ellis@capita.co.uk

For the attention of Bill Millburn

Dear Bill

Southport Cultural Centre - Expenditure Reports – October 2011 to April 2012

We write in response to your request, made at our meeting held on Monday 02 July 2012, for further clarification on the project cost variances reported by Capita Symonds between the period October 2011 to April 2012. The following information should be read in conjunction with the cost reports and other communication issued previously.

Cost Report Summary

In October 2011 Capita Symonds submitted a cost report to Sefton Council for the period which showed a forecast expenditure of £16,980,864; a funding deficit £1,373,005 against the approved budget.

In the period following October 2011, Capita Symonds, submitted further cost reports and in April 2012 reported a forecast expenditure of £17,987,611; a funding deficit of £2,379,752 This report was a variation in forecast of £1,006,748 from that identified in October 2011.

Value of Work done

During the period from October 2011 to April 2012, approximately £2.5m worth of construction works was undertaken, advancing the value of work done in the period from £5.6m to £8.1m. The total construction costs forecast in mid April 12 was £14.05m

Contractor claims

During the reporting period from October 2011 and April 2012 the Contractor, Lend Lease, submitted 115 new claims including requests for extension of time. These claims (Compensation Events), totalled approximately £1.1m

Of the total amount claimed by Lend Lease, £480k was submitted as part of their “project close out strategy”. This “strategy” was implemented during the period from late December 2011 to the end of March 2012, following a proposal by Lend Lease and subsequent approval by Sefton Council.

Within the aforementioned period, Lend Lease made two requests for an extension of time to the contract programme from mid October 2011 to early January 2013. The associated prolongation costs claimed by Lend Lease is £140k. Currently this request for an extension of time and the associated costs is under review.

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By April 2012 approximately £820k of the claims (Compensation Events) submitted during the period between October 2011 and April 2012, had been accepted subject to the terms and conditions of the contract and approximately £280k were subject to further review and substantiation. Approval by Sefton Council was granted for expenditure of all additional costs. A detailed list of the new Compensation Events raised in the period and their status was issued under cover of email (Ellis/Millburn) on 29 June 2012.

Summary of change to construction costs

A schedule of all of the construction cost changes are documented in each of the cost reports prepared by Capita Symonds and submitted to Sefton Council. These changes include both additions and omissions in accordance with the administration of the contract. The changes also take account of any variations between the current agreed target cost and the actual cost with adjustments made to reflect the client and contractor pain/gain share mechanisms built into the terms of the partnering contract. As a result each report includes a number of changes with a wide range of values, all of which need to be considered to gain a full picture of variations in any cost reporting period. Notwithstanding this, a summary of the most significant items of change to the construction costs covered by compensation events between the period between October 2011 and April 2012 is given below:

- Claim for extension of time and associated prolongation costs from the period of 19 October 2011 to 3 January 2012 against the contract Accepted programme (CE225 & CE268) £140k
- Painting and decorating to walls and ceilings. Extra over cost of the painting and decorating works throughout the building. Original provisional sum allowance contained in the target cost contract agreement not sufficient to cover the actual cost of works. (CE338) £79k
- Additional works to accommodate a new lift - Lift No 2. Works included demolition and removal of floors, internal wall alterations, new lift shaft and lift pit. (CE230, CE234, CE300) £73k
- Main Auditorium – level 1, level 2 and theatre ceiling. Works included moulding and plaster patching repairs, boxing out and plastering of existing internal rainwater pipes additional bulkhead to the minstrels gallery, removal/reinstatement and repairs to existing timber floors, additional timber frame above light and sound lobby and new window to match existing. All works identified as part of the Project close out strategy (CE301: TP2) £70k
- Art gallery roof area (Roof 1 to 5 inclusive) and lift 2 enclosure. Works included additional timber bearers, new drainage and liquid plastic guttering and cladding. All works identified as part of the Project close out strategy (CE294: TP1). Additional costs include provision of scaffold access (CE328) £42k
- Studio Theatre. Works included steelwork modifications and connections to new rake, extension to studio roof void gantry with additional platforms, plaster repairs, and new plasterboard to existing masonry walls. All works identified as part of the Project Close out strategy (CE313: TP3) £38k
- Doors and Ironmongery. Additional scope of work following design development of the joinery package (CE241 & CE242) £34k

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- External Works to front of building. Works included new paving to ramp, cycle racks, service trenches and totem bases, refurbishment of Victoria Passage metal gates, repairs to paving damaged by Scottish Power and cleaning of existing paving on Lord St elevation. All works identified as part of the Project Close out strategy (CE334: TP6) £34k
- Ground floor café and kitchen and first floor back stage area. Works included brickwork repairs, removal and replacement of timber floor to install new heating system in café, plaster repairs, white-rock hygienic wall cladding to kitchen, tongue and groove timber boarding to servery area, screed repairs to express zone. All works identified as part of the Project Close out strategy (CE325 and CE326: TP5) £33k
- Ground floor reception and adjoining areas, substation and unit 4 frontage. Works included plaster repairs, block-up of openings, skirtings, stud walling, new latex, damp proof membrane and timber overboarding to floors, new bulkhead, power and data runs and electrical works. All works identified as part of the Project Close out strategy (CE340:TP6) £31.5k
- Supply and installation of new sliding & folding partitions to the main auditorium and studio theatre areas to provide visual and acoustic barriers. (CE282) £29k
- Clock Tower high level inspection & repairs works comprising repairs to weather damaged timbers, dry rot repairs and decorations. Works involved erection of additional scaffolding provided to gain access to carry out the works. (CE269 & CE333) £25k
- Ground floor Library area. Works included plasterboard stud walling, plaster repairs, brickwork repairs, timber flooring and high level beam repairs. All works identified as part of the Project Close out strategy (CE336:TP6) £25k
- Ground floor main foyer areas. Works included repairs to mosaic tiling, plaster and masonry repairs, timber structure to support glazing, new plasterboard wall to foyer entrance, timber repairs, archway feature. All works identified as part of the Project Close out strategy (CE335:TP6) £23.5k
- Bank building ground floor areas. Works included wireless switch controls, ductwork and pipes for radiators, timber and plaster repairs, new cill boards to windows, plaster boards to external wall, window reveals and bulkheads, restoration of fireplace and tiling. All works identified as part of the Project Close out strategy (CE339:TP6) £20.5k
- Plastering repairs to Museum Galleries, associated storage areas and circulation/staircase areas. Works included removal of damaged plaster, patch repairs to existing plaster, rendering of walls and installation of gypline plasterboard with new patressing. All works identified as part of the Project Close out strategy (CE286: TP1) (CE286) £20k
- Building works for mechanical and electrical services risers. Works in connection with riser B, C & F, gas riser and control room riser. All works identified as part of the Project Close out strategy (CE312: TP3) £20k

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- Additional building and external works to Sharrock Street area including repairs to existing tarmac surface, new cast iron rain water pipes , drainage, street lighting alterations, door relocation and refurbishment and provision for CCTV. All works identified as part of the Project Close out strategy (CE293:TP1) £17k
- Main Circulation areas. Works include plasterboard to walls in area between circulation space and main theatre, removal and re-use of existing timber skirting, repairs to existing ceilings, new ceilings, timber/steelwork bulkheads, making good brickwork and mezzanine level drainage connections. All works identified as part of the Project Close out strategy (CE316:TP4) £17k
- General building works and repairs to Picture Store & Museum areas including door alterations, new structural steelworks, floor screed repairs, plasterboard works, making good of walls and repairs to concrete columns. All works identified as part of the Project Close out strategy (CE285:TP1) £15k
- First Floor Theatre bar. Works included new floor screed and timber floor to accommodate floor level differences, plasterboard to walls, new window to replace Juliet balcony void, new timber window cills. All works identified as part of the Project Close out strategy (CE314:TP4) £15k
- Additional padstones to provide adequate foundation bearing support for structural steelwork columns in various areas as required by the structural engineer to meet requirements of building regulations. (CE306) £12k
- Minstrels Gallery second floor area. Works included new plasterboard to walls, new penetrations to accommodate services ductwork, construction of brickwork, timber and plasterwork for feature archway. All works identified as part of the Project Close out strategy (CE311:TP3) £12k

Client direct costs and non-contract work changes

During the period from October 2011 and April 2012, Sefton Council notified Capita Symonds of an increase of £40,837 to the forecast of their direct costs. In addition to this there was an increase in costs associated with non-contract works of £24,699. These changes effected an overall increase in cost to the project of £65,536.

Risk Allowances

In Cost Report 13, submitted in October 2011 a total allowance of £560,347 for identified risks were made. During the period from October 2011 and April 2012 these allowances were reviewed and adjustments made accordingly. The effect of these was an overall reduction of £2k for known risk items.

We trust that the above is of assistance however should you require any further information please do not hesitate to contact me.

Yours Sincerely

Jonathan Ellis
Operations Director

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Report to: Cabinet **Date of Meeting:** 19th July, 2012

Subject: Refurbishment of King's Gardens, Southport.
Acceptance of Heritage Lottery Fund grant.

Report of: Strategic Director – Place

Wards Affected: Ainsdale, Birkdale, Cambridge, Dukes, Kew, Meols and Norwood

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt / Confidential No

Purpose/Summary

To seek Cabinet approval to formally accept a grant of £4,079,000 offered by the Trustees of the National Heritage Memorial Fund (HLF) and the Big Lottery Fund (BIG) towards the refurbishment of King's Gardens, Southport and enter into a Contract with the funders governing how the Council will deliver and manage the project.

To seek specific legal and financial approvals as set out in the recommendations below to enable the project to proceed at minimum risk.

Recommendation(s)

Cabinet is requested to:

1. Accept the terms and conditions of the funders' Contract relating to King's Gardens, Southport and authorise the Head of Corporate Legal Services to enter into Contracts accordingly.
2. Approve commencement of the procurement and tender process for the selection of a suitable Main Contractor to undertake the works. The outcome of the tender process will be reported at a future meeting of Cabinet.
3. Members note the existing Economic Regeneration and Tourism and Landscape Services' budgets for Management and Maintenance costs totalling £180,734. The funding Contract requires the ongoing provision of this funding to ensure the gardens are adequately maintained upon completion. Members agree to ring fence the existing Economic Regeneration and Tourism and Landscape Services Kings Gardens' budgets and that at the end of subsequent financial years, any underspend be carried forward into the following financial year to fund cyclical maintenance.
4. Approve a maximum contribution of £50,000 towards the refurbishment of the Marine Lake Café, to be provided from the Property Intervention Fund.
5. Delegate to Strategic Director – Place and Head of Corporate Legal Services, approval of a new 30-year Lease and Agreement for Development between the

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maintenance of the site over a period of at least 25 years to ensure the capital investment is secure. The project includes the improvement of the Marine Lake Café under the terms of a new 30-year lease and financial agreement with the leaseholder which will allow for better management of this concession.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD.1628/12) and Head of Corporate Legal Services (LD850) have been consulted and any comments have been incorporated into the report. Consultations have taken place with Planning Services, Economy and Tourism, Parks & Greenspaces and the project has been developed through extensive community engagement.

Are there any other options available for consideration?

The only other option would be to not accept the HLF Grant and consequently not proceed with the project in its present form. This would result in King's Gardens – a key community and tourism asset - remaining in a dilapidated state with no prospect of improvement in the foreseeable future and consequential implications for Southport's tourist offer, future maintenance liabilities and realisation of the adjoining Marine Park Development.

Implementation Date for the Decision

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

Contact Officers: Alan Lake / David Kay
Tel: 0151 934 3589 / 0151 934 4527
Email: alan.lake@sefton.gov.uk / david.kay@sefton.gov.uk

Background Papers:

The following papers are available for inspection by contacting the above officer(s).

1. King's Gardens, Southport – Stage 1 and Stage 2 funding bids to Heritage Lottery Fund, dated 2008 and 2011.
2. King's Gardens, Southport – Project Masterplan and proposals drawings.
3. Cabinet 8th December, 2011: Capital Programme Review
4. Southport Area Committee 25th May, 2011: Refurbishment of King's Gardens, Southport Seafront
5. Cabinet 15th April, 2010: King's Gardens, Southport.

1. Background

1.1 King's Gardens are an integral part of Southport's historic seafront. The gardens were developed in distinct phases between the late-19th Century and mid-1930's as Southport's seafront expanded. Unfortunately today, most of the gardens and features within are run-down and are a detraction when viewed in the context of recent significant investment elsewhere in Southport's Seafront and town centre.

Proposals to refurbish King's Gardens have been in development since 2007 and are set out in detail in the background papers. In summary, the aims of the project are to:

- Enhance the quality and appearance of the public spaces, gardens, Listed historic buildings, features, concessions and landscape in King's Gardens.
- Improve access to, from and within the gardens to enable as wide an audience as possible to visit.
- Develop a new children's play arena as a focus for wider activity and participation.
- Tackle crime and anti-social behaviour through improvements to lighting, security and reintroducing original low-level landscape design to improve views to and from the gardens.
- Redevelop the Marine Lake Café including new kitchens, new toilets with facilities for baby-changing and full access for disabled people. This will be supported by new Lease and Development Agreement between the Council and Leaseholder to secure long-term management objectives and overall quality.
- Promote King's Gardens as a community resource with new activities and events within the gardens to increase participation by the wider community. Encourage the wider community to become directly involved in the organisation, management and maintenance of King's Gardens through active participation, for example, through volunteering and promotion as a learning resource in partnership with Sefton schools.
- Safeguard the economic significance of Southport's seafront tourism and leisure offer.
- Develop a detailed management and maintenance plan to ensure any forthcoming investment made in the Gardens is secure and is affordable.

1.2 Members will recall the project was developed in two stages since 2007. A Stage 1 bid to the Heritage Lottery Fund, containing outline proposals developed with the community, was approved in 2010. The Lottery awarded £240,000 (matched by Sefton Council) to develop these into detailed project proposals during Stage 2 and this commenced in January 2011 and was submitted to the Lottery in December 2011. On 2nd April 2012, the Council was informed that the Stage 2 application had been approved together with a grant of £4,079,000.

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2. Heritage Lottery Fund Contract

- 2.1 The Council is required to enter into a Contract with the Trustees of the National Heritage Memorial Fund (HLF) and the Big Lottery Fund (BIG), which governs how the Council will deliver and manage the project. This contains 44 clauses together with 3 'Special Conditions' relating to this project and will be enforced for 25 years from date of signing. This Contract is not negotiable. The full Contract is reproduced in Appendix 1.
- 2.2 The Contract is primarily concerned with safeguarding the Lottery's investment – particularly ensuring the project is adequately maintained upon completion of the works and that the Lottery investment is acknowledged and publicised. Members' attention is drawn to Clause 29 (d), which states "You must repay to us any Grant that we have paid you (or any smaller amounts we ask you to repay) if we tell you that you must repay it for any of the following reasons (d) You fail to keep to any of the terms of this Contract. This means potentially the Lottery could seek repayment if the Council fails to manage the gardens in accordance with the agreed Management and Maintenance Plan, which includes all the gardens, spaces and facilities including concessions.
- 2.3 This, however, is considered to be a reasonable Clause and the project's budget includes for annual maintenance expenditure – set out in more detail in Section 3 of this Report (below). It is therefore recommended Cabinet accept the terms and conditions of the funders' Contract.

3. Management and maintenance following completion

- 3.1 A fully itemised and costed Management and Maintenance Plan formed part of the Stage 2 Lottery bid. This includes all the activities that are necessary to secure the effective management of the site following completion – from daily sweeping and litter picking, through to annual inspections and planned-for repairs and wholesale re-painting works every 5-7 years. This is a 10-year cyclical maintenance plan, which means that at year 11 (2025) following completion it reverts back to 'year 1' and the 10-year cycle repeats. The life of this Plan effectively co-ordinates with the 25-year Grant Contract and provided the measures are adhered to, will adequately safeguard the HLF's and Council's investment.
- 3.2 Members are reminded that the grant award is based upon a 25-year contract term and it will be necessary for the Council to ensure that the funding necessary to maintain the agreed standard of maintenance and management is provided throughout that period.
- 3.3 Currently, the Council spends annually in the region £180,000 on management and maintenance of King's Gardens. This comprises:

Landscape Services budget
Landscape Maintenance Costs

Economic Regeneration & Tourism Budgets
Maintenance Costs
Staff Costs (2 x Seafront Officers – 60% pro rata)

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- 3.4 The annual cost upon completion has been established at £180,734 per annum. This includes savings made on electricity usage due to the replacement of all lighting with low energy fittings and the replacement of end-of-life infrastructure that accounts for a significant proportion of the current maintenance budget.
- 3.5 Cabinet is requested to re-affirm the ongoing provision of funding through the Economic Regeneration and Tourism and Landscape Services budgets necessary to meet the £180,734 Management and Maintenance costs.
- 3.6 Although some costs will generally remain constant, subject only to inflationary increases, a portion of the maintenance costs will fluctuate. It will therefore be necessary to retain any underspend year on year within a 'King's Gardens Account' to meet the increased cyclic costs - particularly in years 5, 7 and 10, when significant re-painting will need to be undertaken.
- 3.7 Members are asked also to note that the annual cost for maintenance and management has been based upon the current level of cost. It will therefore be necessary to periodically review the amount of provision in order to ensure its sufficiency to meet the agreed maintenance and management standards.
- 3.8 Members are also reminded that the HLF grant award is based upon a 25-year contract term. The Council will be contractually obliged to ensure that King's Gardens are maintained to the agreed standard and that the necessary funding is provided throughout that period to meet the agreed standards for maintenance and management. This will mean that future maintenance budgets for King's Gardens cannot be cut. This in turn means that should the Council agree to make any parks budget reductions in the future, these savings will need to be focussed elsewhere.
- 3.9 In 'Special Condition 1' of the Contract, the HLF require that prior to starting work, the Council must send for approval by HLF, further developed proposals for ongoing management, including clear management structures for delivery of the Project and after completion and which should set out responsibilities for all areas of activity, management controls and director level lead.
- 3.10 A new programme Management Structure led by the Strategic Director of Place has been agreed between the services currently responsible for the management of King's Gardens (Parks and Greenspaces / Economy and Tourism). This does not present any new financial implications for the Council and endorsement of this new structure by Cabinet would reaffirm that the Council takes seriously its responsibility for the management and maintenance of the gardens, facilities, concessions and events therein upon completion.

4. Marine Lake Cafe

- 4.1 Refurbishment of the Marine Lake Café is a key element of the project and raising the standard of this facility was crucial to achieving HLF support. The Café is to be let on a new 30-year lease incorporating strict management conditions and the leaseholder will be responsible for all management and maintenance associated with this building during the lease term, with the Management Obligations written

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into the lease. The Council will monitor the operation of the Café, to ensure it is being managed and maintained in accordance with the Lease.

- 4.2 The Cafe leaseholder will contribute £70,000 towards the external refurbishment works and will fund 100% of the Café's internal modernisations and fit-out including new fully-equipped kitchens. This contribution, together with a staged payment mechanism, will be governed by a Development Agreement between the Council and Café Leaseholder. This contribution is secure as the Council already has a Contract with the Leaseholder to pay the contribution, should Members approve the HLF Contract.
- 4.3 The HLF previously indicated that they would expect a contribution of £120,000 towards the cost of the external refurbishment of the Marine Lake Café. As a contribution of only £70,000 has been secured from the Café Leaseholder it will be necessary for the Council to underwrite the balance of up to £50,000. Every effort will however be made to contain the cost of the works to the café and to minimise the Council's contribution, in the worst case scenario this will be a one-off contribution funded from the provisions of the Property Intervention Fund.
- 4.4 The Lease and Development Agreement been signed by the Leaseholder but require delegated approval to Strategic Director – Places Directorate and Head of Corporate Legal Services to take effect.

5. Procurement and delivery

- 5.1 After the HLF Contract has been signed, the project team need to commence the procurement of a suitable main contractor to allow for their formal appointment at a future Cabinet meeting. The immediate project timescale is flexible to accommodate contractor procurement, tendering and appointment in accordance with the OJEU framework and all detailed design work has been completed to enable procurement to commence as soon as the Contract has been signed
- 5.2 As part of the exclusivity agreement with Capita Symonds they have been retained as lead consultant and will be appointed as Contract Administrator to oversee construction works. Capita will be supported by the Council's in-house landscape architectural capability within the Parks & Greenspaces Service. A specialist historic buildings architect has overseen the development of architectural proposals for buildings and structures within the Gardens following an appointment process overseen by the HLF in January 2011. The Council will tender the appointment of a specialist historic buildings architect to progress this work to completion as a key part of the Contract Administration Team led by Capita.
- 5.3 Community involvement is an integral part of the project and the proposals have been developed with extensive participation by many community networks, organisations, schools and community groups, etc.
- 5.4 This close community involvement will continue to be key to the project's success and future sustainability. The community will be instrumental in helping to manage and maintain the gardens in the future, particularly through the newly-formed 'Friends of King's Gardens' group. The community outputs will be facilitated by the HLF-funded Community Development Officer post and Sefton's

Park Rangers. The Management and Maintenance Plan identified maintenance activities will be undertaken with support from the Friends of King's Gardens, HMP Kennet and the Community Payback Team.

6. S106 Match funding

- 6.1 The Council is required to contribute £1,360,000 from Southport s106 funds as match-funding. At present, there is £561,713 of cleared s106 funds, however £182,000 of this is required to match-fund the Stage 2 project development works, giving a net balance of **£379,713**. Currently, a further £2,167,902 of future S106 agreement funding has been identified related to approved planning consents awaiting commencement on site. Whilst there is no guarantee any of these approvals will be implemented, even if only 50% of this amount is received, this would release £1,083,951, which together with the cleared funds, would be more than sufficient. However, should there still be a shortfall, Cabinet, on 15th April 2010, resolved to underwrite any shortfall in s106 contributions until sufficient resources are generated and the HLF are fully aware of this.
- 6.2 Members will be aware of legislative changes to s106 under the new Community Infrastructure Levy. From April 2014 onwards, only five individual S106 contributions may be used towards any one project. This is not considered to be a major risk. It is anticipated that the majority of the £1,360,000 from Southport s106 funds will have been identified, committed and preferably spent by April 2014. The Project Team is confident that underwriting would be needed only as a last resort should there still be a s106 shortfall up to 30th June, 2015, when the project has to be fully paid for under the terms of the HLF Contract.

7. Risks

- 7.1 Developing the project over two distinct stages has allowed key risks to be identified from the outset and apportion time and resources to addressing these risks. Perhaps the most serious risk to the project was the consequence of not agreeing a new lease with the Marine Lake Café Leaseholder; however this has been mitigated as set out in Paragraph 4.2 of this Report.
- 7.2 The HLF Grant of £4,079,000 is capped and the Lottery have stated that any cost over-runs during the construction phase and thereafter must be funded by the Council – there is absolutely no prospect of applying for an increased grant to cover any cost over-runs.
- 7.3 To respond to this, the Project Team has made considerable effort to minimise, as far as possible, the potential for future cost over-runs during construction, particularly the potential for cost over-runs caused by uncovering uncharted utilities and hidden defects that become apparent only after opening up buildings. Problems of this nature have caused some previous Council-led projects to cost more than was originally planned. To minimise this risk as far as possible, the £480,000 pre-development budget funded by the Lottery and Council has been utilised to procure extensive and detailed site investigations and surveys over a 12-month period, as set out below:

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- Appointment to the Project Team of a quantity surveyor who specialises in pricing the repair and restoration of historic buildings to prepare the cost estimates.
- Underwater survey of Venetian Bridge foundations by divers to inform repair specification.
- Trial boreholes and pits throughout the site to check ground conditions and foundations under lakeside walls and revetment edge.
- Co-operation with utilities companies from the outset to identify potential for uncharted services and integrate final designs accordingly.
- Full invasive surveys of all buildings to identify presence of asbestos, dry rot, wood boring insects and any other defects not immediately apparent.
- Removal of asbestos to enable further invasive surveys.
- Commissioning of specialist consultants to survey all concrete structures.
- Working with two lighting manufacturers to develop and price new lighting specification.
- Completion of trial cleaning of lakeside balustrade walls to agree final method.
- Wildlife surveys including nesting birds, bats and other protected species to enable the works to be programmed to accommodate this from the outset.
- The Project Team and Community Steering Group decided not to proceed with the refurbishment of the disused Pumping Station. This will now be marketed and expressions of interest are being sought for an appropriate new concession.
- In September 2011, the restoration of all nine Grade 2-listed cast iron shelters was tendered over four weeks to 5 specialist contractors to obtain cost certainty on what was a high-risk cost item. The three lowest tenders were received well within budget. The Council was under no obligation to accept any of these tenders.
- Developing proposals to improve disabled access with considerable input from Sefton Access Forum (SAF) and Southport Access for Everyone (SAFE).
- Full topographical survey, irrigation survey, groundwater survey and utilities surveys.
- Utilising existing resources – staffing and maintenance budget – to undertake preliminary groundworks that would normally be funded from the capital budget, thus freeing up resources. These works include site clearance, making compost, topsoil and growing thousands of new plants, rather than buying them in.

7.4 It is usual to develop design proposals for a project of this nature to 'RIBA Stage E', termed 'detailed design'. However, the Project Team has gone two stages further to RIBA Stage G, resulting in full constructional drawings that could be costed prior to tender more accurately than RIBA Stage E drawings. Stage 'G' would normally be done as part of procurement and be funded from the capital works budget, but the Project Team chose to utilise the pre-development budget to procure more detailed drawings and benefit from greater cost certainty.

7.5 The project budget includes a contingency on all construction works and the contingency would be utilised only with approval of the HLF.

8. Timescale

- 8.1 The HLF wrote to the Council on 2nd April 2012 to confirm the project had been approved and this included the formal Grant Offer Letter and Contract. It was intended to submit a Report to the 24th May Cabinet meeting to seek authorisation to sign the HLF Contract and begin procurement, however, it was decided to delay submitting the report following a meeting with the HLF on 8th May. At this meeting, the HLF asked the project team for a further review of the proposals to restore the Marine Lake Café – they wanted consideration given to developing a contemporary design, when previously they had indicated support for a traditional ‘Victorian style’ design, which had been duly submitted and costed in the Stage 2 bid. Given that the contemporary design had not been costed in detail, there was a serious risk that this could increase the Council’s expenditure liability. It would have been unwise to ask Cabinet to consider signing any Contract until the full financial implications of a potentially significant alteration to the Café design had been assessed.
- 8.2 On 21st May the HLF finally confirmed they would not be asking for a re-design of the Café extension as they did not wish to risk jeopardising the commencement of the project and that they understood the financial constraints the Council is working under – copy of full letter in Appendix 2. It was intended to re-submit the report to the 21st June Cabinet meeting agenda, but this was deferred until the July meeting to allow Members to be fully briefed on the implications of this project, given the current financial situation.
- 8.3 Should Cabinet approve this report, the HLF Contract would be signed following call-in period to enable procurement of the main contractor to be completed by September. Commencement on site would be programmed for early November 2012 and it is anticipated works should take 52 weeks to complete, programmed in phases to minimise any disruption and maintain acceptable public access.
- 8.4 The project timescale has been agreed with the HLF and is reasonably generous. It allows for the final grant installment to be claimed up to 30th June, 2015. This is more than adequate to allow for establishment and a defects rectification timescale, should this be needed.

Appendix 1 – HLF Contract.

Appendix 2 – HLF Letter dated 21st May.

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DATED *Memorandum of Understanding* 2012

THE TRUSTEES OF THE NATIONAL HERITAGE
MEMORIAL FUND

- and -

SEFTON BOROUGH COUNCIL

CONTRACT

relating to

Kings Gardens, Southport

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Contract

This Contract is between **the Trustees of the National Heritage Memorial Fund** of 7 Holbein Place, London, SW1W 8NR ('HLF') and **the Big Lottery Fund** whose registered office is at 1 Plough Place, London EC4A 1DE ('BIG') (HLF and BIG being referred to in this Contract as 'we', 'us', 'our') and

Sefton Borough Council of 324-242 Stanley Road Bootle Merseyside L20 6ET ('you', 'your')

Date: *do not date* 2012

- **Application** – any documents or information you send us to support your request for a grant and identified in our records under reference number **PF-08-00696/2**.
- **Approved Purposes** – the purposes for which you have applied for the Grant and how you plan to carry out those purposes as set out in your Application (taking account of any changes we and you have agreed in writing up to the date of our decision to award you the Grant and any changes that we tell you about in our letter awarding you the Grant). Approved Purposes include receiving and using partnership funding as set out in your Application.
- **Approved Usage** – how you said you would use the Property in your Application (allowing for any changes that we may have agreed up to the date of this Contract).
- **Monitoring Documents** – the documents we publish from time to time to guide you and regulate the conduct of the Approved Purposes, insurance, publicity, how we pay the Grant, how we recover the Grant, project monitoring and changes to the Grant.
- **Property** – the Property referred to in your Application and briefly described as **Kings Gardens Southport**. It includes any property that you buy, receive or restore, or property that is otherwise funded by the Grant, and any documents that you produce or order as part of the Approved Purposes.
- **The Award** – a Green flag Award.
- **The Grant – Four Million and Seventy Nine Thousand Pounds (£4,079,000)**.

This is the amount given in our letter telling you about our grant award.

You and we agree to the following.

- 1 You will use the Grant only for the Approved Purposes, unless you get our approval beforehand.
- 2 You will achieve the Approved Purposes by **30 June 2015** (the Grant Expiry Date).
- 3 You will use the Property, or allow it to be used, only for the Approved Usage.
- 4 As well as the terms of this Contract, you will follow the special conditions (if any) set out in the Appendix and meet the conditions and requirements contained in the Monitoring Documents.

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- 5 You will carry out the Approved Purposes in line with current best practice and to a standard that is appropriate to a project of importance to the national heritage.
- 6 You will not start work to achieve the Approved Purposes without our approval beforehand.
- 7 You will send us, in line with our instructions, the relevant information we ask for in the Monitoring Documents.
- 8 You will give us any financial or other information and records we may need from time to time on the Grant, the Property, the Approved Purposes (and achieving them) and the Approved Usage.
- 9 You will allow us (or any people we authorise) to have any access we may need to:
 - a inspect the Property and any work to the Property;
 - b monitor the conduct and progress of the Approved Purposes; and
 - c monitor the Approved Usage.
- 10 If we (or any person we authorise) make any recommendation on the matters set out in clause 9, you will consider those recommendations when meeting your obligations under this Contract.
- 11 You will take appropriate steps to monitor your own success in achieving the Approved Purposes and in using the Property for the Approved Usage.
- 12 Before you start any phase of the work needed to achieve the Approved Purposes, you will sign and date all necessary contracts with contractors and professional advisers to allow you to finish that phase of the work. Each contract you sign and date must be on terms that an employer with relevant experience would enter into for contractors to provide similar work or services for projects of the same size, value, complexity and importance as the Approved Purposes. The contracts must contain a clause which allows you to withhold part of the contractors' fees on practical completion. If you want any contracts to be on different terms, you must get our approval beforehand.
- 13 If the Approved Purposes involve buying goods or services or getting work done, you will get tenders in line with the Monitoring Documents.
- 14 You will continue to own the Property and keep full control over what happens to it. You will not sell, or otherwise part with it or any interest in it, or give any rights over it to anyone else (or take any steps to do so) without our approval beforehand. If we give you our approval, it may depend on any of the following requirements.
 - a That you pay us a share of the net proceeds of selling or letting the Property (we will work out the share in line with the Monitoring Documents).
 - b That you sell or let the Property at the full market value.
 - c Any other conditions as we think fit.
- 15 If the Approved Purposes include buying or receiving land or buildings, you will buy or receive either a freehold interest in the Property or a lease that has at least 80 years left to run.

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- 16
 - a Following completion of the capital works needed to achieve the Approved Purposes you will maintain the Property in good repair and condition.
 - b You must apply for the Award in the year immediately following completion of the capital works needed to achieve the Approved Purposes. After that you must re-apply for the Award for at least the next four years.
 - c When requested you will send us written confirmation of the Award to the Property for the then current year.
- 17 You will insure the Property to the standard as set out in (and use any proceeds of the insurance in line with) the Monitoring Documents.
- 18 You will keep any objects or fixtures that form part of the Property in a physically secure and appropriate environment.
- 19 You will tell us, in writing, within five working days about any significant loss or damage to the Property.
- 20 You will arrange for the general public to have appropriate access to the Property. You will make sure that no person is unreasonably denied access to the Property.
- 21 Before we make any public announcement of the Grant, you will not issue any public statement, press release or other publicity in relation to the Grant or which refers to us, other than in a form we have approved beforehand.
- 22 Once we have announced the Grant, you must acknowledge the Grant publicly in line with the Monitoring Documents and the HLF 'How to acknowledge your grant' guidance. You must meet the minimum requirements as set out for the kind of project you are running. You must also provide us with photographs, transparencies or high resolution digital images in electronic format of your project and meet any other acknowledgement or publicity requirements we may tell you about from time to time.
- 23 You give us the right to use the photographs you send us. You must get any permission you need for you to use the photographs before you send them to us or before you use them.
- 24 We will make the purpose and amount of the Grant public under the Freedom of Information Act 2000 and in whatever other way we think fit.
- 25 We will, up to the Grant Expiry Date, pay you the Grant or any instalment of it in line with this Contract and the procedures and terms set out in the Monitoring Documents. The terms set out in the Monitoring Documents (and the terms of this Contract) will apply as long as:
 - a the National Lottery continues to operate under the National Lottery etc. Act 1993 (as amended from time to time), and enough funds are made available to us under the Act; and
 - b we are satisfied that you are achieving (and will continue to achieve) or have achieved the Approved Purposes in line with this Contract, and that you are

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spending the Grant in proportion to any other funds you receive from other sources for the Approved Purposes.

- 26 We confirm that the Grant is recorded in our accounts as a firm commitment to pay the money.
- 27 You acknowledge that the Grant is the total amount of funds we will provide and will not be increased as the result of you overspending or for any other reason.
- 28 You must repay to us immediately any Grant that we have paid you (and we will stop any future instalments of the Grant) if:
- a you fail to keep to clause 1 or 2 (unless the failure was to achieve the Approved Purposes by the Grant Expiry Date and the failure happened due to events beyond your control);
 - b you no longer operate, or you are declared bankrupt or placed into receivership or liquidation;
 - c you have in, our opinion, put fraudulent, incorrect or misleading information in your application form;
 - d you have acted negligently in any significant matter or fraudulently in connection with the Approved Purposes or the Approved Usage; or
 - e any competent authority directs the repayment of the Grant.
- 29 You must repay to us any Grant that we have paid you (or any smaller amounts we ask you to repay) if we tell you that you must repay it for any of the following reasons. (We will also stop any future payments of the Grant.)
- a There is a significant change in your status.
 - b We are satisfied that you have used any fraudulent, incorrect or misleading information to fill in any Monitoring Documents or to provide other information to us.
 - c You knowingly withhold information that is relevant to the content of the Application.
 - d You fail to keep to any of the terms of this Contract (other than under clause 28).
- 30 If you have to repay the Grant as a result of:
- a a change of ownership of all or part of the Property;
 - b a significant change in your status;
 - c a change from the Approved Purposes or Approved Usage; or
 - d you no longer operating due to a merger with, or the transfer of functions to, another organisation;

you, the new organisation or the new owner must, within 90 days of the terms being broken, send us a new version of your Application to consider.

- 31 We may decide not to ask you to repay the Grant (or any part of it as we think fit) if we agree to the new application and you, the new organisation or the new owner enters into a new grant contract with us on any terms as we think fit.
- 32 If you achieve the Approved Purposes without spending the full amount of the Grant, you must pay back the part of the Grant you have not spent. We will assume that you have spent the Grant in proportion to other funds you received from other sources for the Approved Purposes.
- 33 a Within 28 days of the date of this Contract, you must send us a certified copy (signed to confirm it is a true copy) of the document recording your decision (or the decision of the relevant properly constituted committee, executive or authorised officer) authorising you to enter into this Contract, together with a statement containing the information set out in paragraph b below.
- b The statement must include the following information.
- The power (statutory or otherwise) you have and which you have used to enter into this Contract.
 - An extract of that part of your policy framework under which you have entered into this Contract.
 - The executive arrangements under which your decision to enter into this Contract was made.
 - The considerations that you took into account in using the powers and the procedure under which any consultation took place and the decision was made.
 - The authority under which this Contract has been signed on your behalf.
- c Without affecting clause 37, you must (if we think it is necessary) confirm your decision in whatever way we direct. Within seven days of confirming, you must send us evidence of this.
- d We may withdraw the Grant (after considering the matters referred to in paragraphs 33a and 33b) if we are not satisfied that this Contract is valid and binding on you.
- e Within 21 days of sending us the document and information needed under paragraph 33a (or evidence of the confirmation of the decision in line with paragraph 33c), we may ask that you get the written opinion of a barrister, in a form satisfactory to us, asking for his or her opinion on whether:
- the powers you are relying on in entering into this Contract do allow you to enter into these arrangements;

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- you have followed correctly all procedural requirements in using those powers and have acted in a reasonable and proper way; and
- you have taken account of only, and all, relevant considerations in using those powers.

You must send us the barrister's opinion and make sure that it is addressed to us as well as to you. You must also make sure that the barrister confirms we may rely on his or her opinion for our own purposes.

f You acknowledge that neither any documents or information that you send us, nor the fact that we may then have paid you part of the Grant, will affect our right to rely on the promise in paragraph g below.

g You promise that:

- you have the authority to enter into this Contract;
- in using that authority you have acted in good faith, in a reasonable and proper way, for a proper purpose, without breaking any procedural requirement and in considering only (and all) relevant considerations; and
- your decision to enter into this Contract is one that any reasonable local authority (applying the laws that are relevant to it) could have reached.

h Within one month of the end of each of the 10 years after you finish the work, you must send us detailed accounts, certified by your chief finance officer, showing the funding and resources you used on the Property in the year before.

34 Before you begin any of the capital works needed to achieve the Approved Purposes, you must prepare a 10-year management plan for the Property and send it to us for our approval. The plan should include details of the amounts you need to provide each year to achieve the proposals in the plan. After that, you must manage the Property in line with the approved management plan (or any modification that we have approved).

35 If you sell or otherwise part with all or part of the Property without our permission under clause 14 or 30, or you receive money in some other way as a result of the terms being broken, you may have to pay us immediately a share of the net proceeds (we will work out the share in line with the Monitoring Documents) if that share is more than the amount we would otherwise be entitled to under clause 28 or 29.

36 You may not, and will not claim to, transfer the Grant or this Contract, or any rights under this Contract.

37 You will take all steps and sign and date any documents as may be necessary to carry out your obligations under this Contract and to give us the rights granted to us under this Contract.

- 38 If you are made up of more than one person, any liability under this Contract will apply to you all together and separately.
- 39 We may rely on any of our rights under this Contract at any time, even if we do not always choose to do so. If we decide not to rely on one right, we may still rely on any of our other rights under this Contract.
- 40 If you need our approval for anything, you must write to us to ask for it. You may only rely on any approval needed under this Contract if we (or any person we authorise) give it to you in writing.
- 41 Any notice, request or other document we or you send to each other under this Contract will be delivered or sent by first-class post or fax to the addresses in this Contract, or to any other addresses we may specify.
- 42 Any documents you need to send us under this Contract are for our own purposes only. If we approve or accept any documents, this does not mean that we have approved or accepted them for any other purpose.
- 43 The conditions of this Contract last for 25 years from the date of this Contract.
- 44 The conditions in this Contract cannot be enforced by any person other than you and us, but this will not affect the rights anyone else might have other than under the Contracts (Rights of Third Parties) Act 1999.

APPENDIX

Special Conditions

1. Before you start any of the works needed to achieve the Approved Purposes you must send to us for approval further developed proposals for ongoing management including clear management structures for delivery of the Approved Purposes and after completion and which should set out responsibilities for all areas of activity, management controls and director level lead. After that you must implement the proposals (or any variation of them) that we have approved.
2. Final designs for the following areas must be resubmitted to us and approved by us before implementation:-
 - a) site wide interpretation
 - b) marine lake café and
 - c) fencing around the model village

After that you must carry out the works in accordance with the final designs (or any variation of them) that we have approved.

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3. Within 12 months of the date of this Contract you must send to us for approval a revised management and maintenance plan which must specifically include marine lake, site signage and interpretation. After that you must manage the Property in accordance with the revised management and maintenance plan (or any variation of it) that we have approved.

.....
Signed on behalf of the Trustees of
the National Heritage Memorial Fund
and on behalf of
the Big Lottery Fund

.....
(Please print name)

[Signature].....
Signed on your behalf:

[Signature].....
(Please print name)

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Mr Alan Lake
Project Manager
Investment Programmes and Infrastructure Division
Built Environment Department
Sefton Council
4th Floor Magdalen House
30 Trinity Road
BOOTLE L20 3NJ

21 May 2012

Dear Alan

Kings Gardens, Southport



Thank you for your email of 11th May setting out the background to the decision to progress plans for the 'traditional style' café design which were included within the stage 2 submission.

Looking at notes from meetings on October 11th and November 23rd 2011, it would appear that both of our monitors expressed concerns about the 'traditional style' pitched roof option, preferring the flat roof contemporary design which clearly defined the existing building. Furthermore it appears that against the advice of HLF Monitors, the contemporary design was never fully explored and LEP Architects were only instructed to develop detailed designs for the traditional option. We would have expected both options to have been fully explored and properly justified in order to achieve a preferred outcome. This process was not followed.

However, we accept that the design has now been finalised and was preferred by both the leaseholder and public consultation and we will not be asking you to redesign the café extension. We understand the financial constraints you are working under and do not wish to risk jeopardising the commencement of the project nor the lease agreement with the tenant.

It is now critical that the project team work closely with our monitors on the detail of designs, procurement and materials of the café extension to ensure that all parties are content with the proposed outcome.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Sara Hilton".

Sara Hilton
Head of HLF North West

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Report to: Cabinet

Date of Meeting: 19th July 2012

Subject: Meols Cop High School – New Extension

Report of: Director of the Built Environment

Wards Affected: Meols

Is this a Key Decision? No

Is it included in the Forward Plan? No

Exempt/Confidential

No

Purpose/Summary

The report provides details of the tenders received for the proposed new extension for the provision of a new library, IT Suite, 2 classrooms and 3 nurture rooms.

The total cost of the scheme is within the Children’s Services Capital Programme budget provision of £908,000, funded from Capital Maintenance grant, and the lowest tender received is recommended for acceptance.

Recommendation(s)

Cabinet is recommended to:

- (i) Approve acceptance of the lowest tender received in the sum of £727,682.00.
- (ii) Subject to (i) above, authorise the Head of Corporate Legal Services to enter into a contract with the successful tenderer.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	X		
2	Jobs and Prosperity	X		
3	Environmental Sustainability	X		
4	Health and Well-Being	X		
5	Children and Young People	X		
6	Creating Safe Communities		X	
7	Creating Inclusive Communities	X		
8	Improving the Quality of Council Services and Strengthening Local Democracy	X		

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Reasons for the Recommendation:

The recommendation is made in accordance with the Authorities constitution.

What will it cost and how will it be financed?

(A) Revenue Costs

Any revenue implications will be met from the school's delegated budget (within the Dedicated Schools Grant) and will not impact on the Council's General Fund.

(B) Capital Costs

Included within the Children's Services Capital Programme is provision in the sum of £908,000 for this project, funded from Capital Maintenance grant.

The total cost can therefore be met from the current budget provision and the lowest tender can therefore be considered for acceptance.

Implications:

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

Legal:	This level of expenditure requires the approval of the cabinet	
Human Resources	None	
Equality		
1. No Equality Implication		<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated		<input type="checkbox"/>
3. Equality Implication identified and risk remains		<input type="checkbox"/>

Impact on Service Delivery:

The implications of the project upon the operation of the school has been considered and addressed during the scheme development process and there will therefore be no significant impact upon service delivery.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD1624/12) and Head of Corporate Legal Services (LD957) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

The options for alternative school place provision have been considered by the Director of Children's Services prior to adoption of these proposals. Technical proposal options have been considered throughout the design development process to establish the most appropriate and best value design solution available.

Implementation Date for the Decision

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

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Background Papers:
There are no background papers available for inspection.

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1. Introduction/Background

- 1.1 Meols Cop High school currently have temporary mobile classrooms to provide additional teaching space within the school and now require more permanent facilities.
- 1.2 The aim being to replace the temporary mobile teaching accommodation with purpose built, flexible spaces that will be suitable for teaching and learning in the 21st Century, and provide a new library, IT suite and 3 nurture rooms for pupil withdrawal.
- 1.3 It is proposed to include within the works for the installation of photovoltaic (PV) panels generating electrical power that will significantly reduce the schools energy usage and contribute towards sustainable strategies.

2.0 TENDER ACTION

- 2.1 Tenders to carry out the works have been invited from suitably qualified and experienced contractors, as follows (in alphabetical order):

Conlon Construction	Preston
D.Henderson & Son	Southport
Lyjon Company Ltd	Ellesmere Port
Mellwood Construction	Huyton
Walter Carefoot & Son Ltd	Preston
J.Yearsley & Son Ltd	St.Helens

- 2.2 Tenders were received on Friday 6th July 2012, as follows:

1	£727,682.00
2	£749,475.00
3	£759,720.00
4	£876,000.00
5	£838,622.00
6	£798,401.13

- 2.3 Tenders have been subject to technical and arithmetical checking and no obvious errors or omissions have been identified.

3.0 FINANCIAL IMPLICATIONS

- 3.1 Included within the Children's Services capital programme is funding totalling £908,000, provided through the Capital Maintenance Grant allocation.
- 3.2 Subject to acceptance of the lowest tender received the total financial implications of the project may be summarised, as follows:

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Lowest Tender Received	£727,682.00
Professional Fees	£ 92,504.00
Statutory Fees	£ 6,000.00
Legal Fees	£ 3,000.00
Site Investigation and trial holes	£11,500.00
IT Equipment	£11,000.00
Total Scheme Cost	£851,686.00

- 3.3 The Head of Corporate Finance and ICT can confirm that, following the Council meeting on 5th July 2012 the new starts capital programme has been approved and that therefore Capital Maintenance grant resources of £908,000 is available in the Capital Programme for this scheme.
- 3.4 The total scheme cost can be contained within the total amount of funding available and the lowest tender can therefore be considered for acceptance.

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Report to: Cabinet

Date of Meeting: 19 July 2012

Subject: Supplementary Planning Document – Houses in Multiple Occupation and Self-Contained Flats.

Report of: Director of Built Environment

Wards Affected: All.

Is this a Key Decision? Yes
authority given through Rule 15 procedure

Is it included in the Forward Plan? No

Exempt/Confidential No

Purpose/Summary

Ask Cabinet to approve for consultation the emerging draft Supplementary Planning Document for assessing Houses in Multiple Occupation (HMO) and self-contained flats, and to revoke the Interim Planning Guidance “New Housing in South Sefton”.

Recommendation(s)

That Cabinet:

1. Approve the draft SPD to go out for public consultation;
2. Revoke the Interim Planning Guidance ‘New Housing in South Sefton’; and
3. 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 Chair of the Overview and Scrutiny Committee (Regeneration and Environmental Services) has been consulted under Rule 15 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because: Our current planning policy on HMOs and flats is out of date due to recent appeal decisions (26th March 2012) and changes to the housing benefits system. This could leave the Council at risk from either granting planning permission for poor quality accommodation or facing appeals to the Planning Inspectorate where the Council may be liable to applications to pay legal costs.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		Y	
2	Jobs and Prosperity		Y	
3	Environmental Sustainability		Y	
4	Health and Well-Being		Y	
5	Children and Young People		Y	
6	Creating Safe Communities		Y	

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7	Creating Inclusive Communities		Y	
8	Improving the Quality of Council Services and Strengthening Local Democracy	Y		

Reasons for the Recommendation:

To inform members about the draft SPD on HMOs and Flats, to approve the SPD for public consultation and to note the need to revoke the “New housing in South Sefton” Interim Planning Guidance (IPG).

What will it cost and how will it be financed?

Limited cost for public consultation not expected to exceed £500 but will be a maximum of £1,000. Consultation to be funded from the Local Plans Budget.

(A) Revenue Costs

(B) Capital Costs

Implications:

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

Legal	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

The SPD will improve service delivery by enabling the Council to better advise developers before they make an application for HMOs and Flats, and allowing better and more consistent decision making when determining planning applications.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD1619/12) and Head of Corporate Legal Services (LD878) have been consulted and any comments have been incorporated into the report.

Various internal consultations have taken place with relevant teams to help in finalising the draft for consultation.

The consultation strategy was reported to the Consultation Panel on the 22nd June and to Planning Committee on the 27th June.

Are there any other options available for consideration?

No.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet meeting. The Consultation is likely to follow within 2 to 3 weeks.

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Background Papers:

None.

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1. Background

1.1 Changes in legislation and changes to the way housing benefit is calculated mean that the Council's planning policies on HMOs and flats are out of date and new guidance is needed.

1.2 The need for the draft SPD partly arises as a result of changes to the General Permitted Development Order which came into force in April 2010. This introduced a new Use Class C4 which means that dwellinghouses shared by three to six people do not need specific planning permission. The importance of the issue of HMOs is also increasing with demand for such properties through changes to the benefits system which will reduce the rates paid. Previously these would have been sufficient to cover a one bedroom flat but now these are only likely to pay for a room within a shared property. Similarly people who may have benefits that will have covered a two bedroom flat may now only be able to have a one bedroom flat

1.3 Recent appeal decisions for three HMO sites in Sefton have reinforced the need to clarify this issue. In these cases, the Inspector has confirmed that HMOs should provide acceptable living conditions for their occupants including a reasonable outlook.

1.4 As a result of the above, draft guidance has been prepared for the assessment of applications for Houses in Multiple Occupation (HMO) and self-contained flats. This will take the form of a Supplementary Planning Document (SPD). The report also notes the need to revoke the existing Interim Planning Guidance 'New Housing in South Sefton'.

1.5 The SPD recognises that flats and HMO bedsits created from conversion and sub-division of larger properties can make an important contribution towards housing supply. However, conversions and sub-division can also raise concerns relating to the quality of accommodation provided in terms of modern space and amenity standards. This guidance is intended to provide a consistent approach to assessing the quality of accommodation which will be more in line with current Merseyside Licensing Standards.

2 Current Policy

2.1 The current criteria for assessing applications for HMOs are set out in Sefton UDP policy MD3, but the changes to the legislation mean many of these criteria are out of date.

2.2 Current criteria for converting buildings into HMOs include the following:

- the property, if in residential use, must have four or more bedrooms;
- the property must not share a party wall with another dwelling;
- the development should not result in a dwelling having a HMO on both sides; and
- the development should not result in more than 2 adjoining properties being used as HMOs.

2.3 However, the new legislation allows dwellings of any number of bedrooms to be converted into HMOs for 3 to 6 people without the need for planning consent. This means that policy MD3 is unable to be strictly applied in all cases for HMOs.

2.4 Criteria (e) and (f) of policy MD3 are still relevant however, as they require proposals for HMOs to ensure they do not cause significant harm to the character of the area or to the residential amenity of occupiers and neighbours. The guidance will provide assistance in determining applications for HMOs for more than 6 people using similar criteria.

2.5 In addition to this, UDP policy MD2 refers to conversions to flats and the criteria contained within this policy along with Supplementary Planning Guidance Note 'New Housing Development' remain relevant. This guidance does not seek to replace this policy or SPG but will provide further assistance in assessing self-contained flats in terms of minimum space and amenity standards and in cases where self-contained flats are part of an HMO development.

2.6 This SPD will replace the existing Interim Planning Guidance (IPG) 'New Housing in South Sefton' which has become outdated. Cabinet is being asked to revoke the IPG.

2.7 In March 2012, the National Planning Policy Framework was issued which replaced previous national planning policy. The Framework indicates that planning authorities should seek to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities by planning for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community.

3 Main Issues

3.1 The main issues raised by HMOs are set out below:

3.2 The amenity of residents of HMOs, including; size standards for accommodation, having sufficient outdoor space, car parking, having a reasonable outlook and prospect, and internal noise between bedsits and flats.

3.3 The amenity of neighbouring properties and residents including; noise and disturbance caused by comings and goings and transfer of noise between adjoining properties.

4. What the SPD will address

4.1 It is the intention of this advice note to:

- Clarify the definition of a HMO and links to the Housing Act 2004;
- Define when planning permission is required for HMOs in light of 2010 legislation;
- Provide minimum standards to be applied to HMOs and self-contained flats in terms of room sizes and other requirements; bring together existing standards set out under licensing standards.

4.2 The guidance will also clarify how policies DQ3 'Trees and Development' and DQ4 'Public Greenspace and Development' will apply to proposals for HMOs which are a mix of self-contained flats and bedsits.

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5 Consultation

5.1 The approach to consultation has been discussed at the Consultation Panel on Friday 22nd June 2012. The Consultation Panel requested that a period of 12 weeks consultation is carried out rather than the 8 weeks as shown in our Statement of Community Involvement (SCI). This is to allow community groups more time to consider the document.

5.2 It is proposed to consult on this guidance note to get the views of interested parties. The following groups will be targeted for their views:

- Landlords Association
- Known local landlords
- Housing Associations
- The Housing Market Forum
- Residents Groups
- Other relevant groups

5.3 The Consultation will also include a notice in the local newspapers.

5.4 Cabinet are requested to approve this draft Supplementary Guidance Document for consultation which will be likely to start in July 2012.

6 SEA and HRA Screening

6.1 An assessment has been carried for whether a Strategic Environmental Assessment (SEA) and a Habitats Regulations Assessment (HRA) are required. The Statutory consultees have confirmed that neither an SEA nor an HRA are required.

7. Interim Arrangements

7.1 The SPD is unlikely to be formally adopted until the end of 2012 due to the time needed both for public consultation and for incorporating the results of the consultation into the final document. If the SPD is agreed by Cabinet for consultation, the Development Management Team will use this SPD as guidance for giving advice and making decisions for HMO and flat developments until it is formally adopted as policy.

8 Conclusion

8.1 This new guidance is needed to provide consistency and clarity in decision making in view of the change in legislation and changes to the benefit system.