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Sefton Council 

MEETING: CABINET
DATE: Thursday 6th February, 2020
TIME: 10.00 am
VENUE: Committee Room, Town Hall, Bootle

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

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

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

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

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

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A G E N D A

Items marked with an * involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1	Apologies for Absence		
2	Declarations of Interest Members are requested at a meeting where a disclosable pecuniary interest or personal interest arises, which is not already included in their Register of Members' Interests, to declare any interests that relate to an item on the agenda. Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation. Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer to determine whether the Member should withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting or remain in the meeting and vote on the relevant decision.		
3	Minutes of the Previous Meeting Minutes of the meeting held on 9 January 2020.		(Pages 5 - 16)
* 4	Ethical Business Practices Working Group Final Report Report of the Head of Corporate Resources	All Wards	(Pages 17 - 48)
* 5	Green Sefton: Golf Driving Ranges Development Report of the Head of Locality Services	All Wards	(Pages 49 - 106)

- * 6 **Revenue and Capital Budget Update 2019/20** All Wards (Pages 107 - 122)
- Report of the Head of Corporate Resources
- 7 **Exclusion of Press and Public**
- To comply with Regulation 5(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, notice has been published regarding the intention to consider the following matter in private for the reasons set out below.
- The Cabinet is recommended to pass the following resolution:
- That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public be excluded from the meeting for the following item on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 4 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.
- * 8 **Ainsdale** Ainsdale (Pages 123 - 128)
- Report of the Head of Corporate Resources

THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON WEDNESDAY 22 JANUARY, 2020

CABINET

MEETING HELD AT THE BIRKDALE ROOM, TOWN HALL, SOUTHPORT ON THURSDAY 9TH JANUARY, 2020

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

85. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Cummins, Fairclough and J.J. Kelly.

86. DECLARATIONS OF INTEREST

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

87. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the Minutes of the meeting held on 5 December 2019 be approved as a correct record.

88. THE SEFTON HEALTH AND WELLBEING STRATEGY 2020-2025

The Cabinet considered the report of the Director of Public Health in relation to the Health and Wellbeing Strategy 2020 – 2025 for Sefton, entitled "Living Well in Sefton 2020-2025". The report set out how the Strategy had been developed, the governance steps taken and how the impact of the Strategy would be measured.

Decision Made:

That the report be commended to the Council for approval.

Reasons for the Decision:

- The Strategy and the ambition for the wider system have been developed through a full consultation process and with oversight of the Health and Wellbeing Strategy Steering Group. The Strategy uses the Joint Strategic Needs Assessment and both local and national evidence to identify key ambition for the system that will

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improve the health and wellbeing of people in Sefton and will help to reduce health inequalities.

- It is a statutory obligation for the Health and Wellbeing Board to produce a Health Well Being Strategy based on the most recent Joint Strategic Needs Assessment.

Alternative Options Considered and Rejected:

Not applicable.

89. CHILDREN AND YOUNG PEOPLES PLAN 2020 - 2025

The Cabinet considered the report of the Interim Director of Children's Social Care and Education in relation to the Children and Young People's Plan 2020 – 2025 and accompanying Commissioning Strategy. The report detailed the steps taken to produce the Plan, the governance and oversight applied to previous draft and sought approval prior to the Plan becoming operational on 1 April 2020.

Decision Made:

That the Children and Young People's Plan 2020 – 2025 and accompanying Commissioning Strategy be approved.

Reasons for the Decision:

The report seeks to offer assurance of the prior governance, oversight and consultation that has developed the final version of the Children and Young People's Plan. This information should enable the Cabinet to confidentially approve the Plan for Sefton's Children and Young People.

Alternative Options Considered and Rejected:

Not having a Children and Young People's Plan – This would leave a strategic risk in the delivery of co-ordinated services focused on improving the identified priority outcomes for our children and young people in Sefton.

90. EARLY HELP STRATEGY

The Cabinet considered the report of the Head of Communities in relation to the progress made towards the establishment of a Sefton Early Help Strategy. The report requested the Cabinet to note and approve the final version of the Strategy.

Decision Made:

That the Early Help Strategy be approved.

Reasons for the Decision:

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To ensure the Cabinet is fully informed of the progress towards finalising the Early Help Strategy.

Alternative Options Considered and Rejected:

None identified.

91. PURCHASE OF WINTER SERVICE FACILITY

The Cabinet considered the report of the Head of Highways and Public Protection that sought approval for the Chief Legal and Democratic Officer, in consultation with the Head of Highways and Public Protection, to:

- (a) enter into an agreement to purchase the depot currently used to deliver the winter gritting service (winter service facility), located at Heysham Road, Netherton from the existing term maintenance contractor; and
- (b) agree an extension to the existing contract.

The report highlighted that the facility had replaced the previous Council owned facility which was no longer fit for purpose as it did not meet the requirements of the Council's statutory duty and could now be disposed of.

Decision Made: That

- (1) the Chief Legal and Democratic Officer, in consultation with the Head of Highways and Public Protection, be authorised to enter into an agreement to purchase the winter service facility located at Heysham Road, Netherton from the existing term maintenance contractor, Graysons H&E Services, as detailed within the report;
- (2) the Chief Legal and Democratic Officer, in consultation with the Head of Highways and Public Protection, be authorised to vary the existing contract to include a 20% reduction in tendered rates, as agreed with the existing contractor and extended the existing winter service contract for a period of 4 years. Provision for this extension was included within the existing contract; and
- (3) the Head of Corporate Resources, in consultation with the Head of Highways and Public Protection, be authorised to dispose of the Council owned site of the former winter facility on Damfield Lane, Maghull, in accordance with the Council's Asset disposal policy.

Reasons for the Decision:

The purchase of the facility will save revenue funding over the remaining 9 years of the existing contract and allow the Council to consider alternative methods of procuring or providing the statutory winter service after that point, including bringing the service in-house.

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Alternative Options Considered and Rejected:

The alternative is not to purchase the facility and therefore not take advantage of the revenue rate reductions offered by the contractor. Furthermore, at the completion of the existing contract, the Council will have to re-procure the contract to include the provision of a winter facility, thus potentially paying for the facility twice.

Based on the above and the financial analysis contained within the report, the "do nothing" option would place the Council in an adverse financial position due to the need to contract its own facility and fail to take advantage of the 20% revenue savings.

A further option would be for the Council to build its own facility at the end of the contract which would be excessively expensive in comparison to the proposed recommendation in this report.

92. PROCUREMENT OF PAYROLL SYSTEM

The Cabinet considered the report of the Head of Corporate Resources that set out the background to the Council's current arrangements for the Payroll Software System. It also sought authority to commence a procurement exercise for the provision of a new contract for a replacement Payroll Software System.

Decision Made: That

- (1) the Head of Corporate Resources be authorised to conduct either an OJEU compliant procurement process or a mini competition using an OJEU advertised Framework Agreement, e.g. Crown Commercial Services Framework RM3821, for a Payroll Software System. If an OJEU Compliant Procurement Process is used, then the proposal would be to enter into a contract for a maximum of 7 years of an initial 5-year period with an option to extend for up to 2 periods of 12 months. If a mini competition is used, then the proposal would be to enter into a contract for a period of four years; and
- (2) the Head of Corporate Resources, in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services, be granted delegated authority to award the contract resulting from the procurement exercise and to award any extension thereof.

Reasons for the Decision:

1. The current contract relative to Payroll Software Solution is due to end on 30 September 2021.
2. To have appropriate and best value contractual arrangements in place for the Payroll function by 1 October 2021.

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Alternative Options Considered and Rejected:

There is no provision within the existing contract to extend beyond 30 September 2021. Consequently, a procurement exercise is required.

93. COUNCIL TAX REDUCTION (CTR) SCHEME 2020/21, COUNCIL TAX BASE 2020/21 AND CHANGES TO COUNCIL TAX DISCOUNTS FOR EMPTY HOMES

The Cabinet considered the report of the Head of Corporate Resources that provided details of the review of the local Council Tax Reduction Scheme for 2019/20 and recommended that there be no change to the scheme for 2020/21 for working age claimants.

The report requested the Cabinet to recommend to the Council changes to discretionary Council Tax Empty Homes discounts following the outcome of a public consultation, and an additional increase to the Council Tax long-term Empty Homes Premium, following a consultation exercise that took place in 2018.

The report also requested the Cabinet to recommend to the Council an increase in the Exceptional Hardship Fund (EHF) budget from £150,000 to £170,000 from 2020/21 onwards.

The report provided an updated Council Tax Base for Sefton Council and each Parish area for 2020/21.

Decisions Made: That

- (1) the contents of the review of the Council Tax Reduction Scheme for 2019/20 be noted;
- (2) the Council be recommended to make no changes to the existing Council Tax Reduction Scheme for 2020/21 for working age claimants;
- (3) the outcome of the recent consultation and equality impact assessment on the proposed changes to Council Tax Empty Homes discounts, as set out in Annex B, to the report be noted;
- (4) the Council be recommended to approve changes to discretionary Council Tax Empty Homes discounts from 1 April 2020, to reduce the discount on uninhabitable properties from 50% to 0%, and to reduce the discount for the first month that a property is empty from 100% to 50%;
- (5) the Council be recommended to approve a change to the long-term Empty Homes Premium from 1 April 2020, to increase the premium charged on properties that have been empty for 5 years or more from 100% to 200%;

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- (6) the Council be recommended to approve the relevant 2020/21 Council Tax Base for Sefton Council and each Parish Area as set out in Annex A to the report; and
- (7) the Council be recommended to approve an increase in the Exceptional Hardship Fund budget from £150,000 to £170,000 from 2020/21 onwards.

Reasons for the Decision:

Council Tax Reduction Scheme

Each financial year the Council must consider whether to revise or replace its local Council Tax Reduction Scheme. The Council must approve and adopt the 2020/21 Council Tax Reduction scheme by 11 March 2020, as set out in the Council Tax Reduction Scheme (Amendment) (England) Regulations 2017.

This report comments on the impact of various changes made to the scheme in recent years together with the impact of the Government's Welfare Reform changes. After consideration of the factors outlined later in the report, it is proposed that the local Council Tax Reduction Scheme for 2020/21 remains unchanged for working age claimants.

Council Tax Empty Homes Discounts

Reducing the level of support offered by the current discretionary local empty homes' discounts may encourage owners of empty homes to bring them into use more quickly. It would remove the current favourable treatment of empty homes, encourage better use of local housing stock, bring the Council's policy more into line with other local Councils in the Liverpool City Region that do not offer discretionary empty homes discounts and provide a much-needed increase in council tax income.

Long-term Empty Homes Premium

Increasing the long-term empty homes premium is intended to encourage owners to bring them back into use. Recent legislation allows the Council to increase the premium on properties that have been empty for longer than 5 years to 200% from 1st April 2020. Any additional income raised from the premium will help support the provisions of Council services.

Exceptional Hardship Fund (EHF)

The Council set the current budget of £150,000 in 2013/14. Since then the average Band D council tax charge in Sefton has increased by 25.6%. To keep pace with the increases in council tax the fund would have had to be increased by £38,500 in 2019/20. The fund has also been utilised to meet the cost of discretionary discounts awarded to care leavers since 2018/19. These discounts are costing approximately £19,000 in 2019/20. The suggested increase of £20,000 would offset the cost of the care leavers

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discounts in 2020/21 and restore some of the capacity of the EHF to alleviate the burden of council tax charges on CTRS claimants who are suffering exceptional hardship.

Council Tax Base

In accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as amended, the Council is required to set a tax base for both Sefton Council and for each Parish Area for 2020/21 before 31 January 2020.

Alternative Options Considered and Rejected:

Council Tax Reduction Scheme

The Council last revised its local Council Tax Reduction Scheme in 2018/19 following a public consultation process. The changes introduced in April 2018 continue to address the Council's priorities to minimise the impact on vulnerable residents, by striking a balance between dealing with Council priorities whilst supporting those experiencing financial hardship. As a result, the changes made in 2018 continue to be fully monitored and evaluated. No alternative options for change have been considered for 2020/21.

Council Tax Empty Homes Discounts

The Council could choose not to make changes to discretionary Council Tax Empty Homes discounts. This approach would not provide an additional incentive for owners of empty homes to bring them back into use more quickly. A lower level of Council Tax income would be generated, and a higher level of savings would need to be achieved in 2020/21.

Long-term Empty Homes Premium

The Council could choose not to increase the long-term empty homes premium; however, this would not provide any further incentive for owners of long-term empty homes to bring them back into use.

Exceptional Hardship Fund (EHF)

The Council could choose not to increase the EHF budget. However, this would restrict the Council's capacity to alleviate the burden of council tax payments on those CTRS claimants experiencing exceptional hardship in 2020/21 and in future years.

94. REVENUE AND CAPITAL BUDGET UPDATE - ADDITIONAL CAPITAL ESTIMATES

The Cabinet considered the joint report of the Executive Director and the Head of Corporate Resources that detailed additional Capital Estimates.

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The report highlighted that the Council's Capital Investment Programme had been developed to enable the Council to continue to deliver financial sustainability, to stimulate economic growth and strategic investment. Key to the development of the investment programme was to ensure the best use of existing assets and the generation of Council resources to finance upfront capital expenditure.

Decision Made: That

- (1) the following supplementary capital estimates in relation to the Investment Programme be approved:
 - (a) Strategic Acquisitions – Land at Bootle, funded by an external contribution of £0.998m from the Liverpool City Region Combined Authority;
 - (b) Town Centre Commission work funded by an external contribution of £0.750m from the Combined Authority;
- (2) the Council be recommended to approve the redevelopment of the Cambridge Road Centre funded by an external contribution of £1.145m from the Combined Authority;
- (3) the Council be recommended to approve the Crosby Lakeside Redevelopment Project to be funded by an external contribution of £3.100m from the Combined Authority, as outlined within the standalone report submitted to the Cabinet on 7 November 2019; and
- (4) the report and recommendations be commended to the Council for approval.

Reasons for the Decision:

The Investment Programme is an important mechanism within the Council's major change programme – the Framework for Change – through which the aims and objectives contained within the Vision for 2030 and Core Purpose, will be delivered.

Alternative Options Considered and Rejected:

None.

95. REVENUE AND CAPITAL BUDGET UPDATE 2019/20 - JANUARY

The Cabinet considered the report of the Head of Corporate Resources in relation to:

1. the current forecast revenue outturn position for the Council for 2019/20;

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2. the current forecast on Council Tax and Business Rates collection for 2019/20; and,
3. the monitoring position of the Council's capital programme to the end of October 2019; the forecast expenditure to year end; and variations against the approved budgets and an explanation of those variations for consideration by Members. Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects were also presented for approval.

Decision Made: That

- (1) in relation to the Revenue Budget:
 - (a) the current forecast revenue outturn position for 2019/20 and the current position relating to delivery of savings included in the 2019/20 revenue budget, be noted;
 - (b) the mitigating measures being used to ensure a balanced forecast outturn position, as detailed in paragraph 2.2 to the report, excluding a forecast for deficit on Housing Benefits which will be considered at the end of the financial year should it materialise, be noted;
 - (c) it be acknowledged that a comprehensive review of all forecast outturn estimates and potential remedial measures is required as part of the end of December monitoring, in order to inform decisions that may be required to ensure a balanced forecast outturn position can be achieved or to understand a potential call of General Fund Balances;
- (2) in relation to the Capital Programme:
 - (a) updates to spending profiles across financial years, as detailed in paragraph 5.1.1 to the report, be reviewed;
 - (b) the new schemes added to the Capital Programme under delegated authority for 2019/20, as detailed in paragraph 5.1.3 to the report, be reviewed;
 - (c) the latest capital expenditure position as at 30 November 2019 to date of £10.695m, as detailed in paragraph 5.2.2 to the report, with the latest full year forecast being £24.734m, as detailed in paragraph 5.3.1 to the report, be noted;
 - (d) the explanations of variances to project budgets, as detailed in paragraph 5.3.2 to the report, be noted; and
 - (e) it be acknowledged that capital resources will be managed by the Head of Corporate Resources to ensure the capital programme remains fully funded and that capital funding

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arrangements secure the maximum financial benefit to the Council, as detailed in paragraph 5.5 to the report.

Reasons for the Decision:

To ensure the Cabinet is informed of the forecast outturn position for the 2019/2020 Revenue Budget as at the end of November 2019, including delivery of agreed savings, and to provide an updated forecast of the outturn position with regard to the collection of Council Tax and Business Rates.

To keep Members informed of the progress of the Capital Programme against the profiled budget for 2019/20 and agreed allocations for future years.

To progress any changes that are required in order to maintain a relevant and accurate budget profile necessary for effective monitoring of the Capital Programme.

To approve any updates to funding resources so that they can be applied to capital schemes in the delivery of the Council's overall capital strategy.

In March 2017 the Council approved a three-year budget plan to March 2020. The final year of this plan was revised in February 2019 as part of the process of setting the 2019/20 budget. The Council is in the final year of the budget plan and remains confident its strategic approach to budget planning alongside good financial management and extensive community engagement means that the plan continues to develop on solid foundations; it 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 significantly exceeding the budget. If further budget pressures are identified between now and the end of the year, additional remedial action will be required to bring the overall budget into balance.

Alternative Options Considered and Rejected:

None.

96. EXCLUSION OF PRESS AND PUBLIC

Decision Made:

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

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**97. REVENUE AND CAPITAL BUDGET UPDATE : ASSET
MAXIMISATION -DISPOSALS STRATEGY - PHASE 1**

The Cabinet considered the Joint Report of the Executive Director and Head of Corporate Resources in relation to Phase 1 of the Council's Asset Maximisation Disposal Strategy.

Decision Made:

That the exempt information be considered as part of the public report in relation to this matter, reference Minute No. 99 refers.

Reason for the Decision:

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

Alternative Options Considered and Rejected:

None.

98. RE-ADMIT PRESS AND PUBLIC

Decision Made:

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

**99. REVENUE AND CAPITAL BUDGET UPDATE : ASSET
MAXIMISATION -DISPOSALS STRATEGY - PHASE 1**

The Cabinet considered the Joint Report of the Executive Director and the Head of Corporate Resources in relation to a phased approach of a review of the Council's asset base. The report detailed those assets that had been identified as being available for disposal and the proposed approach to phase 1 of the programme. The report indicated that the disposal programme would support the Council's objectives, such as delivery of the Local Plan and maximise the capital sums available in order to contribute to both the Framework for Change, "Cost of Change Budget" and the first phase of projects within the Growth and Investment programme.

Decision Made: That

- (1) the disposal of the assets detailed within the report be approved, with a view to generating capital receipts to support the Growth and Investment Programme and the Council's Framework for Change Programme, with the exception 25 Crosby Road North, Crosby; 255/257 Knowsley Road, Bootle; and 18 Great Georges Road, Waterloo, which will not be progressed at this juncture;

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- (2) delegated authority be provided to the relevant Officers to negotiate terms and conditions for each disposal in line with normal delegations set out in the Council's Asset Disposal Policy; and
- (3) the fact that a progress report on the matter will be submitted to the Cabinet during April 2020, be noted.

Reasons for the Decision:

- (i) Disposals will provide capital funding in support of the Growth and Investment Programme, which forms an ambitious strand of the Council's Framework for Change programme. It will also support the Cost of Change budget that was agreed by Council in March 2017 to support the delivery of the three-year budget package.
- (ii) Assets have been identified for disposal where they adhere to two criteria: that each capital receipt forecasted represents financial "best consideration" and where the loss of other opportunities is quantifiable and does not undermine wider service delivery and economic development/ regeneration priorities.

Alternative Options Considered and Rejected:

- (i) In the event that the Council does not progress the disposals as set out in this report, the Growth and Investment Programme would either need to be reduced in scale and ambition, or the timing of project delivery is delayed. Alternatively, the Council would need to borrow capital funding from the Public Works Loans Board, and this will increase the financial pressure on the revenue budget. Some of the projects in the Growth and Investment Programme will deliver new financial revenue streams to the Council which might not otherwise be realised.
- (iii) Similarly, Council approved a Cost of Change Budget as part of the three-year budget approved in March 2017. This included details of capital expenditure that would be required to support the delivery of the Framework for Change programme with approval that this would be funded by asset disposals. If these recommendations are not approved, the Council will need to borrow funding from the Public Works Loan Board, and this will amount to a revenue cost of approximately £0.700m over five years.

Agenda Item 4

Report to: Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services)
Cabinet
Council

Date of Meeting: 14 January 2020
6 February 2020
27 February 2020

Subject: Ethical Business Practices Working Group Final Report

Wards Affected: All

Report of: Chief Legal and Democratic Officer

Is this a Key Decision? Yes
Exempt/Confidential No

Is it included in the Forward Plan? Yes

Purpose/Summary

To present formally the final report of the Ethical Business Practices Working Group.

Recommendations: That Committee, Cabinet and Council:

- (1) request the Head of Corporate Resources to make arrangements, via the Council's decision-making processes, to include the revised statement of draft ethical business/investment principles as referred to below in the Treasury Management Strategy and to adopt it as part of the Council's Policy for investment:

ETHICAL INVESTMENT POLICY

"The Local Authority at times invests surplus funds with third party organisations and institutions and the Council's [core values](#) will play a major role in making investment decisions which will be aligned where possible to the following four overarching core principles;

- Sustainable and Responsible – manage the effect on the environment, community and for the good of society
- Value Based – invest in businesses that are aligned with the organisations core values;
- Maximising Impact – achieve a measurable positive, social or environmental impact, in addition to a financial return;
- Green – improving the environment."

In deciding and then approving the counterparty list in which the Council will invest, the principles of security, liquidity and yield will always be the primary consideration to ensure compliance with statutory guidance. As part of this

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evaluation, the Council will consider ethical investment opportunities and identify and apply an appropriate weighting based on the Council's Core Values/overarching core principles.

Where the Council deposits surplus balances overnight or for a short-term, investments will be made with financial institutions in a responsible manner (aligned to the overarching core principles/councils core values) where possible and in accordance with advice from its Treasury Management Advisor. In the event that the Council has surplus balances that it can invest for the longer term (e.g. terms over 1 year) it will exclude direct investment in financial products that do not contribute positively to society and the environment. This will include the principle that investment in specific financial products whose performance is driven by off-shore trading, financial malpractice, debt swops, short selling, the arms trade and tobacco industry will be avoided. The same rigorous criteria will be used to assess whether investment in certain countries will be contrary to Sefton's [core values](#).

It is recommended that the Head of Corporate Resources, to assess whether investment in certain countries will be contrary to Sefton's [core values](#), give consideration to the exclusion of those countries on the [EU list of non-cooperative tax jurisdictions](#) (the black list and the grey list), which aims to tackle external risks of tax abuse and unfair tax competition, within the Council's Treasury Management Strategy.

In order for these organisations to be included on the Council's counterparty list they will be evaluated against the same criteria as other counterparties and assessed against the Council's core values and ethical business and investment principles/policy, including the ethical weighting to ensure balance and investments are aligned with the new policy.

The Council's Treasury Management Team will be continually engage on progress in this sector, understanding where possible that Council investments and deposits are aligned with its core values – for example, generating income for social reinvestment and not investing in such companies as highlighted above.

This approach will be supported by considering the opportunity for ethical investments as part of the development of the annual Treasury Management Strategy and engaging with the Council's Treasury Management Advisors as to whether any investment is contrary to the Council's values (including the ethical investment weighting). A specific section in the annual Treasury Management report will cover how the adopted ethical investment strategy is being applied to investment decisions.

The Local Authority publishes a list of its investments to ensure openness and transparency.”;

- (2) request the Head of Strategic Support to make arrangements, via the Council's decision-making processes, to adopt the following revised statements of ethical procurement principles/policy.

ETHICAL PROCUREMENT POLICY

“The Local Authority routinely procures goods and services with a range of providers and the Council’s [core values](#) will play a major role in making procurement decisions which will be aligned where possible to the following four overarching core principles;

- Sustainable and Responsible – manage the effect on the environment, community and for the good of society
- Value Based – work with businesses that are aligned with an organisations core values;
- Maximising Impact – achieve a measurable positive, social or environmental impact, as a result of a contract;
- Green – improving the environment.”

Procurement will enhance Social impact/value, including opportunities associated with national themes of Jobs: Promoting Local Skills and Employment; Growth: Supporting Sustainable Growth of Responsible Regional Business; Social: Healthier, Safer and more Resilient Communities; Environment: Protecting and Improving Our Environment; and Innovation: Promoting Social Innovation; and their outcomes and measures.

Implement and enhance a Procurement Strategy, based on the Local Government Association (LGA) National Procurement Strategy providing an effective mechanism for improving the social impact/social value from our contracted providers, particularly its focus on “Achieving Community Benefit”, which includes “obtaining social value”.

The local strategy for social value opportunities to include the increased emphasis in the refreshed Corporate Commissioning Framework and on developing an updated Social Value Action Plan.

Implement a stand-alone phased two-year Social Value Action Plan to include the guiding principles of catching up with those leading the field, going beyond compliance with the Public Services (Social Value) Act 2012, maximising the full breadth of Social Value outcomes and effectively measuring, monitoring and reporting delivery.

The Social Value Action plan will address the areas for development identified through the self-assessment against the LGA strategy and include tangible, clear, measurable, timebound targets to improve social value.

Maximise Social value opportunities connected with the joined-up approach across the Liverpool City Region – LCR Procurement Hub and work undertaken with Proactis and the Social Value Portal to join-up the Chest, the National Themes, Outcomes and measures and the online Measurement Tool”: and

- (3) request the Head of Strategic Support to make arrangements, via the Council’s decision-making processes, to develop, adopt and implement a Social Value Action Plan in line with the following:

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SOCIAL VALUE ACTION PLAN

“The guiding principles for development of our approach to Social Value are to catch up with those leading the field; Go beyond compliance with the Public Services (Social Value) Act 2012; maximise full breadth of Social Value outcomes; and effectively measure, monitor and report delivery.

Self-assessment against “Obtaining Social Value” in the LGA National Strategy will provide a framework whereby we can evaluate what we already do and identify areas for improvement including assessment against the following statements, “the extent to which...”:

- the requirements of the Social Value Act are embedded into corporate policy;
- social value awareness is embedded across all management levels;
- social value themes, outcomes and measures are reported and used (including evaluating the usefulness of social accounting quantitative measures to evaluate impact);
- social value requirements are embedded in the commissioning process;
- social value requirements are embedded in the procurement process;
- obtaining social value is part of engagement and third-party relationships;
- social value requirements in contracts are managed;
- social value is embedded in a wider collaborative environment;
- obtaining social value is communicated and reported;
- social value is embedded and managed in the commissioning and procurement process.
- These can all be addressed within the scope of the guiding principles, through specific, tangible and time-bound actions in a Procurement/Social Value Action Plan.”

The policy will be reviewed on completion of the SV action Plan

Reasons for the Recommendation:

The Working Group has made a number of recommendations that require approval by the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) and the Cabinet.

Alternative Options Considered and Rejected:

No alternative options were considered. The Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) established the Working Group to review the Council’s Ethical Business Practices and the Working Group has performed this task.

What will it cost and how will it be financed?

(A) Revenue Costs

There are no financial implications arising for the Council as a direct result of this report. The implementation of recommendations that result in efficiency savings and any necessary financial investment will be the subject of separate reports.

(B) Capital Costs

There are no financial implications arising for the Council as a direct result of this report. The implementation of recommendations that result in efficiency savings and any necessary financial investment will be the subject of separate reports.

Implications:

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

Financial		
Legal: Housing Act 2004		
Human Resources		
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Contribution to the Council’s Core Purpose

Protect the most vulnerable: None directly associated with this report
Facilitate confident and resilient communities: None directly associated with this report
Commission, broker and provide core services: The context for the Ethical Procurement Policy centres on the legal position regarding social value in procurement as defined in the Public Services (Social Value) Act 2012; and the statutory duty to consider the social value of public services on contracts above the European Union procurement thresholds
Place – leadership and influencer: None directly associated with this report
Drivers of change and reform: The nature of public sector services reflects many of the principles of Corporate Social Responsibility/Ethical Business Practice. To embed Corporate Social Responsibility/Ethical Business Practice an organisation needs to be operating in line with good Corporate Social Responsibility/ Ethical Business Practice in its various roles as service provider, purchaser, employer and its engagement with the public as consumers, customers and clients.
For the purposes of the Working Group the term Ethical Business Practice was used

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which encompassed several key elements of Corporate Social Responsibility. The Working Group focussed on:

1. Proposing a revised Ethical Investment Policy/Strategy
2. Proposing a revised Ethical Procurement Policy/Strategy to embed Social Value

Facilitate sustainable economic prosperity: As above

Greater income for social investment: The nature of public sector services reflects many of the principles of Corporate Social Responsibility/Ethical Business Practice. To embed Corporate Social Responsibility/Ethical Business Practice an organisation needs to be operating in line with good Corporate Social Responsibility/ Ethical Business Practice in its various roles as service provider, purchaser, employer and its engagement with the public as consumers, customers and clients.

For the purposes of the Working Group the term Ethical Business Practice was used which encompassed several key elements of Corporate Social Responsibility. The Working Group focussed on:

1. Proposing a revised Ethical Investment Policy/Strategy
2. Proposing a revised Ethical Procurement Policy/Strategy to embed Social Value

Cleaner Greener: In respect of the Ethical Investment Policy there are corporate social responsibility environmental aspects, e.g., reducing direct impact on the environment by managing waste, emissions and consumption of natural resources. The Working Group did not directly include this in its inquires, as it will be embedded through Green Sefton initiatives and can be included as part of the overall revision of updating policy on Corporate Social Responsibility/Ethical Business Practice.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD5887 /19) has been consulted and notes there are no direct financial implications arising from this report.

The Chief Legal and Democratic Officer (LD4071 /19) is the author of the report.

Head of Strategic Support and Head of Highways and Public Protection were involved in Working Group meetings

Implementation Date for the Decision

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

Contact Officer: Paul Fraser

Tel: 0151 934 2068

Email: paul.fraser@sefton.gov.uk

Background Papers:

There are no background papers available for inspection

Introduction/Background

At its meeting held on 11 September 2018 the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) approved the establishment of a Working Group to review the topic of the Council's Ethical Business Practices with the terms of reference and objectives set out below.

The Committee on Standards in Public Life, which is responsible for promoting the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, leadership) to all those involved in the provision and delivery of public services, published a report in May 2018 "The Continuing Importance of Ethical Standards for Public Service Providers", which was a follow-up to their 2014 report on this issue.

The report identifies that the public want services to be delivered responsibly and ethically, regardless of provider and that high ethical standards need to be applied when managing public money. The report further states that, where this involves commercial arrangements, it is incumbent on government to design service delivery and manage the life cycle of the contract in such a way as to engender and reward high ethical standards. Clearly this is equally applicable to local government.

In last couple of years Sefton Council has agreed a number of motions and actions relating to ethical business, including: UNISON's Ethical Care Charter (February 2016) and Unite's Construction Charter (September 2018).

A number of other Councils have sought to address this, including: Birmingham [Birmingham Business Charter for Social Responsibility](#) Dudley [Suppliers Code of Practice](#) and Preston [Fairness Charter](#) and the Working Group considered these approaches and others in order to both benchmark Sefton's position and identify appropriate and workable future approaches.

To review the topic of the Council's Ethical Business Practices, considering:

- Current Sefton practice
- Current good practice within other local authorities or similar organisations
- Areas of good practice within the Council's practices
- Areas for improvement within the Council's practices
- Recommendations for improving the Council's practices
- The provision of a policy for the ethical business practices of the Council in respect of investment, procurement and commissioning

Accordingly, the Working Group met on five occasions to undertaken such review and its Final Report, together with associated recommendations, is attached.

To set the context for the recommendations, the provision of a policy for the ethical business practices of the Council in respect of investment, procurement and commissioning can be defined by the EU definition of Corporate Social Responsibility (Ethical Business Practice) as 'the responsibility of enterprises for their impacts on society and organisations should have processes in place to integrate social, environmental, ethical and consumer concerns and ensure that these are embedded into their business operations and core strategy'.

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The Working Group agreed that Corporate Social Responsibility was a good overarching context for improving social impact / social value, embracing the impact of: what we do; how we do it; and what others (contractors) do for us.

An example of how this can be achieved is by the attached flowchart [Delivering Social Value within a Corporate Social Responsibility Framework](#)

Regarding Public Sector and Corporate Social Responsibility, the nature of public sector services reflects many of the principles of Corporate Social Responsibility/Ethical Business Practice. To embed Corporate Social Responsibility/Ethical Business Practice an organisation needs to be operating in line with good Corporate Social Responsibility/Ethical Business Practice in its various roles as service provider, purchaser, employer and its engagement with the public as consumers, customers and clients.

For the purposes of the Working Group the term Ethical Business Practice was used which encompassed several key elements of Corporate Social Responsibility. The Working Group focussed on:

1. Proposing a revised **Ethical Investment** Policy/Strategy
2. Proposing a revised **Ethical Procurement** Policy/Strategy to embed Social Value

In respect of the Environmental Aspects of Corporate Social Responsibility there were also CSR Environmental aspects, e.g., reducing direct impact on the environment by managing waste, emissions and consumption of natural resources. The Working Group did not directly include this in its inquires, as it would be embedded through Green Sefton initiatives and can be included as part of the overall revision of updating policy on Corporate Social Responsibility/Ethical Business Practice.

Finally, and in respect of the Ethical Procurement Policy (including Social Value) the legal position regarding social value in procurement as defined in the Public Services (Social Value) Act 2012 was used; and the statutory duty to consider the social value of public services on contracts above the European Union procurement thresholds. The position regarding social value in procurement as defined in the [Contract Procedure Rules](#) was also considered

The Working Group recognised much of the good work already taking place in relation to the above and that the policy should focus on continuous improvement.

The Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services), Cabinet and Council are requested to support the contents of the Working Group Final Report and approve the recommendations contained therein.

OVERVIEW AND SCRUTINY COMMITTEE
(REGULATORY, COMPLIANCE AND CORPORATE SERVICES)



Core Purpose
The Council's role in delivering
the 2030 vision.

- **Protect the most vulnerable:** i.e. those people who have complex care needs with no capacity to care for themselves and no other networks to support them. For those who are the most vulnerable we will have a helping role to play, we will challenge others to ensure we all protect the most vulnerable and where we need to we will intervene to help improve lives.
- **Facilitate confident and resilient communities:** the Council will be less about doing things to and for residents and communities and more about creating the capacity and motivation for people to get involved, do it for themselves and help one another. We will create an environment in which residents are less reliant on public sector support and which have well developed and effective social support.
- **Commission, broker and provide core services:** the Council will directly deliver fewer services but will act as a broker and commissioner of services which meet the defined needs of communities, are person-centred and localised where possible. We will deliver services which can't be duplicated elsewhere or where we add value.
- **Place leadership and influencer:** making sure what we and what others do are in the best interests of Sefton and its residents and has a contributing role to the 2030 vision of the borough. This includes strong leadership and influencing partner organisations to work towards common goals and building pride in the borough.
- **Drivers of change and reform:** the Council will play a key role in leading change and reform to improve outcomes for Sefton residents and continuously improve the borough.
- **Facilitate sustainable economic prosperity:** that is, people having the level of money they need to take care of themselves and their family; creating the conditions where relatively low unemployment and high income prevail, leading to high purchasing power; and having enough money to invest in infrastructure.
- **Generate income for social reinvestment:** the Council will develop a commercial nature and look to what it can do either by itself or with others to generate income and profit that can be reinvested into delivering social purpose.
- **Cleaner and Greener:** the Council will work with others to maintain Sefton's natural beauty and ensure that its many assets provide a contribution to Sefton's economy, peoples wellbeing and the achievement of the 2030 Vision.

Sefton Council  

COUNCIL'S ETHICAL BUSINESS PRACTICES
WORKING GROUP
FINAL REPORT
JANUARY 2020



Overview & Scrutiny

**'Valuing
Improvement'**

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LEAD MEMBER'S INTRODUCTION

I am very pleased to introduce this Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) Council's Ethical Business Practices Working Group report.

This is a timely piece of work as public-sector reforms and budget cuts from central government are having an impact on how we do business. Having clear policies on Social Value and ethical business practice, including procurement and investment will help us to keep our core values at the heart of what we do during very difficult times for the public sector.

The Working Group adhered to its established terms of reference and objectives (see paragraph 2 below) in the drafting of its recommendations.

I wish to thank all those people who gave up their valuable time to be involved with the Working Group. The input and expertise of officers greatly helped the Working Group in the formulation of its recommendations. Finally, I am extremely grateful to my fellow Working Group Members for their commitment, ideas and contribution.



Councillor Patrick McKinley
Lead Member, Council's Ethical
Business Practices Working
Group



1.0 BACKGROUND

- 1.1 The Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) established the Council’s Ethical Business Practices Working Group.
- 1.2 Councillors Bradshaw, Doyle, Killen, McKinley, Johns Sayers and Yvonne Sayers were appointed to serve on the Working Group.
- 1.3 At the first meeting of the Working Group Councillor McKinley was appointed Lead Member. Details of Working Group meetings are set out below:

Date	Activity
20.11.18	Scoping Document approved Additional information/background reading material suggested Potential witnesses identified
17.11.18	Interview of witness – Head of Corporate Resources Consideration of information requested at previous meeting
15.01.19	Statements on Ethical Business/Investment Practices
15.02.19	Bill Esterson M.P. witness interview; and approval of draft ethical investment principles
16.04.19	Presentation on Social Value and Social Impact through Procurement
10.19	Approval of initial findings, draft report and recommendations via email

2.0 TERMS OF REFERENCE AND OBJECTIVES

- 2.1 The Terms of Reference and Objectives of the Working Group were approved as part of the scoping exercise at the first meeting and are set out below.
- 2.2 Terms of Reference and Objectives

The Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) has agreed to establish a Working Group to review the topic of the Council’s Ethical Business Practices. Dependent upon interpretation, the scope of such a review is potentially very wide, including areas such as the Council’s role in: employment; investment; charging; debt collection; commercial practice; doing business with others; procuring the delivery of goods, works and services from others; regulation, trading activities etc. As such the Working Group and Committee will need to carefully consider and clearly define the specific scope it wishes the review to focus upon. This consideration may lead to a refining of the draft Terms of Reference below.

The Committee on Standards in Public Life, which is responsible for promoting the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, leadership) to all those

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involved in the provision and delivery of public services, published a report in May 2018 “The Continuing Importance of Ethical Standards for Public Service Providers”, which was a follow-up to their 2014 report on this issue.

The report identifies that the public want services to be delivered responsibly and ethically, regardless of provider and that high ethical standards need to be applied when managing public money. The report further states that, where this involves commercial arrangements, it is incumbent on government to design service delivery and manage the life cycle of the contract in such a way as to engender and reward high ethical standards. Clearly this is equally applicable to local government.

In last couple of years Sefton Council has agreed a number of motions and actions relating to ethical business, including: UNISON’s Ethical Care Charter (February 2016) and Unite’s Construction Charter (September 2018).

A number of other Councils have sought to address this, including: Birmingham [Birmingham Business Charter for Social Responsibility](#) Dudley [Suppliers Code of Practice](#) and Preston [Fairness Charter](#) and the Working Group may wish to consider these approaches and others in order to both benchmark Sefton’s position and identify appropriate and workable future approaches.

To review the topic of the Council’s Ethical Business Practices, considering:

- Current Sefton practice
- Current good practice within other local authorities or similar organisations
- Areas of good practice within the Council’s practices
- Areas for improvement within the Council’s practices
- Recommendations for improving the Council’s practices
- The provision of a policy for the ethical business practices of the Council in respect of investment, procurement and commissioning

3.0 METHODS OF ENQUIRY

3.1 Dependent upon the refined scope of the review, to include:

- Analysis of current Sefton practice
- Desktop research into practise elsewhere
- Witness interviews with officers, stakeholders, experts and other organisations
- Possible site visits / conference calls with experts and other organisations



4.0 WORKING GROUP MEETING – 20 NOVEMBER 2018

4.1 The Working Group approved its [Scoping Document](#) at the meeting.

4.2 Councillor McKinley, Lead Member, referred to the terms of reference contained in the Scoping Document, namely to review the topic of the Council's Ethical Business Practices, considering:

- Current Sefton practice
- Current good practice within other local authorities or similar organisations
- Areas of good practice within the Council's practices
- Areas for improvement within the Council's practices
- Recommendations for improving the Council's practices

And suggested that a further bullet point be added as follows:

- The provision of a policy for the ethical business practices of the Council in respect of investment, procurement and commissioning

4.3 Members of the Working Group commented on the following issues:

- The Treasury Management report considered by the Audit and Governance Committee at its meeting held on 19 September 2018
- The countries in which Sefton invested and the brokers used to undertake such investments
- The estimation contained in the publication "Ethical Standards for Providers of Public Services – guidance produced by Committee on Standards in Public Life" that one third of all public spending on services was now delivered by private companies
- The action of the Merseyside Pension Fund in regard to disinvestment in Fracking Companies; and the decision by Council at its meeting held on 15 November 2018 to request Merseyside Pension Fund to publish a timetable for disinvestment in Fracking companies as soon as possible
- The Council had a duty to implement ethical business practices but in doing so any introduced policy would have to be practicable and implementable
- Concern was expressed about investments in "short-selling"
- The introduction of Sefton's Ethical Care Charter
- The use of approaches by other local authorities such as Birmingham (Birmingham Business Charter for Social Responsibility); Dudley (Suppliers Code of Practice) and Preston (Fairness Charter) to benchmark against

4.4 The Working Group approved the selection of witnesses to attend future meetings (Bill Esterson M.P. and Stephan Van Arendsen, Head of



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Corporate Resources) and identified documentation they would like to consider at the next meeting Birmingham Business Charter for Social Responsibility, Dudley Suppliers Code of Practice, Preston Fairness Charter, Information from the Merseyside Pension Fund in regard to its disinvestment in Fracking Companies and the [minute and report](#) considered by the Audit and Governance Committee at its meeting held on 19 September 2018 in relation to Treasury Management.

4.5 The Working Group also considered the following documentation at the meeting:

- [Ethical Standards for Providers of Public Services – guidance produced by Committee on Standards in Public Life](#)
- [The Continuing Importance of Ethical Standards for Public Service Providers produced by Committee on Standards in Public Life](#)
- [Sefton Construction Charter](#)

5.0 WORKING GROUP MEETING – 17 DECEMBER 2018

5.1 The Working Group received a [presentation](#) by Stephan Van Arendsen, Head of Corporate Resources on the Council's Investment Strategy/Policy.

Mr. Van Arendsen indicated that:

- Councils in general did not invest large sums of money due to reducing resources and balances
- ethical investment was an investment approach that followed a moral-based process which for example excluded industries such as tobacco, gambling and armaments; which sought to invest in companies / organisations that contributed positively to the environment and society; and was sustainable and responsible, value based, had a measurable impact and was green to improve the environment
- the number of organisations who invested “ethically” was still quite small, but growing and examples included some finance & banking organisations, professional investment funds with clients who placed ethical principles ahead of yields, socially minded businesses, some charities and individuals
- regarding Sefton’s criteria for selecting investments, as a local authority, Sefton was required to comply with the statutory guidance incorporated into our Treasury Management Policy and Strategy that was reflected in the CIPFA Treasury Management Code of Practice (2017) and the Secretary of State Statutory Guidance on Local Authority Investments (2018)
- Sefton, following advice from its Treasury Management Advisor, had specific criteria that influenced who it could deposit money with



- There is limited scope for the use of ethical institutions or investments for Local Government as ethical banks tended to be either unrated, or below our acceptable risk level; it was noted that should an ethical bank or institution have an acceptable rating, the Council could invest in it but it should be noted that financial returns were generally lower from such sources so this would have to be reflected in any future decision to invest or not

5.2 Members of the Working Group commented on the following issues:

- the macro-economic impact of local authorities across the country reducing their investments due to the availability of surplus funds
- that the Council did not invest in hedge funds and support “short selling”
- the potential for the Council’s treasury Management Strategy to state that if ethical banking institutions meet acceptable risk levels then the Council could invest in them
- could a series of statements be drafted that could form part of the Council’s ethical business/investment practices
- the Merseyside Pension Fund ethical business/investment policy

5.3 The Working Group agreed that it would be beneficial to draft a series of statements that could form part of the Council’s ethical business/investment practices and which could be included in the Treasury Management Strategy currently under preparation; and it was agreed that such statements would be considered at the next meeting of the Working Group.

6.0 WORKING GROUP MEETING – 15 JANUARY 2019

6.1 The Working Group considered [draft ethical investment principles](#) submitted by the Head of Corporate Resources and produced in conjunction with the Council’s Treasury Management Advisor, that could form part of the Council’s ethical business/investment practices and which could be included in the Treasury Management Strategy currently under preparation.

6.2 Members of the Working Group sought further information from the Head of Corporate Resources on the following:

- Could the ethical investment principles be more specific, for example, by the inclusion of the terminology used in the powerpoint [presentation](#) to the last meeting of the Working Group, namely, that Sefton’s principles/policy to investment is based on the following “an investment approach that follows a moral-based process which excludes industries such as tobacco, gambling and armaments; and



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seeks to invest in companies / organisations that contribute positively to the environment and society: -

- Sustainable and Responsible – manage the effect on the environment, community and for the good of society
- Value Based – invest in businesses that are aligned with an organisations core values;
- Impact – achieve a measurable positive, social or environmental impact, in addition to a financial return;
- Green – improving the environment.”
- The second paragraph of the draft ethical investment principles makes reference to statutory guidance. Is compliance with this guidance compulsory or does the Council have flexibility or a discretion to take a different course, for example, the guidance should be able to take account of the organisation’s core values
- Could the third paragraph in the draft ethical investment principles be amended because as printed it could give the impression that some possible investments are made in an irresponsible manner
- The fourth paragraph of the draft ethical investment principles states that “This will include, understanding where possible that Council investments and deposits are aligned with its core values.” How are the investments specifically aligned to the Council’s core values of protect the most vulnerable, facilitating confident and resilient communities, Commissioning, brokering and providing core services, place-leadership and influencer, driving of change and reform, facilitating sustainable economic prosperity, generating income for social reinvestment and cleaner and greener; and furthermore, as the Council has agreed to condemn financial malpractice such as multi-national transfer pricing and capital flows from the UK into offshore jurisdictions our investments should not be made where this is known to be the case. (this could be achieved by asking/instructing our brokers accordingly). In other words, could it be made explicit in the ethical investment principles that the Council’s desire was to ensure investment was not made in off-shore Jurisdictions. What would also be helpful if examples could be provided of how the core values are embedded in investment decisions

7.0 WORKING GROUP MEETING –15 FEBRUARY 2019

7.1 The Working Group met to interview Bill Esterson M.P. Shadow Minister (Business, Energy and Industrial Strategy). Mr. Esterson provided background information to his Shadow Ministerial role and made reference to the following:

- There was a real appetite within the private sector to do the right thing regarding ethical practices
- The public sector had a great opportunity to influence ethical investment and business practices via their procurement activities



- Referred to the good practice identified in the [Preston Fairness Charter](#)
- An academic study had been published by Ewan McGaughey that identified that to reduce the carbon footprint of goods and services, contracts could be awarded on a local or regional basis and would not fall foul of European Union or World Trade Organisation rules
- Local and national government had a wide span of control to influence ethical and environmental business practices
- Control could also be exerted to protect and enhance workers' rights to make sure that workers were paid on time; that the living wage was paid in the supply chain; that women received equal pay; and that workers were recruited from deprived areas
- engagement with social enterprises and the co-operative sector
- International trade and the Modern Slavery Act
- A ground-breaking [deal between Hermes' and the GMB union](#) whereby self-employed couriers now had the option to take holiday pay and have guaranteed earnings
- Pressure was being exerted by Members of Parliament to ensure that the Parliamentary pension scheme funds should be invested ethically. Local authorities could similarly push for ethical investment with regard to their pension fund schemes
- National government could do much more to move away from investing in fossil fuels and switch to renewables
- Liverpool City Region has a devolution deal which is committed to renewables and the low carbon economy

7.2 Members of the Working Group asked Mr. Esterson the following questions/made the following comments:

- Could the Labour Party manifesto go further in articulating ethical principles regarding investments; particularly regarding investment in the City of London. Response – Reference was made to an on-going British Academy study, [Future of the Corporation](#) examining the purpose of business and its role in society; and the Labour Party “Just Trading” initiative launched in 2016 was referred to. These may inform future policy
- The behaviour of international trading companies was a problem on a macro level. Response – agreed, and international co-operation was required to combat this
- A level playing field is required when procuring goods and services to ensure that contracts are not awarded to companies using exploitative practices. Response – this can be resolved when drawing up tender specification and business requirements, and this can help developing nations in particular
- We should encourage companies to do the “right thing” and reference was made to the Queen’s Award for Enterprise or the introduction of a charter mark. Response – a credible ethical

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business award could be introduced that industry/business could sign up to. If high standards are to be maintained then such standards need to be included in the procurement process. Regarding the charter mark proposal this should not be overly bureaucratic as it may hinder small businesses

- Could a policy/research paper be produced, possibly involving the Local Government Association (LGA), to set out ethical business principles. This could potentially feed into policy forums and development. Response - This could be promoted by Sefton Council via the LGA
- An observation was made that the Council uses social value in its procurement processes. As an example, the recent £19m ICT tender was referred to which included a 5% social value element. This indicated that what the Council was seeking was reasonable and that the market was geared up for such contract specifications. Response – it is important that when contracts are awarded, in addition to financial and quality performance management, that the delivery of social value is also managed and reported. This enables the Council to demonstrate and champion what it does regarding social value
- This is agreed. Contract management is really important to ensure delivery of social value compliance; and publicity is good not only for the Council but for the service provider also. The nature of social value and what we gain is dependent on the contract, for example, highway management schemes could have a positive effect on carbon management and environmental/air quality measures
- The Council needs to be up-front and confident in what it does to instil trust and confidence in other sectors
- The aim of the Working Group is to develop an ethical business framework and when this is produced it can be shared with Bill Esterson

7.3 The Working Group also considered a revised statement of draft ethical business/investment principles prepared by the Head of Corporate Resources.

At the previous meeting held on 15 January 2019 Members had asked a range of questions and commented on the submitted statement of draft ethical business/investment principles and requested the Head of Corporate Resources to respond to the questions and comments. The revised statement considered by the Working Group contained the comments of the Head of Corporate Resources.

The Working Group suggested that the wording of the second paragraph could be strengthened in future years by the addition of the following words



“including the principle that investments in companies who are involved in the off-shore financial investment sector will be avoided”.

The revised statement of draft ethical business/investment principles would then read as follows:

“The Local Authority routinely invests surplus funds with third party organisations and institutions.

In deciding and then approving the counterparty list in which the Council will invest, the principles of security, liquidity and yield will always be the primary consideration in order to ensure compliance with statutory guidance. As part of this evaluation, the Council will consider ethical investment opportunities. Investments will be made in a responsible manner and exclude direct investment in organisations which do not contribute positively to society and the environment including the principle that investments in companies who are involved in the off-shore financial investment sector will be avoided.

In order for these organisations to be included on the Council’s counterparty list they will be evaluated against the same criteria as other counterparties. The Council’s Treasury Management Team will be continually engaged on progress in this sector, understanding where possible that Council investments and deposits are aligned with its core values – for example, generating income for social reinvestment.

This approach will be supported by considering the opportunity for ethical investments as part of the development of the annual Treasury Management Strategy and engaging with the Council’s Treasury Management Advisors as to whether any investment is contrary to the Council’s values.

The Local Authority publishes a list of its investments to ensure openness and transparency.”

The Working Group requested that the Head of Corporate Resources make arrangements, via the Council’s decision-making processes, to include the revised statement of draft ethical business/investment principles as referred to above in the Treasury Management Strategy in future documents.

8.0 WORKING GROUP MEETING – 16 APRIL 2019

8.1 The next phase of the Working Group’s activity focussed on ethical procurement including:

- Social value aspects of procurement and how social value is articulated in the Council’s procurement processes



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- What is the Council's current position regarding social value
- What opportunities are there for the Council regarding social value
- What appetite is there in the market for social value

8.2 Accordingly, Peter Moore, Head of Highways and Public Protection made a [presentation](#) to the Working Group on social value and social impact through procurement. Mr. Moore referred to the following:

- The legal position regarding social value in procurement as defined in the Public Services (Social Value) Act 2012; and the statutory duty to consider the social value of public services on contracts above the European Union procurement thresholds. Information was also referred to about the [Public Services \(Social Value\) Act 2012 – An Introductory Guide for Commissioners and Policymakers](#)
- The Sefton position regarding social value in procurement as defined in the [Contract Procedure Rules](#)
- An example of social value in procurement in Sefton in relation to NEET reduction and the Early Intervention Service for Young People
- Social impact from procurement. In connection with this reference was made to the Adult Social Care Domiciliary Care Services and the Ethical Care Charter
- The local strategy for social value opportunities including the increased emphasis in the refreshed Corporate Commissioning Framework and the Social Value Action Plan
- Opportunities arising from the Social Value Action Plan and the guiding principles that included catching up with those leading the field, going beyond compliance with the Public Services (Social Value) Act 2012, maximising the full breadth of Social Value outcomes and effectively measuring, monitoring and reporting delivery
- Opportunities associated with national themes of Jobs: Promote Local Skills and Employment; Growth: Supporting Growth of Responsible Regional Business; Social: Healthier, Safer and more Resilient Communities; Environment: Protecting and Improving Our Environment; and Innovation: Promoting Social Innovation; and their outcomes and measures
- Social value opportunities connected with the joined-up approach across the Liverpool City Region – LCR Procurement Hub and work undertaken with Proactis and the Social Value Portal to join-up the Chest, the National Themes, Outcomes and measures and the online Measurement Tool.

8.3 Members of the Working Group commented on the following issues:



- The appliance of social value to the National Planning Policy Framework
- Differences between public services and works contracts
- Social value in Sefton's Contract Procedure Rules
- How the service specification for the NEET project targeted the most deprived super output areas
- The accounting principles of social value
- The inclusion of living wage in contract specifications rather than minimum wage
- The promotion of themes, outcomes and measures through the Social Value Portal and [guidance](#) on the national themes, outcomes and measures framework 2019 for social value measurement

9.0 APPROVAL OF FINAL REPORT – OCTOBER 2019

Recommendations and the Final Report were approved by Working Group Members via email during October 2019. The agreed recommendations are set out in Paragraph 10 below.

10.0 RECOMMENDATIONS

10.1 Context for recommendations

The provision of a policy for the ethical business practices of the Council in respect of investment, procurement and commissioning.

The EU defines Corporate Social Responsibility (Ethical Business Practice) as 'the responsibility of enterprises for their impacts on society and organisations should have processes in place to integrate social, environmental, ethical and consumer concerns and ensure that these are embedded into their business operations and core strategy'.

The Working Group agreed that Corporate Social Responsibility is a good overarching context for improving social impact / social value, embracing the impact of: what we do; how we do it; and what others (contractors) do for us.

An example of how this can be achieved is by the attached flowchart [Delivering Social Value within a Corporate Social Responsibility Framework](#)

10.2 Public Sector and Corporate Social Responsibility

The nature of public sector services reflects many of the principles of Corporate Social Responsibility/Ethical Business Practice. To embed Corporate Social Responsibility/Ethical Business Practice an organisation needs to be operating in line with good Corporate Social Responsibility/

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Ethical Business Practice in its various roles as service provider, purchaser, employer and its engagement with the public as consumers, customers and clients.

For the purposes of the Working Group the term Ethical Business Practice was used which encompassed several key elements of Corporate Social Responsibility. The Working Group focussed on:

1. Proposing a revised **Ethical Investment** Policy/Strategy
2. Proposing a revised **Ethical Procurement** Policy/Strategy to embed Social Value

10.3 Environmental Aspects of Corporate Social Responsibility

There are also CSR Environmental aspects, e.g., reducing direct impact on the environment by managing waste, emissions and consumption of natural resources. The Working Group did not directly include this in its inquires, as it will be embedded through Green Sefton initiatives and can be included as part of the overall revision of updating policy on Corporate Social Responsibility/Ethical Business Practice.

10.4 Ethical Investment Policy Statement

Cabinet is recommended to request the Head of Corporate Resources to make arrangements, via the Council's decision-making processes, to include the revised statement of draft ethical business/investment principles as referred to below in the Treasury Management Strategy and to adopt it as part of the Council's Policy for investment:

ETHICAL INVESTMENT POLICY

"The Local Authority at times invests surplus funds with third party organisations and institutions and the Council's [core values](#) will play a major role in making investment decisions which will be aligned where possible to the following four overarching core principles;

- Sustainable and Responsible – manage the effect on the environment, community and for the good of society
- Value Based – invest in businesses that are aligned with the organisations core values;
- Maximising Impact – achieve a measurable positive, social or environmental impact, in addition to a financial return;
- Green – improving the environment."

In deciding and then approving the counterparty list in which the Council will invest, the principles of security, liquidity and yield will always be the primary consideration to ensure compliance with statutory guidance. As



part of this evaluation, the Council will consider ethical investment opportunities and identify and apply an appropriate weighting based on the Council's Core Values/overarching core principles.

Where the Council deposits surplus balances overnight or for a short-term, investments will be made with financial institutions in a responsible manner (aligned to the overarching core principles/councils core values) where possible and in accordance with advice from its Treasury Management Advisor. In the event that the Council has surplus balances that it can invest for the longer term (e.g. terms over 1 year) it will exclude direct investment in financial products that do not contribute positively to society and the environment. This will include the principle that investment in specific financial products whose performance is driven by off-shore trading, financial malpractice, debt swops, short selling, the arms trade and tobacco industry will be avoided. The same rigorous criteria will be used to assess whether investment in certain countries will be contrary to Sefton's [core values](#).

It is recommended that the Head of Corporate Resources, to assess whether investment in certain countries will be contrary to Sefton's [core values](#), give consideration to the exclusion of those countries on the [EU list of non-cooperative tax jurisdictions](#) (the black list and the grey list), which aims to tackle external risks of tax abuse and unfair tax competition, within the Council's Treasury Management Strategy.

In order for these organisations to be included on the Council's counterparty list they will be evaluated against the same criteria as other counterparties and assessed against the Council's core values and ethical business and investment principles/policy, including the ethical weighting to ensure balance and investments are aligned with the new policy.

The Council's Treasury Management Team will be continually engage on progress in this sector, understanding where possible that Council investments and deposits are aligned with its core values – for example, generating income for social reinvestment and not investing in such companies as highlighted above.

This approach will be supported by considering the opportunity for ethical investments as part of the development of the annual Treasury Management Strategy and engaging with the Council's Treasury Management Advisors as to whether any investment is contrary to the Council's values (including the ethical investment weighting). A specific section in the annual Treasury Management report will cover how the adopted ethical investment strategy is being applied to investment decisions.

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The Local Authority publishes a list of its investments to ensure openness and transparency.”

10.5 Ethical Procurement Policy (including Social Value)

Context for policy

The legal position regarding social value in procurement as defined in the Public Services (Social Value) Act 2012; and the statutory duty to consider the social value of public services on contracts above the European Union procurement thresholds.

The position regarding social value in procurement as defined in the [Contract Procedure Rules](#)

The Working Group recognised much of the good work already taking place in relation to the above and the policy should focus on continuous improvement.

- 10.6 Cabinet is recommended to request the Head of Strategic Support to make arrangements, via the Council’s decision-making processes, to adopt the following revised statements of ethical procurement principles/policy.

ETHICAL PROCUREMENT POLICY

“The Local Authority routinely procures goods and services with a range of providers and the Council’s [core values](#) will play a major role in making procurement decisions which will be aligned where possible to the following four overarching core principles;

- Sustainable and Responsible – manage the effect on the environment, community and for the good of society
- Value Based – work with businesses that are aligned with an organisations core values;
- Maximising Impact – achieve a measurable positive, social or environmental impact, as a result of a contract;
- Green – improving the environment.”

Procurement will enhance Social impact/value, including opportunities associated with national themes of Jobs: Promoting Local Skills and Employment; Growth: Supporting Sustainable Growth of Responsible Regional Business; Social: Healthier, Safer and more Resilient Communities; Environment: Protecting and Improving Our Environment; and Innovation: Promoting Social Innovation; and their outcomes and measures.

Implement and enhance a Procurement Strategy, based on the Local Government Association (LGA) National Procurement Strategy providing



an effective mechanism for improving the social impact/social value from our contracted providers, particularly its focus on “Achieving Community Benefit”, which includes “obtaining social value”.

The local strategy for social value opportunities to include the increased emphasis in the refreshed Corporate Commissioning Framework and on developing an updated Social Value Action Plan.

Implement a stand-alone phased two-year Social Value Action Plan to include the guiding principles of catching up with those leading the field, going beyond compliance with the Public Services (Social Value) Act 2012, maximising the full breadth of Social Value outcomes and effectively measuring, monitoring and reporting delivery.

The Social Value Action plan will address the areas for development identified through the self-assessment against the LGA strategy and include tangible, clear, measurable, timebound targets to improve social value.

Maximise Social value opportunities connected with the joined-up approach across the Liverpool City Region – LCR Procurement Hub and work undertaken with Proactis and the Social Value Portal to join-up the Chest, the National Themes, Outcomes and measures and the online Measurement Tool”.

10.7 Social Value Action Plan

Cabinet is recommended to request the Head of Strategic Support to make arrangements, via the Council’s decision-making processes, to develop, adopt and implement a Social Value Action Plan in line with the following:

SOCIAL VALUE ACTION PLAN

“The guiding principles for development of our approach to Social Value are to catch up with those leading the field; Go beyond compliance with the Public Services (Social Value) Act 2012; maximise full breadth of Social Value outcomes; and effectively measure, monitor and report delivery.

Self-assessment against “Obtaining Social Value” in the LGA National Strategy will provide a framework whereby we can evaluate what we already do and identify areas for improvement including assessment against the following statements, “the extent to which...”:

- the requirements of the Social Value Act are embedded into corporate policy;
- social value awareness is embedded across all management levels;

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- social value themes, outcomes and measures are reported and used (including evaluating the usefulness of social accounting quantitative measures to evaluate impact);
- social value requirements are embedded in the commissioning process;
- social value requirements are embedded in the procurement process;
- obtaining social value is part of engagement and third-party relationships;
- social value requirements in contracts are managed;
- social value is embedded in a wider collaborative environment;
- obtaining social value is communicated and reported;
- social value is embedded and managed in the commissioning and procurement process.
- These can all be addressed within the scope of the guiding principles, through specific, tangible and time-bound actions in a Procurement/Social Value Action Plan.”

The policy will be reviewed on completion of the SV action Plan



11.0 DOCUMENTATION CONSIDERED BY THE WORKING GROUP

11.1	Scoping Document considered at the meeting held on 20 November 2018
11.2	Ethical Standards for Providers of Public Services – guidance produced by Committee on Standards in Public Life considered at the meeting held on 20 November 2018
11.3	The Continuing Importance of Ethical Standards for Public Service Providers produced by Committee on Standards in Public Life considered at the meeting held on 20 November 2018
11.4	Sefton Construction Charter considered at the meeting held on 20 November 2018
11.5	minute and report considered by the Audit and Governance Committee at its meeting held on 19 September 2018 in relation to Treasury Management – considered at the meeting on 20 November 2018
11.6	presentation considered at the meeting held on 17 December 2018
11.7	Birmingham Business Charter for Social Responsibility considered at the meeting held on 17 December 2018
11.8	Dudley Suppliers Code of Practice considered at the meeting held on 17 December 2018
11.9	Preston Fairness Charter considered at the meeting held on 17 December 2018 and referred to by Bill Esterson M.P. at the meeting held on 15 February 2019
11.10	draft ethical investment principles considered at the meeting held on 15 January 2019
11.11	deal between Hermes’ and the GMB union referred to by Bill Esterson M.P. at the meeting held on 15 February 2019
11.12	Future of the Corporation referred to by Bill Esterson M.P. at the meeting held on 15 February 2019
11.13	presentation to the Working Group meeting held on 16 April 2019 on social value and social impact through procurement
11.14	Public Services (Social Value) Act 2012 – An Introductory Guide for Commissioners and Policymakers referred to at the meeting held on 16 April 2019
11.15	guidance on the national themes, outcomes and measures framework 2019 for social value measurement referred to at the meeting held on 16 April 2019
11.16	Contract Procedure Rules referred to at the meeting held on 16 April 2019
11.17	Council’s core values
11.18	Delivering Social Value within a Corporate Social Responsibility Framework As referred to in paragraph 10.1 of the recommendations
11.19	EU list of non-cooperative tax jurisdictions as referred to in the Ethical Investment Policy

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12. ACKNOWLEDGEMENTS AND THANKS

In producing the Council's Ethical Business Practices Working Group Final Report the acknowledgements and thanks are attributed to the following individuals and organisations for their time and input:

Stephan Van Arendsen, Head of Corporate Resources
Mark Chambers, Service Manager - Finance
Bill Esterson M.P.
Peter Moore, Head of Highways and Public Protection

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



Councillor Patrick McKinley
Lead Member, Ethical
Business Practices Working
Group



Councillor Sue Bradshaw



Councillor Mhairi Doyle



Councillor Nina Killen



Councillor John Sayers



Councillor Yvonne Sayers

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Sefton Council 

**Overview
& Scrutiny**



Agenda Item 5

Report to:	Cabinet Council	Date of Meeting:	6 February 2020 27 February 2020
Subject:	Green Sefton: Golf Driving Ranges Development		
Report of:	Head of Locality Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Health and Wellbeing		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To propose the construction of two driving ranges within the Council's two Municipal Golf Courses in Bootle and Southport during 2020/21.

Recommendation(s):

Cabinet:

1. Subject to Council approving the inclusion of the development of the two driving ranges in the capital programme and the Council obtaining planning permission, approval is given to the Head of Locality Services to conduct a procurement exercise to appoint a contractor or contractors to build the new facilities and provide machinery and maintenance thereafter.
2. That the Head of Locality Services in consultation with the Cabinet Member for Health & Wellbeing be granted delegated authority to award the contract or contracts resulting from the procurement.
3. That the outcome of the community engagement for the Southport Golf Links will be reported to the Cabinet Member for Health & Wellbeing in due course and should the Cabinet Member consider that it should change the above recommendations a further report will be presented to Cabinet before Phase 2 of the project is commenced.

Council:

1. Approve the construction and the purchase of associated equipment for the two new driving range facilities at Bootle Golf Course and Southport Golf Links be included in the Capital Programme and funded by £0.536m of prudential borrowing.

Reasons for the Recommendation(s):

The new facilities will enable much needed growth and improvement in the two municipal golf courses encouraging new people to play the sport and be active and have improved wellbeing.

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The project will assist in meeting the council's budgetary requirements and income targets for Green Sefton – initially contributing to meeting the £212k increase already accounted for in 2019/20, but over time to be increased as outlined in the enclosed report.

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

Undertake no investment into the sites that would result in Green Sefton not hitting the required income targets and for the existing facilities to further degrade over time.

What will it cost and how will it be financed?

(A) Revenue Costs

The cost of running these new facilities have been captured within the business case. Existing shops and staff at both sites will run the new facilities. However due to increased opening hours this will require 1 new additional FTE within the shop and 0.5 FTE within the Grounds Maintenance team to collect balls and maintain the new playing surface between the two courses. These costs have been budgeted including additional running costs of the facilities, and these costs can be met from within the proposed Business model.

Any additional running cost and borrowing and repayments will be covered by the income generated by proposal. Any surplus generated will contribute towards budget savings already built into the medium term financial plan. The projected surplus for the two sites over 10 years is £1.1 million.

(B) Capital Costs

Capital investment is required for the Construction of the new golf driving bays and associated costs for ongoing management and maintenance. This will cost £536k and will be repaid over 10 years. Provision for the repayment costs for this capital investment is also contained within the Business model.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): Funding for Procurement of machinery, equipment and the construction of the golf driving range will be via Prudential borrowing over 10 years. Repayment costs are to be met via new income from the facilities and based on the business case produced it estimated that there will be sufficient funding to cover these costs in each year of operation with a surplus of £1.1 million over both sites over a 10 year period. Planning permission will be required at both sites. There may also be staff resource implications for HR eg payroll / job evaluation / etc following new staff.</p>
<p>Legal Implications: There are no legal implications</p>
<p>Equality Implications: There are no equality implications</p>

Contribution to the Council’s Core Purpose:

Protect the most vulnerable: N/A
Facilitate confident and resilient communities: Parks and Green Spaces in Sefton, including the two golf courses, hold a special place for a number of residents and visitors to the Borough. Well presented facilities improve confidence amongst communities and improved health and wellbeing.
Commission, broker and provide core services: Investment in existing Council facilities provides additional opportunities for economies of scale and supports the delivery of core services.
Place – leadership and influencer: The golf courses are seen as an integral part of the local ‘place’ infrastructure for Green Sefton. This process will support this view in a positive manner.
Drivers of change and reform: N/A
Facilitate sustainable economic prosperity: The new facilities will open up a number of opportunities for additional local employment, additional training opportunities, new apprenticeship programmes and opportunities for organisations such as the Council’s ‘Natural Alternatives’ scheme.
Greater income for social investment: N/A
Cleaner Greener: The nature of the service, coupled with the way in which it will be delivered, will contribute to providing a cleaner, greener Borough.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources (FD5921 /20) has been consulted and notes that any additional cost for the proposal including repayment of borrowing will be met from income generated by the driving ranges and any surplus will contribute towards existing savings in the medium term financial plan. Similarly in the event that income levels do not provide sufficient capacity to meet the borrowing repayments this will be met from the services existing budgets. Any other comments have been incorporated into the report. The Chief Legal and Democratic Officer (LD4105/20) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

A phase one site user consultation was undertaken in October/ November 2019 at Bootle Golf Course that supported the building of a driving range in Spring/ Summer 2020. Further engagement is planned for Southport Golf Links in Spring 2020 as part of phase 2 of this project with the planned construction of a driving range over Winter 2020.

Implementation Date for the Decision

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

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Email Address:	Mark.shaw@sefton.gov.uk

Appendices:

Please see attached business case

Background Papers:

There are no background papers available for inspection.

1. Summary

- 1.1. The Council manages two commercially operated golf courses at Bootle Golf Course and Southport Golf Links.
- 1.2. Golf is a popular sport in Sefton which benefits the health and well being of people of all ages and abilities. A golf driving range is an essential facility for people to learn and practise playing golf.
- 1.3. Municipal courses have a role in the golfing community to encourage new players to begin the sport, to provide 'feeder' facilities into private clubs, and also to provide affordable golf for people who wish to simply 'pay and play', and don't want the membership commitment of a private club.
- 1.4. The business case seeks approval for investment in the development of two driving ranges at the Council's two Municipal Golf Courses. It is anticipated that these will provide a surplus to the council following the first year of operation.
- 1.5. The business case has assessed four different options based on different facilities and capital spend. This has allowed a preferred option to be identified based on the need for the golf courses and the best return on investment.
- 1.6. Capital funding of £536,360 based on a best cost estimate of works is now being requested for formal approval to finance and progress both phase 1 (Bootle) and phase 2 (Southport) of this project.
- 1.7. Option 3a (Silver with lights) outlined in the attached business case provides the biggest opportunity to generate maximum surplus over 10 years with a projected figure of £1.1 million over both sites. This option will allow the sites to be open for longer hours into the evenings to maximise footfall.
- 1.8. Research has been undertaken to confirm that there is scope in both the North and South of the Borough for additional golf driving range facilities. There is no

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other facility within 15 minutes (7 miles) of our Southport Golf Links and only one competing for Bootle Golf Course in Aintree 10 minutes away (2.5 miles) in the South of the Borough which is low for such a high population.

- 1.9. The new driving ranges will serve the existing golf users as well as the wider area as practice and warm-up facilities. Research with existing members has confirmed that most of them do currently use golf driving ranges but as the Council currently do not offer these facilities they travel to alternative sites. There is demand for these facilities at Council golf courses.
- 1.10. It is proposed that the two driving ranges will be developed at the same time but, with a plot already identified at the Bootle site, this course will be a phase 1 development and Southport phase 2 Subject to the outcome of community engagement which will be reported to Cabinet Member before steps are taken to commence Phase 2.
- 1.11. The projected timeframe for this project runs from Spring 2020 to Spring of 2021.
- 1.12. For a more detailed analysis and further information see attached business case.

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Full Business Case – Golf Driving Ranges



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Sefton Council – Golf Driving Ranges – Full Business Case

Contents of Full Business Case – Golf Driving Ranges

1. Executive Summary
2. Strategic Case
3. Economic Case
4. Commercial Case – Background
5. Commercial Case – Bootle Golf Course – Preferred Option – 3a
6. Additional Income Research/ Projections
7. Financial Case – Bootle Golf Course
8. Commercial Case – Southport Links Golf Course – Preferred Option – 3a
9. Financial Case – Southport Links Golf Course
10. Project Management
11. Indicative Timescales for Development
12. Risks & Mitigation
13. Conclusion
14. Appendix – Bootle – Alternative Options (2, 3b, 4)
15. Appendix – Southport – Alternative Options (2, 3b, 4)

1. Executive Summary

- 1.1. The Council manages two commercially operated golf courses at Bootle Golf Course and Southport Golf Links.
- 1.2. Golf is a popular sport in Sefton which benefits the health and well being of people of all ages and abilities. A golf driving range is an essential facility for people to learn and practise playing golf.
- 1.3. Municipal courses have a role in the golfing community to encourage new players to begin the sport, to provide 'feeder' facilities into private clubs, and also to provide affordable golf for people who wish to simply 'pay and play', and don't want the membership commitment of a private club.
- 1.4. The business case seeks approval for investment in the development of two driving ranges at the Council's two Municipal Golf Courses. It is anticipated that these will provide a surplus to the council following the first year of operation.
- 1.5. The business case has assessed four different options based on different facilities and capital spend. This has allowed a preferred option to be identified based on the need for the golf courses and the best return on investment.
- 1.6. Capital funding of £536,360 based on a best cost estimate of works is now being requested for formal approval to finance and progress both phase 1 (Bootle) and phase 2 (Southport) of this project.
- 1.7. Option 3a (Silver with lights) provides the biggest opportunity to generate maximum surplus over 10 years with a projected figure of £1.1 million over both sites. This option will allow the sites to be open for longer hours into the evenings to maximise footfall.
- 1.8. Research has been undertaken to confirm that there is scope in both the North and South of the Borough for additional golf driving range facilities. There is no other facility within 15 minutes (7 miles) of our Southport Golf Links and only one competing for Bootle Golf Course in Aintree 10 minutes away (2.5 miles) in the South of the Borough which is low for such a high population.
- 1.9. The new driving ranges will serve the existing golf users as well as the wider area as practice and warm-up facilities. Research with existing members has confirmed that most of them do currently use golf driving ranges but as the Council currently do not offer these facilities they travel to alternative sites. There is demand for these facilities at Council golf courses.
- 1.10. It is proposed that the two driving ranges will be developed at the same time but, with a plot already identified at the Bootle site, this course will be a phase 1 development and Southport phase 2.
- 1.11. The projected timeframe for this project runs from Spring 2020 to Spring of 2021.

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Sefton Council – Golf Driving Ranges – Full Business Case

2. Strategic Case

- 1.1. As part of Green Sefton's Growth Agenda proposals and bid to become cost neutral by 2030, the service has been developing plans for improvements to the two golf courses and constructing a golf driving range at each site to increase footfall through the sites and generate additional income. An increased income target for the Council's golf courses, assuming the construction of these new facilities, has already been introduced from 1st April 2019.
- 1.2. There is strong political support for investment and re-development of both sites due to the potential opportunity to transform these facilities to generate income and create additional community benefit for the local area. The sites play a key part of Green Sefton's offer in improving residents health and wellbeing of all ages from young and old and as numbers increase this will only grow.
- 1.3. Both sites are suffering from many years of little or no investment in course infrastructure and therefore there has been a drop in utilisation. By investing in these two sites that are located within prime locations within Sefton, there is the opportunity to capitalise on the resource and generate additional income to the department that will help re-invest in the Green Sefton portfolio.
- 1.4. If the sites do not receive the required investment, Green Sefton moving forwards will not be able to expand the facilities at the two sites and achieve the desired income generation targets.
- 1.5. Future Growth Board projects are linked to this first phase, as improvements to the two courses are needed to complement any new hospitality offerings.

1.6. Strategic Overview for Golf Driving Ranges

<p>Opportunity exists because of gap in local market to meet demand</p>	<p>There is only one covered range in South Sefton at the moment (Aintree) and One in Central Sefton (Formby). Southport has no covered driving range at the moment.</p>
<p>Membership is ageing – need to encourage new membership (continued Health & Wellbeing benefits)</p>	<p>Nationally there are 1.5m golfers playing once per week (2.5% of the population) and 3.8m play once per year (6%). Extrapolating this to the population of Sefton infers that 16,000 play once per year and 7,000 play weekly. Green Sefton would hope to attract 0.06% of these to the newly developed driving ranges. (Based on research by R&A & Sheffield Hallam University – 2014)</p>
<p>Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership</p>	<p>This would depend on the option but preferred option would be a floodlit range at each site with 9 bays (+1 coaching bay) In Southport this would be the only range in the town with ranges at Southport Golf Academy (Banks) and Hurlston Hall (Ormskirk) being closest. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside</p>
<p>Investment already made in Bootle – just not finished</p>	<p>Existing ground work at Bootle has saved circa £50k on the build costs</p>
<p>Deliver commitments to MTFP savings</p>	<p>MTFP saving £212k from 19/20 – Projected £212k shortfall currently being met by current one off savings from elsewhere in the service that are not sustainable. In addition to the £212k that will need to be met there is the following savings assumptions in the next MTFP period: 2020/21 - £0 2021/22 - £57k 2022/23 - £100k (This is not currently assumed within the MTFP)</p>

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Sefton Council – Golf Driving Ranges – Full Business Case

1.7. Strategic – Key Risks and Objectives

Can fund £536k capital investment for two driving ranges	Detailed financial modelling has been carried out and this includes the repayment of PWLB borrowing 10 years. (including cost of borrowing) 2.28% borrow rate
Build cost is accurate based on research (£536k – preferred option)	D&B contractor; JCT fixed price contract
Market demand estimates are accurate	Research by Sheffield University gives potential usage figure, local survey at Bootle is being done to find out demand.
Planning permission	To consult with the planning team
Operating cost is accurate	Operating costs have been identified following a review of existing activity and future requirements

1.8. Engagement with Stakeholders

A phase one site user consultation was undertaken in October/ November 2019 at Bootle Golf Course that supported the building of a driving range. There were a total of 247 responses to the consultation.

A driving range was identified by 23% of respondents as a desired practice facility improvement on the course at Bootle and 21% of respondents identified the toilets as in need of improvement that is covered by this project.

A second consultation is planned for Southport Golf Links in Spring 2020 as part of phase 2 of this project with the planned construction of a driving range over Winter 2020.

1.9. Proposal and Target Operating Model

The proposal is to develop two driving ranges with a tee-off area with space for 9 bays + 1 training bay on each site.

There are 5 options which have been considered for development:

Option	Detail	Effectiveness in delivering the objectives
Do nothing (Option 1)		None of benefits / objectives delivered. Exponential increase in challenges if nothing done
Bronze (Option 2) No lights	No cover; just grass tee-off with simple markers	<ul style="list-style-type: none"> • MTFP contribution: small net benefit after investment but would not hit income target • Membership increase: small increase • Building on investment: Limited benefit • Long-term sustainability: No real change.
Silver + (Option 3a) With floodlights	Permanent steel 'shed' Fit for purpose so can play in the dark (would mean extra staffing cost due to extended opening hours) This option has been uplifted to a 'silver+', which allows for a brick structure, allowing for future improvement to a gold facility in time.	<ul style="list-style-type: none"> • MTFP contribution: £1.120 million surplus over 10 years • Membership increase: Significant increase due to extended opening hours • Building on investment: White House/ Bootle corner plot • Long-term sustainability: Better offer on site/ increased revenue.
Silver (Option 3b) No lights	Permanent steel 'shed'	<ul style="list-style-type: none"> • MTFP contribution: £0.853 million surplus over 10 years • Membership increase: increased footfall • Building on investment: White House/ Bootle corner plot • Long-term sustainability: Better offer on site/ increased revenue. Impact of reduced opening hours
Gold, (Option 4) With floodlights	Permanent brick building; hi-tech; auto ball feeders; heaters Fit for purpose so can play in the dark (would mean extra staffing cost due to extended opening hours)	<ul style="list-style-type: none"> • MTFP contribution: £0.960 million surplus over 10 years • Membership increase: Significant increase due to extended opening hours • Building on investment: White House/ Bootle corner plot • Long-term sustainability: Better offer on site/ increased revenue but higher lending costs.

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Sefton Council – Golf Driving Ranges – Full Business Case

3. Economic Case

- 1.10. Southport Golf Links had a budgeted surplus of £75,950 in 2018/19. However due to a one off overspend, the course generated a loss of £47,000 2018/19 giving an adverse year end variance.
- 1.11. The over spend was caused by a change in staff that resulted in increased overtime and staffing costs. Also unexpected electricity and water costs and an overspend on the development of a new golf buggy store at Southport.
- 1.12. From April to the end of December 2019/20 the Southport Golf Links Course has generated £243k gross income.
- 1.13. Bootle Golf Course had a budgeted surplus of £71,850 in 2018/29. However due to one off overspend in the previous financial year, the course generated a surplus of only £33,850 giving an adverse year end variance of £38,000.
- 1.14. The over spend at Bootle was caused by a change in staff that resulted in increased overtime and staffing costs. Also unexpected electricity and water costs.
- 1.15. From April to the end of December 2019/20 the Bootle Golf Course has generated £179k gross.
- 1.16. As of 2019/20 a new additional income target has been set between the two sites of £212,000. This is linked to a variety of proposals including a wider range of items for sale in the existing shops (which are already proving very popular), different green fee and membership packages, golf buggy rentals at Bootle Golf Course, Festival of Golf promotions. The anticipated new driving ranges are the main contributor towards increasing income.
- 1.17. As the detail later in this report demonstrates, it is anticipated that the new facilities will (taking account on operating and other outgoing costs) generate a surplus within the first year of operating and have the potential to offer significant returns over time.

4. Commercial Case - Background

The two municipal golf courses are operated in-house by Green Sefton with no third party involvement.

Commercial Market –

There is a pool of existing golf members at both golf courses and the intention is to target new casual golfers from with Sefton. Footfall is anticipated to be 0.06% based on the local golf population.

Existing numbers for each site is as follows:

- Current Yearly rounds at Bootle Golf Course – 24,000 (2018/19)
- Current Yearly rounds at Southport Links Golf Course – 28,000 (2018/19)

5. Commercial Case – Bootle Golf Course - Options

Phase 1 (to be constructed Spring 2020)

- 1.18. A new single-story structure would need to be constructed to provide 9 driving bays and one training bay. 4 different options have been modelled.
- 1.19. The driving range site has already been partially developed by a previous incumbent so minimal ground works will be required, and no course redesign is needed. The driving range bays still require construction. Planning approval was submitted and approved in 2010 but the project was never completed. A new updated planning application will be required to progress this project.
- 1.20. The site would require site fencing and netting, ball dispensing equipment, balls, ball cleaning and collection equipment etc.
- 1.21. **Bootle Site Plan with planned driving range –**



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Sefton Council – Golf Driving Ranges – Full Business Case

1.22. Bootle Golf Course Capital Costs – For each option:

	Gold Option 4	Silver + (with lights) Option 3a	Silver (no light) Option 3b	Bronze Option 2
Range netting/ Fencing	£ 70,000	£ 70,000	£ 70,000	£ 20,000
Ground preparation	£ 3,000	£ 3,000	£ 3,000	£ 3,000
Bays construction	£ 120,000	£ 120,000	£ 80,000	£ 15,000
Floodlighting	£ 15,000	£ 15,000	£ -	£ -
Electric mule ball collector	£ 2,000	£ 2,000	£ 2,000	£ 2,000
Ball washing machine	£ 2,600	£ 2,600	£ 2,600	£ -
Automatic ball dispenser with Digi Card Reader	£ 4,600	£ 4,600	£ -	£ -
power tee ball feeder	£ 65,000	£ -	£ -	£ -
Range targets/ Signage	£ 6,000	£ 2,000	£ 2,000	£ -
Golf Mats	£ 1,600	£ 1,600	£ 1,600	£ 1,600
Range Balls	£ 1,500	£ 1,500	£ 1,500	£ 1,500
Toilet Refurb	£ 10,000	£ 10,000	£ 10,000	£ -
Planning Fees	£ 500	£ 500	£ 500	£ 500
Contingency @ 10%	£ 30,180	£ 23,280	£ 17,320	£ 4,360
TOTAL	£ 331,980	£ 256,080	£ 190,520	£ 47,960

These costs have been confirmed following extensive research, by discussion with design and build contractors and suppliers of specialist equipment.

Detailed analysis of options 2, 3b and 4 are provided within the Appendix attached to this document. The next section of this document focusses on the preferred option.

1.23. Preferred Option

Bootle Golf Course Operating Costs – Silver (with floodlights) Option 3a:

OPERATING COSTS (Bootle) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	Total of Years	Assumptions
	£	£	£	£	£	£	£	
shop staffing	11,000	11,550	12,128	12,734	13,371	77,575	138,357	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	40,198	71,694	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	1,500	1,575	1,654	1,736	1,823	10,578	18,867	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	6,000	6,300	6,615	6,946	7,293	42,314	75,467	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	2,500	2,500	500	500	500	2,500	9,000	
Business Rates	1,500	1,500	1,500	1,500	1,500	7,500	15,000	based on valuation office estimate
Replacement Balls	500	500	500	500	500	2,500	5,000	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	5,300	9,000	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	28,800	31,610	29,281	32,215	32,015	188,465	342,385	

(No anticipated increase in insurance premium due to the council because of this development)

(Business rates valuations team are to confirm increase in NNDR: additional 20% of existing course costs assumed)

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Sefton Council – Golf Driving Ranges – Full Business Case

1.24. Projected annual take up and new income against operating costs –

Silver (with floodlights) Option 3a

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
		£	£	£	£	£	£	£	£	£	£	£
Bootle	Operating costs	28,800	31,610	29,281	32,215	32,015	35,086	35,030	38,252	38,354	41,742	342,385
	Prudential Borrowing Costs	28,928	28,928	28,928	28,928	28,928	28,928	28,928	28,928	28,928	28,928	289,278
	TOTAL	57,728	60,538	58,209	61,143	60,943	64,014	63,958	67,180	67,282	70,670	631,662

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop profit	Golf Professional Lesson Concession (excluding VAT)	Bay & Hole Sponsorship (excluding VAT)	Operating costs (including capital recharge)	Surplus	Site Utilisation	Additional hours of golf activity
		£	£	£	£	£	£	£		
2020/21	30	43,680	13,104	1,747			-57,728	803	10%	9828
2021/22	40	58,240	17,472	2,330	4,167	5,000	-60,538	26,671	13%	13104
2022/23	45	65,520	19,656	2,621	8,333	7,500	-58,209	45,422	15%	14742
2023/24	50	72,800	21,840	2,912	8,333	7,500	-61,143	52,243	17%	16380
2024/25	55	80,080	24,024	3,203	8,333	7,500	-60,943	62,198	18%	18018
2025/26	60	87,360	26,208	3,494	8,333	7,500	-64,014	68,882	20%	19656
2026/27	60	87,360	26,208	3,494	8,333	7,500	-63,958	68,938	20%	19656
2027/28	60	87,360	26,208	3,494	8,333	7,500	-67,180	65,716	20%	19656
2028/29	60	87,360	26,208	3,494	8,333	7,500	-67,282	65,614	20%	19656
2029/30	60	87,360	26,208	3,494	8,333	7,500	-70,670	62,226	20%	19656
10 Year Total		757,120	227,136	30,285	70,833	65,000	-631,662	518,712		
Max buckets	300	436,800	131,040	17,472	8,333	7,500		601,145	100%	

1.25. Bootle Option 3a Summary

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£513k surplus over 10 years) Year 1 £803 surplus Year 2 £26,671 surplus Year 3 £45,422 surplus Year 4 £52,243 surplus Year 5 £62,198 surplus	4
Total		21 (Best Option)

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6. Additional Income Research/ Projections

- 1.26. Research has been undertaken that suggests Hurlston Hall Golf Driving Range in Ormskirk on average sells 40 buckets a day after being open for a number of years. Green Sefton are therefore confident that the expected numbers in the first two years can, with marketing, be achieved. Further growth in numbers in the proceeding years will be reliant on further improvements and investment into the sites in hospitality offerings to increase overall footfall through the golf courses. This is planned as part of future Growth Board Projects. The number of bucket sales is anticipated to be consistent throughout the year due to lighting.
- 1.27. The price of £4 for a basket of 50 balls is based on research undertaken across Sefton. Prices range from £3.50 at Formby Golf Course for 50 balls to £4 at Aintree Driving Range for 50 balls. Hurlston Hall charges £3.75 for 50 balls.
- 1.28. In addition, this extra footfall is anticipated to result in increased awareness and use of the existing golf course and increased food and drink sales in the on-site shop.
- 1.29. Based on the secondary sales conversion from existing users, it is anticipated that 20% of users will make a purchase in the shop resulting in a net profit of 80p per sale. Growth of this income stream year on year has been factored in as the number of visitors increase through the driving range.
- 1.30. Extra golf course income is based on 10% of users playing a round of golf on average through the year. This is based on fact that over the summer season (April – October) there are double the number of rounds compared to the winter.
- 1.31. There are two distinct markets for these new facilities. Beginners who are learning for the first time, and existing players who want to learn more/ practise or to warm up before playing a round.
- 1.32. Additional income of circa £10,000 (£8,333 net of VAT) a year has been anticipated within the business case from a golf professional lesson concession. Many local clubs offer lesson packages through professionals who pay a yearly concession to use the facilities. They can charge between £40 to £70 per hour. Aintree Golf Course offers development packages ranging from £155 to £450 for golf lessons. These services could be offered through a concession following the launch of the new facilities including the bigger teaching bay. (These items are standard rated VAT)
- 1.33. Sponsorship packages will also be offered for local companies who would pay £500 per year to sponsor a tee with signage and a driving range bay with signage. Giving a yearly income per course of £9,000 (£7,500 net of VAT). This price is comparable to other golf courses of a similar size with bigger more popular courses charging £1000 per year. Comparable levels of income are already being generated from sponsorship and advertising on the fencing outside the two courses so there is demand. Some sites offer corporate discounts to encourage golf days and events. This income is standard rated for VAT and the associated projections within the financial forecast have been adjusted.

- 1.34. The figures quoted are cautious in order to allow for contingency and the potential income loss of existing clients using the driving range as an alternative to playing the course due to bad weather.
- 1.35. It is proposed to investigate the option of Salix funding for the installation of Solar Photovoltaic Panels at both sites to help off set energy costs on site. Following a full cost and functionality analysis a decision will be made if this is an option.

7. Financial Case – Bootle Golf Course

- 1.36. 10 Year Cash flow – Bootle – Silver (with lights) – 3a

	Financial Year						TOTAL ALL YEARS
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	
Units Sold per Day @ £4 each	30	40	45	50	55	300	520
Site Utilisation	10%	13%	15%	17%	18%	20%	
INCOME							
Driving Range Income	£43,680	£58,240	£65,520	£72,800	£80,080	£436,800	£757,120
Additional Rounds Income @ £12 per round	£13,104	£17,472	£19,656	£21,840	£24,024	£131,040	£227,136
Additional Shop Profit @ £0.80 per head	£1,747	£2,330	£2,621	£2,912	£3,203	£17,472	£30,285
Golf Pro Concession	£0	£4,167	£8,333	£8,333	£8,333	£41,667	£70,833
Bay & Hole Sponsorship	£0	£5,000	£7,500	£7,500	£7,500	£37,500	£65,000
TOTAL INCOME	£58,531	£87,208	£103,630	£113,385	£123,141	£664,479	£1,150,374
EXPENDITURE							
Operating Costs	(£28,800)	(£31,610)	(£29,281)	(£32,215)	(£32,015)	(£188,465)	(£342,385)
PWLB Repayments	(£28,928)	(£28,928)	(£28,928)	(£28,928)	(£28,928)	(£144,639)	(£289,278)
TOTAL EXPENDITURE	(£57,728)	(£60,538)	(£58,208)	(£61,142)	(£60,943)	(£333,103)	(£631,662)
TOTAL SURPLUS	£803	£26,671	£45,422	£52,243	£62,198	£331,375	£518,712

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1.37. This section sets out the forecast financial implications of the Preferred Option.

The key assumptions underpinning this model are:

1.38. **Unit Sales / Price Point** – A unit is defined as a bucket of 50 balls sold for a standard price of £4. Unit sales are assumed to average 52 per day over a 10 year analysis period starting at 30 per day and rising to 60 per day in year 6.

Green Sefton forecast an increase in sales linked to a phased take-up of the offer following a concerted marketing drive in the first two years. Further increases are reliant on other developments in the area including the corner plot of Bootle Golf Course and the introduction of a food and beverage offer.

The price point of £4 per unit has been arrived at following market research carried out into other driving ranges within the borough.

1.39. **Site Utilisation** – Opening hours are proposed to be for 15 hours per day (between 7am and 10pm) for 7 days per week. Green Sefton estimate that users of the range will stay for an average of 30 minutes and there are 9 bays plus training bay available within the proposed design.

1.40. **Driving Range Income** – Direct income from usage of the driving range is the key income stream for the proposed development. This has been calculated using a standard price of £4 per unit, an estimated sales volume ranging between 30 and 60 units per day over the 10 year analysis period and it is assumed that the range will be open for 364 days per year.

1.41. **Additional Rounds Income** – The forecast assumes there will be an increase in the number of golfers choosing to play a round of golf and that these are in addition to current users of the course. The forecast assumes a conversion rate of 10% of the number of units sold. This equates to 3 to 6 additional rounds on average per day for 364 days of the year at £12 per round.

1.42. **Additional Shop Profit** – The forecast assumes that there will be an increase in shop sales due to the development with a conversion rate of 20% of the number of units sold. Profit is assumed to average £0.80 per sale.

1.43. **Golf Pro Concession** – Many local clubs offer lesson packages through professionals who pay a yearly concession to use the facilities. The proposed design includes a wider teaching bay to accommodate this and the forecast assumes that the concession will be in place from mid-2021/22 generating an annual profit of £8,333 (net of VAT).

1.44. **Bay and Hole Sponsorship** – Sponsorship packages for local companies to pay £500 per year to sponsor a tee with signage and a driving range bay with signage. This is estimated to generate £7,500 per annum (net of VAT) on the assumption that all 18 holes of the course are sponsored. Research carried out by Green Sefton indicates that this price is comparable to other golf courses of a similar size with bigger more popular courses charging £1,000 per year.

The forecast assumes no take-up in the first year of operation, two thirds take-up in year 2 and all 18 holes being sponsored in year 3.

- 1.45. **Operating Costs** – Detailed operating costs have been identified separately within this report. The majority of the costs relate to shop and grounds maintenance staffing, utilities and maintenance and repairs. Annual inflation has been assumed at 5% with all other costs assumed to remain fixed for the 10 year analysis period.
- 1.46. **PWLB Repayments** – PWLB repayments at Bootle are based on a capital cost of £256k and an assumed PWLB borrowing rate of 2.28%. Repayments are assumed to be made on an annuity basis (fixed) for a period of 10 years and this has been linked to the assumed asset life of the driving range. In reality, the asset life may be longer than this but a refurbishment / refresh of the facility may be required at this point.
- 1.47. **Value Added Tax** – All figures within the cash flow are shown net of VAT. Driving range income and additional rounds income are assumed to be exempt and all other income standard rated.
- 1.48. Based on the assumptions outlined above, the overall position is a forecast net surplus of £519k over the 10 year analysis period and this will contribute towards savings allocated to Green Sefton. These have already been assumed within the Medium Term Financial Plan (MTFP).

1.49. **Net Present Value (NPV)**

The Net Present Value (NPV) appraisal technique has been used to assess the financial viability of the proposal. NPV represents the return / gain on initial investment in present day terms in line with the Treasury Green Book appraisal methodology using a standard discount factor of 5.57% which is comprised of a 3.5% real discount rate plus 2% inflation which is HM Treasury's target rate. A positive NPV indicates a project is worth undertaking from a financial point of view.

- 1.50. The Preferred Option results in a positive NPV of £330k indicating that the project is worth undertaking from a financial point of view. This represents a gain in present value terms on the initial investment over the 10 year analysis period.
- 1.51. It should be noted that the total construction cost of £256k has been derived following extensive research, by discussion with design and build contractors and suppliers of specialist equipment. As the developed designs are refined in conjunction with a contractor through to detailed technical designs there may be some refinement of this cost. The NPV viability of the project will be reassessed at that point.

1.52. **Sensitivity Analysis**

With a project of this nature, whilst a base case can be developed to enable informed decision making, there will inevitably be some variation to this over time.

- 1.53. Therefore, in developing this business case sensitivity analysis has been undertaken that aims to outline the impact in financial performance that could be experienced should there be changes to:
- a) Capital Cost
 - b) Sales (Price)
 - c) Sales (Units)
 - d) Operating Costs

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e) Additional Benefits

- 1.54. It is important to note that these changes may not take place in isolation e.g. over 10 years there may not only be a change in construction cost, but other changes could also take place concurrently over the life-cycle of the project.

A summary of the outputs from the full sensitivity analysis, which explores a number of these potential variations, are provided in the table below:

1.55. **Sensitivity Analysis – Silver (with lights) 3a**

Sensitivity Group	Sensitivity Description	Return / (Loss) Generated over the term	Projected Net Present Value (NPV)
		£000s	£000s
Recommended Option	Silver Option with Lights	519	330
Capital Cost Sensitivities	Cost increase from £256k to £263k [Breakeven in Year 1 & Surplus in Subsequent Years]	511	323
	Cost increase from £256k to £715k [Breakeven Over 10 Years]	0	(129)
	Cost increase from £256k to £866k [Loss in All Years]	(171)	(280)
Sales (Price) Sensitivities	Reduced from £4 to £1 per Bucket	(49)	(85)
	Reduced from £4 to £2 per Bucket	140	54
	Reduced from £4 to £3 per Bucket	329	192
Sales (Units) Sensitivities	Average Sales Reduced from 52 to 51 Per Day [Breakeven in Year 1 & Surplus in Subsequent Years]	505	320
	Average Sales Reduced from 52 to 26 Per Day [Breakeven Over 10 Years]	0	(49)
	Average Sales Reduced from 52 to less than 21 Per Day [Loss in All Years]	(79)	(106)
Operating Cost Sensitivities	Average costs per annum increase from £34k to £68k [Increased by 100%]	176	77
	Average costs per annum increase from £34k to £103k [Increased by 200%]	(166)	(176)
	Average costs per annum increase from £34k to £137k [Increased by 300%]	(508)	(428)

Additional Benefit Sensitivities	Average annual benefits reduced from £39k to £19k [Assumed Reduced by 50%]	322	187
	Average annual benefits reduced from £39k to £0k [Assumed No Additional Benefits]	125	44
	Average Sales Reduced from 52 to 30 Per Day + Assumed No Additional Benefits	(195)	(190)

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8. Commercial Case – Southport Golf Links - Options

Phase 2 (to be constructed Winter 20/21)

- 1.56. A new single-story structure would need to be constructed to provide 9 driving bays and one training bay. Some course realignment will be required to allow for this.
- 1.57. Planning approval will be needed for any development at this site. Unlike Bootle the site has not had previous planning permission
- 1.58. The site would require site fencing and netting, ball dispensing equipment, balls, ball cleaning and collection equipment.
- 1.59. **Planned Southport Site Plan with planned driving range –**



1.60. Southport Golf Links Capital Costs – For each option:

	Gold	Silver + (with lights)	Silver (no lights)	Bronze
	Option 4	Option 3a	Option 3b	Option 2
Range netting/ Fencing	£ 70,000	£ 70,000	£ 70,000	£ 20,000
Ground preparation/ course realignment	£ 20,000	£ 20,000	£ 20,000	£ 20,000
Bays construction	£ 120,000	£ 120,000	£ 80,000	£ 15,000
Floodlighting	£ 30,000	£ 30,000	£ -	£ -
Electric mule ball collector	£ 2,000	£ 2,000	£ 2,000	£ 2,000
Ball washing machine	£ 2,600	£ 2,600	£ 2,600	£ -
Automatic ball dispenser with Digi Card Reader	£ 4,600	£ 4,600	£ -	£ -
power tee ball feeder	£ 65,000	£ -	£ -	£ -
Range targets/ Signage	£ 6,000	£ 2,000	£ 2,000	£ -
Golf Mats	£ 1,600	£ 1,600	£ 1,600	£ 1,600
Range Balls	£ 1,500	£ 1,500	£ 1,500	£ 1,500
Planning Fees	£ 500	£ 500	£ 500	£ 500
Contingency @ 10%	£ 32,380	£ 21,020	£ 18,020	£ 6,060
TOTAL	£ 356,180	£ 280,280	£ 198,220	£ 66,660

These costs have been confirmed following extensive research, by discussion with design and build contractors and suppliers of specialist equipment.

Detailed analysis of options 2, 3b and 4 are provided within the Appendix attached to this document.

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Sefton Council – Golf Driving Ranges – Full Business Case

1.61. Preferred Option

Southport Golf Links Operating Costs – Silver (with floodlights) Option 3a:

OPERATING COSTS (Southport) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 to 2030/31	Total of Years	Assumptions
	£	£	£	£	£	£	£	£	
shop staffing	0	11,550	12,128	12,734	13,371	14,039	81,454	145,275	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	42,208	75,279	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	1,575	1,654	1,736	1,823	1,914	11,107	19,810	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	0	6,300	6,615	6,946	7,293	7,658	44,429	79,241	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	2,500	7,000	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	7,500	15,000	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	2,500	5,000	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	100	3,700	9,000	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	0	31,610	29,281	32,215	32,015	33,486	195,398	355,604	

(Colleagues have confirmed there would be no increase insurance premium due to the council because of this development)

(Business rates valuations team are to confirm increase in NNDR: additional 20% of existing course costs assumed)

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1.62. Projected annual take up and new income against operating costs – Southport

Silver (with floodlights) Option 3a

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Operating costs	0	31,610	29,281	32,215	32,015	35,086	35,030	38,252	38,354	41,742	42,019
	Prudential Borrowing Costs	0	31,661	31,661	31,661	31,661	31,661	31,661	31,661	31,661	31,661	31,661
	TOTAL	0	63,271	60,942	63,876	63,676	66,747	66,691	69,913	70,015	73,403	73,681

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop profit	Golf Professional Lesson Concession (-VAT)	Bay & Hole Sponsorship (-VAT)	Operating costs	Surplus	Site Utilisation	Additional hours of golf activity
2020/21*										
2021/22	40	58,240	21,840	2,330			-63,271	19,138	13%	13104
2022/23	45	65,520	24,570	2,621	8,333	5,000	-60,942	45,102	15%	14742
2023/24	50	72,800	27,300	2,912	8,333	7,500	-63,876	54,969	17%	16380
2024/25	55	80,080	30,030	3,203	8,333	7,500	-63,676	65,470	18%	18018
2025/26	60	87,360	32,760	3,494	8,333	7,500	-66,747	72,700	20%	19656
2026/27	60	87,360	32,760	3,494	8,333	7,500	-66,691	72,756	20%	19656
2027/28	60	87,360	32,760	3,494	8,333	7,500	-69,913	69,534	20%	19656
2028/29	60	87,360	32,760	3,494	8,333	7,500	-70,015	69,432	20%	19656
2029/30	60	87,360	32,760	3,494	8,333	7,500	-73,403	66,044	20%	19656
2030/31	60	87,360	32,760	3,494	8,333	7,500	-75,280	65,767	20%	19656
10 Year Total		800,800	300,300	32,032	75,000	65,000	-672,219	600,913		
Max buckets	300	436,800	163,800	17,472	8,333	7,500		633,905	100%	

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1.63. Southport Golf Links Option 3a Summary

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£593k surplus over 10 years) Year 1 £0 – not built Year 2 £19,138 surplus Year 3 £45,102 surplus Year 4 £54,969 surplus Year 5 £65,470 surplus Year 6 £72,700 surplus	4
Total		17 (Best Option)

9. Financial Case – Southport Golf Links

1.64. 10 Year Cash flow – Southport – Silver (with lights) 3a

	Financial Year						TOTAL ALL YEARS
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 to 2030/31	
Units Sold per Day @ £4 each	40	45	50	55	60	300	550
Site Utilisation	13%	15%	17%	18%	20%	20%	
INCOME							
Driving Range Income	£58,240	£65,520	£72,800	£80,080	£87,360	£436,800	£800,800
Additional Rounds Income @ £15 per round	£21,840	£24,570	£27,300	£30,030	£32,760	£163,800	£300,300
Additional Shop Profit @ £0.80 per head	£2,330	£2,621	£2,912	£3,203	£3,494	£17,472	£32,032
Golf Pro Concession	£0	£8,333	£8,333	£8,333	£8,333	£41,667	£75,000
Bay & Hole Sponsorship	£0	£5,000	£7,500	£7,500	£7,500	£37,500	£65,000
TOTAL INCOME	£82,410	£106,044	£118,845	£129,147	£139,448	£697,239	£1,273,132
EXPENDITURE							
Operating Costs	(£31,610)	(£29,281)	(£32,215)	(£32,015)	(£35,086)	(£195,398)	(£355,604)
PWLB Repayments	(£31,661)	(£31,661)	(£31,661)	(£31,661)	(£31,661)	(£158,307)	(£316,615)
TOTAL EXPENDITURE	(£63,271)	(£60,942)	(£63,876)	(£63,677)	(£66,747)	(£353,705)	(£672,219)
TOTAL SURPLUS	£19,138	£45,102	£54,969	£65,470	£72,700	£343,533	£600,913

1.65. This section sets out the forecast financial implications of the Preferred Option.

The key assumptions underpinning this model are:

1.66. **Unit Sales / Price Point** – A unit is defined as a bucket of 50 balls sold for a standard price of £4. Unit sales are assumed to average 55 per day over a 10 year analysis period starting at 30 per day and rising to 60 per day in year 6.

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Green Sefton forecast an increase in sales linked to a phased take-up of the offer following a concerted marketing drive in the first two years. Further increases are reliant on other developments in the area including potential White House Café development.

The price point of £4 per unit has been arrived at following market research carried out into other driving ranges within the borough.

- 1.67. **Site Utilisation** – Opening hours are proposed to be for 15 hours per day (between 7am and 10pm) for 7 days per week. Green Sefton estimate that users of the range will stay for an average of 30 minutes and there are 10 bays available within the proposed design.
- 1.68. **Driving Range Income** – Direct income from usage of the driving range is the key income stream for the proposed development. This has been calculated using a standard price of £4 per unit, an estimated sales volume ranging between 30 and 60 units per day over the 10 year analysis period and it is assumed that the range will be open for 364 days per year.
- 1.69. **Additional Rounds Income** – The forecast assumes there will be an increase in the number of golfers choosing to play a round of golf and that these are in addition to current users of the course. The forecast assumes a conversion rate of 10% of the number of units sold. This equates to 3 to 6 additional rounds on average per day for 364 days of the year at £12 per round.
- 1.70. **Additional Shop Profit** – The forecast assumes that there will be an increase in shop sales due to the development with a conversion rate of 20% of the number of units sold. Profit is assumed to average £0.80 per sale.
- 1.71. **Golf Pro Concession** – Many local clubs offer lesson packages through professionals who pay a yearly concession to use the facilities. The proposed design includes a wider teaching bay to accommodate this and the forecast assumes that the concession will be in place from mid-2021/22 generating an annual profit of £8,333 (net of VAT).
- 1.72. **Bay and Hole Sponsorship** – Sponsorship packages for local companies to pay £500 per year to sponsor a tee with signage and a driving range bay with signage. This is estimated to generate £7,500 per annum (net of VAT) on the assumption that all 18 holes of the course are sponsored. Research carried out by Green Sefton indicates that this price is comparable to other golf courses of a similar size with bigger more popular courses charging £1,000 per year.

The forecast assumes no take-up in the first year of operation, two thirds take-up in year 2 and all 18 holes being sponsored in year 3.
- 1.73. **Operating Costs** – Detailed operating costs have been identified separately within this report. The majority of the costs relate to shop and grounds maintenance staffing, utilities and maintenance and repairs. Annual inflation has been assumed at 5% with all other costs assumed to remain fixed for the 10 year analysis period.
- 1.74. **PWLB Repayments** – PWLB repayments at Southport are based on a capital cost of £280k and an assumed PWLB borrowing rate of 2.28%. Repayments are assumed to be made on an annuity basis (fixed) for a period of 10 years and this has been linked to the assumed asset life of the driving range. In reality, the asset life may be longer than this but a refurbishment / refresh of the facility may be required at this point.

- 1.75. **Value Added Tax** – All figures within the cash flow are shown net of VAT. Driving range income and additional rounds income are assumed to be exempt and all other income standard rated.
- 1.76. Based on the assumptions outlined above, the overall position is a forecast net surplus of £601k over the 10 year analysis period and this will contribute towards savings allocated to Green Sefton. These have already been assumed within the Medium Term Financial Plan (MTFP).
- 1.77. **Net Present Value (NPV)**
- The Net Present Value (NPV) appraisal technique has been used to assess the financial viability of the proposal. NPV represents the return / gain on initial investment in present day terms in line with the Treasury Green Book appraisal methodology using a standard discount factor of 5.57% which is comprised of a 3.5% real discount rate plus 2% inflation which is HM Treasury's target rate. A positive NPV indicates a project is worth undertaking from a financial point of view.
- 1.78. The Preferred Option results in a positive NPV of £395k indicating that the project is worth undertaking from a financial point of view. This represents a gain in present value terms on the initial investment over the 10 year analysis period.
- 1.79. It should be noted that the total construction cost of £280k has been derived following extensive research, by discussion with design and build contractors and suppliers of specialist equipment. As the developed designs are refined in conjunction with a contractor through to detailed technical designs there may be some refinement of this cost. The NPV viability of the project will be reassessed at that point.
- 1.80. **Sensitivity Analysis**
- 1.81. With a project of this nature, whilst a base case can be developed to enable informed decision making, there will inevitably be some variation to this over time.
- 1.82. Therefore, in developing this business case sensitivity analysis has been undertaken that aims to outline the impact in financial performance that could be experienced should there be changes to:
- a) Capital Cost
 - b) Sales (Price)
 - c) Sales (Units)
 - d) Operating Costs
 - e) Additional Benefits
- 1.83. It is important to note that these changes may not take place in isolation e.g. over 10 years there may not only be a change in construction cost, but other changes could also take place concurrently over the life-cycle of the project.

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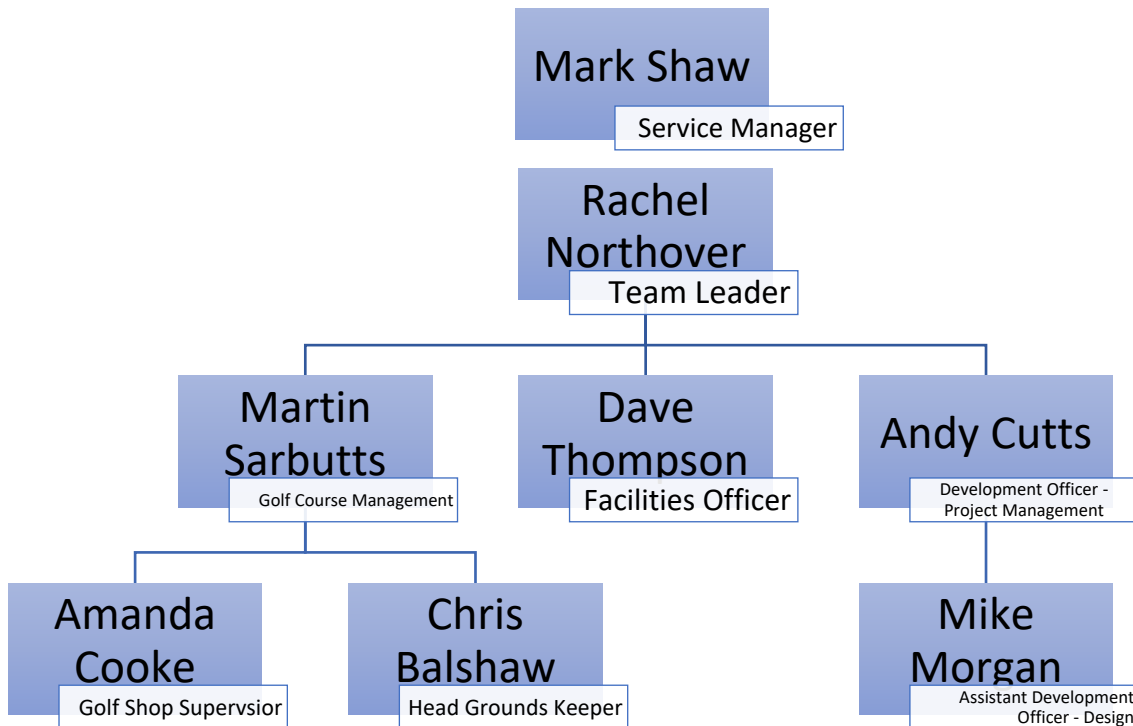
A summary of the outputs from the full sensitivity analysis, which explores a number of these potential variations, are provided in the table below:

1.84. Sensitivity Analysis – Silver (with lights) 3a

Sensitivity Group	Sensitivity Description	Return / (Loss) Generated over the term	Projected Net Present Value (NPV)
		£000s	£000s
Recommended Option	Silver Option with Lights	601	395
Capital Cost Sensitivities	Cost increase from £280k to £450k [Breakeven in Year 1 & Surplus in Subsequent Years]	410	226
	Cost increase from £280k to £812k [Breakeven Over 10 Years]	0	(137)
	Cost increase from £280k to £924k [Loss in All Years]	(127)	(249)
Sales (Price) Sensitivities	Reduced from £4 to £1 per Bucket	0	(48)
	Reduced from £4 to £2 per Bucket	201	100
	Reduced from £4 to £3 per Bucket	401	247
Sales (Units) Sensitivities	Average Sales Reduced from 55 to 42 Per Day [Breakeven in Year 1 & Surplus in Subsequent Years]	338	201
	Average Sales Reduced from 55 to 26 Per Day [Breakeven Over 10 Years]	0	(48)
	Average Sales Reduced from 55 to less than 23 Per Day [Loss in All Years]	(66)	(97)
Operating Cost Sensitivities	Average costs per annum increase from £36k to £71k [Increased by 100%]	245	132
	Average costs per annum increase from £36k to £107k [Increased by 200%]	(110)	(130)
	Average costs per annum increase from £36k to £142k [Increased by 300%]	(466)	(393)
Additional Benefit Sensitivities	Average annual benefits reduced from £47k to £24k [Assumed Reduced by 50%]	365	222
	Average annual benefits reduced from £47k to £0k [Assumed No Additional Benefits]	129	48
	Average Sales Reduced from 55 to 30 Per Day + Assumed No Additional Benefits	(235)	(221)

10. Project Management

The project will be managed internally within Green Sefton by the Development Team and the existing Golf Working Group. Members of this group and reporting structure is outlined below:



- 1.85. As Service Manager of Green Sefton Mark Shaw will take a strategic lead for the Growth Agenda of which this project plays a key part.
- 1.86. Martin Sarbutts is the golf working group lead for this project and manages the two sites on a day to day basis with Amanda Cooke and Chris Balshaw who is part of the Grounds Maintenance Team. Martin is supported by his line managers Dave Thompson and Rachel Northover and they sit on the same working group. The project is being supported by the Development Team that includes Andy Cutts and Mike Morgan. The Development team will project management the design, consultation, procurement and delivery. Andy Cutts is chair of the monthly working group meetings.
- 1.87. Support will be required by the central finance team to monitor spend. Further support will be required from the central procurement team to tender for the required works through the CHEST.

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11. Indicative Timescales for Development

1.88. Bootle Golf Course

- Develop design – October/ November 2019
- Consult with users – October to November 2019
- Growth Board – December 2019
- Planning Approval – February 2020
- Tender for works – January/ February 2020
- Cabinet Approval – February 2020
- Award contract – March/ April 2020
- Construction – April/ May 2020
- Communications/ Opening – Summer 2020

1.89. Southport Golf Links

- Develop designs – January 2020
- Consult with users – February to March 2020
- Planning – May 2020
- Tender for works – January/ February 2020
- Award contract – March/ April 2020
- Construction – Autumn/ Winter 2020
- Communications/ Opening – Spring 2021

The timelines above ensure construction works take place during the quieter times on the course, thus reducing potential impact on income

12. Risks & Mitigation –

The following risk register is designed to log potential risk to the delivery of the project and to log any mitigation that can be put into place to reduce any risks. This will be managed and monitored by the project team.

Risk Register: Golf					
Risk Number	Risk Description	Impact Score - 1 (low) to 5 (high)	Likelihood Score - 1 (low) to 5 (high)	Score	Risk Mitigations
1.0 Business Case					
1.1	Accuracy of construction costs	5	2	10	Use robust figures from market place prior to tender. Re-visit specification to identify saving if needed. Include 10% contingency costs.
1.2	Accuracy of future income modelling	4	2	8	Income modelling carried out by in-house experienced staff from Green Sefton and Finance. Undertake research into nearby facilities. Develop marketing plan and monitor competing facilities.
2.0 Approvals					
2.1	Delay in approval process required prior to Cabinet	4	2	8	Robust Cabinet Report and FBC. Early Member consultation
2.2	Cabinet reject FBC	5	2	10	Robust Cabinet Report and FBC. Early Member consultation
2.3	Planning Approval	5	2	10	Early consultation with planning team, residents, course users
2.4	Procurement Approval	5	1	5	Work with procurement team to plan and produce reports
3.0 Design					
3.1	Design gaps (delays or increased costs) due to lack of site information	3	3	9	Work with existing site staff to better understand available data/ plans

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3.2	Final design exceeds budget	3	3	9	Use in-house knowledge to validate prior to procurement
3.3	Impact on future plans for sites	2	2	4	Agree phased plans for sites to complement future plans
3.4	Unknown ecology/ environmental issues that may result in delay or increased costs	3	3	9	Consult ecology officers and planning at early stage.
4.0 Construction					
4.1	Issues caused by construction access & traffic	3	2	6	Develop site access plan with Contractor to minimise impact on highway and pedestrians
4.2	Site security during construction	3	3	9	Detailed plan with Contractor/ compound. Link with Sefton Arc. CCTV
4.3	Dangers caused by dust, noise, confined spaces, lifting, excavations	2	2	4	CDM plan with Contractor
4.4	Contractor slippage in programme	3	3	9	Close monitoring of Contractor
4.5	On site weather conditions	2	2	4	Monitor weather conditions and avoid peak events
4.6	Services - drainage & electrics	3	2	6	Work with Sefton Arc to understand risks
4.7	Ground Conditions - sand	2	2	4	Over engineer the foundations to deal with sand conditions for fencing
5.0 Communications					
5.1	Opposition from local residents due to site improvements	2	2	4	Early consultation, communications and engagement
5.2	Opposition from club members due to site improvements	2	2	4	Early consultation, communications and engagement
5.3	Sites do not achieve required usage to cover costs	2	2	4	Develop detailed marketing plan and budget to promote the sites. Link with offers for young people to attract them to the sport.

13. Conclusion –

- 1.90. This proposal will assist in meeting the council's budgetary requirements and income targets for Green Sefton – initially contributing to help meet the £212k increase already accounted for in 19/20, but over time to be increased as outlined in this report.
- 1.91. Approval has already been given from Cabinet/ Full Council to progress this project as part of the budget setting process for 2019/20, and further by Growth Board in December 2019.
- 1.92. Capital funding of £536,360 is now being requested for formal approval to finance and progress both phase 1 and phase 2 of this project.
- 1.93. Option 3a (Silver with lights) provides the biggest opportunity to generate maximum surplus over 10 years with a projected figure of £1.1 million over both sites. In relation to achieving the overall outcomes for the project option 3a at Bootle achieves a total score of 84% and Southport for the same 3a option achieves a total score of 85%. Providing maximum benefit for the future of the sites and facilities for site users including an option to upgrade to a gold option in time.
- 1.94. From year 1 both sites will generate a surplus after debt repayments. To break even in cash flow terms over the full 10 year period average sales per annum would need to be 26 buckets per day for both Bootle and Southport.
- 1.95. As such, it is recommended that approval be given to progress this project for delivery to the timescales outlined within this document and for final approval to be approved by Cabinet.

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14. Appendix – Bootle Golf Course

1.96. Bootle Golf Course Operating Costs – Bronze (no floodlights) – Option 2:

OPERATING COSTS (Bootle) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	500	525	551	579	608	638	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	2,000	2,100	2,205	2,315	2,431	2,553	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	1,500	1,500	500	500	500	500	
Business Rates	1,500	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	500	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	11,800	13,810	11,641	13,693	12,567	14,666	

1.97. **Projected annual take up and new income against operating costs –**

Bronze (no floodlights) Option 2

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Bootle	Operating costs	11,800	13,810	11,641	13,693	12,567	14,666
	Prudential Borrowing Costs	5,418	5,418	5,418	5,418	5,418	5,418
	TOTAL	17,218	19,228	17,058	19,110	17,985	20,083

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21	5	7,280	2,184	291			-17,218	-7,463	3%
2021/22	10	14,560	4,368	582	833	0	-19,228	1,116	5%
2022/23	10	14,560	4,368	582	833	0	-17,058	3,286	5%
2023/24	15	21,840	6,552	874	833	0	-19,110	10,989	8%
2024/25	15	21,840	6,552	874	833	0	-17,985	12,114	8%
2025/26	20	29,120	8,736	1,165	833	0	-20,083	19,771	10%
2026/27	20	29,120	8,736	1,165	833	0	-19,006	20,848	10%
2027/28	20	29,120	8,736	1,165	833	0	-21,156	18,698	10%
2028/29	20	29,120	8,736	1,165	833	0	-20,133	19,721	10%
2029/30	20	29,120	8,736	1,165	833	0	-22,339	17,516	10%
Totals		225,680	67,704	9,027	7,500	0		116,595	

Max buckets	200	291,200	87,360	11,648	8,333	0		398,541	100%
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1.98. Bootle Option 2 Summary (Bronze)

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Non-covered driving range	1
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	2
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	1
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	3
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£117k surplus over 10 years) Year 1 -£7,463 loss Year 2 £1,116 surplus Year 3 £3,286 surplus Year 4 £10,989 surplus Year 5 £12,114 surplus	1
Total		8

1.99. Bootle Golf Course Operating Costs – Silver (no floodlights) Option 3b:

OPERATING COSTS (Bootle) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	500	525	551	579	608	638	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	5,000	5,250	5,513	5,788	6,078	6,381	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	2,500	2,500	500	500	500	500	
Business Rates	1,500	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	500	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	15,800	17,960	14,948	17,165	16,214	18,494	

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1.100. Projected annual take up and new income against operating costs –

Silver (no floodlights) Option 3b

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Bootle	Operating costs	15,800	17,960	14,948	17,165	16,214	18,494	17,609	19,960	19,148	21,575
	Prudential Borrowing Costs	21,522	21,522	21,522	21,522	21,522	21,522	21,522	21,522	21,522	21,522
	TOTAL	37,322	39,482	36,470	38,687	37,736	40,016	39,131	41,481	40,669	43,097

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21	25	36,400	10,920	1,456			-37,322	11,454	13%
2021/22	30	43,680	13,104	1,747	2,778	1,667	-39,482	23,493	15%
2022/23	35	50,960	15,288	2,038	5,556	2,500	-36,470	39,872	18%
2023/24	40	58,240	17,472	2,330	5,556	2,500	-38,687	47,410	20%
2024/25	40	58,240	17,472	2,330	5,556	5,000	-37,736	50,862	20%
2025/26	40	58,240	17,472	2,330	5,556	5,000	-40,016	48,581	20%
2026/27	40	58,240	17,472	2,330	5,556	5,000	-39,131	49,466	20%
2027/28	40	58,240	17,472	2,330	5,556	5,000	-41,481	47,116	20%
2028/29	40	58,240	17,472	2,330	5,556	5,000	-40,669	47,928	20%
2029/30	40	58,240	17,472	2,330	5,556	5,000	-43,097	45,501	20%
Totals		538,720	161,616	21,549	47,224	36,667	-394,091	411,684	

Max buckets	200	291,200	87,360	11,648	5,556	5,000		400,764	100%
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1.101. Bootle Option 3b (no floodlights) Summary

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range but limited opening hours due to no lights	3
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course but limited due to opening hours	3
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	2
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£411k surplus over 10 years) Year 1 £11,454 surplus Year 2 £23,493 surplus Year 3 £39,872 surplus Year 4 £47,410 surplus Year 5 £50,862 surplus	4
Total		16

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1.102. Bootle Golf Course Operating Costs – Gold Option 4:

OPERATING COSTS (Bootle) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
shop staffing	11,000	11,550	12,128	12,734	13,371	14,039	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	1,500	1,575	1,654	1,736	1,823	1,914	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	6,000	6,300	6,615	6,946	7,293	7,658	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	2,500	2,500	500	500	500	500	
Business Rates	1,500	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	500	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	28,800	31,610	29,281	32,215	32,015	35,086	

1.103. Projected annual take up and new income against operating costs –

Gold Option 4

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Bootle	Operating costs	28,800	31,610	29,281	32,215	32,015	35,086
	Prudential Borrowing Costs	37,502	37,502	37,502	37,502	37,502	37,502
	TOTAL	66,302	69,112	66,782	69,716	69,517	72,588

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21	30	43,680	13,104	1,747			-66,302	-7,771	10%
2021/22	40	58,240	17,472	2,330	4,167	5,000	-69,112	18,097	13%
2022/23	45	65,520	19,656	2,621	8,333	7,500	-66,782	36,848	15%
2023/24	50	72,800	21,840	2,912	8,333	7,500	-69,716	43,669	17%
2024/25	55	80,080	24,024	3,203	8,333	7,500	-69,517	53,624	18%
2025/26	60	87,360	26,208	3,494	8,333	7,500	-72,588	60,308	20%
2026/27	60	87,360	26,208	3,494	8,333	7,500	-72,532	60,364	20%
2027/28	60	87,360	26,208	3,494	8,333	7,500	-75,754	57,142	20%
2028/29	60	87,360	26,208	3,494	8,333	7,500	-75,856	57,040	20%
2029/30	60	87,360	26,208	3,494	8,333	7,500	-79,244	53,652	20%
Totals		757,120	227,136	30,285	70,833	65,000	-717,402	432,972	

Max buckets	300	436,800	131,040	17,472	8,333	7,500		601,145	100%
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Sefton Council – Golf Driving Ranges – Full Business Case

1.104. Bootle Option 4 Gold Summary

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours and automatic ball feeders would raise the profile of the facility. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£433k surplus over 10 years) Year 1 -£7,771 loss Year 2 £18,097 surplus Year 3 £36,848 surplus Year 4 £43,669 surplus Year 5 £53,624 surplus	3
Total		20

15. Appendix – Southport Golf Links

1.105. Southport Golf Course Operating Costs – Bronze (no floodlights) – Option 2:

OPERATING COSTS (Southport) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	525	551	579	608	638	Water charges, assumes 5% inflation year on year
Maintenance and repairs	0	5,250	5,513	5,788	6,078	6,381	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	0	17,960	14,948	17,165	16,214	18,494	

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Sefton Council – Golf Driving Ranges – Full Business Case

1.106. Projected annual take up and new income against operating costs –

Bronze (no floodlights) Option 2

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Southport	Operating costs	0	17,960	14,948	17,165	16,214	18,494
	Prudential Borrowing Costs	0	7,530	7,530	7,530	7,530	7,530
	TOTAL	0	25,490	22,478	24,696	23,744	26,025

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21*									0%
2021/22	5	7,280	2,730	291	0	0	-25,490	-15,189	3%
2022/23	10	14,560	5,460	582	833	0	-22,478	-1,042	5%
2023/24	10	14,560	5,460	582	833	0	-24,696	-3,260	5%
2024/25	15	21,840	8,190	874	833	0	-23,744	7,993	8%
2025/26	20	29,120	10,920	1,165	833	0	-26,025	16,014	10%
2026/27	20	29,120	10,920	1,165	833	0	-25,139	16,899	10%
2027/28	20	29,120	10,920	1,165	833	0	-27,490	14,548	10%
2028/29	20	29,120	10,920	1,165	833	0	-26,678	15,360	10%
2030/31	20	29,120	10,920	1,165	833	0	-29,105	12,933	10%
2030/31	20	29,120	10,920	1,165	833	0	-28,374	13,664	10%
Totals		232,960	87,360	9,318	7,500	0	-259,218	77,920	

Max buckets	200	291,200	109,200	11,648	8,333	0		420,381	100%
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1.107. Southport Option 2 Summary (Bronze)

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Non-covered driving range	1
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	2
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	1
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£78k surplus over 10 years) Year 1 £0 – not built Year 2 -£15,189 loss Year 3 -£1,042 loss Year 4 -£3,260 loss Year 5 £7,993 surplus Year 6 £16,014 surplus	1
Total		5

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Sefton Council – Golf Driving Ranges – Full Business Case

1.108. Southport Golf Course Operating Costs – Silver (no floodlights) Option 3b:

OPERATING COSTS (Southport) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	525	551	579	608	638	Water charges, assumes 5% inflation year on year
Maintenance and repairs	0	5,250	5,513	5,788	6,078	6,381	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	0	17,960	14,948	17,165	16,214	18,494	

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Sefton Council – Golf Driving Ranges – Full Business Case

1.109. Projected annual take up and new income against operating costs –

Silver (no floodlights) Option 3b

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Southport	Operating costs	0	17,960	14,948	17,165	16,214	18,494	17,609	19,960	19,148	21,575	20,884
	Prudential Borrowing Costs	0	22,392	22,392	22,392	22,392	22,392	22,392	22,392	22,392	22,392	22,392
	TOTAL	0	40,352	37,340	39,557	38,605	40,886	40,001	42,351	41,539	43,967	44,835

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs	Surplus	Site Utilisation
2020/21*									0%
2021/22	25	36,400	13,650	1,456	0	0	-40,352	11,154	13%
2022/23	30	43,680	16,380	1,747	5,556	1,667	-37,340	31,690	15%
2023/24	35	50,960	19,110	2,038	5,556	2,500	-39,557	40,607	18%
2024/25	40	58,240	21,840	2,330	5,556	2,500	-38,605	51,860	20%
2025/26	40	58,240	21,840	2,330	5,556	5,000	-40,886	52,079	20%
2026/27	40	58,240	21,840	2,330	5,556	5,000	-40,001	52,965	20%
2027/28	40	58,240	21,840	2,330	5,556	5,000	-42,351	50,614	20%
2028/29	40	58,240	21,840	2,330	5,556	5,000	-41,539	51,426	20%
2029/30	40	58,240	21,840	2,330	5,556	5,000	-43,967	48,999	20%
2030/31	40	58,240	21,840	2,330	5,556	5,000	-43,235	49,730	20%
Totals		538,720	202,020	21,549	50,003	36,667	-407,833	441,125	

Max buckets	200	291,200	109,200	11,648	5,556	5,000		422,604	100%
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Sefton Council – Golf Driving Ranges – Full Business Case

1.110. Southport Golf Links Option 3b Summary

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range but limited opening hours due to no lights	3
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course but limited due to opening hours.	3
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	2
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£441k surplus over 10 years) Year 1 £0 – not built Year 2 £11,154 surplus Year 3 £31,690 surplus Year 4 £40,607 surplus Year 5 £51,860 surplus Year 6 £52,079 surplus	4
Total		12

1.111. Southport Golf Course Operating Costs – Gold Option 4:

OPERATING COSTS (Southport) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
shop staffing	0	11,550	12,128	12,734	13,371	14,039	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	1,575	1,654	1,736	1,823	1,914	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	0	6,300	6,615	6,946	7,293	7,658	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	0	31,610	29,281	32,215	32,015	35,086	

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Sefton Council – Golf Driving Ranges – Full Business Case

1.112. Projected annual take up and new income against operating costs –

Gold Option 4

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Southport	Operating costs		31,610	29,281	32,215	32,015	35,086
	Prudential Borrowing Costs	0	40,235	40,235	40,235	40,235	40,235
	TOTAL	0	71,845	69,516	72,450	72,251	75,321

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21*							0		0%
2021/22	40	58,240	21,840	2,330	4,167	5,000	-71,845	19,731	13%
2022/23	45	65,520	24,570	2,621	8,333	7,500	-69,516	39,028	15%
2023/24	50	72,800	27,300	2,912	8,333	7,500	-72,450	46,395	17%
2024/25	55	80,080	30,030	3,203	8,333	7,500	-72,251	56,896	18%
2025/26	60	87,360	32,760	3,494	8,333	7,500	-75,321	64,126	20%
2026/27	60	87,360	32,760	3,494	8,333	7,500	-75,266	64,182	20%
2027/28	60	87,360	32,760	3,494	8,333	7,500	-78,487	60,961	20%
2028/29	60	87,360	32,760	3,494	8,333	7,500	-78,590	60,858	20%
2029/30	60	87,360	32,760	3,494	8,333	7,500	-81,978	57,470	20%
2030/31	60	87,360	32,760	3,494	8,333	7,500	-82,255	57,193	20%
Totals	550	800,800	300,300	32,032	79,167	72,500	-757,958	526,840	

Max buckets	300	436,800	163,800	17,472	8,333	7,500		633,905	100%
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1.113. Southport Option 4 Gold Summary

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours and automatic ball feeders would raise the profile of the facility. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£527k surplus over 10 years) Year 1 £0 – not built Year 2 £19,731 surplus Year 3 £39,028 surplus Year 4 £46,395 surplus Year 5 £56,896 surplus Year 6 £64,126 surplus	3
Total		16

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Agenda Item 6

Report to:	Cabinet	Date of Meeting:	6 February 2020
Subject:	Revenue and Capital Budget Update 2019/20 - February		
Report of:	Head of Corporate Resources	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform **Cabinet** of:

1. The current forecast revenue outturn position for the Council for 2019/20;
2. The current forecast on Council Tax and Business Rates collection for 2019/20;
3. The monitoring position of the Council's capital programme to the end of December 2019:
 - The forecast expenditure to year end;
 - Variations against the approved budgets and an explanation of those variations for consideration by Members;
 - Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects are also presented for approval.

Recommendation(s):

Cabinet is recommended to:

Revenue Budget

- 1) Note the current forecast revenue outturn position for 2019/20 and the current position relating to delivery of savings included in the 2019/20 revenue budget;
- 2) Note the mitigating measures being used to partially mitigate the forecast outturn position, in paragraph 2.2, excluding a forecast deficit on Housing Benefits which will be considered at the end of the financial year if it materialises;
- 3) Acknowledge that a comprehensive review of all forecast outturn estimates and potential remedial measures has been undertaken and the outcome has significantly reduced the forecast overspend reported. The position will continue to be reviewed to ensure a balanced forecast outturn position can be achieved or understand a potential call of General Fund Balances;

Capital Programme

- 4) Review updates to spending profiles across financial years (paragraph 5.1.1);
- 5) Review the new schemes added to the Capital Programme under delegated authority for 2019/20 (paragraph 5.1.3);

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- 6) Note the latest capital expenditure position as at 31 December 2019 of £12.104m (paragraph 5.2.2) with the latest full year forecast being £21.234m (paragraph 5.3.1);
- 7) Note explanations of variances to project budgets (paragraph 5.3.2); and,
- 8) Acknowledge that capital resources will be managed by the Head of Corporate Resources to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council (section 5.5).

Reasons for the Recommendation(s):

To ensure Cabinet are informed of the forecast outturn position for the 2019/2020 Revenue Budget as at the end of December 2019, including delivery of agreed savings, and to provide an updated forecast of the outturn position with regard to the collection of Council Tax and Business Rates.

To keep members informed of the progress of the Capital Programme against the profiled budget for 2019/20 and agreed allocations for future years.

To progress any changes that are required in order to maintain a relevant and accurate budget profile necessary for effective monitoring of the Capital Programme.

To approve any updates to funding resources so that they can be applied to capital schemes in the delivery of the Council's overall capital strategy.

In March 2017 Council approved a three-year budget plan to March 2020. The final year of this plan was revised in February 2019 as part of the process of setting the 2019/20 budget. The Council is in the final year of the budget plan and remains confident its strategic approach to budget planning alongside good financial management and extensive community engagement means that the plan continues to develop on solid foundations; it 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 significantly exceeding the budget. If further budget pressures are identified between now and the end of the year additional remedial action will be required to bring the overall budget into balance.

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 2019/20 there is currently a forecast deficit of £3.081m. Mitigating measures have been identified in order to partially meet this deficit (excluding a forecast overspend on Housing Benefits which will be considered at outturn if this materialises) and are detailed within the report. An exercise with Heads of Service has been undertaken to ensure the robustness of all estimates and identify remedial measures to be implemented. This has reduced the current residual forecast deficit to

£0.083m. If this remains at the end of the financial year this will be a call on the Council's General Balances.

(B) Capital Costs

The Council's capital budget in 2019/20 is now £21.051m. As at the end of December 2019, expenditure of £12.104m has been incurred and a full year outturn of £21.234m is currently forecast.

Implications of the Proposals:

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

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>There is currently a budget shortfall of £3.081m forecast for 2019/20 and as previously reported, mitigating actions have been identified in order to address the majority of this (with the exception of a forecast overspend on Housing Benefits which will be considered at outturn if the position doesn't improve). An exercise with Heads of Service has been undertaken to ensure the robustness of all estimates and identify what remedial measures can be implemented. This has reduced the current residual forecast deficit to £0.083m. However, it should be noted that significant pressure and risk remains in four key business areas, namely Adults and Children's Social Care, Education Excellence and Locality Services. These budgets may experience further demand pressure between now and the end of the year and further mitigations and remedial actions will be required in such an eventuality, if the existing measures aren't sufficient.</p>
<p>Legal Implications:</p> <p>None</p>
<p>Equality Implications:</p> <p>None</p>

Contribution to the Council's Core Purpose:

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

<p><u>Protect the most vulnerable:</u></p> <p>See comment above</p>
<p><u>Facilitate confident and resilient communities:</u></p> <p>See comment above</p>
<p><u>Commission, broker and provide core services:</u></p> <p>See comment above</p>
<p><u>Place – leadership and influencer:</u></p> <p>See comment above</p>

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<u>Drivers of change and reform:</u> See comment above
<u>Facilitate sustainable economic prosperity:</u> See comment above
<u>Greater income for social investment:</u> See comment above
<u>Cleaner Greener:</u> See comment above

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources is the author of the report (FD 5931/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4115/20).

(B) External Consultations

N/A

Implementation Date for the Decision

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

Contact Officer:	Paul Reilly
Telephone Number:	Tel: 0151 934 4106
Email Address:	paul.reilly@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

APPENDIX A – Capital Programme 2019/20 to 2021/22

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 In March 2017, Council approved a three-year budget plan to March 2020. The final year of this plan was revised in February 2019 as part of the process of the Council setting the 2019/20 budget. This report updates the forecast revenue outturn position for 2019/20, including the delivery of savings included in the 2019/20 budget.
- 1.2 The report also outlines the current position regarding key income streams for the Authority, namely Council Tax and Business Rates. Variations against expected receipts in these two areas will also affect the Council's financial position in future years.
- 1.3 The capital section of the report informs members of the latest estimate of capital expenditure for 2019/20 and updates forecast expenditure for 2020/21, 2021/22 and future years. The capital budget to date is presented in section 5.1. Sections 5.2 and 5.3, and section 5.6 confirms that there are adequate levels of resources available to finance the capital programme.

2. Summary of the Forecast Outturn Position as at the end of December 2019

- 1.0 Members are provided with updates of the Council's forecast financial position each month during the financial year. Significant pressures have been identified in several service areas, particularly Children's Social Care, Locality Services and Home to School Transport. The latest forecast of service expenditure indicates an overspend of £3.081m, this represents an improvement of the overall position by £0.506m on the previous month and is driven primarily by a comprehensive review of all forecast outturn estimates referred to in the previous budget monitoring report. The table below highlights the variations:

	Budget	Forecast Outturn	Variance	Previously Reported Position	Movement since last month
	£m	£m	£m	£m	£m
Services					
Strategic Management	3.187	3.013	-0.174	-0.043	-0.131
Strategic Support	2.709	2.638	-0.071	-0.071	0.000
Adult Social Care	96.765	96.325	0.000	0.000	0.000
Children's Social Care	33.340	35.585	2.245	2.060	0.185
Communities	19.518	19.578	0.060	0.065	-0.005
Corporate Resources	4.874	4.773	-0.101	-0.061	-0.040
Economic Growth & Housing	6.045	6.034	-0.011	-0.018	0.007
Education Excellence	9.859	10.075	0.216	0.247	-0.031
Health & Wellbeing	18.060	17.850	-0.210	-0.162	-0.048
Highways & Public Protection	11.133	11.093	-0.040	-0.043	0.003
Locality Services	13.809	13.809	0.000	0.000	0.000
Total Service Net Expenditure	219.299	221.273	1.914	1.974	-0.060

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Provision relating to 2018/19 Service Pressures	0.000	0.000	0.000	0.000	0.000
Budget Pressure Fund	1.000	1.000	0.000	0.000	0.000
Public Sector Reform Savings not allocated to services (see para 2.3)	(0.950)	0.000	0.950	0.950	0.000
Council Wide Budgets	6.613	6.830	0.217	0.663	-0.446
Levies	34.156	34.156	0.000	0.000	0.000
General Government Grants	(40.979)	(40.979)	0.000	0.000	0.000
Total Net Expenditure	219.139	222.726			
Forecast Year-End Deficit			3.081	3.587	-0.506

1.1 The key forecast variations in the outturn position, including any significant variations from the November position, are as follows: -

- **Children's Social Care (£2.245m net overspend)** – The Placement and Packages budget overspent within the service by £5.612m in 2018/19. As a result, this equates to a full year effect in 2019/20 of £7.410m that also reflects a further increase in the number of Looked After Children. This budget pressure was identified in the budget report of February 2019 and an allocation of £4.900m from the *Provision relating to 2018/19 Service Pressures* has reduced the forecast overspend to £2.510m, with this being offset by underspends elsewhere within the service totalling £0.265m. This current position is an increase of £0.185m compared to November and reflects the additional costs in respect of three placements that have arisen during the month.

As has been regularly reported over the last two years, the cost of Placements and Packages is the largest risk to the Council's budget position, and it is expected that the position will be the subject of further change between now and the year end. The Council is currently working on developing a range of options to address the inherent demand and costs of Looked After Children whilst supporting the most vulnerable residents. Any financial impact from the proposals during the current year will be built into the year end forecast and next years budget.

- **Education Excellence (£0.216m overspend)** - Home to School transport external provision has a projected overspend of £2.153m. This budget overspent by £1.817m in 2018/19 but is forecast to overspend by a further £0.336m due to the full year effect of the increased costs of new external transport contract, an allocation of £1.800m from the *Provision relating to 2018/19 Service Pressures* has reduced the forecast overspend to £0.353m. In addition, there are net underspends across other areas of the service totalling £0.137m.
- **Health and Wellbeing (£0.210m underspend)** – There is a net underspending on the service as a result of vacancy savings and underspends on specific contracts.
- **Locality Services (£0.206m overspend before mitigating actions)** – Some of the service pressures experienced in 2018/19 have continued into 2019/20.

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- Security Service (£0.504m overspend) – The forecast deficit is a reflection of an under recovery of income to support the cost base. The position has significantly worsened since last month due to uncertainty as to the overall level of income that will be received in the year. The forecast overspend is based on a prudent view of the income due. An exercise has commenced to clarify the level of income expected to be due in the year, the outcome of which will be reflected in next month’s position.
- Green Sefton (£0.088m overspend) - The service was expected to achieve savings of £0.330m in 2019/20. Plans to increase income within the Golf courses will not be achieved in the current year as improvements to the courses to encourage customers are not expected until 2020/21.
- Burial and Cremation Service (£0.100m underspend) – The service is forecast to achieve additional income in the year.
- Cleansing (£0.230m underspend) – The underspend is mainly due to increased forecast recycling credits (£0.059m) and a reduction in vehicle maintenance costs of the cleansing fleet (£0.169m).
- The net overspend on the above functions have been reduced by a net underspend of £0.056m elsewhere within the service.

Mitigating actions have been identified which will reduce the forecast outturn overspend. These include temporarily reducing non-essential expenditure on supplies and services and repairs and maintenance. The outcome of the Security Service income review mentioned above will determine whether the forecast outturn can be contained within the available budget.

- **Public Sector Reform Savings not allocated to services (£0.950m overspend)**
– see paragraph 2.3 below.
- **Council Wide Budgets (£0.217m)** – Housing Benefits is forecast to overspend by £0.248m due to reductions in subsidy relating to certain types of expenditure. However, this budget is difficult to forecast given the complexities of the subsidy claim and as such there is extreme volatility in this budget with the final position not being able to be predicted until year end.

Savings Delivery

- 1.2 The 2019/20 Budget included £9.803m of savings from Public Sector Reform (PSR) projects. Current forecasts are that £8.853m of savings will be deliverable in the year (90%). An analysis of the overall savings for 2019/20 are shown in the summary below:

	Total Saving 2019/20	Forecast - Achieved In 2019/20	Forecast – Not Achieved 2019/20
	£m	£m	£m
PSR1 - Acute Wrap Around	0.230	0.000	0.230
PSR2 – Locality Teams	4.408	4.408	0.000

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PSR4 - All Age Pathway	0.089	0.089	0.000
PSR6 - Commercialisation	0.405	0.405	0.000
PSR8 – Asset Maximisation	0.512	0.512	0.000
PSR9 – ICT & Digital Inclusion	3.439	3.439	0.000
PSR10 - Commissioning	0.720	0.000	0.720
Total PSR Projects	9.803	8.853	0.950

- 1.3 The shortfall on the achievement of savings shown in the table is included in the forecast outturn position shown in paragraph 2.1.
- 1.4 In addition, service budget options of £2.269m were approved for 2019/20. These have been built into service budgets and any shortfall in achievement of these savings is included in the forecast outturn position for each service.

Measures to close the residual gap in 2019/20

- 1.5 The forecast budget deficit as at December 2019 is **£3.081m**. This reflects the risks that were inherent in the Council's financial position, particularly around demand for Children's Social Care and other demand led services. Major Services Reviews have commenced for Adult Social Care, Children's Social Care, Education Excellence and Locality Services with a view to reduce this budget pressure where possible.
- 1.6 The budget for 2019/20 includes a Budget Pressures Fund of £1.000m. Council gave delegated authority to the Chief Executive and the Head of Corporate Resources, in conjunction with the Leader of the Council, to allocate this Fund. Cabinet, at their meeting on 7th November 2019, have noted the allocation of the £1.000m to support the budget pressure identified and contribute to balancing the forecast outturn position.
- 1.7 The net forecast outturn position for 2019/20 is therefore:

	£m
Forecast Year-End Deficit (Paragraph 2.1)	3.081
Business Rates Reserve increase (previously noted by Cabinet on 5 September 2019)	-1.750
Budget Pressures Fund	-1.000
Forecast Year-End Deficit	0.331

- 1.8 As mentioned in paragraph 2.2, the forecast outturn position includes an overspend of £0.248m relating to Housing Benefits. This budget is difficult to forecast given the complexities of the Subsidy claim. The position will be monitored during the remainder of the year with any overspend at the end of the year considered as part of the Council's overall outturn position.
- 1.9 The above table shows a deficit forecast outturn position (excluding the Housing Benefits forecast) of **£0.083m**. As previously reported, there are risks still inherent

in this position, particularly relating to Looked After Children, meaning the position may worsen further during the year. Looked After Children numbers have increased by 36 since the start of the year, adding £1.400m to the forecast. If this trend continues for the remainder of the financial year at least £0.250m will be added to the 2019/20 forecast, translating into a full year pressure of over £1.000m for 2020/21.

1.10 Following approval by Cabinet on 5 December 2019, the following mitigating actions were implemented:

- To not fill current vacant posts or posts as they become vacant (excluding essential posts in Children's Social Care); and,
- A freeze on all but essential expenditure between now and the end of the financial year.

1.11 The estimated impact of these measures, excluding the effect of not filling posts as they become vacant, are built into the forecast in paragraph 2.1. An exercise with Heads of Service has been undertaken to ensure the robustness of all estimates and identify what remedial measures will be implemented. As a result, the forecast overspend has now reduced to £0.083m, although this may worsen if current trends on numbers of Looked After Children continue. This position will continue to be reviewed and if it does worsen other appropriate measures may be required to ensure a balanced forecast outturn position will be achieved.

1.12 In the event that the forecast outturn position worsens, and other measures cannot be identified, a balanced outturn position may not be deliverable. This would lead to a call on the Council's low level of General Fund Balances. As such, identifying appropriate measures may be critical to support financial sustainability within the Council and difficult decisions may be required between now and the end of the financial year and could have a material impact on next year's budget.

2 Council Tax Income – Update

3.1 Council Tax income is shared between the billing authority (Sefton Council) and the three major precepting authorities (the Fire and Rescue Authority, the Police and Crime Commissioner and the Combined Authority – Mayoral Precept) pro-rata to their demand on the Collection Fund. The Council's Budget included a Council Tax Requirement of £133.099m for 2019/20 (including Parish Precepts), which represents 84.1% of the net Council Tax income of £158.306m.

3.2 The forecast outturn for the Council at the end of December 2019 is a deficit of +£1.975m. This variation is primarily due to: -

- The surplus on the fund at the end of 2018/19 being lower than estimated (+£0.151m);
- Gross Council Tax Charges in 2019/20 being higher than estimated (-£0.384m);
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£0.319m);

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- A review of the bad debt provision has identified that an increase is required to reflect a reassessment of the collectability of debt outstanding (+£1.889m).
- 3.3 Due to Collection Fund regulations, the Council Tax deficit will not be transferred to the General Fund in 2019/20 but will be carried forward to be recovered in future years.
- 3.4 A forecast surplus of £1.160m was declared on the 15 January 2019 of which Sefton's share is £0.996m (85.8%). This is the amount that will be distributed from the Collection Fund in 2019/20. Any additional surplus or deficit will be distributed in 2020/21.

4 Business Rates Income – Update

- 4.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £64.739m for 2019/20, which represents 99% of the net Business Rates income of £65.393m. Business Rates income has historically been very volatile making it difficult to forecast accurately.
- 4.2 The forecast outturn for the Council at the end of December 2019 is a surplus of -£0.610m on Business Rates income. This is due to:
- The surplus on the fund at the end of 2018/19 being higher than estimated (-£0.092m);
 - Increase in the gross charge on rateable properties (-£0.504m);
 - Other reliefs (including a forecasting adjustment) being lower than estimated in 2019/20 (-£0.501m);
 - An increase in the provision for appeals following a significant refund in 2019/2020 (+£0.487m).
- 4.3 Due to Collection Fund regulations, the Business Rates surplus will not be transferred to the General Fund in 2019/20 but will be carried forward to be distributed in future years. However, £0.346m of the surplus forecast in paragraph 4.2 will be required to offset the shortfall in Section 31 grants due to certain reliefs being lower than estimated in 2019/20.
- 4.4 A forecast surplus of £1.768m was declared in January 2019. Sefton's share of this is -£1.750m which is made up of an amount brought forward from 2017/18 (-£2.169m) and the impact of variations in 2018/19 (+£0.419m). This is the amount that will be distributed from the Collection Fund in 2019/20 and any additional surplus or deficit will be distributed in 2020/21.

5 Capital Programme 2019/20 – 2021/22 & Future Years

5.1 Capital Budget

1.1.1. The Capital Budget and profile of expenditure for the three years 2019/20 to 2021/22 is:

2019/20	£21.051m
2020/21	£15.056m
2021/22	£0.629m

1.1.2. The budget for 2020/21 has reduced from £24.051m in November to £21.051m due to additional funding and rephasing of expenditure on certain schemes as outlined in the following paragraphs.

1.1.3. The following new schemes funded from Council resources have been added to the Capital Programme in December and are shown in the budget figures above:

- Ainsdale Accessibility Improvements (£0.050m).

1.1.4. Additional funding of £0.500m has been added to the Highways & Public Protection budget for the M58 Junction 1 scheme following a successful bid to the Combined Authority for additional resources (see paragraph 5.3.2 below).

1.1.5. Amendments to the 2019/20 capital budgets have been made in December due to the re-phasing of £3.550m of schemes between 2019/20 and future years. The most significant variations are shown below:

- Care Home Improvements – £0.200m phased from 2019/20 to 2020/21. This is a project to distribute grants to care homes. The project has been launched in the current year, but spending will not commence until next year following completion of the bidding process.
- Retail Model within Health and Wellbeing Hubs – £0.250m phased from 2019/20 to 2020/21. Appropriate retail units have been identified and the project plans are currently being formulated for delivery in 2020/21.
- Improvement Programme Complex Needs – £0.200m. Progress on this project is dependent on the outcome of a national bid to NHS England and the approval of a full business case.
- Highways Capital Programme – £1.678m has been phased from 2019/20 to 2020/21. Several large schemes have not started as planned. A separate report has been provided to Cabinet Member – Locality Services on the progress of schemes under the Highways programme.
- Schools General Planned Maintenance – £0.146m has been rephased from 2019/20 to 2020/21 and £0.180m of surplus balances on other school schemes that will be completed under budget have been transferred to fund Planned Maintenance in 2020/21.
- Lydiate Primary General Refurbishment – scheme to be completed later than anticipated due to extended lead time on tenders for the work (£0.044m from 2020/21 to 2019/20)
- Southport Theatre and Convention Centre – £0.125m of maintenance works has been rephased from 2019/20 to 2020/21 to allow time to negotiate the closure of the building with the operator and align work with the 2020 theatre programme.

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- Libraries – £0.080m phased from 2019/20 to 2020/21 as the purchase of updated library kiosks has been put back to the first quarter of 2020/21.
- CERMS – £0.209m phased from 2019/20 to 2020/21. Some of the work on this project is weather dependent and this has affected the timing of delivery.
- Surface Water Management Plan – £0.110m from 2019/20 to 2020/21. Delays in provision of data from third parties has pushed completion of this project into next year.

1.2. **Budget Monitoring Position to December 2019**

1.2.1. The current position of expenditure against the budget profile to the end of December 2019 is shown in the table below. It should be noted that budgets are profiled over the financial year which skews expenditure over quarters three to four.

1.2.2. The budget for each capital scheme is profiled depending on when works are expected to be carried out. For example, Education Excellence carries out most of its capital works during key school's holiday periods such as the summer recess (quarter 2), whilst Highways and Public Protection completes most of its programmed works during quarters 2 and 4. The budget to date in the table below reflects the profiles of each individual scheme.

Service Area	Budget to Dec-19	Actual Expenditure to Dec-19	Variance to Dec-19
	£m	£m	£m
Adult Social Care	1.843	1.762	-0.081
Communities	0.127	0.100	-0.027
Corporate Resources	0.778	0.795	0.017
Economic Growth & Housing	0.078	0.084	0.006
Education Excellence	2.055	2.005	-0.050
Highways & Public Protection	7.081	6.355	-0.726
Locality Services	0.905	1.003	0.098
Total Programme	12.867	12.104	-0.763

1.2.3. Analysis of significant spend variations over (+) / under (-) budget profile:

Highways and Public Protection

Scheme	Variation	Reason	Action Plan
A59 Maghull Route Management	-£327,028	Initial work on this project has taken longer than anticipated and this may extend the timescale of the project.	The budget will be reprofiled to reflect changes to the project timescale.
Street Lighting	-£84,479	Outstanding invoices.	Invoices are now in the system to be processed.

M58 Junction 1 Improvements	-£220,190	Delays to the project due to longer than anticipated time to secure the land. Works now on site and proceeding as planned but cost profile need to be revised.	A revised outturn schedule is currently being prepared. (see paragraph 4.2).
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1.3. Capital Programme Forecast Outturn 2019/20

1.3.1. The current forecast of expenditure against the budget profile to the end of 2019/20 and the profile of budgets for future years is shown in the table below:

Service Area	Full Year Budget 2019/20	Forecast Out-turn	Variance to Budget	Full Year Budget 2020/21	Full Year Budget 2021/22
	£m	£m	£m	£m	£m
Adult Social Care	3.003	3.002	-0.001	-	-
Communities	0.353	0.351	-0.002	0.411	-
Corporate Resources	0.952	0.954	0.002	0.979	-
Economic Growth & Housing	0.146	0.146	-	0.318	-
Education Excellence	2.885	2.881	-0.004	9.321	0.090
Highways & Public Protection	11.195	11.383	0.188	2.618	-
Locality Services	2.517	2.517	-	1.408	0.539
Total Programme	21.051	21.234	0.183	15.056	0.629

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

1.3.2. Analysis of significant spend variations over budget profile in 2019/20:

Highways & Public Protection

Scheme	Variation	Reason	Action Plan
M58 Junction 1 Improvements	£188,540	Delays to the project due to longer than anticipated time to secure the land. Contractual payments had to be made to the contractor in the interim. Additional redesign costs have also been incurred. The total forecast overspend is £930k over 2019/20 and 2020/21.	Additional funding of £500k has been secured from the Combined Authority. The remaining shortfall of £430k will be funded from additional contributions to the Capital Programme from Council Resources in 2019/20 and 2020/21.

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1.4. Programme Funding

1.4.1. The table below shows a how the capital programme will be funding in 2019/20:

Source	£m
Grants	17.602
Contributions (incl. Section 106)	1.239
Capital Receipts	0.221
Prudential Borrowing	1.989
Total Programme Funding	21.051

1.4.2. The programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital expenditure are in place, the future years programme is fully funded, and the level of prudential borrowing remains affordable subject to the issue raised in paragraph 5.3.2.

1.4.3. The Head of Corporate Resources will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the Council.

APPENDIX A – Capital Programme 2019/20 to 2021/22

Capital Project	Budget		
	2019/20 £	2020/21 £	2021/22 £
Adult Social Care			
Adult Social Care IT Infrastructure	44,020	-	-
South Hub	11,257	-	-
Primary Care Integration	39,500	-	-
Core DFG Programme	1,824,000	-	-
Wider Social Care Programme	1,084,722	-	-
Communities			
Atkinson Studio Stage	11,929	-	-
Dunes All Weather Pitches - Invest to Save	13,083	-	-
Crosby Lakeside Adventure Centre Water Sports	58,077	17,080	-
Formby Library Improvements	-	6,620	-
Libraries - Centres of Excellence	-	345,237	-
Bootle Library	-	42,372	-
S106 Molyneux Ward - Rainbow Park Improvement Works	26,211	-	-
S106 Litherland Ward - Caged Tipper	44,640	-	-
S106 Linacre Ward - Mobile CCTV	18,000	-	-
S106 Derby Ward - South Park Hut Extension	34,518	-	-
S106 St Oswald's - Marian Gardens Redevelopment	66,466	-	-
S106 Netherton & Orrell - Abbeyfield Park Play Area	27,327	-	-
S106 Cambridge - Hesketh Park Improvement Works	35,050	-	-
S106 Ainsdale - Ainsdale Village CCTV	18,000	-	-
Corporate Resources			
Corporate Maintenance	93,022	20,000	-
STCC Essential Maintenance	95,472	124,246	-
STCC Sound & Lighting Equipment	80,500	-	-
St John Stone Site - Infrastructure Works	-	623,210	-
Merton House Dilapidation	460,000	-	-
Magdalen House Alterations	61,587	83,392	-
Meadows Community Base	3,645	2,683	-
Aintree Community Base	5,815	1,968	-
NAC Community Base	2,511	18,499	-
Southport Town Hall Community Base	26,477	5,373	-
Family Wellbeing Centres	122,816	100,000	-
Economic Growth & Housing			
Marian Square, Netherton CCTV	-	40,405	-
REECH Project	-	37,162	-
Southport Commerce Park - 3rd Phase Development	-	13,173	-
Housing Investment (HMRI)	34,800	56,980	-
Southport Pier Project	111,515	170,688	-
Education Excellence			
Healthy Pupils Fund	178,000	-	-

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	2019/20 £	2020/21 £	2021/22 £
Schools Programme	2,351,742	3,642,545	90,354
Planned Maintenance	207,253	4,620,312	-
Special Educational Needs & Disabilities	148,329	1,058,171	-
Highways and Public Protection			
Accessibility	145,000	-	-
Completing Schemes/Retentions	32,250	-	-
Healthy Lifestyles	510,000	1,155,000	-
Road Safety	80,000	40,000	-
A565 Route Management and Parking	720,000	-	-
Strategic Planning	303,822	160,168	-
Traffic Management and Parking	1,350,000	1,052,500	-
Highway Maintenance	2,039,446	-	-
Bridges & Structures	188,000	55,110	-
Drainage	50,000	-	-
Street Lighting Maintenance	475,000	-	-
UTC Maintenance	100,000	-	-
Major Transport Schemes	5,200,589	154,836	-
Locality Services			
Thornton Garden of Rest Improvements	3,692	-	-
Burials & Cremation Insourcing - Vehicles & Equipment	-	200,000	-
Formby Strategic Flood Risk Management Programme	-	44,141	-
Merseyside Groundwater Study	5,000	26,508	-
Four Acres Multi Agency Flood Options	3,352	-	-
CERMS	710,830	358,336	-
Natural Flood Risk Management	10,000	-	-
The Pool & Nile Watercourses	58,602	-	-
Crosby Flood & Coastal Scheme	324,285	340,852	500,000
Seaforth & Litherland Strategic Flood Risk	-	30,000	-
Hall Road & Alt Training Bank - Rock Armour	25,000	25,000	-
Ainsdale & Birkdale Land Drainage Scheme	-	30,000	-
Surface Water Management Plan	60,000	110,000	-
Parks Schemes	108,213	204,375	-
Tree Planting Programme	77,185	39,174	38,600
Vehicle Replacement Programme	1,130,614	-	-
TOTAL PROGRAMME	21,051,164	15,056,116	628,954

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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