

# Public Document Pack

**Sefton Council** 

MEETING: CABINET  
DATE: Thursday 6th September, 2018  
TIME: 10.00 am.  
VENUE: Birkdale Room, Town Hall, Southport

DECISION MAKER: **CABINET**

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

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

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

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

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

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# A G E N D A

Items marked with an \* involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1	<b>Apologies for Absence</b>		
2	<b>Declarations of Interest</b>  Members are requested at a meeting where a disclosable pecuniary interest or personal interest arises, which is not already included in their Register of Members' Interests, to declare any interests that relate to an item on the agenda.  Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation.  Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer to determine whether the Member should withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting or remain in the meeting and vote on the relevant decision.		
3	<b>Minutes of the Previous Meeting</b>  Minutes of the meeting held on 26 July 2018		(Pages 5 - 14)
* 4	<b>Tender Arboricultural Works Contract</b>  Report of the Head of Locality Services - Commissioned	All Wards	(Pages 15 - 20)
* 5	<b>Green Waste Composting Service – Re-procurement for a new Contract to run from 1st November 2019</b>  Report of the Head of Locality Services - Provision	All Wards	(Pages 21 - 24)

* 6	<b>Acceptance of Contract Variations for Extension of European Structural Investment Fund Initiatives</b> Report of the Executive Director	All Wards	(Pages 25 - 32)
* 7	<b>Procurement Process for the Provision of Enforcement Agent Services</b> Report of the Head of Corporate Resources	All Wards	(Pages 33 - 40)
* 8	<b>Utility Procurement Plan</b> Report of the Head of Corporate Resources	All Wards	(Pages 41 - 48)
9	<b>Mid-Year Review 2018/19 and Medium Term Financial Plan Update 2019/20 Onwards (incorporating the Revenue and Capital Budget Update 2018/19)</b> Report of the Head of Corporate Resources	All Wards	(Pages 49 - 66)
10	<b>Senior Management Structure Review</b> Report of the Chief Executive	All Wards	(Pages 67 - 76)

**THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON TUESDAY 7 AUGUST, 2018.**

## **CABINET**

### **MEETING HELD AT THE COMMITTEE ROOM, TOWN HALL, BOOTLE ON THURSDAY 26TH JULY, 2018**

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

#### **23. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

#### **24. DECLARATIONS OF INTEREST**

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

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

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

That the minutes of the Cabinet Meeting held on 21 June 2018 be confirmed as a correct record.

#### **26. SPECIAL EDUCATIONAL NEEDS AND DISABILITY PROCESS OF ASSESSMENT WORKING GROUP - FINAL REPORT**

Further to Minute No. 10 of the Overview and Scrutiny Committee (Children's Services and Safeguarding) held on 10 July 2018, the Cabinet considered the final report of the Overview and Scrutiny Committee (Children's Services and Safeguarding) Special Educational Needs and Disability Process of Assessment Working Group. The Lead Member of the Working Group, Councillor Spencer presented the Final Report to the Cabinet.

The Cabinet placed on record its appreciation to all Members of the Working Group and Officers for their commitment in producing an excellent piece of work.

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

That provided the recommendations are subject to any budget implications and the inclusion of the revised recommendation 1. (h), as amended by the Overview and Scrutiny Committee (Children's Services and Safeguarding) on 10 July 2018, the following recommendations be approved:-

- (1) That the Head of Schools and Families be requested to:-
  - (a) Review the current provision of Special Educational Needs

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(SEN) units within schools, in order to ensure that appropriate provision is available within the relevant schools, as evidence provided suggests that the current system is not meeting the needs of children and their families appropriately.

- (b) Encourage relevant schools to consider an alternative term for “SEN unit”, possibly describing themselves as a “SEN-friendly school”, in order to reduce stigma and improve compliance with the Equality Act.
- (c) Liaise with the Sefton Clinical Commissioning Groups and Alder Hey Children’s NHS Foundation Trust in order to explore the possibility of requesting assessment appointments by professional experts to be carried out in schools wherever possible, particularly specialised schools and those schools with a unit, in order to provide a “safe” environment for children, with less preparation required for those children who experience anxiety when their routine is disrupted.
- (d) Encourage those schools that have a SEN unit to have a dedicated Special Educational Needs Co-ordinator (SENCO), particularly where there are a high proportion of children with SEND, as evidence provided indicates that access to appropriate resources is greater in settings where there is a dedicated SENCO.
- (e) Encourage schools to include SENCOs on the management team for the school, in order to enhance the profile of SEND.
- (f) Encourage schools to support SENCOs to undertake referrals of children with SEND for professional input and assessment appointments, in order to minimise delays in obtaining Education, Health and Care Plans (EHCPs).
- (g) Explore the possibility, in conjunction with the Council’s Senior Educational Psychologist, of encouraging schools to undertake joint training on SEND for parents/carers’ groups within schools, with teachers and governors, in order to ensure that the information and approach provided are consistent, appropriate embedded.
- (h) Include Frequently Asked Questions (FAQs) for parents/carers of children with SEND within the information available on school admissions, as part of the “school readiness” approach, in order to create an efficient and effective home-school partnership from the outset, in conjunction with the Assessment, Resource and Provision Planning Team.

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- (i) Explore the possibility of increasing communication with parents/carers on SEND through the Borough's Family Wellbeing Centres, particularly from an early years' perspective and possibly through the development of leaflets, in order to enhance "school readiness" for the children and their parents/carers.
- (j) Liaise with the Sefton Clinical Commissioning Groups to explore the possibility of requesting that information on SEND for parents/carers is included with/within the Personal Child Health Record (red book) and through the Healthy Child Programme, in order to assist in early intervention.
- (k) Encourage schools to include potentially useful contacts and useful events on SEND within school newsletters, in order to ensure that all parents/carers have access to them.
- (l) Encourage primary schools to share good practice and to consider undertaking inclusivity education with all children, particularly relating to SEND and neuro-diversity, in order to raise standards and ensure equitable and universal access to provision within schools.
- (m) Revise Sefton's Local Offer in order to make it more user-friendly and accessible to parents/carers, which could include ensuring that it is easier to find on the Council's website, using less formal language and the inclusion of a glossary of terms and abbreviations.
- (n) Liaise with the Council's Head of Health and Wellbeing in order to:
  - (i) Encourage schools to advertise and promote the School Nurse drop-in sessions within their newsletters, so that parents/carers have a greater opportunity to access them.
  - (ii) Request the School Nursing Service to approach the SENCO Forum, with a view to discussing the Healthy Schools Programme and to clarify the role of the School Nurse, particularly in relation to assessing children with SEND and in order to minimise delays in obtaining EHC Plans, as this would help to manage the expectations of parents/carers.
- (o) Submit a report to a future meeting of the Overview and Scrutiny Committee (Children's Services and Safeguarding), following an audit, providing information on the following:-
  - (i) Any high schools which are restricting the number of enhanced transitions for SEND, together with

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explanations for the reasons behind the decisions.

- (ii) The number of children with SEND accessing Sefton schools who come from outside the Borough and the reasons for this.
  - (iii) Consideration of how parents who have children with SEND and who are not engaging with schools could be engaged, or re-engaged.
  - (iv) Whether funding has been withdrawn for children with SEND in Year 6 and the reasons for withdrawal.
- (2) That the Head of Health and Wellbeing be requested to ensure that the School Nurse carries out their role prior to any collaboration with the school SENCO, in relation to assessing and referring children with SEND, in order to minimise delays in obtaining EHC Plans.
- (3) That the Overview and Scrutiny Committee (Children's Services and Safeguarding) be requested to consider the establishment of a Working Group in the future to examine post-19 provision for SENDs, in order to improve conditions for this vulnerable group of young people. This could be a Joint Working Group with the Overview and Scrutiny Committee (Regeneration and Skills).
- (4) That the Senior Democratic Services Officer be requested to liaise with relevant officers in order to ensure that the Overview and Scrutiny Committee (Children's Services and Safeguarding) receives a six-monthly monitoring report, setting out progress made against each of the recommendations outlined above and as a means of ensuring SMART objectives.

## **Reasons for the Decision:**

The Working Group has made a number of recommendations that require approval by both the Overview and Scrutiny Committee (Children's Services and Safeguarding) and the Cabinet.

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

No alternative options were considered. The Overview and Scrutiny Committee (Children's Services and Safeguarding) established the Working Group to review special educational needs and disability process of assessment and the Working Group has performed this task.

## **27. PARKS AND GREENSPACES FINAL REPORT**

Further to Minute No. 10 of the Overview and Scrutiny Committee (Regeneration and Skills) held on 3 July 2018, the Cabinet considered the



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report of the Overview and Scrutiny Committee (Regeneration and Skills) Parks and Greenspaces Working Group.

The Cabinet placed on record its appreciation for the work undertaken by the Members and Officers of the Working Group.

## **Decision Made:**

- (1) That consideration and further research continues to take place on future service delivery mechanisms for the newly forming 'Green Sefton' service. These, together with other day to day innovations, to seek to reduce the reliance on the service on revenue budgets whilst still providing sites that communities value, feel safe in, and remain freely accessible, be approved;
- (2) That the Head of Communities in consultation with Corporate Communications be requested to investigate the possibility of a Sefton Parks and Greenspaces application for electronic devices to enable visually impaired individuals to safely and confidently navigate around Sefton's Parks and Greenspaces, encouraging individuals to visit parks and greenspaces;
- (3) That the Head of Communities be requested to continue exploring and developing food growing projects, such as communal allotments in parks;
- (4) That the Head of Communities be requested to continue exploring and developing the volunteer hubs, such as that at Botanic gardens old nursery site;
- (5) That the Head of Communities be requested to continue to arrange 'Volunteer Celebrations' and offer thanks formally to all volunteers who contribute so much to our Parks and Greenspaces; and
- (6) That the Head of Communities be requested to report annually or when appropriate, whichever is the sooner, to the Overview and Scrutiny Committee updating the Committee on progress

## **Reasons for the Decision:**

The Working Group has made a number of recommendations that require approval by the Cabinet.

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

No alternative options were considered. The Overview and Scrutiny Committee (Regeneration and Skills) established a Working Group to review Parks and Greenspaces in Sefton and the Working Group has performed this task.

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## **28. APPROVAL OF LEGAL DOCUMENTATION FOR ACADEMY CONVERSIONS**

The Cabinet considered the report of the Head of Schools and Families in relation to the Regional Schools Commissioner who had, on 24 May 2018, issued an academy order to enable Kew Woods Primary School to convert to an academy. It was also reported that the governing body of Churchtown Primary School had also informed the Local Authority of their application to convert to an academy. The report sought authorisation for officers to sign the documentation required by the Government's academy conversion process at the appropriate time.

### **Decision Made:**

Cabinet agreed to:

- (1) note the statutory requirements regarding academy conversion;
- (2) note the financial implications to the Council; and
- (3) authorise the Head of Schools and Families in consultation with the relevant Officers to complete the necessary agreements required as part of the academy conversion process for the following schools as outlined in the report: Kew Woods Primary School and Churchtown Primary School.

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

Cabinet needs to authorise appropriate officers to enter into the agreements required as part of the academy conversion process.

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

There are no alternative options. The Secretary of State has the powers to direct that the academy conversion process can continue if the agreements are not signed.

## **29. SAND DUNES NURSERY SCHOOL – PROPOSAL TO COMMENCE STATUTORY CONSULTATION**

The Cabinet considered the report of the Head of Schools and Families in relation to a letter received from the Governing body of Sand Dunes Nursery School stating that they were unable to set a budget and were unable to produce a plan which would bring the school back into budget.

It was reported that Sand Dunes Nursery School was no longer financially viable and had therefore requested that the local authority commence a statutory consultation on a proposal to close the school.

### **Decision Made:**

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Cabinet agreed to:

- (1) note the request from the Governing Body of Sand Dunes Nursery School to undertake a statutory consultation on a proposal to close the school because it is no longer financially;
- (2) note the statutory process outlined in the report for the closure of the school;
- (3) approve the commencement of the statutory consultation process relating to the proposal to close Sand Dunes Nursery School with effect from July 2019; and
- (4) note that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Children's Services and Safeguarding) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was morally important to ensure parents were aware of the proposal before the start of next academic year.

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

The local authority has the statutory power to close a maintained school following the statutory process detailed in the report.

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

All alternative options have been explored by the governing body with support from Officers prior to the governing body making their request.

### **30. APPROVAL OF PRO FORMA FOR SUSTAINABLE DRAINAGE SYSTEMS DOCUMENT, GUIDANCE NOTES AND SUDS AND FLOOD RISK INFORMATION NOTES**

The Cabinet considered the report of the Head of Locality Services Commissioned that sought approval to use the Sustainable Drainage & Flood Risk Information Note and the Flood Risk Pro Forma to support Development Management, which relate to the implementation of Local Plan Policy EQ8 'Flood risk and surface water'.

**Decision Made:** Cabinet agreed to:

- (1) approve the Sustainable Drainage Systems and Flood Risk Information Note for Development Management purposes; and
- (2) approve the Flood Risk Pro Forma for Development Management purposes

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## **Reasons for the Decision:**

To provide clarity of requirements and the expectations of the Local Planning Authority in Sefton to developers with regard to Sustainable Drainage Systems and flood risk requirements, whilst improving the efficiency of the service provided to support development management.

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

Not to develop these supplementary methods to support the Council in assessing planning applications in relation to sustainable drainage and flooding would have kept a process with a number of inefficiencies.

## **31. REVENUE BUDGET OUTTURN 2017/18**

The Cabinet considered the report of the Head of Corporate Resources detailing the revenue outturn position in relation to the 2017/18 financial year. The report also outlined key variations and where appropriate any impact on future years' financial performance.

## **Decision Made:**

Cabinet agreed to:

- (1) note the General Fund net surplus of £1.923m for 2017/18 that will be held in order to support any significant budget variations that may arise in the final two years of the Council's current three year budget (up to 2019/20); and
- (2) note the Schools Delegated Budget net surplus of £1.577m for 2017/18.

## **Reasons for the Decision:**

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

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

None

## **32. SEFTON ECONOMIC STRATEGY FRAMEWORK**

The Cabinet considered the report of the Executive Director that updated Members on the outcome of the consultation process of the Sefton Economic Strategy and sought agreement to delegate approval of the final version of the Sefton Economic Strategy and associated action plans to Cabinet Member Regeneration and Skills.

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Cabinet Member for Regulatory, Compliance and Corporate Services requested that reference be made to the Rural Economy within the report.

**Decision Made:**

Cabinet agreed to:

- (1) note the outcome of the consultation process of the Sefton Economic Strategy; and
- (2) delegate approval of the final version of the Sefton Economic Strategy and associated action plans to Cabinet Member Regeneration and Skills

**Reasons for the Decisions:**

To update members on progress with this Key Decision and, to allow further time to align this work with the Council's Growth Programme, seek agreement to delegate approval of the final version and associated action plans to Cabinet Member Regeneration and Skills

**Alternative Options Considered and Rejected:**

None

### **33. HOUSING DEVCO - LAND ASSEMBLY**

The Cabinet considered the report of the Head of Commercial Development in relation to the approved Business Case for Sefton Council's Housing Development Company and the proposal of numerous sites for possible development. In some cases, in order to maximise the viability and potential returns of a specific site, the Business Case recognises the need for land assembly through the strategic acquisition of sites. This report proposes the acquisition of a site.

**Decision Made:**

- (1) That the recommendations contained in Appendix 1 be approved.

**Reasons for the Decision:**

The reasons for this recommendation are detailed in the attached commercial proposal at Appendix 1.

**Alternative Options Considered and Rejected:**

An options appraisal is contained in the attached commercial proposal at Appendix 1.

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## **34. EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

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

## **35. HOUSING DEVCO - LAND ASSEMBLY**

The Cabinet considered the report of the Head of Commercial Development in relation to the approved Business Case for Sefton Council's Housing Development Company and the proposal of numerous sites for possible development. In some cases, in order to maximise the viability and potential returns of a specific site, the Business Case recognises the need for land assembly through the strategic acquisition of sites. This report proposes the acquisition of a site.

### **Decision Made:**

(1) That the recommendations contained in Appendix 1 be approved.

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

The reasons for this recommendation are detailed in the attached commercial proposal at Appendix 1.

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

An options appraisal is contained in the attached commercial proposal at Appendix 1.

# Agenda Item 4

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	Thursday 6 <sup>th</sup> September 2018
<b>Subject:</b>	Tender - Arboricultural Works Contract		
<b>Report of:</b>	Head of Locality Services - Commissioned	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Locality Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

The report seeks Cabinet's approval to procure a new contract for arboricultural works, and to award the contract based on the lowest priced tender that meets all pre-determined minimum quality requirements.

## Recommendation(s):

That Cabinet approve:

- (1) The procurement of a new contract for arboricultural works
- (2) The basis for the evaluation of tenders received.
- (3) To delegate authority to the Head of Locality Services - Commissioned, in consultation with the Cabinet Member – Locality Services, to award the contract upon completion of the procurement process.

## Reasons for the Recommendation(s):

The existing contract is due to expire. Establishing a replacement contract will provide the Council with sustainable arrangements for commissioning arboricultural work on a planned and responsive basis. It will avoid indirect costs that are likely to be incurred from procuring such work on an ad-hoc basis and provide a service in response to emergencies or call-outs outside of normal office hours.

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

Not to replace the existing contract would result in arboricultural work having to be undertaken in an adhoc way, outside of a framework contract, which would result in increased costs.

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

### (A) Revenue Costs

The expenditure incurred for work required via the new contract will be contained within the annual revenue budget provided, taking into account any agreed changes to the budget that may apply in future. The 2018/19 Green Sefton budget for trees will be used to provide an indicative value of expenditure for this contract over the five year period. Which on this basis will be in the region of £1.2m subject to any future changes to the revenue budget, however the contract will not commit the Council to any level of expenditure or volume of work.

### (B) Capital Costs

n/a

## Implications of the Proposals:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> There are no resource implications
<b>Legal Implications:</b> There are no legal implications
<b>Equality Implications:</b> There are no equality implications.

## Contribution to the Council's Core Purpose:

Protect the most vulnerable: not applicable
Facilitate confident and resilient communities: not applicable
Commission, broker and provide core services: Managing the tree stock within Sefton is imperative to keeping the highway safe.
Place – leadership and influencer: not applicable
Drivers of change and reform: not applicable
Facilitate sustainable economic prosperity: not applicable
Greater income for social investment: not applicable



Cleaner Greener; Assists the management of the tree stock within Sefton
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## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Head of Corporate Resources (FD5248/18) and Head of Regulation and Compliance (LD4472/18) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

not applicable

## Implementation Date for the Decision

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

<b>Contact Officer:</b>	Judith Burgess
<b>Telephone Number:</b>	0151 934 2367
<b>Email Address:</b>	judith.burgess@sefton.gov.uk

## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection.

## Introduction/Background

1. The existing arboricultural term contract has been in place since 2014 and is due for renewal at the start of June 2019.
2. The work covers all aspects of tree maintenance on the adopted highway (approximately 30,000 trees) and within parks and open spaces (approximately 60,000 trees). It includes a variety of operations to keep the tree stock safe and healthy, and minimise the risk of injury to residents and visitors.
3. The contract includes the provision of a 24-hour, 365 days a year emergency/out of hours call out service.
4. The contract is funded predominantly by revenue budgets from the Green Sefton Service. It is important to note that the current budgets provide for identified health and safety related tree maintenance work only. Due to the nature of this work it is not

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possible to determine the amount or type of work that will be required in each financial year, therefore expenditure will be determined by the annual revenue budget that is available, which may vary in future.

## **Tender Process**

5. The value of the contract will exceed the European Union spend threshold for Goods or Services of £181,302. With the assistance of the Council's Procurement Unit the exercise will be conducted using an Open Procurement Procedure managed via the Council's electronic opportunities portal The Chest.
6. Due to the partially unpredictable and reactionary nature of managing the Council's tree stock and because the contract is entirely budget led, the works will be tendered on a schedule of rates basis. The schedule of rates approach is necessary as this type of work cannot be quantified in advance.
7. The Arboricultural works contract will be for a 5 year period.

## **Tender Evaluation**

8. The tender evaluation process will be undertaken by a panel of senior officers who will check to ensure that tenders meet the Council's pre-determined essential minimum quality standards.
9. The evaluation will be undertaken in three parts. The objective of the first stage will be to assess all tenders against a number of selection criteria, designed to assess Tenderers' general suitability as a potential service provider.
10. All Tenders which pass the first stage will proceed to the second stage of the process, where tender submissions shall be evaluated against the quality award criteria to ensure that the Council's essential minimum quality standards are met.
11. Only those bids that have passed the rigorous assessments at the first and second stage will be subsequently assessed on price.
12. The financial submissions will be fully assessed and numerical checks undertaken as part of the tender evaluation process, a sample Bill of Quantities will be used for evaluation purposes only. This process will run alongside the process above but will only be considered once the tenderer has passed the quality criteria.
13. Following completion of the three stage assessment, the most economically advantageous tender taking into account both quality and price will identify a preferred tenderer.
14. A meeting will be undertaken with the preferred tenderer to ensure due diligence. At this stage discussions will take place to discuss the assurances made within the quality submission.
15. Subject to the outcome of the above consultation will then take place with the Cabinet Member Locality Services prior to the contract being awarded.

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## 16. Indicative Timescale

October 29th 2018	OJEU Notice Published
October 29th 2018	ITT Published
November 30 <sup>th</sup> 2018	Deadline for Tender Submission
30 <sup>th</sup> November 2018 – 31 <sup>st</sup> January 2019	Evaluation of responses
W/C 4 <sup>th</sup> February 2019	Moderation and selection of preferred bidder and due diligence check.
14 <sup>th</sup> February 2019	Notification of Intention to Award and start of the 10 day standstill period
15 <sup>th</sup> February – 25 <sup>th</sup> February 2019	Mandatory Standstill
1 March 2019	Issue contract for signature
1 <sup>st</sup> June 2019	Contract start date

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# Agenda Item 5

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	6 <sup>th</sup> September 2018
<b>Subject:</b>	Green Waste Composting Service – Re-procurement for a new Contract to run from 1 <sup>st</sup> November 2019		
<b>Report of:</b>	Head of Locality Services - Provision	<b>Wards Affected:</b>	All
<b>Cabinet Portfolio:</b>	Cabinet Member – Locality Services		
<b>Is this a Key Decision:</b>	Yes / No	<b>Included in Forward Plan:</b>	Yes / No
<b>Exempt / Confidential Report:</b>	No		

## Summary:

To seek approval to begin procurement exercise for a new Green Waste Composting Service Contract to run from 1<sup>st</sup> November 2019.

## Recommendation(s):

Cabinet is requested to:

1. Approve the proposed OJEU-compliant procurement process for a new Joint Green Waste Composting Contract to run from 1st November 2019
2. Grant delegated authority to the Head of Locality Services Provision to award the Contract resulting from the procurement in consultation with the Cabinet Member – Locality Services.

## Reasons for the Recommendation(s):

The current contract for the delivery of green garden waste for composting comes to an end on October 31st 2019. This was a joint authority contract. There is no option to extend the contract for a further period. The Contract will have to be re-tendered in order to maintain composting facilities for green garden waste to be delivered.

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

None

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

**(A) Revenue Costs** - Costs are contained within the Cleansing Budgetary Provision, Green Waste Collections are a core service.

**(B) Capital Costs** - None

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## Implications of the Proposals:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> No changes will be required to the current Cleansing Services resource in terms of fleet and staffing. There may be a slight increase in gate fees, however it is anticipated this will be negligible and will be contained within the existing budgetary provision.
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<b>Legal Implications:</b> None
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<b>Equality Implications:</b> There are no equality implications
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## Contribution to the Council's Core Purpose:

Protect the most vulnerable: not applicable
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Facilitate confident and resilient communities: not applicable
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Commission, broker and provide core services: Green Waste Collections are a core service
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Place – leadership and influencer: not applicable
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Drivers of change and reform: not applicable
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Facilitate sustainable economic prosperity: not applicable
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Greater income for social investment: not applicable
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Cleaner Greener: Providing a green waste collection service sustains Seftons recycling rate and diverts bio-degradable waste from disposal.
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## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Head of Corporate Resources (FD 5243/18) and Head of Regulation and Compliance (LD 4467/18) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

The procurement process will be a joint exercise with St Helens, Wirral and Knowsley, with Sefton being the Lead Authority. All the participating Authorities are happy to work together again to secure new contract arrangements as detailed within this report.

A Joint Authority Working Group has been established, with Lead Officers from Sefton, Knowsley, St Helens and Wirral Councils.

## Implementation Date for the Decision

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

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## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection

## Introduction/Background

1. The current contract for the delivery of green garden waste for composting comes to an end on October 31st 2019. This was a joint authority contract. There is no option to extend the contract for a further period.
2. When this service was originally procured, it was procured on the basis of a core contract period of 2 years with further optional extension periods of 3 x 1 years built in and anticipated at the outset as part of the life of the contract, provided that the quality/price of services provided under the contract are of a satisfactory standard and exercising the extension is considered to represent best value for the Council. The purpose of building contracts around core and extension periods is to ensure that the quality of the contract is maintained throughout the life of the contract and to ensure that the Council, particularly at times of financial uncertainty has flexibility to bring contracts to a conclusion and/or is able to refine services and or goods received under the contract.
3. Sefton Council was the Lead Authority for the joint procurement exercise in 2014 along with Knowsley, St Helens and Wirral to seek suitably experienced companies to process collected green garden waste into certified PAS100 compost. The combined authorities collect around 48,000 tonnes of green garden waste per annum.
4. The contract to provide a green waste composting service was awarded to White Moss Horticulture Ltd in 2014. The core Contract Term was for a 2 year period from November 1st 2014 to October 31st 2016 with an option to extend for an additional 3 x 12 month periods. All the additional 3 x 1 year extensions were agreed, with the final 1 x year extension running from 1<sup>st</sup> November 2018 until 31<sup>st</sup> October 2019.
5. Previous tender exercises have had low responses as detailed below:  
2011 - Sefton only contract - 3 bids received: White Moss, WRS Composting, and WSR Recycling. Contract awarded to White Moss Horticulture Ltd.

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2014 - Collaborative Contract - 2 bids received: White Moss and James Heyes and Sons. Contract was awarded to White Moss Horticulture Ltd.

6. Due to the limited responses previously received all the participating Authorities consider a longer core contract period would potentially open up the market. It is considered that a core 5 year term with 2 x 1 year extension options would help increase bids and opportunities for suppliers due to the nature of the service, set up costs, permitting, and composting certification regulations associated with the composting process.
7. It is anticipated that a 5 year Core period with a termination for convenience clause and 2 x 1 year extension options would be the most beneficial to all participating authorities and to the potential service provider, providing stability for the market.
8. The joint authorities collectively collect around 48,000 tonnes of green garden waste (Sefton alone collect ~ 19,000 tonnes per annum) which is all composted to PAS 100 Specification – as set out in the Compost Quality Protocol (2012). Green waste tonnage can vary due to climatic conditions so it is important that there is no fixed tonnage threshold.
9. The contract will need to allow for variations to anticipated tonnage, which may arise from individual service delivery decisions, including charging for a green waste collection service, which can impact on the tonnage collected.
10. The contract would be exclusively for green garden waste, as opposed to mixed green garden and food waste, which requires a different and considerably more expensive composting process in order to reach required composting conformity.
11. A termination for convenience clause will be included in the contract, should any changes to legislation arising from national or regional directives on collection and disposal of food waste be implemented.
12. The contract will be open to Liverpool City Council and Halton Borough Council to join if their current arrangements end during the new joint contract term, and the terms of any new contract are favourable.
13. A further report will be brought to Cabinet in 2019 detailing the outcome of the procurement process seeking approval to award the Contract to the successful bidder.

## **Conclusion**

All parties need to establish a suitably certified delivery and processing outlet for collected green garden waste. This is a core service which diverts bio-degradable waste from other less favourable disposal pathways. Green waste tonnage contributes significantly to all the authorities recycling rates which are anticipated to become even more challenging in the coming years. It is therefore vital a stable outlet is secured for the future.



# Agenda Item 6

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	6 September 2018
<b>Subject:</b>	Acceptance of Contract Variations for Extension of European Structural Investment Fund Initiatives		
<b>Report of:</b>	Executive Director	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regeneration and Skills		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

To advise members of arrangements to extend the current provision of support to local businesses and workless residents undertaken by the InvestSefton and Sefton@work teams through an extension of European Structural Investment Fund (ESIF) grants. The report also seeks permission for delegated authority to be given to Cabinet Member Regeneration & Skills to accept the necessary contract variations for both ERDF and ESF which will be forthcoming from the Liverpool City Region Combined Authority over the forthcoming period in consultation with Head of Corporate Resources and Head of Regulation & Compliance. The delegated authority will allow the Council to maintain these essential services for workless residents and businesses without a break in continuity of service for local businesses and workless residents.

## Recommendation(s):

- 1.To note the in-principle approval received by the LCR Combined Authority for extension to the 'Ways to Work' ESF programme in Sefton under PA1.3 (for young people aged 16 – 29) and the submission of the extension request for funding under PA1.1 ( Adults aged over 18)
- 2.To note the in-principle approval received by the LCR Combined Authority for extension to the PA3 ERDF Business Growth Programme t/a LCRIBS (Liverpool City Region Integrated Business Support) programme
3. To note the in-principle approval received by the LCR Combined Authority for extension to the PA3 ERDF Place Marketing for Investment programme
- 4.To delegate acceptance of the ESIF grant offers for delivery in Sefton to Cabinet Member – Regeneration & Skills in line with the advice received from the Head of Corporate Resources and Head of Regulation and Compliance prior to bid submission.

## Reasons for the Recommendation(s):

# Agenda Item 6

The contract variations from the LCR Combined Authority will allow the Sefton@work and InvestSefton services to continue to offer high quality, value for money interventions which provide key services in our local economy. Both services, under the Investment & Employment division have been largely self-funded since 2011 and have managed, through a variety of grants and contracts, to undertake a range of important support services which have driven up employment, advocated for vulnerable people, captured social value for Sefton citizens, supported the growth of SMEs and attract new inward investment over a number of years. The Sefton delivery for both Business support and employment support each operate as constituent parts of wider economic development initiatives led by the LCR Combined Authority. This offers a degree of financial stability and shared risk. The contract variations will allow these services to be retained and developed further and the grant intervention rates on offer are extremely attractive with ESF for young people (incorporating YEI) offering a rate of 25% match funding to 75% grant and ERDF 50% match to 50% grant.

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

Not to apply for EU funding would be to forego the benefits (financial, social and economic) associated with external funding and would mean that Sefton would fall behind other LAs on this important agenda. EU funding has supported an essential pillar of key elements of the Council's Investment and Employment Service from 2016 onwards, and these extensions will support the delivery of key objectives for prosperity and jobs expressed in the Council's Vision for 2030. The opportunity to maximise Youth Employment Initiative funding (YEI) in addition to European Social Fund offers a particularly desirable level of grant intervention rate unavailable through other means. The current extension would allow the Sefton@work offer for workless residents to be fully optimised as the Council moves forward with its commitment to developing resilience and independence among workless residents. The extension of ERDF would allow InvestSefton to support the growth of more enterprises in Sefton, help in attracting new investment and expand their capacity to employ more residents. Given the UK's decision to exit the European Union in 2019, there are no expectations that further European Structural funds will be made available for the North West in future, however the UK government is keen to utilise all available EU monies prior to Brexit and this extension is likely to represent the last funding opportunity of its kind.

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

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

In-principle approval has been received from the Department of Work and Pensions (DWP) to extend the Ways to Work ESF project and Sefton will receive an agreement from the LCR Combined Authority following its August meeting. The variations will amend the amount of ESF grant available to Sefton to the amount of £ 2,754,637.

In-principle approval has been received from the Ministry of Housing, Communities and Local Government for both the ERDF LCRIBS Business Growth and ERDF Place Marketing for Investment programmes. These are expected to be approved shortly. The variation to the ERDF grant to Sefton will make available the sum of £948,244 (LCRIBS T/A Business Growth Programme) and £169,063 (Place Marketing for Investment)

Both ERDF and ESF extensions require match funding from the Council, which varies according to the grant intervention rates applicable to each of the projects. Extension requests have been carefully compiled to draw down all available resources already within the scope of budgets managed through Investment & Employment. This expenditure is therefore contained partly within approved revenue budgets for 2018/2019 and 2019/20 plus an element of match funding arising from existing Council commitments deemed eligible to attract EU grant. The remainder of the match funding element (£470,000) has been sourced, after negotiation and approval from the Executive Director, from the Council's Growth budget.

The match funding forecasts will be constantly monitored and updated, and corrective action taken to substitute any potential shortfall in order to minimise the call on Council resources wherever possible. Staff involved in this are experienced in managing projects with multiple budget lines in this way and have a successful track record of operating external monies gained over many years of successful delivery.

However, notwithstanding these risk management processes, the benefit for Sefton of operating this scheme within the LCR Combined Authority arrangement is that there is scope for much greater flexibility in terms of the security of match funding across the 6 Local Authority (and in the case of LCRIBS 3 Chambers of Commerce) partners than previous ESIF funding rounds where the Council applied for funds on standalone projects.

## **(B) Capital Costs**

### **Implications of the Proposals:**

<p><b>Resource Implications (Financial, IT, Staffing and Assets):</b></p> <p>The Head of Corporate Resources was consulted at the commencement of the original contract in 2016 and the following comments have been reproduced here as they are still applicable: "there will always be a risk concerning the continued availability of match funding in the future. However, this risk is likely to be mitigated by the fact that the project is being implemented across the Liverpool City Region, and not just in Sefton, which potentially means that the failure of a single partner to meet its full commitment would be compensated for by additional input from another partner. If this situation were to arise then a contributing partner would reasonably expect enhanced benefit from the project, but the benefits gained by Sefton to the point that the Council was unable to sustain its match would not be lost.</p>
<p><b>Legal Implications:</b></p> <p>There are no legal implications</p>
<p><b>Equality Implications:</b></p> <p>There are no equality implications</p>

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

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**Protect the most vulnerable:**

This decision will allow the Council to continue an essential delivery offer targeted at vulnerable people of working age who have become disconnected from the labour market either through low skills or qualifications, ill health, poor work history or a range of other indicators of disadvantage. Business support will be targeted at companies who need assistance to start or grow business and sustain employment. Place Marketing will help support Sefton's inward investment activities which help generate sustainable job opportunities

**Facilitate confident and resilient communities:**

The aim of this provision is to build up the confidence and esteem of individuals and their communities through the promotion of positive employability skills which has an effect on families, communities and the local labour market. Local Employment is well known to be an essential component which secures the viability of communities. InvestSefton also supports Sefton citizens seeking to start their own business.

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

The impact of worklessness is evidentially linked to deprivation and lack of prosperity which can give rise to increase in demand for Council services and the Council has recognised this link through a number of key strategies and plans including the forthcoming Sefton Economic Strategy

**Place – leadership and influencer:**

Sefton@work delivers a range of flexible services through a variety of outreach mechanisms which are negotiated with local partners, VCF agencies and government agencies such as Jobcentreplus. By delivering the employment support offer alongside other local delivery sites, this promotes collaboration and develops the concept of employment as a key outcome for the Council and its stakeholders. InvestSefton fulfils an essential leadership role with regard to SME businesses through the Sefton Economic Forum and the LCR Business Growth Board. The Place Marketing for Investment project will help support new inward investment in Sefton and influence city region activities through the LCR Investment board.

**Drivers of change and reform:**

Sefton@work plays a key role in advocating for workless residents with employers and gaining real benefits from social value arising from targeting employment opportunities to local people and building trust and confidence among local employers to recruit a local workforce. InvestSefton plays a key role in advocating for local business supply chains when attracting new investment.

**Facilitate sustainable economic prosperity:**

Sefton@work seeks to provide sustainable employment opportunities for residents by working with employers to improve the quality of work they offer, by providing essential transitional support for people new to the labour market moving into work after protracted period of worklessness and through providing in-work personalised support for more vulnerable clients once they are in work to allow them to prosper and

thrive. InvestSefton seeks to provide sustainable business support to both new and existing businesses and inward investors in Sefton.

**Greater income for social investment:**

Sefton@work supports social enterprise through close collaboration with a variety of key agencies. The ILM paid employment placements offer an important assistance to social enterprise who provide quality placements for workless clients and these in turn add to the sustainability of the host organisations. InvestSefton targets support at social enterprises to assist them to grow.

**Cleaner Greener**

Sefton@work works alongside key agencies and employers in sectors able to make a real difference to the Borough in terms of its physical environment. These include agencies able to provide work experience placements in horticulture, outdoor sports, recycling, environmental protection and visitor economy. InvestSefton works closely with a range of LCR Low Carbon business support agencies and ERDF projects to help increase energy savings and environmental improvements for Sefton SMEs.

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

**(A) Internal Consultations**

The Head of Corporate Resources (FD5245/18) and Head of Regulation and Compliance (LD4469/18) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Not Applicable

**Implementation Date for the Decision**

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

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**Appendices:**

There are no appendices.

**Background Papers:**

# Agenda Item 6

There are no background papers available for inspection.

## 1. Introduction/Background

- 1.1 The LCR Combined Authority acts as the Accountable Body through MerseyTravel for the projects LCRIBS (Liverpool City Region Integrated Business Support) t/a Business Growth Programme, Place Marketing for Investment and Ways to Work funded by ERDF and ESF respectively.
- 1.2 The Combined Authority has submitted extension applications to the relevant Managing Authorities and these have been agreed with the LCR ESIF committee. The original timescale for ERDF projects was for LCRIBS and Place Marketing to complete in December 2018 and for Ways to Work to complete in July 2018 (for the young people element) and December 2018 for adults.
- 1.3 InvestSefton delivers LCRIBS and Place Marketing for Investment in Sefton and Sefton@work delivers Ways to Work.
- 1.4 For ERDF, the Managing Authority is the Ministry of Housing Communities and Local Government (MHLCG). Up to £13.4m ERDF remains unallocated and has been earmarked for project extensions and new projects coming forward.
- 1.5 For ESF, the Managing Authority is Department of Work and Pensions. More than £20M unallocated ESF funding remains and this will be utilised for project extensions and new funding rounds.
- 1.6 The chosen method to deploy the contract variation rather than the construction of entirely new bids is highly advantageous as it avoids hiatus in service delivery, retains clients and SMEs who are continuing to receive service, maintains ILM agreements across phases and allows for trained and qualified business advisory and employer liaison staff to be retained in position. Moreover, it allows for the optimisation of funding into successful projects without further undue delay.

## 2. Impact of European Structural Funding for Sefton

- 2.1 The ERDF and ESF projects have made significant and measurable impacts in Sefton since their inception.

Sefton@work has delivered:

- 817 Participants aged over 18 receiving help with employability
- 286 participants supported with disabilities or work limiting ill-health
- 499 participants supported who are unemployed and claiming benefits
- 298 participants supported who are Economically Inactive
- 914 Participants aged 16-29 receiving help with employability
- 275 young participants supported with work limiting health conditions

- More than 120 Paid supported employment placements ( ILMs) with local employers

InvestSefton has delivered;

- 1,000+ businesses engaged and receiving advice on growth.
- 15 business focused events with over 700 businesses attending.
- Intensive 1:1 business support to 116+ businesses
- Assistance to create 69 full time jobs (marketed to local residents via Sefton@work)
- Significant Inward Investment support to projects in to Sefton, including Domino UK Ltd and Kura which have created over 220 jobs and safeguarded 60 more with over £30m invested in these two projects alone.

### **3. Extending the Projects**

#### **European Regional Development Funds**

3.1 MHCLG in its call for projects has indicated its preference for four existing successful projects to be extended including LCRIBS and Place Marketing for Investment. MHCLG has indicated the programmes can be rolled forward under a Change Control Notice to help expedite the formal approval process. Updated priorities within the City Region for the period of the extension will focus ERDF investment on the following:

- Continuation and enhancement of enterprise readiness and start ups
- Targeted programme of support for newly started businesses (1st 3 years)
- Continuation and enhancement of the core LCR business support offer
- A selective, high intensity and longer- term programme for high growth SMEs
- Continuation and enhancement of single inward investment offer
- A programme of innovation and/or accelerator support for SMEs
- Support to attract new inward investment

#### **European Social Funding**

3.2 Department for Work and Pensions have accepted that key projects such as Ways to Work (which have delivered in line with forecasts) can be rolled forward under a Change Control Notice process. This circumvents the need to assemble a fresh new application and have this formally approved and should enable a swifter decision-making process than a full application.

3.3 The project extension for ESF will focus on the continuation of existing local priorities, with greater focus on the targeting of key groups such as single adult households, inactive people, BME groups and people with disabilities with a view to greater numbers from these cohorts moving into sustainable employment.

### **4. Financial Support for Project Extensions**

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- 4.1 Members will be aware that ESIF funded projects allow the Council to draw down European funding to deliver essential services for business and employment which requires input of match funding. The return on ESIF investment is very positive, ranging from 50% across some activities up to 75% grant intervention rate applicable to the Ways to Work project younger persons element (known as Youth Employment Initiative). To date, the match finance into the ERDF and ESF projects has come from the resources contained within Investment and Employment financial ring-fence which has been in operation since 2011.
- 4.2 Recent discussions have taken place with the Executive Director to scope the opportunity for extending investment into European funding to support continuity of the InvestSefton and Sefton@work services. As a result, it has been identified that match finance could be made available to support these extension requests through the Growth budget. Provision has therefore been made for securing the necessary additional match funding into the employment and business support programmes for the present financial year. As the Growth budget is managed on an annual basis under the current mid-term financial plan, there may need to be further budget planning activity for 2019/20 and 2020/21
- 4.3 If the unallocated ERDF and ESF funding is not drawn down and expended in to projects this funding would need to be returned to the EU. UK government departments dealing with structural funding have indicated this would not be a preferred outcome and have agreed with regional and devolved authorities such as the LCR Combined Authority that this should be avoided. However, the time taken to process the extension requests using Change Control Notices could raise some concern if further delays are experienced. Clearly, the opportunity to receive ESIF funds in future years is not a realistic prospect after Brexit arrangements are completed so this opportunity for extension may be the last of its kind to draw in significant external resource to support the economic aims of the Council under Vision 2030.



# Agenda Item 7

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	6 <sup>th</sup> September 2018
<b>Subject:</b>	Procurement Process for the Provision of Enforcement Agent Services		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

The Council has used for many years the services of external Enforcement Agent Companies as a last resort to recover various debts it is owed, such as for Council Tax, Business Rates, Housing Benefit overpayments and other income from fees and charges including penalty charge notices for parking fines etc.

Most people pay the Council on time but some simply try to delay payment as long as possible. However, the Council recognises that many people and businesses in our community are facing challenges in the current economic climate, particularly in the light of the Government's welfare reform changes and to help mitigate a number of support procedures have been put within the debt collection process.

Before a debt is passed to an Enforcement Agent company to collect, the Council makes every attempt to engage with the debtor to offer help and assistance at each stage in the collection and recovery process and, where possible, supporting them to make affordable arrangements based on their individual circumstances together with providing information about voluntary sector or business advice organisations that can give further practical support with debt and welfare advice. Regrettably for some, the refusal to engage with us or to seek independent advice can leave the Council with no alternative but to pass the debt to an Enforcement Agent company once a Liability Order has been obtained from the local Magistrates Courts.

The Council complies with all relevant Government legislation that governs the collection of debt and applies best practice to Council Tax debt collection, as recommended by the Local Government Association. The Council has recently entered partnership working arrangements with Sefton Citizens' Advice and our Enforcement Agents to ensure that people with Council tax arrears are treated fairly.

The existing contract under the Rotherham Enforcement and Debt Collection Services Framework is due to expire on the 31<sup>st</sup> March 2019. Therefore, to ensure enforcement action can continue a procurement process for Enforcement Agent services is required.

# Agenda Item 7

The report seeks approval of Cabinet for officers to begin the process of a mini competition under the Rotherham Enforcement and Debt Collection Service Framework.

## **Recommendation(s):**

- (1) That Cabinet approve the procurement process of a mini competition under the EU procurement regime compliant Rotherham Enforcement and Debt Collection Services Framework.
- (2) That Cabinet delegates to Head of Corporate Resources the decision on which Enforcement Agent companies will be awarded the contract for enforcement and debt collection services and the contract for warrants of arrest without bail.
- (3) To authorise the Monitoring Officer to draw up the appropriate contracts to run for a period of 3 years with an option to extend for one year.

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

Existing contracts are due to expire 31<sup>st</sup> March 2019. Enforcement Agents are a vital additional resource for the collection of unpaid debt due to the Council.

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

1. The option of not appointing a contractor was considered but dismissed. This was because the authority cannot risk not collecting a sizeable percentage of its annual income without the support of Enforcement Agents.
2. The Council could conduct an EU procurement regime compliant exercise, approaching the whole market directly. This option however would require a much longer timescale as the tender opportunity would need to be advertised in the Official Journal of the European Union (OJEU). Further, the volume of bids submitted is unpredictable and so in addition to managing a longer advertising period, officers could easily find that evaluation of bids also takes a much longer period. This could prove problematic as the existing contracts expire on 31/03/2019 and would be an inefficient use of Council's resources. Therefore, this option has been rejected.
3. Contracts can also be awarded under a concession agreement with direct awards to successful bidders. However, there is a limit to the value of the contracts that can be awarded as a concession based on the value over the lifetime of the contracts. It has been assessed that the potential value of the contracts would exceed the OJEU threshold. A tender process would still be required by way of advertisement via OJEU that would open the process to unlimited competition and would be an inefficient use of Council's resources. This is also likely to extend the timescale to procure services which could negatively impact on the collections process.

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

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

Enforcement Agent costs under current legislation are charged to the debtor and therefore are not a direct cost to the Council.

Warrant of arrest costs are payable to the Enforcement Agent company by the Council and can only be passed on to the debtor in the event of a suspended prison sentence being ordered in the Magistrates' Courts, as part of the Council's application for reasonable costs. Any such charges not recovered from the debtor are met from the Council's existing cost budgets.

**(B) Capital Costs**

N/A

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> None
<b>Legal Implications:</b> The Council's Contract Procedure Rules provide that the Council may enter existing public-sector framework agreements where it is evident that such frameworks represent the optimum solution to the Council in terms of service and cost.  The enforcement process for Enforcement Agents is governed by the Taking Control of Good (Fees) Regulations 2014.
<b>Equality Implications:</b>  The equality implications have been identified and mitigated.

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

Protect the most vulnerable: Where a debtor falls into one of the vulnerability categories detailed in the Council's Code of Practice, the Enforcement Agent company must report this back to the Council.
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable

# Agenda Item 7

Cleaner Greener: Not applicable
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## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Head of Corporate Resources (FD 5251/18) and Head of Regulation and Compliance (LD 4475/18) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

Not applicable

## Implementation Date for the Decision

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

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**Appendices:** None

## Background Papers:

There are no background papers available for inspection.

### 1. Introduction/Background

- 1.1 An Enforcement Agent service provision is an integral part of the overall collection process for Council Tax, Non-Domestic Rates, Sundry Debtors, Housing Benefit Overpayments, Parking Fines and Business Improvement District Levy arrears and contributes greatly to income collection levels for the Council.
- 1.2 Following approval by Cabinet on 12<sup>th</sup> September 2013 a mini competition tender was carried out under the Rotherham Council EU Compliant accessible framework for Enforcement and Debt Collection Services.

### 2 Enforcement awards:

- 2.1 Following the approval by Cabinet committee on the 12<sup>th</sup> September 2013 to delegate to the Head of Corporate Finance and ICT the decision on which Enforcement Agent companies were to be awarded contracts, the approval was made on the 6 March 2014 by the Head of Finance and ICT following the procurement process.

2.2 The awards covered the period from the 1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2017, with an option to extend for 2 individual one year periods subject to satisfactory performance. The awards went to the following bidders:

**Jacobs** Prime contractor award : Lots 1, 2, 4 and 6

**Bristow & Sutor** Prime contractor award : Lots 1, 2 and 5

**Newlyn** Prime contractor award : Lot 3 and 4  
Reserve contractor award : Lots 1, 2 and 5

**Rosendale's** Prime contractor award : Lots 2 and 5  
Reserve contractor award : Lot 6

**Equita** Prime contractor award : Lot 3  
Reserve Contractor award : Lot 4

**Phoenix** No award proposed as overall scoring achieved was significantly low

2.3 Since November 2014 there has been an additional requirement to collect arrears accrued in respect on non-paid Business Improvement District levies. This area of enforcement was not included in the tender document, however under section 18, variation of services of the contract - allowed for this work to be undertaken and subsequently the Enforcement Agents companies were notified of the contract variation.

### 3 **Sefton Code of Practice for Enforcement Agent Companies**

3.1 On 13 August 2018 the Council's Code of Practice for our Enforcement Agent Services in Sefton, which covers required performance expectations and customer service standards, was reviewed to ensure that it was meeting its objectives, particularly about the requirements to deal with and assess vulnerability. The Code has been revised and in all cases where exceptional financial difficulty is identified the Enforcement Agent company or Sefton Council will offer a 28 day hold or "breathing space" on enforcement action if debtors can demonstrate that they are currently seeking debt advice from an accredited advice provider.

### 4. **Performance Management**

4.1 The current contractual arrangements are working well. The commencement of the new contracts coincided with the introduction of the Taking Control of Goods (Fees) Regulations 2014 (TCOG) that govern the way Enforcement Agents can operate. The transition to the new regulations has taken place smoothly without any loss of performance. The new regulations have resulted in more debts being collected without the need for Enforcement Agents to call at the homes or businesses of debtors. This has had the positive effect of reducing the number of complaints. In addition, the new regulations determine the level of costs that can be added at each stage, also reducing the number of complaints.

# Agenda Item 7

- 4.2 The Council has established close working practices with each firm. Regular individual liaison meetings, attended by representatives from the Enforcement Agent Company are held to monitor performance and to discuss any issues that may be arising to further improve working practices. This can include the conduct and behaviour of an Enforcement Agent if any complaints / issues have been raised with the Council.
- 4.4 The Enforcement Agent Companies have performed competently and, through effective monitoring, the Council is confident that our residents are being treated fairly by the arrangements in place.

## **5 Enforcement Agent Legislation**

### 5.1 Council Tax and Business Rates

At the time of the previous procurement process for the existing contracts the Ministry of Justice was in the process of enacting new legislation placing new obligations on the Enforcement Agents. The Taking Control of Goods Regulations 2013 came into effect on 1<sup>st</sup> April 2014. The regulations introduced a compliance stage whereby the Enforcement Agents became obliged to issue a notice to the debtor giving a minimum of 14 days to settle or arrange to pay the debt. The regulations also introduced changes to the fees paid to Enforcement Agents. Prior to the new regulations Enforcement Agents were free to determine their own fees in addition to any statutory fees. The new regulations simplified the fee structure by introducing a £75 fee at the compliance stage, and an additional fee of £235 if the case progressed to enforcement stage. The new regulations and fee structure were introduced to encourage greater efforts to collect debts at the compliance stage and reduce the number of calls to debtor's homes. The Ministry of Justice is currently reviewing the impact of the regulations before determining whether further amendments to the regulations and/or fees is required. A date has not been set for the completion of that review.

### 5.2 Civil Parking Enforcement

Parking Services issue Penalty Charge Notices for contraventions of Parking Regulations, using powers contained within the following regulations:

- The Traffic Management Act 2004

## **6 Procurement - use of an existing framework**

- 6.1 It is proposed that the procurement process will include a mini competition exercise conducted under the Rotherham Council EU Compliant framework for enforcement and debt collection services. This is an existing, and proven framework that many Council's have used to procure Enforcement Agent services.

- 6.2 The mini competition will be managed by Sefton Council's Procurement Unit and will be published solely to the 10 Rotherham Council framework providers, and managed electronically within the North-West Opportunities Portal, 'The Chest' to ensure auditability.
- 6.3 Rotherham MBC undertook the OJEU exercise for debt collection and bailiff services. The framework complies with the Council's Constitution (chapter 11) contract procedure rules. Any Council in the Municipal Journal can access the Rotherham framework agreement and hold a mini competition of the Enforcement Agent companies who were selected for the framework agreement.
- 6.4 The Enforcement Agent Company must hold corporate membership of the Civil Enforcement Association. This includes guidelines under which their members operate.
- 6.5 The Rotherham framework procurement process undertaken was extensive including interviews with the providers. The following 10 service providers are available through the Rotherham framework:
- Bristow and Sutor
  - Dukes Bailiffs Ltd.
  - Jacobs Certificated Bailiffs
  - Phoenix Commercial Collections
  - Equita Ltd
  - Newlyn PLC
  - Marston Holdings (Rossendale's / Swift)
  - JBW Group Ltd
  - Ross & Roberts Ltd
  - Rundle & Co Ltd
- 6.6 The evaluation process by the working group will determine if all 10 companies are selected for interview.
- 6.7 The contract will be for a 3-year period in the first instance, with an option of up to a one year extension, in accordance with the tender specification which includes satisfactory performance.

## 7. **Award Criteria**

- 7.1 The contract will be awarded utilising a weighted scoring system of:

**Price value - 30%**

- Including commission charged on debt collection, cost of executing a warrant

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of arrest and details of any other fees to be charged to the Council or debtor – not including statutory costs incurred by debtor.

- Collection performance – including evidence of current and past collection performance for existing contracts.

**Quality of Service** (includes interview) – 70%.

The interview process will explore how the Enforcement Agent Companies differentiate between those who ‘won’t pay’ and those who ‘can’t pay’. Also, the advice and guidance they give to vulnerable persons.

- Experience, quality and expertise
- Administration – including timescales for handling cases, turnaround time for queries and amendments and transparency of information.
- Complaint handling – including those complaints upheld, procedures in place to monitor outcomes and evidence of actions taken from that process.
- Innovation
- Enforcement Agent coverage
- Software systems and access

7.2 The procurement process will be completed by February 2019, with the contract to be awarded in March 2019, with a start date of 1 April 2019



# Agenda Item 8

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	Thursday 6 <sup>th</sup> September 2018
<b>Subject:</b>	Utility Procurement Plan		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

Report To Seek The Approval For The Appointment Of An Electricity And Gas Supplier For Contracts Commencing 1<sup>st</sup> April 2019.

## Recommendation(s):

It is recommended that Cabinet approve:

1. The procurement of Electricity Supplies for all Council buildings, including schools and Street Lighting to be delivered through a Central Purchasing Body (CPB) namely Yorkshire Purchasing Organisation (YPO).
2. That Sefton Council join the YPO Electricity Supply Framework, with instruction to purchase electricity supplies on behalf of the Council for contracts commencing 01<sup>st</sup> April 2019 until 31<sup>st</sup> March 2023.
3. The continuation of Sefton Council utilising Crown Commercial Services (CCS) Gas Supply Framework as the provider of gas contracts for the period 1<sup>st</sup> April 2019 until 31<sup>st</sup> March 2023.
4. The continuation of the authority previously delegated to Head of Corporate Resources and the Head of Commissioning Support and Business Intelligence to sign the Customer Access Agreements for both CCS and YPO supply frameworks.
5. That the Head of Corporate Resources reports the results of the electricity and gas procurement exercise and his actions to a future meeting of the Cabinet Member.

It is recommended that Cabinet note:

1. That planning for contract options for Council Water supplies is underway.

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

Approval is sought for the proposals of the procurement of electricity and gas for 2019/20 for 4 year contracts.

The use of existing public sector framework contracts and alternative procurement models have been thoroughly investigated within the context of achieving maximum future business value to the Council and the partners on its contracts.

To establish a new electricity contract with a new supplier in timely manner to minimise risk in exposing the Council to default penalty rates beyond 31 March 2019, which are significantly higher in cost.

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

Letting the contracts expire and go into to default rates would expose the council to significant financial risk.

Continue with operating an in house OJEU procurement exercise for electricity and/or gas supply is considered onerous when the public sector frameworks offer demonstrable value for money in the current energy market. The officer time involved in such a lengthy procurement process is better directed towards actions to reduce consumption across the council.

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

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

The cost of all utilities is met from individual departmental revenue budgets.

Actual revenue budget impacts can only be reported when new supply contracts are delivered by the Frameworks

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

None

## **Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>
None
<b>Legal Implications:</b>
Para. 2.4.1 of Contract Procedure Rules makes provision for the Council to join (or remain within) existing public sector framework arrangements where it is evident that such frameworks represent the optimum solution to the Council in terms of service and cost.
<b>Equality Implications:</b>
There are no equality implications

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

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: By securing best value supplies and continuously reviewing provisions for improvements.
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

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

### (A) Internal Consultations

The Head of Corporate Resources (FD 5232/18) and Head of Regulation and Compliance (LD 4456/18) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

Not applicable

## Implementation Date for the Decision

Immediately following the Cabinet meeting. Call in Period to be waived due to contract transfer timescales.

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## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection.

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## **1. Introduction/Background**

- 1.1 This report will consist of the procurement plan for the three main utility contracts - electricity, gas and water – which supply all council occupied sites street lighting, schools and other specific partners.
- 1.2 The Council's current 5 year electricity supply contract is due to expire on 31 March 2019.
- 1.3 The existing Crown Commercial Services (CCS) public sector framework used for gas contracts, which has provided the councils contracts since September 2013 will be renewed on 01 April 2019.
- 1.4 To comply with European Procurement Rules, it is necessary to now either re-procure the above contracts either directly via the prescribed European Journal (OJEU) route, or enter into/remain with one of the available EU compliant Energy Procurement Frameworks with a Public Sector Framework provider.
- 1.5 Actions on the route being taken to water contract procurement are noted at the end of this report.

## **2.0 Proposal and Timescales: Electricity**

- 2.1 Until now the council have always carried out in-house direct procurement of its electricity contracts. This method of procurement has brought considerable benefits to the council and the other partners on its contracts such as consistent pricing against available benchmarks and excellent strategic supplier relationship and account management. The current contract furthered these benefits with the inclusion of an Energy Supply Partnership which enabled the council to make significant investment and subsequent savings in Building Management Systems and their controls. To date this work has generated savings and mitigated costs of over £180,000 in gas and electricity, across 5 sites (Dunes, Bootle Leisure Centre, CLAC, Meadows, Litherland Sports Park). All savings were retained by the department. Even when the Supply Partnership ends key knowledge and skills have been learnt and the savings will continue into the future with continued officer support.
- 2.2 In-house procurement of such a complex contract has considerable ongoing demands in monitoring the energy market and risk strategy and is now considered less favourable as the market conditions have changed with the decarbonisation of the grid and a shift in non-commodity charges outweighing wholesale energy costs. This has led officers to consider a move away from direct procurement to procuring through a public-sector framework.
- 2.3 Having considered a number of available public-sector frameworks and Dynamic Purchasing System options, it is considered that they all offer very similar services including locked and variable procurement options and payment terms that meet the council's needs. Since our last supply partnership contract was written framework providers have also developed many of their services to include automatic metering (AMR) as standard and increased their offers on energy management assistance. Based on the information provided by each Central Purchasing Body, officers believe that Yorkshire Purchasing Organisation (YPO)

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Framework number: 79, which would best support our overall planned utility procurement process, helping us to achieve overall best value for the Council.

- 2.4 YPO recently carried out a customer driven quality led tender, focusing on future proofing the framework and driving down supplier margins. It received 6 compliant bids and was won by their incumbent supplier NPower. Through the tender process they were able to achieve a supplier margin of 0.2p/kWh versus an average margin across the 6 bids of 0.52p/kWh. Other frameworks we spoke to were unable to advise on the supplier margin in place but we know that it is less than the margin under our current supply contract.
- 2.5 The benefits of joining the YPO (Electricity Framework 791) contract include:
- Dedicated YPO and supplier contacts
  - Monthly SLA and KPI reporting, budget tools / market intelligence
  - Billing validation checks
  - Street Lighting UMS specialist support
  - Supplier Energy Portal
  - green energy options
  - Preferential payment terms
  - Bespoke basket development and school curriculum support

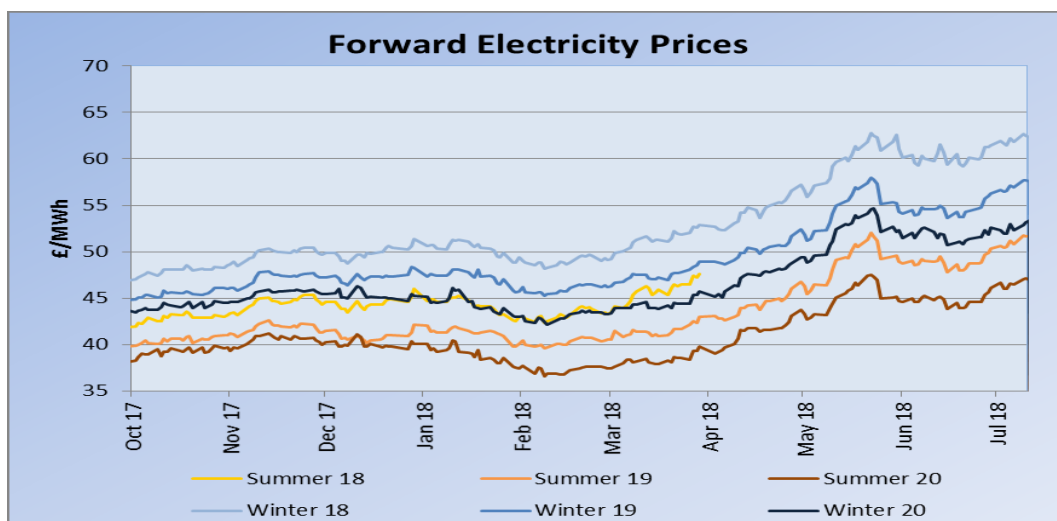
Furthermore, inclusion of ancillary services to future proof its customers' needs cover additional beneficial services such as:

- Demand Side Response
  - LED lighting framework
  - Energy Storage EV charging
  - Energy efficiency surveys
  - Power Purchase Agreements (PPA's)
- 2.6 Joining the YPO Framework for the supply of electricity will ensure that the procurement of the Councils electricity supply will be fully compliant with EU procurement regulations and the Councils constitutional rules and will provide a comprehensive audit trail.
- 2.7 In order to gain best advantage of market conditions YPO have developed flexible frameworks for the provision of electricity supply. Recent volatility in the energy market has meant that they have expanded their procurement options to include bespoke arrangements for fixed purchasing and flexible baskets. Once we have joined the framework YPO will be able to help advise on the procurement options available which will minimise risk to the council and take advantage of long term market options being more favourable than near term (at the time of writing). All contracts are for 12 month period 01<sup>st</sup> April to 31<sup>st</sup> March.
- 2.8 If we take advantage of the new 'YPO Flex Plus Contract', this contract option shares elements of the Flexible and Fixed contracts options. Electricity volume is purchased by YPO at optimum times which is then ringfenced for customers who require a fixed price at the start date of the contract. This solution gives budget certainty, but allows us to take advantage of any decreases in the price of electricity.

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2.9 Since the last contract rates were secured in March 2018 for 2018/19, the electricity market has been massively unstable. At the time of writing the wholesale energy cost is over 11% higher than the last purchase cost. This would represent an estimated £333k increase on the current corporate contract liability. The graph below (2.10) shows the volatility and rising nature of the wholesale market over the past 10 months.

2.10



2.11 An additional benefit of joining the YPO contracts is that as an Associate Member the council will receive a member dividend, which is method by which YPO share their trading surplus which has been generated through its operational activity. Based on current figures this could be as much as £10,000 per year for the electricity contract.

2.12 Taking into account the dividend, management fees from the framework providers and estimated supplier margins – YPO represent best value for money.

2.13 The costs of continuing AMR provision and of all the Council related support services for statutory obligations including Display Energy Certificates, CRC management and consumption management are included within commission charges applied within the supply contract rates. This rate will remain at 0.5p/kWh.

2.14 Through signing the Customer Access Agreement with YPO we will then engage with their contracted electricity supplier (NPower) and the supply contract will be awarded and overall supply contract management is undertaken directly with them. This contract will remain in place until 31<sup>st</sup> March 2023. The earliest we could leave the contract would be 01<sup>st</sup> April 2021 (with 12 months' notice given prior to 1<sup>st</sup> April 2020).

2.15 Upon date of approval of this recommendation to join the YPO Framework, the necessary physical resources will be committed within YPO and their suppliers to arrange for the energy contracts to be transferred and we will give notice to our current supplier of the end of the contact.

2.16 Although we can leave a minimum of 4 weeks for the transfer of supplies, the work involved in transferring all electricity supplies to a new supplier is considerable so we want to ensure a smooth transfer of suppliers and ensure we obtain the best available market price for 1<sup>st</sup> April 2019 start date.

- 2.17 Once the Council has joined the YPO Electricity Framework, we will report back to Members with a full assessment of new contract pricing to the Council for 2019/20. Additional financial management and billing advice will be issued directly to all budget holders and sites directly once actual prices are received from npower. As this change in contract will mean a change in supplier all aged debt on ScottishPower accounts will need to be cleared prior to supply transfer which is currently approximately £40k for corporate accounts and £20k for schools and external accounts.

### **3.0 Proposal and Timescales: Gas**

- 3.1 In July 2013 it was agreed that the council would move away from direct in house procurement of gas contracts and officers recommended joining the Crown Commercial Services Contract (CCS) (previously known as Government Procurement Services) supplied by Corona Energy Ltd.
- 3.2 This contract has proved beneficial for the council in its improvements in billing, the roll out of AMR and move to monthly e-billing for all council and LA school supplies.
- 3.3 Our contract has been fixed to the locked April (L6) basket which makes bulk purchases between October and April and then aggregates these into an annual unit rate from 01<sup>st</sup> April. This method of procurement is utilised by many councils as it carries little risk and provides clear prices for budgeting.
- 3.4 Information provided by CCS shows that over the past 4 years demonstrates the L6 basket has had the best overall price results with the exception of 2018, which saw the long term buying basket (30 months) perform better as a result of the volatile nature of the mark since late 2017.
- 3.4 After considering a number of the available framework providers and other procurement routes it is recommended that the council remain with CCS for the supply of gas contracts to all council sites, schools and the partners on its contract.
- 3.5 The option of changing the framework supplier to YPO was considered however, as the contracted supplier would remain the same (Corona) it is considered that there would be little added value in this when weighed against the task of signing over all the supplies to a new contract and the time involved in developing new systems with a new division of the same company.
- 3.6 The CCS Gas Framework (RM1076) will be re-awarded in January 2019 for an April 2019 start. Therefore, whilst we expect to retain the incumbent supplier (Corona Energy Ltd) it is not guaranteed. However, it is considered that if the supplier does change that will be because CCS have secured an even better contract with smaller supply margins or added value benefits than the current supplier, so therefore the risk of changing supplier is mitigated.
- 3.7 It is recommended that the council sign up to the CCS contract for the 4 year period 2019/20 to 2023/24. If we are dissatisfied with the service we retain the option leave the contract given sufficient notice on the purchasing window.
- 3.8 Officers will continue to examine the buying baskets offered by CCS as the 'L6' basket although performing very well compared to the variable basket might be

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expanded to a Locked 12 month basket, which would mean that they bought supplies over a 12 month period rather than 6 months, meaning spikes in the market would be mitigated over the longer buying period. As the buying window has not yet opened for our April 2019 contract it is not possible to offer a price increase estimate, but as the electricity wholesale market largely mirrors the gas wholesale market, a rise should be expected.

- 3.9 The costs of continuing AMR provision and of all the Council related support services for statutory obligations including Display Energy Certificates, CRC management and consumption management are included within commission charges applied within the supply contract rates. This rate will remain at 0.1p/kWh.

## 4.0 **Proposal and Timescales: Water**

- 4.1 Since the deregulation of the water market in April 2017 Sefton Council have been on a deemed contract with WaterPlus, who are the retail joint venture between United Utilities and Severn Trent Water. The deemed contract is as a result of the existing contract ending with United Utilities and our accounts being novated to the new retailer.
- 4.2 It has been considered by the majority of local authorities that the value to be gained from going to market whilst it is still in its infancy is very small, as savings can only be achieved on the uplifts applied by the retailer which make up only 5-7% of the total bill.
- 4.3 Since April 2017 council officers have been engaging with LCR procurement group on developing opportunities for a joint procurement route across the LCR. This work remains ongoing. Officers have been in contact with the major framework providers such as CCS and YPO about the options they have available for running further competition for water and ancillary services.
- 4.4 Officers have also been considering alternative supply options such as Self Supply, following on from Blackpool Council recently being the first LA to be awarded a water Self Supply Licence. Officers have met with Blackpool to understand these options. A self-supply licence would aim to reduce administration costs and cut out the margin that goes to others in the supply chain. It means that the council will pay the direct price to the supplier with no retail uplift. It also means they will receive access to influencing the future of the water market alongside the likes of United Utilities.
- 4.5 As the benefits for going to the open market remain minimal officers consider that focusing on the installation of automatic meters (AMR) in order to identify and remedy leaks offers better value to council than a contract for water (in the current circumstances). It will also result in an established dataset that will ultimately allow for keener prices as will know what volumes and additional services we require from a contract, once the LCR procurement group report back on best options.



# Agenda Item 9

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	6 September 2018
<b>Subject:</b>	Mid-Year Review 2018/19 and Medium Term Financial Plan Update 2019/20 onwards (incorporating the Revenue and Capital Budget Update 2018/19)		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	All Wards
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

To inform Cabinet of: -

- i) The current forecast revenue outturn position for the Council for 2018/19 following the Mid-Year Review;
- ii) The current forecast budget gap for 2019/20 following the Mid-Year Review and the actions required to ensure a balanced budget can be set early in 2019;
- iii) An initial view on the potential budget gap for 2020/21 and factors that might have a significant impact on this budget gap;
- iv) The current forecast on Council Tax and Business Rates collection for 2018/19; and,
- v) The current position of the Capital Programme.

## Recommendations:

**Cabinet** is recommended to: -

- i) Review and consider the forecast deficit revenue outturn position for 2018/19 following the Mid-Year Review (including the achievement of approved Public Sector Reform savings) and the proposed actions to mitigate this deficit;
- ii) Review and consider the forecast budget gap for 2019/20 following the Mid-Year Review and the proposed approach to identifying proposals to meet this budget gap;
- iii) Note the potential budget gap for 2020/21 and the factors that could have a significant impact on this budget gap;
- iv) Note the forecast position on the collection of Council Tax and Business Rates for 2018/19;
- v) Note the current progress in the delivery of the 2018/19 Capital Programme.

# Agenda Item 9

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

In March 2017 Council approved a three-year budget plan to March 2020. The final two years of this plan were revised in March 2018 as part of the process of setting the 2018/19 budget. As the Council is nearly half way through the second year of this budget plan it remains confident, that its continued strategic approach to budget planning alongside good financial management and extensive community engagement, means that the plan continues to develop on solid foundations, remains flexible and will secure the future sustainability to 2020 and beyond. However, in year demand for social care services is currently resulting in the costs for these services exceeding the budget. Corrective action will be required to bring the overall budget into balance.

The recommendations in this report starts to provide the basis on which the budget plan would be balanced for the financial year 2019/20 and will ensure that the Council's statutory obligations are met.

To ensure Cabinet are informed of the forecast outturn position for the 2018/19 revenue and capital budgets as at the end of July 2018 and to provide an updated forecast of the outturn position with regard to the collection of Council Tax and Business Rates.

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

N/A

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

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

The report indicates that for 2018/19 there is currently a forecast deficit of £9.450m which can partially be met through the use of approximately £6.500m of mitigating, one-off, actions.

A budget gap of £10.092m is currently forecast for 2019/2020. Saving option proposals, which are both robust and sustainable, will be developed for consideration by Members in order to enable a balanced budget to be set for 2019/20.

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

The Councils capital budget in 2018/19 is £35.985m. As at the end of July 2018, expenditure of £4.456m has been incurred and a full year outturn of £32.009m is currently forecast.

## **Implications of the Proposals:**

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

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>
Should a deficit position for 2018/19 occur at the year end, the Authority would have no option but to utilise reserves in order to finance this shortfall.
<b>Legal Implications:</b>
None

**Equality Implications:**

None

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

Effective Financial Management and the development and delivery of sustainable annual budgets support each theme of the Councils Core Purpose.

**Protect the most vulnerable:**

N/A

**Facilitate confident and resilient communities:**

N/A

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

N/A

**Place – leadership and influencer:**

N/A

**Drivers of change and reform:**

N/A

**Facilitate sustainable economic prosperity:**

N/A

**Greater income for social investment:**

N/A

**Cleaner Greener:**

N/A

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

**(B) Internal Consultations**

The Head of Corporate Resources is the author of the report (FD 5264/18)

The Head of Regulation and Compliance has been consulted and any comments have been incorporated into the report (LD 4488/18).

**(B) External Consultations**

N/A

**Implementation Date for the Decision**

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

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**Appendices:**

There are no appendices to this report

**Background Papers:**

There are no background papers for inspection

## 1. **Introduction**

- 1.1 In March 2017 Council approved a three-year budget plan to March 2020. The final two years of this plan were revised in March 2018 as part of the process of the Council setting the 2018/19 budget. The March 2018 report outlined that due to the financial pressures being faced by the Council a mid-year review would be undertaken. This report outlines the initial results of that review and the implications for the forecast revenue outturn position for 2018/19.
- 1.2 Following on from the review, this report also provides an update on the Medium Term Financial Plan (MTFP) for 2019/20 and also the development of the MTFP for 2020/21 and beyond.
- 1.3 The report also outlines the current position regarding key income streams for the Authority, namely Council Tax and Business Rates. Variations against expected receipts in these two areas will also affect the Council's financial position in future years.
- 1.4 An updated position regarding the 2018/19 Capital Programme is also provided as at the end of July.

## 2 **Mid-Year Review**

- 2.1 The March 2018 Budget Report outlined that the 2018/19 budget had been balanced and that a residual funding gap of £3.792m remained for 2019/20 (before any Council Tax decision). This budget gap could be met by increasing Council Tax by 2.99% (the maximum allowed under the regulations currently in place).
- 2.2 Members need to consider however, that in the absence of any long-term solutions being available in respect of Social Care and the continued Government austerity programme that is in place, there continues to be extreme financial pressure being placed upon the Council to deliver the large savings package proposed. As such, as with all local authorities, there is inherent risk within the budget package that will need to be managed. As such, rigorous monitoring and risk management of the 2018/19 budget has continued to take place and a comprehensive mid-year review exercise has been undertaken (as at end of July 2018) in order to support this, and provide Members with visibility on these key issues that could affect the overall financial performance of the Council during 2018/19 and the following financial year in particular. Some of the key risks that will need to be managed include: -
  - Progress in delivering PSR savings and in particular the £5.1m in respect of Early Intervention and Prevention- Locality Working during 2018/19;
  - The capacity of Members and senior staff to meet such a challenging programme of work in a manner that protects the most vulnerable whilst maintaining business continuity;
  - The inherent and ever-increasing demand based pressure in Children's and Adults Social Care; and
  - The potential for Adults Social Care provider fee increases to be greater than the budgetary provision.

# Agenda Item 9

## Scope

- 2.3 The Mid-Year Review (MYR) set out to:
- Review the 2018/2019 Budget, the forecast outturn against this budget and the delivery of savings.
  - Review the Chart of Accounts and structure of the budget.
  - Review accountability and the alignment of the budget to key cost drivers.
  - Identify areas of improvement, inefficiency and opportunities for savings.
- 2.4 The initial outcomes of the Mid-Year Review are summarised in Sections 2.5 to 2.7 below.

## Financial Outcomes of the Mid-Year Review

- 2.5 As was forecast in the March 2018 Budget Report, the MYR has highlighted significant pressures in a number of service areas, particularly Adult and Children's Social Care, Locality Services – Provision and Home to School Transport. Whilst there are some forecast underspends within other services, the net forecast overspend is £6.068m as shown in the table below:

	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b><u>Services</u></b>			
Strategic Management	3.049	3.049	0.000
Strategic Support Unit	4.006	3.993	(0.013)
Adult Social Care	94.369	95.453	1.084
Children's Social Care	28.137	31.653	3.516
Communities	8.255	8.194	(0.061)
Corporate Resources	5.116	4.613	(0.503)
Health & Wellbeing	22.541	22.157	(0.384)
Inward Investment and Employment	2.447	2.485	0.038
Locality Services - Commissioned	20.071	20.071	0.000
Locality Services - Provision	10.536	11.614	1.078
Regeneration and Housing	4.757	4.589	(0.168)
Regulation and Compliance	3.783	3.640	(0.143)
Schools and Families	23.097	24.436	1.339
<b>Total Service Net Expenditure</b>	<b>230.164</b>	<b>235.947</b>	<b>5.783</b>
Public Sector Reform Savings not allocated to services	(4.511)	(4.511)	0.000 <b>(see para 2.6)</b>
Reversal of Capital Charges	(13.353)	(13.353)	0
Council Wide Budgets	10.918	11.203	0.285
Levies	33.255	33.255	0
General Government Grants	(34.194)	(34.194)	0
<b>Total Net Expenditure</b>	<b>222.279</b>	<b>228.347</b>	
<b>Forecast Year-End Deficit</b>			<b>6.068</b>

## 2.6 The key variations on the Base Budget are as follows: -

- Children's Social Care is forecasting a year-end deficit of £3.516m. Children's Placements and Package costs continue to rise with growing numbers of Looked After Children, and despite being partially offset by some received and potential CCG funding towards care costs (£0.500m), these budgets are forecast to overspend by £3.563m. In addition to the number of Looked After Children increasing, the level of support is also increasing, with the number of residential placements rising by nearly 50% in the last year. This has a significant impact on overall costs. Other overspending pressure relates to the Legal costs of handling Children's Social Care cases at Court, which is forecast to overspend by as much as £0.111m due to rising costs of representation and increasing caseloads through the Courts. Other areas of the budget however, are forecast to underspend, mostly as a result of vacancy turnover across the Social Work teams (£0.158m).
- The Adult Social Care budget is forecast to be in deficit by £1.084m based on the July forecast. This is mainly due to pressure on the Community Care budget £2.3m offset by forecast surpluses on employees (£0.445m), Specialist Transport (£0.600m) and assumed capitalisation of equipment (£0.300m). The forecast assumes there will be no further increase in demand or cost pressures, on the Community Care budget between July and the end of the financial year.
- The Schools and Families service is forecasting a deficit year end position of £1.339m. The major Service variances include a single complex CWD Case within Family Support overspending £0.110m and Home to School Transport with a forecast overspending of £1.265m. There is some underspending on SEN teams mostly through vacancy savings (£0.035m).
- Localities Services - Provision is currently forecasting to overspend by £1.078m, which is a reduction of £0.893m when compared to 2017/18 outturn position. This overspend is mainly due to Sefton Arc £0.400m with insufficient income currently being generated to cover the costs of the operation; Cleansing £0.400m due to costs of new bins and services for new properties (this is a forecast reduction in the 2017/18 outturn overspend (£0.806m) following a restructure of the Cleansing Service); and Burials £0.350m due to a reduction in the number of cremations following the opening of a private cremation facility in Burscough. Surpluses on the Catering service of £0.172m will reduce the overall deficit.
- The Corporate Resources budget is identifying a forecast surplus of £0.503m. The forecast surplus consists of variations across a number of budget areas, but it is largely due to posts being held vacant across all areas of Corporate Resources with a view to continuing to make savings against salaries budgets in 2018/19.
- The Health and Wellbeing forecast underspend is made up of £0.138m vacancy savings within Public Health and £0.246m estimated underspend due to the receipt of NNDR refunds within the Sports Service. It is assumed that sports income will be on target.

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- 2.7 In addition, the 2018/19 Budget included £10.227m of savings from PSR projects. Current forecasts are that £6.845m of savings will be deliverable in the year (67%) with £9.568m in total forecast to be deliverable in 2019/20 (94%). It is forecast that £0.659m of the savings will ultimately not be delivered (6%). An analysis of the overall savings for 2018/19 are shown in the summary below:

	<b>Total Saving 2018/19</b>	<b>Will be delivered</b>	<b>Phasing Issue</b>	<b>Won't be delivered</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
PSR1 - Acute Wrap Around	0.275	0.033	0.242	0.000
PSR2 – Locality Teams	5.100	2.894	2.206	0.000
PSR2 - Personalisation	1.000	0.835	0.165	0.000
PSR4 - All Age Pathway	0.415	0.121	0.000	0.294
PSR4 - Home to School Transport	0.365	0.000	0.000	0.365
PSR5 – An Excellent Education for All	0.319	0.319	0.000	0.000
PSR6 - Tourism	0.110	0.000	0.110	0.000
PSR6 - Other	0.748	0.748	0.000	0.000
PSR7 – Environment & Pride of Place	0.695	0.695	0.000	0.000
PSR8 – Asset Maximisation	0.450	0.450	0.000	0.000
PSR9 – ICT & Digital Inclusion	0.300	0.300	0.000	0.000
PSR10 - Commissioning	0.450	0.450	0.000	0.000
<b>Total Budget Pressure</b>	<b>10.227</b>	<b>6.845</b>	<b>2.723</b>	<b>0.659</b>

- 2.8 The Council's overall forecast outturn position, before remedial action, is shown below:

	<b>£m</b>
2018/2019 Forecast Outturn	6.068
PSR - Unachievable 2018/2019	0.659
<b>Ongoing Budget Pressures</b>	<b>6.727</b>
PSR - Phasing 2018/2019	2.723
<b>Total Forecast Budget Gap 2018/19</b>	<b>9.450</b>

### **Options to close the residual gap in 2018/19**

- 2.9 The aim of the Mid-Year Review was to give Members and Officers an early indication of the financial position of the Council given the substantial additional pressures being faced, particularly within social care. Officers have identified a number of one-off measures that will realise £6.5m of resources to partially bridge the Budget Gap in 2018/19. These include utilising the underspend from 2017/2018



(as reported to Cabinet on 26 July 2018), utilising the Adult Social Care Support Grant allocation announced by the Government late in the budget process and the impact of the change in VAT liability of certain leisure fees and charges being introduced earlier than previously anticipated.

- 2.10 Additional work is required to substantiate the financial position and to what degree the identified pressures are ongoing and will therefore have an impact on 2019/20. Even with the identification of £6.5m of one-off measures, the Council would still need to identify £3.0m of savings in order that a balanced budget position can be achieved. These savings need to be found despite an already challenging budget position so difficult decisions will be required. Members will be fully involved in the process and proposals will be presented to Cabinet later in the year for formal consideration by Members.

### **3 Medium Term Financial Plan Update 2019/20**

- 3.1 The 2019/20 Budget Plan approved at Budget Council in March 2018 had a residual budget gap of £3.792m before any increase in Council Tax. The report outlined that this residual budget gap could be met by increasing Council Tax by 2.99%. This is the maximum allowed under the regulations currently in place as the Council increased Council Tax for the Adult Social Care Precept by 3.00% in both 2017/18 and 2018/19. The maximum increase allowed for the Adult Social Care Precept was 6.00% across the three years 2017/18, 2018/19 and 2019/20. Therefore, in relation to the Adult Social Care Precept, the Council will be unable to increase Council Tax in 2019/2020 under the regulations currently in place.
- 3.2 The Government funding assumed in setting the 2019/20 Budget Plan is based on the allocations contained in the final year of the four-year settlement covering 2016/17 to 2019/20. Sefton, in line with the vast majority of local authorities, accepted this settlement to allow greater funding certainty. It is therefore not currently anticipated that the level of funding will change.
- 3.3 However, there has been significant national coverage of the pressures on health and social care and the impact this is having on the NHS and local authorities. Extensive lobbying in previous years has resulted in some additional short-term resources, specifically for adult social care. In 2018/2019 the Government announced an additional £150m in Adult Social Care Support Grant of which Sefton's allocation was £0.953m. Some additional funding for adult social care may possibly be made available again in 2019/20. Sefton will continue to lobby the Government, for additional resources to be made available, both individually and collectively with the other authorities in the Liverpool City Region. This will include lobbying for additional funding to support children's social care pressures.
- 3.4 The financial pressures outlined in paragraph 2.4 are expected to continue in 2019/20. Officers will continue to review all services, particularly in relation to those services where significant demand pressures exist. However, the current assumption is that these pressures will remain and continue into 2019/20, with a risk that the costs of such pressures could continue to increase.
- 3.5 In addition to the PSR Projects considered permanently unachievable from 2018/19, the 2018/19 Budget included a further £11.072m of savings from PSR projects. Current forecasts are that £7.707m of savings will be deliverable in the year (70%).

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It is forecast that £3.365m of the savings will ultimately not be delivered (30%). An analysis of the overall savings for 2019/20 are shown in the summary below:

	<b>Total Saving 2018/19</b>	<b>Will be delivered</b>	<b>Phasing Issue</b>	<b>Won't be delivered</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
PSR1 – LAC Reform	0.539	0.000	0.000	0.539
PSR2 – Locality Teams	1.250	1.250	0.000	0.000
PSR2 - Personalisation	1.700	1.700	0.000	0.000
PSR4 - All Age Pathway	0.300	0.089	0.000	0.211
PSR4 - Home to School Transport	0.365	0.000	0.000	0.365
PSR6 - All	0.295	0.295	0.000	0.000
PSR8 – Asset Maximisation	1.512	0.512	0.000	1.000
PSR9 – ICT & Digital Inclusion	3.439	3.439	0.000	0.000
PSR10 - Commissioning	1.672	0.422	0.000	1.250
<b>Total Budget Pressure</b>	<b>11.072</b>	<b>7.707</b>	<b>0.000</b>	<b>3.365</b>

- 3.6 The Council's overall forecast outturn position for 2019/20, before remedial action, is shown below:

	<b>2019/20</b>
	<b>£m</b>
2018/2019 Forecast Outturn	6.068
PSR - Unachievable 2018/2019	0.659
PSR - Unachievable 2019/2020	3.365
<b>Total Forecast Budget Gap 2019/20</b>	<b>10.092</b>

## **Options to reduce the residual gap in 2019/20**

- 3.7 The Council has a stated objective to maintain financial stability. In order to best achieve this multi-year budgets have been set as this provides more effective medium-term financial planning as well as the flexibility to make adjustments as different pressures arise. As a result of this Sefton has delivered effective financial management throughout the period of austerity. Therefore, the Council is well placed to take actions that will enable a balanced and robust budget to be set, although identifying solutions of this scale will inevitably involve difficult choices where these choices are often unreconcilable. Sefton has consistently set budgets that have been based mainly on ongoing and sustainable savings with only a limited reliance on one-off or temporary solutions. National media coverage has highlighted a number of local authorities who have not adopted a similar approach and have therefore been forced to undertake emergency measures.

- 3.8 In light of the forecast budget variation work will need to commence to identify further ongoing and sustainable saving options that can be implemented to meet the residual budget gap in 2019/20. Members will be fully involved in the process and proposals will be presented to Cabinet later in the year for formal consideration by Members. It has been a feature of this Council's approach to financial management that all saving included in agreed budgets are robust and should be supported by delivery plans. All savings options proposed will therefore be supported by a delivery plan to ensure that the savings are achievable.

## **4 Development of the Medium Term Financial Plan for 2020/21 and beyond**

- 4.1 The Budget Report considered by Cabinet in March 2018 indicated that an initial forecast of the budget gap for 2020/2021 was £13m. This is still considered to be the Council's best estimate and includes the following assumptions:

- a) A reduction in general Government funding for the Council in line with 2019/20;
- b) Reductions in some specific Government grants (Public Health Grant and New Homes Bonus Funding).
- c) Resources to fund pay awards, increases in the pension future service rate, specific contracts and potential price increases from care providers.
- d) No increases in costs relating to demand led services.
- e) No increases in Council Tax.

- 4.2 However, at this stage there is significant uncertainty around future funding levels in 2020/21 and beyond as well as other issues that could have an impact on the future funding gap. Sefton will continue to respond to any consultations on these issues, both individually and collectively with the other authorities in the Liverpool City Region, to try to influence the impact of any funding changes. Consultation responses will continue to be shared with the Cabinet Member or full Cabinet if appropriate. The issues include:

### Spending Review 2019:

- 4.3 The current Spending Review Period ends in 2019/20. The total Government Spending envelope for 2020 and beyond is expected to be announced in the Chancellor's Autumn Budget Statement in November 2018. The distribution of this funding between Government Department's will be published in the Spending Review in 2019. This will include the amount available to support local authority spending.

- 4.4 In his Spring Statement in March 2018, the Chancellor said that if the public finances continue to improve, he may then be in a position to begin increasing funding for public services. However, the Prime Minister has already promised an additional £20bn to fund the NHS by 2023, so there may be a need for continued real-terms funding cuts in other Departments if the level of national taxation is not increased.

### Fair Funding Review:

- 4.5 The Government is currently undertaking a funding review to determine the means of allocating funding across local authorities from 2020/21 onwards. Funding allocations for local authorities, as determined in the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind the relative needs assessment was introduced

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over ten years ago, and data used in the formulae has not been updated since the introduction of the 50% business rates retention system in 2013/14.

- 4.6 The Government wants to introduce a simpler and more transparent methodology reflecting a small number of cost drivers. One key cost driver, as previously, will be population. Sefton's relative population has declined compared to England as a whole since the methodology was last updated. Therefore, this element is likely to have a negative impact on the Council's overall funding position.
- 4.7 The Government will continue to consult with local authorities between now and mid-2019 as well be influenced by discussions within a number of joint working groups between the Ministry of Housing, Communities and Local Government and the Local Government Association. Sefton will again continue to respond to any consultations to try to influence the final methodology.

## Business Rates Retention:

- 4.8 Sefton's Business Rates baseline was last set in 2013/14. Sefton's retained rates income is forecast to be above its funding baseline for 2019/20, so the Council is expecting to achieve a gain from Business Rate retention. As part of the Liverpool City Region 100% Business Rates Pilot Agreement the Council has retained a 99% share of growth in Business Rates since April 2017.
- 4.9 As part of the Fair Funding Review Business Rates baseline will be re-assessed and changed from 2020/21. Therefore, the benefit of these gains is expected to be lost going forward.
- 4.10 Also, nationally the proportion of Business Rates retained by local authorities will increase from 50% to 75%. It is expected that pilot authorities will also move to 75% retention so a lower proportion (74%) of any future growth will be retained by the Council.
- 4.11 The move from using the Retail Price Index to the Consumer Price Index in setting the annual increase in Business Rates is expected to reduce the level of potential increases in retained Business Rates from 2020/21 onwards. In addition, there are a number of other potential changes to the Business Rates system, including the next Business Rates Revaluation in 2021, that could have a significant impact on the amount of income retained by the Council.
- 4.12 Business Rates income can be very volatile. If the local business economy falters due to local, national, or international influences then reductions in rateable value as well as increases in the level of Business Rate Relief (e.g. empty property relief) would reduce the level of Business Rates income retained over the planning period.

## New Homes Bonus:

- 4.13 The Government has recently reduced the number of years over which the annual allocations of New Homes Bonus will be paid as well as introducing a national growth threshold of 0.4%. It is unlikely that Sefton will achieve the level of housing growth required to receive a NHB allocation for housing growth in 2020/21. The residual amount of NHB received by Sefton in 2020/21 and beyond is expected to be significantly less than in previous years. The Government have indicated that they will revisit the operation of the New Homes Bonus in 2020/21 in order to explore how to incentivise housing growth most effectively.

## Funding for Social Care:

- 4.14 As mentioned in paragraph 3.3., there has been significant national coverage of the pressures on health and social care and the impact this is having on the NHS and local authorities. The Local Government Association estimates that there will be a £3.5bn shortfall just in Adult Social Care funding by 2025. In June 2018, the Prime Minister set out a five-year NHS funding plan which will result in significant real terms increases in each of the next five years, with a priority to better integrate health and social care. There is also a commitment for the Government to come forward with proposals to reform social care. These proposals are expected later in 2018, although the publication of a green paper on social care has been delayed several times. These proposals may have an impact on the costs to be met by local authorities on adult social care.
- 4.15 The Local Government Association has recently published its own “green paper” on adult social care which it is currently consulting on. It seeks to lay the ground to secure both immediate and long-term funding for social care. The LGA intends to reflect on the consultation findings in a further publication later in the autumn, in time to influence the Government’s plans; not just their green paper, but also the Budget, the NHS Plan and the Spending Review.

## Brexit

- 4.16 The impact of Brexit on the overall level of public finances and therefore the potential impact on Local Government finances is unknown. There is also the issue of funding streams that previously came from the European Union and how these will be replaced following Brexit.

## External Local Factors

- 4.17 In addition, there are a number of external local factors that could have a significant impact on the position in 2020/21, including levies from the Liverpool City Region Combined Authority (for Transport) and the Merseyside Recycling and Waste Disposal Authority as well as the payments required to be made to the Merseyside Pension Fund.
- 4.18 As mentioned in paragraph 4.1, there is expected to be a significant budget gap in 2020/21. It is also expected that this will continue into future years. As part of the exercise to identify savings options for 2019/20, officers will also consider budget proposals that will impact on 2020/21 and beyond. The early identification of proposals should enable savings to be implemented by the start of 2020/21, avoiding the need for utilising one-off resources to support the phasing of these options. These options will need to align with the Council’s Framework for Change programme and support Sefton’s 2030 Vision.

## **5 Council Tax Income – Update**

- 5.1 Council Tax income is shared between the billing authority (Sefton Council) and the two major precepting authorities (the Fire and Rescue Authority, and the Police and Crime Commissioner) pro-rata to their demand on the Collection Fund. The Council’s Budget included a Council Tax Requirement of £127.485m for 2018/19 (including Parish Precepts), which represents 85.8% of the net Council Tax income of £148.595m.

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5.2 The forecast outturn for the Council at the end of July 2018 is a surplus of -£0.445m. This variation is primarily due to: -

- The surplus on the fund at the end of 2017/18 being higher than estimated at -£0.005m;
- Gross Council Tax Charges in 2018/19 being lower than estimated at +£0.008m;
- Council Tax Reduction Scheme discounts being lower than estimated at -£0.612m;
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated at +£0.164m.

5.3 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2018/19 but will be carried forward to be distributed in future years.

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

6.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £66.449m for 2018/19, which represents 99% of the net Business Rates income of £67.120m. Business Rates income has historically been very volatile making it difficult to forecast accurately.

6.2 The forecast outturn for the Council at the end of July 2018 is a surplus of -£1.334m on Business Rates income. This is due to:

- The surplus on the fund at the end of 2017/18 being higher than estimated -£2.169m;
- Increase in the gross charge on rateable properties (-£0.119m)
- Other reliefs (including a forecasting adjustment) being higher than estimated in 2018/19 at +£0.954m.

6.3 Due to Collection Fund regulations, the Business Rates deficit will not be transferred to the General Fund in 2018/19 but will be carried forward to be recovered in future years.

## **7 Capital Programme 2018/19**

7.1 The approved capital budget for 2018/19 is £35.985m.

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7.2 As at the end of July, expenditure of £4.456m (12.4%) has been incurred within the approved Capital Programme.

7.3 As part of the monthly review project managers are now stating that £32.009m will be spent by year end. This would result in an under spend on the year of £3.976m on the whole programme with an overall delivery rate of 89%. This is summarised below as follows: -

2018/19 Full Year Budget	Actual Expenditure as at July 2018	Forecast Actual Expenditure	Full Year Budget Variance
£m	£m	£m	£m
<b>35.985</b>	<b>4.456</b>	<b>32.009</b>	<b>3.976</b>

7.4 In order to achieve the revised forecast of £32.009m, expenditure of £27.553m will need to be incurred between now and the end of the year.

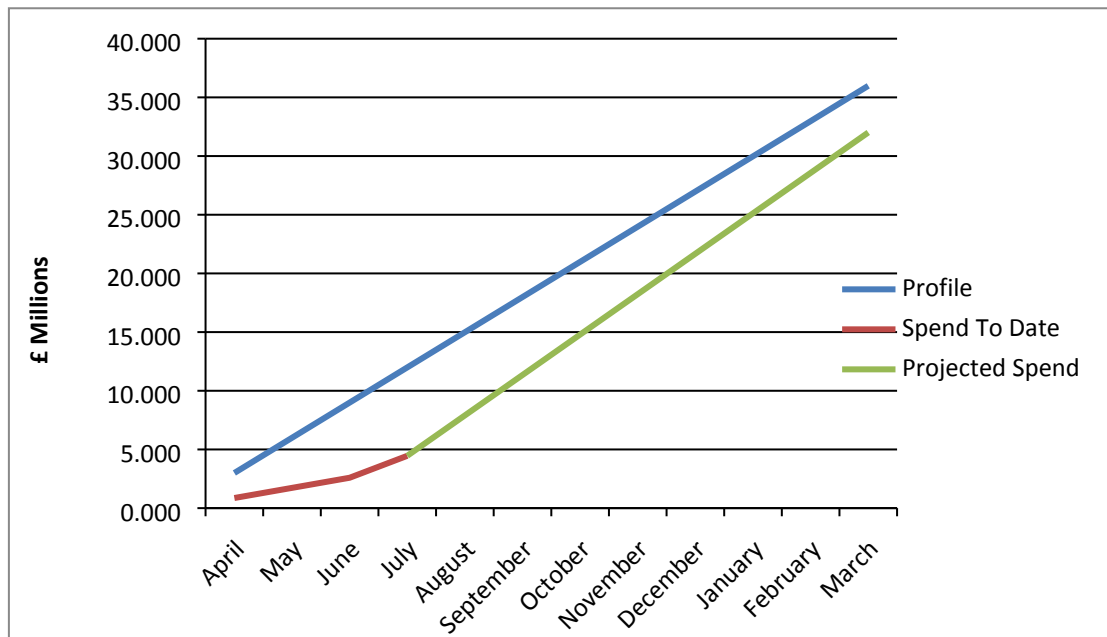
#### 7.5 Key Variations on Overall Programme

It can be seen from the current forecast position that approximately £3.976m of expenditure will not be delivered in the current year. The key variations to this forecast are as follows: -

Scheme	Key Variation £'m	Funding Source	Explanation
<b>Funding No Longer Required (key items)</b>			
Crosby Lakeside – High Ropes Course	0.271	Prudential borrowing £0.171m and £0.100m Sport England	No longer considered a financially viable scheme. Funding is scheme specific and not available for reallocation.
<b>Total</b>	<b>0.271</b>		
<b>Resources to be carried forward into next year (key items)</b>			
Better Care Fund Allocation Balance	3.426	Better Care Fund Grant	Options are being reviewed for this funding. Slippage may change as and when these options are approved and implemented.
Maghull Leisure Centre – Car Park	0.176	Prudential Borrowing	Scheme currently on hold. Awaiting further information.
<b>Total</b>	<b>3.602</b>		

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7.6 The graph below therefore shows the 2018/19 Capital Programme expenditure to date against the profiled budget.



7.7 A service by service breakdown of expenditure, forecast actual expenditure and full year budget variation as at July 2018 is shown in the following table:

	Full Year Budget £'m	Expenditure to date £'m	Exp to Date as % of Budget %	Forecast Actual Expenditure to Date £'m	Forecast Full Year Budget Variation £'m
<b>Corporate Resources</b>	5.117	1.113	21.8	5.083	0.034
<u>New Schemes</u>					
Southport Theatre - Netting	0.030	0.000	0.0	0.030	0.000
Bootle Town Hall - Cold Water System	0.020	0.000	0.0	0.020	0.000
Previous Year Schemes	5.067	1.113	22.0	5.033	0.034
<b>Locality Services - Commissioned</b>	12.931	1.003	7.8	12.931	0.000
<u>New Schemes</u>					
LTP - New Schemes	3.596	0.000	0.0	3.596	0.000
Additional Pothole Funding	0.468	0.217	46.4	0.468	0.000
Buckley Hill Car Park	0.081	0.000	0.0	0.081	0.000
Previous Year Schemes	8.786	0.786	8.9	8.786	0.000
<b>Locality Services - Provision</b>	2.530	1.228	48.5	2.530	0.000
Previous Year Schemes	2.530	1.228	48.5	2.530	0.000
<b>Regeneration and Housing</b>	0.452	0.004	0.9	0.452	0.000
Previous Year Schemes	0.452	0.004	0.9	0.452	0.000



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<b>Regulation and Compliance</b>	0.009	0.000	0.0	0.009	0.000
<u>Previous Year Schemes</u>	0.009	0.000	0.0	0.009	0.000
<b>Health &amp; Wellbeing</b>	0.512	0.031	6.1	0.072	0.440
<u>Previous Year Schemes</u>	0.512	0.031	6.1	0.072	0.440
<b>Adult Social Care</b>	3.994	0.006	0.2	0.568	3.426
<u>New Schemes</u>					
Approved Better Care Funding	2.078	0.000	0.0	0.000	2.078
<u>Previous Year Schemes</u>	1.916	0.006	0.3	0.568	1.348
<b>Children's Services</b>	5.737	0.246	4.3	5.661	0.076
<u>New Schemes</u>					
St Luke's Primary – Hall Extension	0.600	0.001	0.2	0.600	0.000
Crosby High - Special Needs WC	0.020	0.000	0.0	0.020	0.000
Impact PRU - Perimeter Fencing	0.015	0.000	0.0	0.015	0.000
Lydiate Primary - General Refurb	0.100	0.003	3.0	0.100	0.000
Forefield Infants - New Toilet Block	0.175	0.000	0.0	0.175	0.000
Linaker Primary- Additional 1 Form Entry	0.700	0.007	1.0	0.700	0.000
Healthy Pupils Fund	0.164	0.000	0.0	0.164	0.000
Hudson Primary - Heating Ducts Provision	0.150	0.000	0.0	0.150	0.000
Linacre Primary - Classroom Refurb	0.066	0.009	13.6	0.066	0.000
Lydiate Primary – New lighting system	0.021	0.000	0.0	0.021	0.000
Redgate Primary – Rewiring	0.150	0.012	8.0	0.150	0.000
Farnborough Rd Infant – Replace felt roof	0.044	0.003	6.8	0.044	0.000
Farnborough Rd Junior – Replace brickwork	0.024	0.000	0.0	0.024	0.000
Forefield Infants – Replace security fence	0.041	0.000	0.0	0.041	0.000
Merefield Special – Emergency lighting	0.036	0.004	11.1	0.036	0.000
Waterloo Primary - Kitchen Alterations	0.025	0.000	0.0	0.025	0.000
Impact PRU - CCTV & Security Gates	0.045	0.000	0.0	0.045	0.000
Netherton Moss Primary – Kitchen Refurb	0.050	0.000	0.0	0.050	0.000
<u>Previous Year Schemes</u>	3.311	0.207	6.3	3.235	0.076
<b>Communities</b>	1.136	0.058	5.1	1.136	0.000
<u>New Schemes</u>					
Atkinson Studio Stage	0.030	0.000	0.0	0.030	0.000
<u>Previous Year Schemes</u>	1.106	0.058	5.2	1.106	0.000
<b>Inward Investment &amp; Employment</b>	1.367	0.352	25.7	1.367	0.000

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Previous Year Schemes	1.367	0.352	25.7	1.367	0.000
<b>Total New Schemes 2017/18</b>	<b>8.729</b>	<b>0.256</b>	<b>2.9</b>	<b>6.651</b>	<b>2.078</b>
<b>Total Previous Year Schemes</b>	<b>25.056</b>	<b>3.785</b>	<b>15.1</b>	<b>23.158</b>	<b>1.898</b>
Disabled Facilities Grant	2.200	0.415	18.9	2.200	0.000
<b>Total Capital Programme</b>	<b>35.985</b>	<b>4.456</b>	<b>12.4</b>	<b>32.009</b>	<b>3.976</b>

## 7.8 Financing of the 2018/19 Capital Programme: -

	Budget
	£m
Government Grants*	25.043
Borrowing	7.779
S106	1.613
Contribution	1.338
Capital Receipt	0.212
<b>TOTAL</b>	<b>35.985</b>

\*Includes capital receipts used to supplement government grants as detailed below.

Within the funding profile for schemes approved in 2016/17 it was assumed that £1.5m of capital receipts will be generated. As at the end of March 2018, £1.070m has been received leaving a balance due of £0.430m. As at the end of July 2018 £0.309m has been received leaving a balance required of £0.121m. It is anticipated this will be received early 2018/19.

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	6 <sup>th</sup> September 2018
<b>Subject:</b>	Senior Management Structure Review		
<b>Report of:</b>	<b>Chief Executive</b>	<b>Wards Affected:</b>	All
<b>Cabinet Portfolio:</b>	Leader		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

**Summary:**

The purpose of the report is to put into effect changes in the Senior Management of the Council as a result of the ongoing review of function and capacity and to enable the Authority to be best placed in terms of meeting its 2030 Vision and core purpose. The changes result in an overall reduction of two posts.

**Recommendation(s):**

- (a) Authorise the deletion of the post of Head of Regulation and Compliance
- (b) Authorise the future deletion (at a time at the discretion of the Chief Executive) of the post of Head of Locality Services Commissioned and subsequent potential redundancy of the current postholder. It is envisaged that any redundancy would only take place subject to normal processes and would be on or around 31<sup>st</sup> December 2018 (subject to a successful transition of matters as detailed in this report).
- (c) Create a new post of Head of Highways and Public Protection to assume the responsibilities listed within the report.
- (d) Authorise the future deletion of the post Head of Commissioning and Business Intelligence. The duties to be subsumed within the Head of Strategic Support Post. The current post holder of the Head of Commissioning and Business Intelligence to be moved into the Head of Highways and Public Protection post.
- (e) Authorise the formation of a new role of Chief Legal and Democratic Officer with the assimilation of an individual into that role.
- (f) The Head of Communities role to assume responsibility for the areas as listed within this report, taking over some responsibility which currently resides with the Head of Health and Wellbeing and Head of Schools and Families with consequent changes to the roles of Head of Health and Wellbeing and Head of Schools and Families.
- (g) The Head of Schools and Families Post to be re-designated Head of Education

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Excellence and to take up responsibilities as detailed within this report.

- (h) The other Heads of Service to take up responsibilities as detailed in this report.
- (i) The Chief Executive be authorised to implement the changes (subject to any necessary procedures) in role, job function and functional areas at a time and pace to be considered in consultation with the relevant Cabinet Members.
- (j) The Chief Executive and Chief Personnel Officer be authorised under normal procedures to consider the impact of changes to job grades under the HAY Scheme and consult the Cabinet Member Corporate Resources.

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

To ensure that the future Management Structure is fit for purpose and reflect the priorities set out in the 2030 Vision and the Council's Core Purpose.

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

The changes could be rejected, however this would lead to a loss of efficiency and a failure to make anticipated savings.

Organisationally the changes provide for a structure which is fit for purpose whereas without changes the structure is operating below the desired standards.

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

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

Any revenue costs arising from these proposals will be in accordance with the Council's existing policies and procedures for which budget provision currently exists.

Any savings arising from these proposals will contribute to the Council's overall medium term financial plan with the final value being determined following a full evaluation.

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

Any capital costs arising from these proposals will be in accordance with the Council's existing policies and procedures for which budget provision currently exists.

## **Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>
The financial implications are as set out previously in this report.
<b>Legal Implications:</b>

**Equality Implications:**

There are no equality implications

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

The review of the senior management arrangements will ensure that the structure is fit for purpose and therefore make a positive contribution to the achievement of the Council’s Core Purpose. It will ensure that senior leadership capacity is focussed on council priorities

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services:
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

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

**(A) Internal Consultations**

The Head of Corporate Resources (FD 5260/18) and Head of Regulation and Compliance (LD 4484) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Not Applicable

**Implementation Date for the Decision**

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

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**Appendices:**

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Appendix 1 – Current position

Appendix 2 – New position

## **Background Papers:**

There are no background papers available for inspection.

## **1. BACKGROUND**

- 1.1 This report highlights a proposal which provides for a refresh of the Council's Senior Management arrangements. The revisions that are proposed are an evolution of changes which were first put into place in 2015.
- 1.2 The refresh consolidates changes identified under the Council's Framework for Change and reflects greater flexibility continuing under the 'One Council' approach for Senior Management. There is an overall reduction of two Head of Service posts albeit the rationale of changes proposed within the report is one of the Authority continuing to meet its strategic and operational objectives.
- 1.3 The changes detailed within the report provide for a slightly revised structure going forward which is fit for purpose. This allows the Chief Executive and Officers to make full arrangements to put changes into place with, as necessary, ongoing consultation with Cabinet Members.

## **2. CURRENT POSITION**

- 2.1 The Council's current Senior Management Structure is shown at Appendix 1, along with the functional and operational areas which lie within each Head of Service's remit. Appendix 2 provides the proposed position.
- 2.2 The current structure has 13 Heads of Service who have reporting lines to the Chief Executive along with three Directors of Executive level who operate and interact with Heads of Service as necessary and carry project and thematic responsibility.
- 2.3 The current roles of Head of Regulation and Compliance, Heads of Economic Growth and Housing, Head of Communities and the Head of Health and Wellbeing are vacant.
- 2.4 The basis of the current structure has been crucial in driving forward the Council's strategic and operational goals and in particular in reinforcing the One Council approach which has allowed Officers and Senior Leaders the flexibility and freedom to work across thematic areas whilst maintaining responsibility and accountability for an operational area.
- 2.5 When recruited, Heads of Service are expected to work across areas and manage and lead tasks outside of their service delivery accountabilities. This has led to greater flexibility in practice and is emphasised at the time of recruitment. In practice, Heads of Service work across service accountabilities on a day to day basis.
- 2.6 Based on the above existing principles it is proposed to make a number of changes in relation to Head of Service and other posts which are as follows:

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## **3. Head of Regulation and Compliance**

- 3.1 It is proposed that this post is deleted (the post is currently vacant) and the functional areas which were formally within this area, be transferred to The Head of Corporate Resources and the Head of Highways and Public Protection (new post see below).
- 3.2 A lower graded post of Chief Legal and Democratic Officer be formed with an individual holding the post of Principal Lawyer being assimilated into that post. This post would report to the Head of Corporate Resources. The Chief Legal and Democratic Officer would have responsibility for Legal, Democratic, Elections, Coroners and Registrars. The Chief Legal and Democratic Officer would become the Council's statutory Monitoring Officer.
- 3.3 The Public Protection service responsibilities currently held by the Head of Regulation and Compliance will transfer to the Head of Locality Services Commissioned on a transitional basis with permanent arrangements as detailed later in this report.

## **4. Head of Locality Services – Commissioned**

- 4.1 It is proposed that the particular role is deleted, but a Head of Service role is modified as below. Responsibility for Grounds Maintenance and Coast Services will transfer to the Head of Locality Services Provision. In addition, responsibility for Environmental Health, Licensing, Trading Standards and Parking be given to the post of Head of Highways and Public Protection
- 4.2 These changes will lead to the deletion of the post of Head of Locality Services – Commissioned and the redundancy of the individual currently in post. Any redundancy would be subject to the Authority's ongoing processes. It is, however, anticipated that to achieve transition that the individual would not leave the organisation until late 2018. Any transitional areas which have been transferred to the Head of Locality Services Commissioned would transfer to the Head of Public Protection and Highways.
- 4.3 The deletion of the of Head of Locality Services - Commissioned and subsequent saving is also partly achievable by the flexibility in Heads of Service working which will allow a Head of Service to take up responsibility for the post of Head of Highways and Public Protection allowing the deletion of another existing post as detailed below.

## **5. Head of Locality Services – Provision**

- 5.1 As a result of the changes in relation to functional and operational areas, this post will take on responsibility for the newly formed Green Sefton Service and the operation of the Specialist Transport Unit from Locality Services Commissioned. This change allows services which have significant operational similarities to be grouped together.



## **6. Head of Communities**

- 6.1 Significant progress has been made in respect of the implementation of the Council's Locality Model as designed within the Framework for Change PSR2 – EIP3 project. This project is now at a point in time whereby the functional and operational areas within the Locality Working Model are coming together and it is necessary to formally assign responsibility for their senior management. This role will have overall responsibility for the elements within the model. The Head of Communities role is currently vacant due to the promotion of the post holder to the Executive Director Post. The revised post will be recruited to immediately.

## **7. Strategic Support**

- 7.1 It is proposed that the current Head of Commissioning and Intelligence post be deleted (subject to any necessary due process) and the responsibilities for areas listed in Appendix 2 be taken up by the Head of Strategic Support.
- 7.2 It is intended that the Head of Business Intelligence and Commissioning will have responsibilities for the Head of Highways and Public Protection. This approach reflects the flexibility of Heads of service in managing and leading different work areas and also allows a saving to take place.

## **8. Head of Corporate Resources**

- 8.1 The functional areas within the remit of the Head of Corporate Resources will increase as a result of the transfer of responsibility from the Head of Regulation and Compliance Post and those areas are shown on Appendix 2.

## **9. OVERALL REDUCTION IN NUMBERS OF HEADS OF SERVICE**

- 9.1 As a result of the reconfiguration of the Strategic Leadership Board, the number of Heads of Service will be reduced by two and provide a longer term saving.
- 9.2 The Authority operates a system of Senior Management posts being evaluated under the HAY grading system and it is anticipated that some changes to Heads of Service will necessitate a regrading under that scheme. It is proposed that the Chief Executive and Chief Personnel Officer be authorised to appraise as necessary the grading of the Heads of Service that are affected in consultation with the Cabinet Member Corporate Resources.
- 9.3 Transition in respect of service areas will be subject to the Chief Executive's operational decision in consultation with the Cabinet Member

## **10. TRADE UNION/EMPLOYEE CONSULTATION**

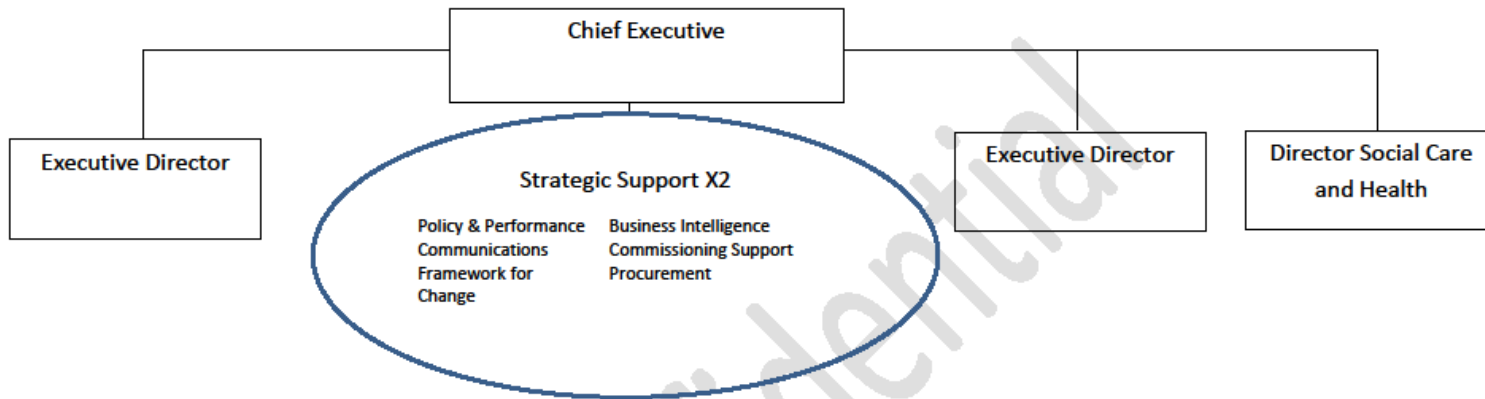
- 10.1 The Chief Executive attended the Council's Joint Trade Union Forum on 11<sup>th</sup> July 2018 to brief and Consult with trade unions. The Trade Unions raised concerns about any changes in Pay for Senior Officers in this restructure particularly at a time when some employees are facing compulsory job loss. It was agreed that before any pay changes take place (in respect of Heads of Service as a result of this restructure) that a narrative would be provided to the Joint trade Union Forum

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explaining reasons for any proposed change (arising out of these changes to Heads of Service) allowing trade unions to comment.

- 10.2. Heads of Service affected by these changes have been consulted in respect of these changes.

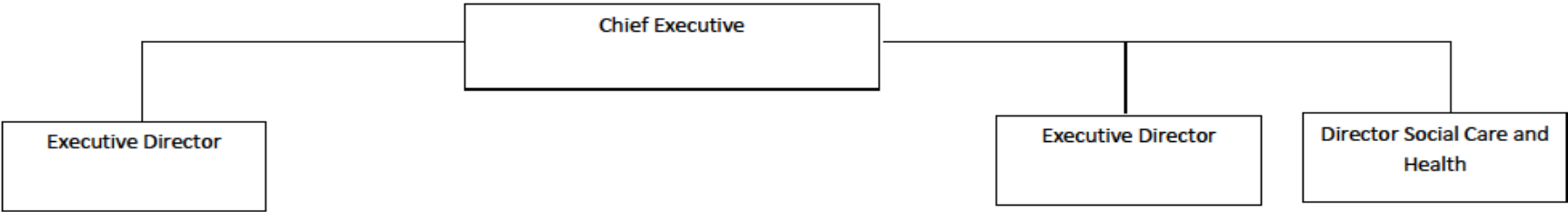
APPENDIX 1 CURRENT STRUCTURE



HEADS OF SERVICE

Health & Wellbeing	Communities	Schools & Families	Regulation & Compliance	Economic Growth and Housing	Commercial Development	Children's Social Care	Adult Social Care	Locality Services - Provision	Locality Services - Commissioned	Corporate Resources
Public Health Welfare Reform Integrated Wellness Service Leisure	Neighbourhoods VCF Libraries & Arts Parks Safer Stronger YOS	School Improvement Children's Centre SEN Early Years, Education Welfare Troubled Families Children with Disabilities Family Support Pathway	Env. Health Licensing Trading Standards Legal Parking Coroners Registrars Governance & Elections	Planning & Building Control Regeneration Housing Strategy Skills – Adult - IAG Tourism & Events FE 14 – 19 Invest Sefton Sefton@Work	MD Housing Company Commercial Income Generation Develop new income streams Commercial Strategy and delivery	Safeguarding Looked after Children Fostering & Adoptions	Day care Home care Residential Respite Carers Quality Safeguarding Assessments Direct payments	Refuse Cleansing School X P Security Service Building Cleaning Burials Catering	Highways Maintenance Waste Strategy Gritting Grounds Street Lighting Coast Strategic Transport	Finance ICT Personnel Assets

APPENDIX 2 PROPOSED STRUCTURE



HEADS OF SERVICE

	Health and Wellbeing	Communities	Education Excellent	Economic Growth and Housing	Highways & Public Protection	Locality Services	Children Social Care	Adult Social Care	Commercial Development	Corporate Resources	Strategic Support
Service Delivery Accountabilities	Public Health Welfare Reform Integrated Wellness Service	Locality Bases Libraries Leisure Centres Children & Family Wellbeing VCF Neighbourhoods SEN Early Years Safer Stronger	Education Strategy Sufficiency School attainment & Improvement School traded services School Governing Body Support School Transport Virtual Schools / Vulnerable Pupils	Planning & Building Control Regeneration Housing Strategy Adult Skills & AIG Tourism & Events FE 14 – 19 Invest Sefton Sefton@Work	Highways Maintenance Strategic Transportation Street Lighting Waste Disposal Environmental health Licensing Trading Standards Parking	Refuse Cleansing School X P Security Service Building Cleaning Burials Catering Green Sefton Specialist Transport	Safeguarding Looked after Children Fostering & Adoption	Day care Home care Residential Respite Carers Quality Safeguarding Assessments Direct payments	MD Housing Company New & improved income streams Assets Procurement Commercial Strategy and delivery	Finance ICT Personnel Internal Audit Legal Governance Elections	Policy & Performance Communications Framework for Change Business Intelligence Commissioning Support

Number of FTE Posts = 15