

Report to:	Cabinet	Date of Meeting:	7 January 2021
Subject:	Financial Management 2020/21 to 2023/24 and Framework for Change 2020 - Revenue and Capital Budget Update 2020/21 including the Financial Impact of COVID-19 on the 2020/21 Budget - January Update		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform **Cabinet** of:

1. The current estimated financial impact of COVID-19 on the 2020/21 Budget;
2. The current forecast revenue outturn position for the Council for 2020/21;
3. The current forecast on Council Tax and Business Rates collection for 2020/21;
4. The monitoring position of the Council's capital programme to the end of November 2020:
 - 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 estimated impact of COVID-19 on the 2020/21 Budget together with the key issues that will influence the final position.
- 2) Recognise the financial risks associated with the delivery of the 2020/21 revenue budget and the material variations that are to be expected to the current estimates contained in this report, and agree that subsequent reports provide updates and where appropriate remedial actions plans as appropriate;
- 3) Note the current forecast revenue outturn position for 2020/21;
- 4) Acknowledge that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved;

Capital Programme

- 5) Note the spending profiles across financial years for the approved capital programme (paragraph 6.1.1);
- 6) Note the latest capital expenditure position as at 30 November 2020 of £11.530m (paragraph 6.2.1) with the latest full year forecast of £31.147m (paragraph 6.3.1);
- 7) Note explanations of variances to project budgets (paragraph 6.2.3);
- 8) Approve the additional School Condition Grant of £0.680m for inclusion in the capital programme (paragraph 6.4);
- 9) Approve the additional Highways Active Travel Tranche 2 Grant of £0.700m and the School Streets allocation of £0.030m (section 6.5) for inclusion in the capital programme;
- 10) Approve the additional Disabled Facilities Grant allocation of £0.572m for inclusion in the capital programme (paragraph 6.6); and,
- 11) Note that capital resources will be managed by the Executive Director Corporate Resources and Customer Services to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council (paragraph 6.7.3).

Reasons for the Recommendation(s):

To ensure Cabinet are informed of the forecast outturn position for the 2020/21 Revenue Budget as at the end of November 2020, including delivery of a remedial action plan, 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.

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 2020/21 there is currently a forecast deficit of £0.605m. Mitigating measures have been identified in order to arrive at this deficit. Should this deficit remain 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 2020/21 is £31.534m. As at the end of November 2020 expenditure of £11.530m has been incurred and a full year outturn of £31.147m 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:

Resource Implications (Financial, IT, Staffing and Assets):
There is currently a budget deficit of £0.605m forecast for 2020/21. However, it should be noted that significant pressure and risk remains in four key business areas, namely Children's Social Care, Children with Disabilities, Education Excellence and Locality Services. These budgets may experience further demand pressure during the remainder of the year in which case corresponding savings will need to be identified. If this cannot take place there will be a call on the Council's General Balances.
Legal Implications:
None
Equality Implications:
There are no equality implications.

Contribution to the Council's Core Purpose:

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

<u>Protect the most vulnerable:</u>
See comment above
<u>Facilitate confident and resilient communities:</u>
See comment above
<u>Commission, broker and provide core services:</u>
See comment above
<u>Place – leadership and influencer:</u>
See comment above
<u>Drivers of change and reform:</u>
See comment above
<u>Facilitate sustainable economic prosperity:</u>
See comment above
<u>Greater income for social investment:</u>
See comment above

Cleaner Greener:
See comment above

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources & Customer Services is the author of the report (FD 6229/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4421/20).

(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

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Appendices:

The following appendices are attached to this report:

APPENDIX A – Capital Programme 2020/21 to 2022/23

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 In February 2020, Council approved the budget for 2020/21. This report provides an update on the forecast revenue outturn position for 2020/21, including the significant impact of COVID-19 on the Council's 2020/21 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 2020/21 and forecast expenditure for 2021/22 and 2022/23. The capital budget to date is presented in section 6.1. Sections 6.2 and 6.3 review progress of the capital programme. Finally, Section 6.7 confirms that there are adequate levels of resources available to finance the capital programme.

2. Impact of COVID 19 on 2020/21 Budget

- 2.1 At the Cabinet meeting on 30 July 2020, Members received a comprehensive report that outlined the full range of financial issues that were being faced by the Council (and all other councils within the country) arising from the pandemic.
- 2.2 At the Cabinet meeting on 3 December 2020, Members were provided with an update that based on an update to the monthly return to central government (MHCLG) the Council would have a net shortfall of £18.5m in 2020/21 when these issues had been taken into account and the use of the £23.7m emergency fund from central government had been applied. These figures reflected actual expenditure and receipts as at the end of October and estimates until the end of the year. It was acknowledged that these figures could be the subject of material change depending on the impact of local and national restriction measures, social behaviour and the conditions within the local economy that drive employment and business activity.

Latest Submission to MHCLG - December 2020

- 2.3 As Members will be aware each month the Council has been required to outline its cost pressures in its return to MHCLG. The latest submission relating to December was provided on 11 December 2020. The latest estimates included on the return are detailed below along with the figures included in the return for October:

	October 2020 £'m	November 2020 £'m
Forecast cost of responding the pandemic	16.0	17.0
Loss of income from fees and charges	14.9	14.9
Reduced Council Tax receipts	4.3	5.2
Reduced Business Rates receipts	7.0	7.0
Sub Total	42.2	44.1
Government Funding Received	(23.7)	(23.7)
Current Shortfall	18.5	20.4

- 2.4 The forecast cost of responding to the pandemic has increased due to costs being incurred by the Merseyside Waste and Recycling Authority which will be recharged to the Council now being included. The current forecast for reduced Council Tax receipts has worsened due to an assessment of the current levels of collection on the level of arrears from previous years; further work will be undertaken to refine the assessment.

Central Government Advice and Guidance

- 2.5 As outlined in previous reports to Cabinet, the government has introduced a scheme to cost share the income losses being incurred by the Council from sales, fees and charges.

The Council will make three claims relating to 2020/2021. The first claim was submitted in September 2020 and covered losses incurred between April and July. It is estimated that £9.1m of the overall losses shown in 2.3 fall under the remit and the conditions set out by central government for the scheme. Under the cost sharing arrangement, the Council is estimated to receive £5.6m. Therefore, the Council will need to fund £3.5m of these losses.

Those losses for which the Council is not entitled to any support is estimated to be £5.4m. Therefore, total losses of £8.9m will need to be funded by the Council during the current year.

In addition, in the Spending Review for 2020, the government announced a further scheme to support 75% of irrecoverable losses in 2020/2021 for Council Tax and Business Rates. Details of the scheme have still to be announced. Based on the figures reported to the MHCLG, the Council is estimating losses of £12.2m. If all of this amount is eligible for support, then the Council would need to fund £3.050m. However, under regulations this sum would need to be funded in future years. This will need to be funded from the emergency funding received by the Council.

Potential Impact for Sefton

2020/21

- 2.6 As stated, there are two primary issues that need to be addressed in the current year for the Council:-
- The Council has a statutory responsibility to balance its budget, therefore needs to meet the net loss of fees and charges of £8.9m after government support (this assumes that the approved budget for the year is balanced); and
 - The Council needs to have sufficient cash within its bank account to meet its ongoing costs throughout the year, i.e. cashflow.
- 2.7 The proposed approach to balancing this year's budget was set out in the previous Cabinet report and this remains the Council's preferred approach but will be dependent on the potential cost of responding further to the pandemic and the receipt of any further government support. As previously stated, it is estimated that the Council's share of this loss of income from fees and charges will be £8.9m and will be met from emergency funding.

- 2.8 In respect of cashflow, the current analysis suggests that the Council will not need to borrow funds before the end of 2020/21 in order to support its expenditure plans. However, if any borrowing is required later in the year the approved Treasury Management Strategy and prudential indicators for 2020/21 can accommodate this.
- 2.9 As Members have discussed in recent months this position will inevitably be the subject of change between now and the end of the financial year and both the approved budget and the impact of the pandemic will require forensic monitoring and cost and income control as the risk to the financial sustainability of the Council has been significantly escalated.

Cost of responding to the pandemic

- 2.10 It can be seen from the table presented earlier in this report that the current forecast is that the Council has potential commitments totalling £17.0m from its emergency fund budget (this includes the contingency sum previously agreed by members).
- 2.11 When the cost of responding to the pandemic to date and the loss of income that needs to be funded are taken into account then the preferred approach to meeting the cost of the pandemic can be delivered. However, there would be little room for any further expenditure or income losses to be funded. It is clear that the current wave of the pandemic and the restrictions that are being applied will require the Council to support residents as it did in the first wave and will see further pressure being placed upon income streams. Therefore, due to the increase in cases of COVID-19 and national and local restrictions, it is anticipated that the fourth tranche of emergency funding will be fully utilised in directly supporting the Council's response to the pandemic and the further loss of income that is anticipated between now and the end of the year.

2021/22

- 2.12 The Government announced a one-year Spending Review for 2021/2022 on 25 November 2020. This provided some details of the overall funding available for local government and what additional support will be provided to address the ongoing impact of COVID into next year. Some of the main announcements were:
- An additional £300m of Social Care Grant would be paid to local authorities in 2021/22
 - The core principle for Council Tax increases will remain at 2%.
 - Local authorities have been given the power raise Council Tax by a further 3% on top of the core principle as an Adult Social Care Precept
 - Additional emergency funding of £1.55bn nationally will be made available to support the ongoing financial implications of COVID-19 in 2021/22.
 - An additional £670m to support reductions in Council Tax receipts due to increases in the number of Council Tax Reduction Scheme claimants.
 - Extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021.
- 2.13 The Local Government Finance Settlement for 2021/22 was announced on 17 December 2020 and included more detail on the exact implications of the above

announcements on Sefton. At the time of writing this report officers were still assessing these implications – a verbal update will be provided to Members.

- 2.14 A report to Cabinet in October 2020 presented an updated Medium-Term Financial Plan (MTFP) for 2021/2022 – 2023/2024 which included an assessment of the ongoing financial implications of the pandemic. Work is ongoing within the Council to update the MTFP and evaluate the potential impact of COVID-19 and the additional pressure that is being, and will continue to be, experienced on key demand led services, e.g. Adults and Children’s Social Care, as well as the implications of the Settlement. A Budget Plan for 2021/22 will be presented to Budget Cabinet on 11 February 2021 that will allow the Council to set and then deliver a sustainable budget for the year.

3. Summary of the Forecast Outturn Position as at the end of November 2020

- 3.1 Members are provided with updates of the Council’s forecast financial position each month during the financial year from June onwards.
- 3.2 Given the unprecedented financial challenges faced by the Council in relation to COVID-19, it is vital that the Council is able to achieve a balanced forecast outturn position for its normal activities, ignoring the impact of COVID-19 pressures. Therefore, the Council undertook initial budget monitoring during April and May to get an earlier indication on the likely pressures to be incurred.
- 3.3 As in previous years, significant pressures have been identified in several service areas at this early stage of the year, particularly Children’s Social Care, Communities (Children with Disabilities) Education Excellence (Home to School Transport) and Locality Services. Initial indications of the budget pressures are shown below:

<u>Service</u>	<u>Budget Pressure</u>
	£m
Children's Social Care – Placements & Packages	4.100
Communities – Children with Disabilities / PSR2	1.050
Education Excellence – Home to School Transport	0.200
Locality Services – Security Force	0.350
	5.700

- 3.4 Given the uncertainty around COVID-19 it is vital that the Council ensures the 2020/21 budget does not overspend. Therefore, following the April monitoring position being determined, it was identified that a remedial plan needed to be developed. This has initially focussed on vacancy management with external recruitment being prioritised in Children’s Services, Family and Well Being Centres/Early Help and SEND, stopping all non-essential expenditure within the Council, with the exceptions of Children’s Social Care (due to the budget issues in that service) and Public Health (due to the current pandemic) and as per the Budget Report of February 2020, bringing through savings from the Framework for Change programme - these will be developed and shared with Members as per the

Council's established governance processes. A budget shortfall of £5.7m equates to needing to identify savings to the value of 3.5% of the Council's remaining budget and as this pressure is permanent long-term savings to this value are required moving into next year.

- 3.5 As a result of this work undertaken, the latest forecast of service expenditure indicates an overspend of **£0.605m**, an increase of £0.007m from the October position. However, this represents the forecast with four months of the financial year remaining which encompasses the winter period which can have a material impact on the budget in a number of areas hence the outturn forecast and those savings that are being developed will vary in value over the next six months. It is however critical that in the event that budget pressure increases, corresponding savings are identified within the Council's existing budget. The table below highlights the variations:

	Budget	Forecast Outturn	Variance	Variance to October Position
	£m	£m	£m	£m
Services				
Strategic Management	3.136	2.953	-0.183	-0.012
Adult Social Care	94.800	94.800	0.000	0.000
Children's Social Care	34.977	39.876	4.899	0.102
Communities	18.359	19.515	1.156	0.072
Corporate Resources	7.605	7.380	-0.225	0.006
Economic Growth & Housing	5.659	5.758	0.099	-0.021
Education Excellence	9.783	10.131	0.348	0.020
Health & Wellbeing	18.498	18.388	-0.110	-0.004
Highways & Public Protection	10.553	10.557	0.004	-0.027
Locality Services	12.240	12.435	0.195	-0.204
Total Service Net Expenditure	215.610	221.793	6.183	-0.068
Budget Pressure Fund	1.000	0.000	-1.000	0.000
In year savings	5.411	0.000	-5.411	0.000
Council Wide Budgets	14.360	15.393	1.033	0.075
Levies	34.701	34.701	0.000	0.000
General Government Grants	(46.376)	(46.576)	-0.200	0.000
Total Net Expenditure	224.706	225.311		
Forecast Year-End Deficit			0.605	0.007

- 3.6 The key areas relating to the outturn position are as follows:

- **Adult Social Care (forecast nil variance)** – The current forecast assumes that the Adult Social Care budget will break-even during 2020/2021. However, there are a

number of significant assumptions and uncertainties relating to COVID-19 that could impact on this position before the year-end. It is currently assumed that £1.7m of expenditure relating to hospital discharges due to COVID-19 will be funded by the CCGs from the allocations of funding they have received for this purpose from the Government, the CCGs have now been invoiced for this funding and have paid an initial sum; there are also ongoing discussions with the CCGs relating to other ongoing costs that need to be funded. Similarly, detailed work is underway to evaluate and then estimate the financial impact of the pandemic on the services residential and day care services budgets. An outline position was reached on this in September however as a result of the recent surge in cases, this will now need to be fundamentally reviewed. This will impact not only this year's budget but also that for 2021/22.

- **Children's Social Care (£4.899m net overspend)** – Based on the current numbers of Looked After Children, and assuming a further increase in line with the increase seen in 2019/20, the Placement and Packages budget is forecast to overspend by £4.309m in 2020/21.

In addition, there is a forecast overspend on staffing costs of £0.590m. This relates to the cost of additional social workers that have been required to deal with increased caseloads, and agency staff. Levels of staffing and this budget are kept under constant review and relate directly to the level of service that is required.

The pressure in this area of the Council will continue to be evaluated during the remainder of the year and the current and potential final financial position will inevitably be further impacted by the current COVID restrictions. As a result, work will be undertaken to determine to what extent central government support via the emergency fund will contribute to this pressure.

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. The Council is currently working on developing a range of options to address the inherent demand and costs of Looked After Children whilst supporting the most vulnerable residents, but this budget remains under pressure and purely from a financial point of view this is likely to continue during this year and into the next financial year.

- **Communities – (£1.156m overspend)** – The cost of placements and packages for Children with Disabilities is forecast to overspend by £0.890m (excluding the estimated additional costs relating to COVID-19). This budget has been under increasing pressure in recent years but overspends have previously been offset by underspends elsewhere on the service.

In addition, there is a residual savings target from PSR2 of £0.584m for which specific savings have yet to be identified. In 2019/20 these were achieved by vacancy savings and a number of one-off measures which are only partially contributing to achieving the target in 2020/21.

- **Education Excellence (£0.348m overspend)** - Home to School transport external provision has a projected overspend of £0.635m due to an increase in the number of children being transported plus an increase in the number of children in receipt of personal travel budgets. These demand pressures have meant the budget has

overspent for a number of years, despite increases being made to the budget, including £0.200m in 2020/21.

- **Locality Services (£0.195m overspend)** – Some of the service pressures experienced in 2019/20 have continued into 2020/21.
 - Security Service (£0.665m overspend) – The forecast deficit is a reflection of an under recovery of income to support the cost base. The forecast overspend is based on a prudent view of the income due. The Service is to undertake a full review as part of the saving proposals below.
 - Cleansing (£0.570m underspend) – The underspend is mainly due to the reduced costs of vehicles as the purchase of the new fleet will occur later than originally anticipated, resulting in lower prudential borrowing costs.

Measures to close the residual gap in 2020/2021

3.7 The forecast budget deficit as at October 2020 is **£0.605m**. This reflects the risks that are inherent in the Council's financial position, particularly around demand for Children's Social Care and other demand led services. With a budget deficit being forecast and further pressure likely based on experience in previous years and the need to manage the impact of COVID on the Council's financial sustainability, financial principles utilised over the last decade will once again be maintained:

- All Heads of service as a minimum should contain expenditure within the budget forecast that had been made at the end of June - if there is to be any budget pressure above this, remedial measures will be required to meet the pressure or further savings being required across all services.
- To that end expenditure should only be incurred on essential activities during the year and a targeted approach to vacancy management as set out.
- Heads of Service and senior managers to place an increased emphasis on budget monitoring throughout the year to ensure all financial forecasts are robust and can be substantiated.
- The remedial action plan and mitigations proposed by Services be tracked for the remainder of the financial year to ensure they are being achieved.

4. Council Tax Income – Update

4.1 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 £139.830m for 2020/21 (including Parish Precepts), which represents 84.1% of the net Council Tax income of £166.267m.

4.2 The forecast outturn for the Council at the end of November 2020 is a deficit of +£1.132m. This variation is primarily due to: -

- The deficit on the fund at the end of 2019/20 being higher than estimated (+£0.047m);

- Gross Council Tax Charges in 2020/21 being higher than estimated (-£0.278m);
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£1.360m). This is mainly as a result of a significant increase in the number of claimants for the Council Tax Reduction Scheme (CTRS).

4.3 It should be noted that the deficit is expected to increase due to an increasing number of CTRS claimants and the impact of a reduction in the amount of Council Tax being collected (currently estimated at £4.5m).

4.4 Due to Collection Fund regulations, the Council Tax deficit will not be transferred to the General Fund in 2020/21 but will be carried forward to be recovered in future years.

4.5 A forecast deficit of £2.348m was declared on the 23 January 2020 of which Sefton's share is £1.975m (84.1%). This is the amount that will be recovered from the Collection Fund in 2020/21. Any additional surplus or deficit will be distributed in 2021/22 and future years.

5. **Business Rates Income – Update**

5.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £66.169m for 2020/21, which represents 99% of the net Business Rates income of £66.838m. Business Rates income has historically been very volatile making it difficult to forecast accurately.

5.2 The forecast outturn for the Council at the end of November 2020 is a deficit of £37.887m on Business Rates income. This is due to:

- The surplus on the fund at the end of 2020/21 being higher than estimated (-£1.119m);
- Reduction in the gross charge on rateable properties (£0.632m);
- A number of additional reliefs were announced after January 2020 to support businesses during the COVID-19 pandemic. These include expanded retail discount, pub relief, newspaper relief, and private nursery relief. The loss of income as a result of these reliefs will be covered by Section 31 grant payments. Due to the timing of these announcements the impact of these reliefs could not be incorporated into the budget figures reported in the NNDR1 return (+£38.374m).

5.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net surplus of £0.764m is forecast. However, it should be noted that this doesn't take account of the impact of the number of appeals being registered by businesses in response to the pandemic or the reduction in the amount of Business Rates being collected. A significant forecast deficit is therefore anticipated with the current estimate being a £7.0m deficit.

5.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2020/21 but will be carried forward to be recovered in future years.

5.5 A forecast surplus of £0.622m was declared in January 2020. Sefton's share of this is £0.616m. This is the amount that will be distributed from the Collection Fund in 2020/21 and any additional surplus or deficit will be distributed in future years.

6. Capital Programme 2020/21 – 2022/23

6.1 Capital Budget

6.1.1 The Capital Budget and profile of expenditure for the three years 2020/21 to 2022/23 is as follows:

2020/21	£31.534m
2021/22	£33.429m
2022/23	£1.452m

6.1.2 The following updates have been made to the Capital Programme since the last report to Cabinet:

- Adult Social Care:

- £0.309m has been rephased from 2021/22 for an increase in Disabled Facilities Grants forecast to be spent in 2020/21
- £0.190m has been phased to 2021/22 for the Assistive Technology Supported Living project that has been delayed due to access issues and restrictions resulting from Covid-19.

- Corporate Resources:

- £0.221m has been phased to 2021/22 for Public Sector Reform.

- Economic Growth and Housing:

- A new allocation of £0.090m has been added to the capital programme under delegated authority, externally funded by an MHCLG grant for the Next Steps Accommodation Funding Programme.
- A new allocation of £0.100m has been added to the capital programme under delegated authority as part of the Southport Town Deal Accelerated Grant from the MHCLG.

- Education Excellence:

- £0.276m has been phased from 2021/22 to 2020/21 for schemes to be delivered at Linacre Primary, Lydiate Primary, Northway Primary and Melling Primary.

- Highways & Public Protection

Following a review of several Highways schemes, the following adjustments have been made to phase delivery into 2021/22:

- Kirkby to Maghull Cycle Route (£0.162m)

- Southport East West Links (£0.250m)
 - Local Safety Schemes (£0.125m)
 - A565 Corridor Improvements - Great Georges Road (£0.290m)
 - A59 Maghull Route Management (£0.250)
 - Scarisbrick Avenue (£0.420m)
 - A565 Northern Key Corridor Improvements (£0.100m).
- Locality Services:
 - £0.213m has been phased from 2020/21 to 2021/22 for the ongoing replacement of Green Sefton Plant and Machinery, and vehicles and equipment for the insourcing of the Burials and Cremation service.
 - £0.087m has been phased from 2020/21 to 2021/22 for the delivery of the Surface Water Management Plan.

6.2 Budget Monitoring Position to November 2020

6.2.1 The current position of expenditure against the budget profile to the end of October 2020 is shown in the table below. It should be noted that budgets are profiled dependent upon the timing of when works are to be carried out and the anticipated spend over the financial year. For example, Education Excellence will typically carry out most of its capital works during key school's holiday periods such as the summer recess (quarter two), whilst Highways and Public Protection will complete most of its programmed works during quarters two and four. The budget to date in the table below reflects the profiles of each individual scheme.

Service Area	Budget to Nov-20	Actual Expenditure to Nov-20	Variance to Nov-20
	£m	£m	£m
Adult Social Care	1.029	1.032	0.003
Communities	0.089	0.077	-0.012
Corporate Resources	0.115	0.152	0.037
Economic Growth & Housing	0.802	0.732	-0.070
Education Excellence	2.808	2.784	-0.024
Highways & Public Protection	5.970	5.973	0.003
Locality Services	0.885	0.780	-0.105
Total Programme	11.698	11.530	-0.168

6.2.2 Due to the impact of the COVID-19 crisis, delivery of schemes during the first eight months (April to November) has been relatively low and the budget has been profiled accordingly, similarly the opportunity to conduct large elements of the schools' programme during summer 2020 will also have been lost. It is anticipated that spending will increase towards the end of quarter two as contractors return on site to complete scheduled works. The budgets will therefore reflect increases in activity later in the year. It may also be necessary to reprofile allocations to future years where schemes have been delayed and cannot be completed in the current year. These schemes will be kept under review and any adjustments to the budgets will be reported to Cabinet on subsequent monitoring reports.

6.3 Capital Programme Forecast Outturn 2020/21

6.3.1 The current forecast of expenditure against the budget profile to the end of 2020/21 and the profile of budgets for future years is shown in the table below:

Service Area	Full Year Budget 2020/21	Forecast Out-turn	Variance to Budget	Full Year Budget for Ongoing Schemes 2021/22	Full Year Budget for Ongoing Schemes 2022/23
	£m	£m	£m	£m	£m
Adult Social Care	2.841	2.804	-0.037	7.765	-
Communities	0.258	0.258	-	0.265	-
Corporate Resources	1.242	1.221	-0.021	4.149	-
Economic Growth & Housing	5.442	5.442	-	3.905	-
Education Excellence	3.690	3.631	-0.059	5.305	0.427
Highways & Public Protection	13.731	13.731	-	3.500	-
Locality Services	4.331	4.330	-0.001	8.539	1.026
Total Programme	31.534	31.417	-0.117	33.429	1.452

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

6.3.2 Analysis of significant spend variations over budget profile in 2020/21:

Education Excellence

Scheme	Variation	Reason	Action Plan
Linaker Primary – Additional 1 Form Entry Classroom	-£59,631	Project is now complete and a saving on the scheme has been identified.	Surplus resources will be used to fund essential works on the Schools General Planned Maintenance budget.

6.3.3 Schemes will be kept under review, but it is anticipated that due to the limited amount of resource available to complete delivery, plus the impact of COVID-19, some schemes may have to be rescheduled into 2021/22 financial year. An update will be provided on subsequent monitoring reports. With only four months of the financial year remaining, achieving the current forecast for the year will be challenging hence the comprehensive review each quarter. This estimate is the best available at this time but will be dependent on a number of factors including local restrictions.

6.4 Additional School Condition Allocation Grant

6.4.1 Sefton has received an additional £0.680m for repairs and upgrades to school buildings, on top of funding already allocated this year. This has been allocated through the School Condition Allocation for 2020/21. Approval is sought for the inclusion of this additional grant in the capital programme that will be spent on the ongoing programme of school's essential maintenance.

6.5 Highways Active Travel Tranche 2

- 6.5.1 Sefton has been allocated, via the Liverpool City Region Combined Authority, a further £0.700m under the second tranche of the Department for Transport Active Travel Fund. Further funding of £0.030m has also been allocated to support School Streets schemes.
- 6.5.2 Approval is sought for the inclusion of this additional grant in the capital programme. It is not envisaged that all of this funding can be spent in the current financial year due to the requirement to prioritise schemes under the first tranche of the Active Travel Fund. The majority of the additional funding will therefore be included in the 2021/22 capital programme.

6.6 Additional Disabled Facilities Grant

- 6.6.1 The government announced on 3 December an additional £68m in capital funding to be made available to local authorities through the Disabled Facilities Grant (DFG) in 2020/21. This extra boost in DFG funding is to help support local authorities to deliver more home adaptations for those people with disabilities who qualify for a DFG. The Council has received notification from the MHCLG of the grant award and approval is now sought to include an additional allocation of £0.572m in the current capital programme.

6.7 Programme Funding

- 6.7.1 The table below shows how the capital programme will be funding in 2020/21:

Source	£m
Grants	22.852
Contributions (incl. Section 106)	0.495
Capital Receipts	1.487
Prudential Borrowing	6.700
Total Programme Funding	31.534

- 6.7.2 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.
- 6.7.3 The Executive Director Corporate Resources and Customer Services will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the Council.

APPENDIX A – Capital Programme 2020/21 to 2022/23

Capital Project	Budget		
	2020/21 £	2021/22 £	2022/23 £
Adult Social Care			
Care Homes - Fire Alarms & Emergency Lighting	102,000	-	-
Core DFG Programme	975,000	849,000	-
Wider Social Care Programme	1,763,973	6,915,37	-
Communities			
Crosby Lakeside Watersports	2,217	-	-
Libraries - Centres of Excellence	83,623	265,088	-
Bootle Library	38,749	-	-
S106 - Derby – South Park Hut Extension	50,614	-	-
S106 - St Oswalds – Marion Gardens Play Equipment	3,022	-	-
S106 - Netherton & Orrell – Abbeyfield Park Play Area	11,942	-	-
S106 - Cambridge – Hesketh Park Improvement Works	15,016	-	-
S106 - Netherton & Orrell – Zebra Crossing, Park Ln West	19,540	-	-
S106 - Linacre - Strand Living Wall	33,000	-	-
Corporate Resources			
Corporate Maintenance	17,799	2,482,283	-
STCC Essential Maintenance	100,000	1,298,634	-
Victoria Baths Essential Works	393,873	147,374	-
St John Stone Site - Infrastructure Works	623,210	-	-
Public Sector Reform – Cost of Change	106,914	220,738	-
Economic Growth & Housing			
Housing Investment (HMRI)	18,078	36,180	-
Next Steps Accommodation Programme	90,000	-	-
Southport Pier Project	179,920	-	-
Southport Tree Lights	100,000	-	-
Strategic Acquisitions - Land at Bootle	1,398,500	149,000	-
Town Centre Fund	-	250,000	-
Southport Market Redevelopment	900,000	500,000	-
Cambridge Road Centre Development	1,253,717	70,000	-
Crosby Lakeside (CLAC) Development	1,200,000	1,900,000	-
Strategic Acquisitions – Ainsdale	301,859	1,000,000	-
Education Excellence			
Healthy Pupils Fund	26,241	-	-
Schools Programme	2,571,634	4,568,195	401,625
Planned Maintenance	400,831	300	-
Special Educational Needs & Disabilities	691,238	736,499	25,000
Highways and Public Protection			
Accessibility	107,320	180,000	-
Completing Schemes/Retentions	20,000	-	-
Healthy Lifestyles	2,500,000	560,200	-
Road Safety	15,000	125,000	-
A565 Route Management and Parking	780,000	1,280,000	-

	2020/21 £	2021/22 £	2022/23 £
Strategic Planning	303,000	45,000	-
Traffic Management and Parking	815,000	289,550	-
Emergency Active Travel Fund	610,457	-	-
Port Access	179,000	-	-
Highway Maintenance	4,005,433	820,000	-
Bridges & Structures	232,670	1,000	-
Drainage	50,000	-	-
Street Lighting Maintenance	300,000	-	-
UTC Maintenance	193,660	-	-
Winter Service Facility	2,632,000	-	-
Major Transport Schemes	987,500	200,000	-
Locality Services			
Burials & Cremation Insourcing - Vehicles & Equipment	45,000	90,210	-
Formby Strategic Flood Risk Management Programme	-	43,851	-
Merseyside Groundwater Study	-	31,508	-
Four Acres Multi Agency Flood Options	-	1,570	-
CERMS	458,213	220,000	-
Natural Flood Risk Management	10,000	-	-
The Pool & Nile Watercourses	38,179	-	-
Crosby Flood & Coastal Scheme	56,439	48,561	785,839
Seaforth & Litherland Strategic Flood Risk	-	30,000	-
Hall Road & Alt Training Bank – Rock Armour	6,000	44,000	-
Ainsdale & Birkdale Land Drainage Scheme	4,000	25,340	-
Surface Water Management Plan	46,847	87,631	-
Surface Water Modelling & Mapping	20,020	-	-
Small Watercourse Works	15,000	-	-
Water Level Monitoring Pilot	18,000	-	-
Hightown Coastal Protection Interim Options	10,000	-	-
Parks Schemes	90,070	192,497	-
Tree Planting Programme	85,750	38,600	126,783
Golf Driving Range Developments	256,080	280,280	-
Green Sefton – Plant & Machinery	177,000	123,000	-
Vehicle Replacement Programme	1,344,000	7,281,905	113,000
Wheeled Bins	1,650,000	-	-
TOTAL PROGRAMME	31,534,148	33,428,731	1,452,247