

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	29 July 2021
<b>Subject:</b>	Financial Management 2021/22 to 2024/25 and Framework for Change 2020 - Revenue and Capital Budget Update 2021/22 including the Financial Impact of COVID-19 on the 2021/22 Budget - July Update		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Leader of the Council		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

### Summary:

To inform **Cabinet** of:

1. The current financial implications of COVID-19 on the 2021/22 Budget;
2. The current position relating to the 2021/22 revenue budget;
3. The current forecast on Council Tax and Business Rates collection for 2021/22;
4. The monitoring position of the Council's capital programme to the end of June 2021:
  - 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 financial implications of COVID-19 on the 2021/22 Budget together with the key issues that will influence the final position;
- 2) Note the various Government grants that have been received to support residents and businesses which will be utilised in accordance with central government guidance;
- 3) Approve that decisions on the use of the discretionary elements of the Adult Social Care Infection Control and Testing Fund are delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Members for Adult Social Care and Health and Wellbeing;

- 4) Approve that decisions on the use of the Local Support Grant are delegated to the Executive Director - People in consultation with the Cabinet Member for Communities and Housing;
- 5) Note the current position relating to the 2021/22 revenue budget;
- 6) Recognise the financial risks associated with the delivery of the 2021/22 revenue budget and acknowledge that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved;

### **Grant Funding**

- 7) Note and accept the offer of £969,724 Adult Education Budget funding available to Sefton Council, which is ring-fenced for the delivery of adult community learning provision for residents aged over 19.

### **Capital Programme**

- 8) Note the spending profiles across financial years for the approved capital programme (paragraph 7.1);
- 9) Approve the revised Transport Allocations for Key Route Network maintenance (£0.471m) and the Pipeline Development Fund (£0.368m) as shown in paragraph 7.7.
- 10) Recommend to Council to approve the revised Highways Maintenance allocation of £3.100m as shown in paragraph 7.7.
- 11) Approve the supplementary capital estimate of £0.195m for the Regional Coastal Monitoring programme (paragraph 7.10).
- 12) Note the latest capital expenditure position as at 30 June 2021 of £6.491m (paragraph 7.11); the latest full year forecast is £45.203m (paragraph 7.12).
- 13) Note explanations of variances to project budgets (paragraph 7.15); and,
- 14) 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 7.18).

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

To ensure Cabinet are informed of the current position in relation to the 2021/22 revenue budget, including COVID19 pressures and additional funding being made available to the Council.

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 2021/22 a small underspend position is currently expected but that mitigating actions may be required if the position worsens.

**(B) Capital Costs**

The Council's capital budget in 2021/22 is £45.819m. As at the end of June 2021 expenditure of £6.491m has been incurred and a full year outturn of £45.203m 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):**

It is currently expected that a small underspend budget position will be achieved for 2021/22. 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. If these budgets experience further demand pressure during the remainder of the year corresponding savings will need to be identified. If this cannot take place there may be a call on the Council's General Balances.

**Legal Implications:**

None

**Equality Implications:**

None

**Climate Emergency Implications:**

The recommendations within this report will

Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	N

The additional allocations of capital funding outlined in section 7 may be spent on projects that will have a high climate change impact as they could relate to new build, rebuild, refurbishment, retrofit and demolition proposals. Environmental consideration will be taken into account when specific projects are designed and tendered – which will help to mitigate negative impacts.

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

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

<b><u>Protect the most vulnerable:</u></b> See comment above
<b><u>Facilitate confident and resilient communities:</u></b> See comment above
<b><u>Commission, broker and provide core services:</u></b> See comment above
<b><u>Place – leadership and influencer:</u></b> See comment above
<b><u>Drivers of change and reform:</u></b> See comment above
<b><u>Facilitate sustainable economic prosperity:</u></b> See comment above
<b><u>Greater income for social investment:</u></b> See comment above
<b><u>Cleaner Greener:</u></b> 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 6465/21)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4666/21).

**(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 appendix is attached to this report:

APPENDIX A – Capital Programme 2021/22 to 2023/24

**Background Papers:**

There are no background papers available for inspection.

## 1. Introduction

- 1.1 In March 2021, Council approved the budget for 2021/22. This report provides an update on the forecast revenue outturn position for 2021/22, including the significant impact of COVID-19 on the Council's 2021/22 budget, and reflects the position at the end of the first quarter of the financial year.
- 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 2021/22 and forecast expenditure for 2022/23 and 2023/24. The capital budget to date is presented in paragraph 7.1. Paragraphs 7.11 and 7.12 review progress of the capital programme. Finally, paragraph 7.18 confirms that there are adequate levels of resources available to finance the capital programme.

## 2. Impact of COVID 19 on 2021/22 Budget

- 2.1 As part of the Council Budget Report presented to the Budget Council meeting in March, Members received details of the full range of financial issues that were being faced by the Council in 2021/22 arising from the pandemic, and how this cost would be funded. A summary is shown below:

	<b>2021/22</b>
	<b>£'m</b>
<b>Sales, Fees and Charges Income</b>	
Estimated Net Losses	1,500
Use of 2021/22 Emergency Funding	-1,500
	<b>0.000</b>
<b>Collection Fund deficit in 2020/21 arising from COVID-19</b>	
Net losses after government compensation scheme	5,812
Collection Fund Surplus from 2019/20	-1,072
	<b>4,740</b>
<b>Collection Fund deficit re. 2021/22</b>	
Reduction in Council Tax Base	3,564
Council Tax Support Grant	-3,471
Business Rates forecast losses	3,000
	<b>3,093</b>
<b>Temporary Mitigating Measures to Offset Council Tax / Business Rates Losses</b>	
Use of 2020/21 Emergency Funding	-4,000
Framework for Change 2020 – Council of 2023 Savings	-0,890
Forecast Underspend in 2020/21	-1,000
Vacancy Management	-0,500
School Closure Reserve	-0,500
Use of 2021/22 Emergency Funding	-0,943

	<b>-7.833</b>
<b>Net Impact on 2021/22 Budget</b>	<b>0.000</b>

2.2 An update on the pressures is provided below:

Sales, Fees and Charges Income

2.3 There was a significant impact on income from sales, fees and charges for a range of services during 2020/21. Whilst some income streams temporarily recovered when lockdown was eased and would expect to do so again once we come out of the national lockdown, others are expected to remain impacted whilst measures are still in place for social distancing, etc.

2.4 The government has announced that the compensation scheme in place in 2020/21 to provide support for a proportion of losses will be extended until the end of June 2021. Therefore, an element of losses will be funded through the compensation scheme. It is currently forecast that this could result in a net loss of income of **£1.500m** during 2021/22, which is unchanged from the figure assumed in the Budget Report. This forecast will be reviewed as there is more experience of the impact on reopened facilities, especially once all restrictions are eased from 19 June 2021. Any balance of losses not funded by the scheme will need to be covered from the emergency funding received by the Council in 2021/22. It is currently assumed that income levels will return to normal from 2022/23, however, this will continue to be assessed based on the experience once all restrictions are eased.

Collection Fund deficit in 2020/21 arising from COVID-19

2.5 The Council, in line with all other local authorities, is experiencing significant reductions in income from both Council Tax and Business Rates. This relates to increases in households eligible to claim under the Council Tax Reduction Scheme and some increases in Business Rates appeals as well as reductions in collection rates.

2.6 The government announced financial support would be provided to offset 75% of irrecoverable losses. However, Council Tax losses relating to non-collection aren't eligible for compensation under the scheme, neither are adjustments relating to previous years. The Budget Report estimated that net losses not covered by the scheme would therefore be up to £5.812m and would need to be funded. The final deficit position for both Council Tax and Business Rates, along with the amount of financial support that has been claimed from the government, have now been finalised and has resulted in a net loss of **£6.858m**. However, it is anticipated that some of these losses will be reversed in 2021/22 so the net impact will be within the £5.812m previously estimated.

Council Tax Base

2.7 The Council Tax Base is set by Council in January each year. It reflects changes in the number of properties and the value of exemptions and discounts. In recent years the Council Tax Base has increased steadily due to housing growth. However, due to the impact of COVID-19 on the number of CTRS claimants, the reduced collection rate and the slowdown in housing growth, there has been a

significant reduction in the Base for 2021/22. This reduced the Council Tax Requirement by **£3.564m**.

- 2.8 The government has announced additional funding to support the loss of income due to increased numbers of CTRS claimants. Sefton's allocation is **£3.471m** and will be used to offset the majority of reduced funding due to the decrease in the Council Tax Base.
- 2.9 Currently, the number of CTRS claimants hasn't increased as forecast (this is mainly due to the government's "furlough" scheme being extended which may have delayed any increase) and collection rates are slightly ahead of expectations. If these factors continue then a surplus may be generated, although due to regulations this would only be credited to the Council in 2022/23.

#### Business Rates

- 2.10 Business Rates collection rates reduced in 2020/21 due to COVID-19 and are expected to remain lower than normal in 2021/22. In addition, at the time of the Budget Report there were significant numbers of appeals in 2020/21 due to restrictions being in place. It was estimated that based on the 2020/21 position that £3.000m of the Council's income will be at risk as businesses no longer exist or cannot afford to pay business rates.
- 2.11 However, central government have announced that appeals relating to COVID19 won't be allowed under amended regulations. Therefore, it is forecast that the income now at risk is only **£1.600m**.

#### Cost of responding to the pandemic

- 2.12 The Council has received £8.063m of emergency funding to assist with covering the financial pressures it will face in 2021/22 due to the pandemic. The budget assumes that £2.443m of this will be required to fund the potential losses described above. This leaves £5.620m to fund any further financial pressures.
- 2.13 Due to the ongoing impact of COVID-19 it is anticipated that the remaining emergency funding will be fully utilised in directly supporting the Council's response to the pandemic and any further loss of income that is anticipated between now and the end of the year. Cabinet in June 2021 agreed that the further use of this funding be delegated to the Leader of the Council following advice from the Chief Executive and the Council's s151 officer.

#### Central Government Grant Programmes in Response to COVID-19

- 2.14 As part of its role in responding to the pandemic, Central Government has requested that all councils administer a number of grant programmes that have been designed to support residents and businesses. In the same way as a number of grants received in 2020/21, the Council is being asked to administer these grants in accordance with criteria set by the Government. As in 2020/21, these will be reported to Cabinet- where there is discretion, or the Council has a choice around how to use the funding, this will be in accordance with Financial procedure rules- the following four awards reflect that approach:



#### Adult Social Care Infection Control and Testing Fund

- 2.15 The Government has announced a further £250 million of funding in 2021/22 for infection control measures and rapid testing in adult social care services. This is in addition to the £341m previously announced. Sefton's allocations are **£1.110m** for Infection Prevention and Control and **£0.841m** for Rapid Testing. The funding is designed to help reduce the rate of COVID19 transmission within and between care settings and support rapid testing of staff and visitors in care homes.
- 2.16 As with previous allocations, the significant proportion of the funding must be provided directly to care providers with an element to be utilised on a discretionary basis to support the aims of the grant (£0.333m for Infection Prevention and Control and £0.229m for Rapid Testing). It is proposed that decisions on the use of the discretionary elements are delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Members for Adult Social Care and Health and Wellbeing.

#### COVID Winter Grant Scheme / Local Support Grant

- 2.17 The Government has continued to provide funding in 2021/22 to local authorities to provide support to children and households who are experiencing, or at risk of experiencing, poverty, where they are impacted by the ongoing public health emergency and where alternative sources of assistance may be unavailable. Sefton have been allocated **£0.923m** for the period between the 21<sup>st</sup> June and 30<sup>th</sup> September. This is in addition to the £0.571m previously received for the period between 1<sup>st</sup> April and 20<sup>th</sup> June.
- 2.18 The Grants will be used to support vulnerable families who are in receipt of Free School Meals as well as families and individuals who require emergency assistance. An element of the grant will also be used to support affordable warmth in homes. It is proposed that decisions on the use of the grant are delegated to the Executive Director - People in consultation with the Cabinet Member for Communities and Housing.

#### Summary

- 2.19 It should be noted that the figures included above are an early indication of the position in 2021/22 and will continue to be reviewed on a monthly basis. A full review of the position, and the use of emergency funding received in 2020/21 and 2021/22, will be conducted at the end of July and reported to Cabinet in September.

### **3. Revenue Budget 2021/22 – Forecast Outturn Position as at the end of June 2021**

- 3.1 Members are provided with updates of the Council's forecast financial revenue position each month during the financial year from July.
- 3.2 In 2020/21, as in previous years, significant pressures were identified in several service areas at an early stage of the year, particularly Children's Social Care, Communities (Children with Disabilities) Education Excellence (Home to School Transport) and Locality Services. These pressures, and the unprecedented financial challenges faced by the Council in relation to COVID-19, meant the

Council had to implement a remedial action plan was adopted to ensure a balanced budget position would be achieved. In addition, a number of financial principles that had been implemented in previous years were also adopted.

- 3.3 In response to these pressures, Budget Council approved that additional resources be added to the 2021/22 budget for these services, with the amounts shown below:

<b><u>Service</u></b>	<b><u>Budget Pressure</u></b>
	£m
Children's Social Care – Placements & Packages	7.280
Communities – Children with Disabilities / PSR2	1.050
Education Excellence – Home to School Transport	1.100
Locality Services – Security Force	0.350
	<b>9.780</b>

- 3.4 Initial indications are that the additional resources will be sufficient to ensure that there will be no significant impact on the Council's overall budget in 2021/22. However, as these are demand led services this will need to be carefully monitored during the year, with the biggest risk being the cost of Children's Social Care – Placements and Packages. Any pressures arising will need to be managed as it is still 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 approval of mitigating actions, and the adoption of financial principles used in previous years, may need to be implemented at some point during the remainder of the year.
- 3.5 As at the end of June, the forecast outturn shows a small underspend of £0.160m. The table below highlights the variations:

	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	£m	£m	£m
<b><u>Services</u></b>			
Strategic Management	3.136	3.133	-0.003
Adult Social Care	97.000	97.000	0.000
Children's Social Care	42.323	42.323	0.000
Communities	19.873	19.677	-0.196
Corporate Resources	9.102	9.102	0.000
Economic Growth & Housing	5.942	5.957	0.015
Education Excellence	11.135	11.098	-0.037
Health & Wellbeing	18.703	18.703	0.000
Highways & Public Protection	11.103	11.103	0.000
Locality Services	12.951	12.892	-0.059
<b>Total Service Net Expenditure</b>	<b>231.268</b>	<b>230.988</b>	<b>-0.280</b>

Budget Pressure Fund	1.000	1.000	0.000
Council Wide Budgets	-13.213	-13.093	0.120
Levies	34.568	34.568	0.000
General Government Grants	(62.858)	(62.858)	0.000
<b>Total Net Expenditure</b>	<b>190.765</b>	<b>190.605</b>	
<b><u>Forecast Year-End Deficit</u></b>			<b><u>-0.160</u></b>

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

- **Adult Social Care** – The current forecast assumes that the Adult Social Care budget will break-even during 2021/22. However, there are a number of significant assumptions and uncertainties as a result of COVID-19 that could impact on this position before the year-end.

As part of the Demand Management Programme, savings of £3.300m were identified and delivered during 2020/21. Work on the Programme is continuing, and further savings are being identified that will have a part-year impact in 2021/22 and will therefore impact on the forecast outturn position. The potential value of these savings will be reported in the September Cabinet report.

- **Children’s Social Care** – The current forecast shows a potential overspend of £0.995m. However, it is estimated that this level of overspend is attributable to the impact of COVID-19. Therefore, as reported to Cabinet in June, these temporary costs will be met by the Contain Outbreak Management Fund.

The impact of this means that the Children’s Social Care budget is forecast to break-even during 2021/22.

However, as has been regularly reported over the last three 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.

#### 4. **Additional Revenue Grant Funding - Adult Education Budget Grant to Support Sefton Adult Community Learning Service**

- 4.1 The Adult Education Budget is part of the Liverpool City Region Devolution deal on employment and skills. An offer has been made to Sefton Council for the academic year 2021/22 by the Combined Authority for a continuation of an agreement approved by Cabinet on the 29 June 2019. The level of grant available to Sefton, which totals £969,724, has been maintained at the same level as 2019/20 and 2020/21 and includes a sum of £150,000 for two new “test and learn” pilot activities focussing on innovative methods to develop new ways of working and to improve progression for learners through the use of digital technology.

4.2 Acceptance of this offer will ensure the continued delivery of this important service for adults who need introductory or second chance learning to improve their wellbeing and employability. The Service is well established and well regarded; it fulfils a considerable need within our communities and directly contributes to the Council's Vision and values and is central to the achievement of the Council's corporate objectives.

## 5. **Council Tax Income – Update**

5.1 Council Tax income is shared between the billing authority (Sefton Council) and the three major precepting authorities (the Fire and Rescue Authority, the Police and Crime Commissioner and the Combined Authority – Mayoral Precept) pro-rata to their demand on the Collection Fund. The Council's Budget included a Council Tax Requirement of £143.037m for 2021/22 (including Parish Precepts), which represents 84.1% of the net Council Tax income of £170.167m.

5.2 The forecast outturn for the Council at the end of June 2021 is a surplus of +£1.088m. However, it should be noted that the Council Tax Base for 2021/22 was reduced to reflect lower collection rates and increased Council Tax Reduction Scheme claimants. Therefore, this surplus is forecast in the context of a reduction in Council Tax income of £3.564m (see paragraph 2.7). This variation is primarily due to: -

- The deficit on the fund at the end of 2020/21 being lower than estimated (-£0.421m);
- Gross Council Tax Charges in 2021/22 being higher than estimated (-£0.578m);
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (-£0.089m).

5.3 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2021/22 but will be carried forward to be recovered in future years.

5.4 A forecast deficit of £5.179m was declared on the 21 January 2021 of which Sefton's share is £4.355m (84.1%). This is the amount that will be recovered from the Collection Fund in 2021/22, 2022/23 and 2023/24. Any additional surplus or deficit will be distributed in 2022/23 and future years.

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

6.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £67.919m for 2021/22, which represents 99% of the net Business Rates income of £68.606m. Business Rates income has historically been very volatile making it difficult to forecast accurately.

6.2 The forecast outturn for the Council at the end of June 2021 is a deficit of £27.338m on Business Rates income. This is due to:

- The deficit on the fund at the end of 2021/22 being higher than estimated (+£3.467m);
- Increase in the gross charge on rateable properties (-£0.103m);
- A number of additional reliefs were announced after January 2021 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 (+£23.974m).

6.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net deficit of £3.206m is forecast.

6.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2021/22 but will be carried forward to be recovered in future years.

6.5 A forecast deficit of £39.206m was declared in January 2021. Sefton's share of this is £38.814m. This is the amount that will be distributed from the Collection Fund in 2021/22, 2022/23 and 2023/24. Any additional surplus or deficit will be distributed in future years.

## 7. **Capital Programme 2021/22 – 2023/24**

### **Capital Budget**

7.1 The Capital Budget and profile of expenditure for the three years 2021/22 to 2023/24 is as follows:

<b>2021/22</b>	<b>£45.819m</b>
<b>2022/23</b>	<b>£17.448m</b>
<b>2023/24</b>	<b>£6.299m</b>

7.2 The following updates have been made to the capital programme budget since the initial budget report to Cabinet in February:

- £0.572m has been added to the Adult Social Care programme funded by additional Disabled Facilities Grant following confirmation of final allocations for 2021/22 and approval by Cabinet in June.
- £0.736m has been added to the Schools Programme funded by additional Schools Condition Allocation following confirmation of final allocations for 2021/22 and approval by Cabinet in June.
- £0.676m has been added to the Schools Programme funded by a new award of High Needs provision grant and approval by Cabinet in June.
- £1.900m has been added for the Green Homes Local Delivery Scheme following approval by Council in May.

- £0.788m has been added for Bootle and Southport Town Hall Retrofit Energy Saving Works funded by the Public Sector Decarbonisation Fund following approval by Cabinet in March.
- £0.105m has been added to the Pool Watercourse project funded by additional grant awarded by the Environment Agency and following approval by Cabinet in June.

7.3 Authority has been delegated to Cabinet Member to assign funding to individual capital schemes for Adult Social Care and the Schools block allocations reported above.

### **Highways Programme**

7.4 The initial 2021/22 Transportation Capital Programme allocations were approved by Council on 4 March 2021 as part of the Capital Strategy 2021/22 to 2025/26.

7.5 These transport allocations included an estimated figure of £1.800m for Highway Maintenance, £0.900m for Key Route Network (KRN) maintenance and £0.175m of Pot Hole Funding based upon previous years allocations. Subsequently, based upon a revised funding allocation approved by the Combined Authority (at its meeting of 20 March 2021), an agreement was reached to add the Pot Hole Funding into the general maintenance allocation and decrease the proportion of funding for the Key Route Network. The approved allocations are £3.100m for Highway Maintenance and an additional £0.471m for the KRN.

7.6 Subsequently the Combined Authority (CA) have invited submissions for Pipeline development funds for the further development of Major Scheme Business Cases for improvement to Southport Eastern access and Maritime Corridor improvements. A sum of £0.368m has been requested subject to written confirmation from the Combined Authority.

7.7 Consequently, subject to confirmation of Pipeline development funding allocations from the Combined Authority, approval is sought for the following 2021/22 Local Transport Plan Capital Programme updated allocations based on the proposed funding:

	<b>Revised Allocations July 2021 £</b>
<b>LTP - Highways Maintenance Block</b>	<b>3,100,000</b>
<b>LTP - Additional Key Route Network</b>	<b>470,525</b>
<b>Pipeline Development Fund</b>	<b>367,810</b>

7.8 Authority has been delegated within the Financial Procedure Rules to Cabinet Member to assign funding to individual schemes within the Highways Capital Programme. The list of schemes for 2021/22 is being fully developed and will be presented to Cabinet Member for approval. The amounts shown in Appendix A represent the block allocations previous approved by Cabinet and Council. A full list of the approved Highways schemes will be presented in future reports to Cabinet.

### Regional Coastal Monitoring Programme

- 7.9 The Regional Coastal Monitoring Programme for 2016 to 2021 provides monitoring and analysis of coastal change along the North West coastline. The current scheme is reaching its conclusion and is due to be replaced by a new round of funding that was subject to a separate report to Cabinet in June.
- 7.10 As part of final claims for the 2016 to 2021 scheme, an additional sum of £194,563 has been made available from the Environment Agency funding to conclude the existing packages of work. Cabinet is therefore requested to approve a supplementary capital estimate for inclusion of this amount in the 2021/22 capital programme.

### Budget Monitoring Position to June 2021

- 7.11 The current position of expenditure against the budget profile to the end of June 2021 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, whilst Highways and Public Protection will complete most of its programmed works during quarters two and four of the financial year. The budget to date in the table below reflects the profiles of each individual scheme.

<b>Service Area</b>	<b>Budget to Jun-21</b>	<b>Actual Expenditure to Jun-21</b>	<b>Variance to Jun-21</b>
	£m	£m	£m
<b>Adult Social Care</b>	0.660	0.620	-0.040
<b>Communities</b>	0.020	-	-0.020
<b>Corporate Resources</b>	0.001	0.002	0.001
<b>Economic Growth &amp; Housing</b>	1.335	1.299	-0.036
<b>Education Excellence</b>	0.491	0.575	0.084
<b>Highways &amp; Public Protection</b>	1.054	1.054	-
<b>Locality Services</b>	2.835	2.941	0.106
<b>Total Programme</b>	<b>6.396</b>	<b>6.491</b>	<b>0.095</b>

### Capital Programme Forecast Outturn 2021/22

- 7.12 The current forecast of expenditure against the budget profile to the end of 2021/22 and the profile of budgets for future years is shown in the table below:

<b>Service Area</b>	<b>Full Year Budget 2021/22</b>	<b>Forecast Out-turn</b>	<b>Variance to Budget</b>	<b>Full Year Budget 2022/23</b>	<b>Full Year Budget 2023/24</b>
	£m	£m	£m	£m	£m
<b>Adult Social Care</b>	<b>4.728</b>	<b>4.100</b>	<b>-0.628</b>	<b>2.972</b>	<b>0.750</b>
<b>Children's Social Care</b>	<b>0.100</b>	<b>0.100</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Communities</b>	<b>1.737</b>	<b>1.749</b>	<b>0.012</b>	<b>0.279</b>	<b>-</b>

<b>Corporate Resources</b>	<b>5.393</b>	<b>5.393</b>	<b>-</b>	<b>0.404</b>	<b>-</b>
<b>Economic Growth &amp; Housing</b>	<b>6.481</b>	<b>6.481</b>	<b>-</b>	<b>0.948</b>	<b>-</b>
<b>Education Excellence</b>	<b>5.075</b>	<b>5.075</b>	<b>-</b>	<b>4.713</b>	<b>1.831</b>
<b>Highways &amp; Public Protection</b>	<b>13.681</b>	<b>13.681</b>	<b>-</b>	<b>3.742</b>	<b>3.605</b>
<b>Locality Services</b>	<b>8.624</b>	<b>8.624</b>	<b>-</b>	<b>4.389</b>	<b>0.113</b>
<b>Total Programme</b>	<b>45.819</b>	<b>45.203</b>	<b>-0.616</b>	<b>17.448</b>	<b>6.299</b>

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

7.13 The current 2021/22 budgeted spend is £45.819m with a budgeted spend to June of £6.396m. The full year budget includes exceptional items such as £6.4m for vehicle replacement, £1.9m for Green Homes Local Delivery, previously approved amounts for essential repairs and maintenance (£3.924m) and a significant scheme to upgrade to LED Street Lighting (£3.272m).

7.14 Typically, on an annual basis the capital programme spends in the region of £20m. Given this typical annual level of spend it is likely that reprofiling of spend into 2022/23 will occur as the year progresses.

7.15 An underspend of £0.628m is forecast on Adult Social Care. This is largely due to a lower estimate for Disabled Facilities Grants for 2021/22 based on previous performance when adaptations could not be progressed or were delayed due to Covid-19. It is anticipated that spend may increase as the impact of lifting restrictions is fully realised and revised estimates will be reported on future budget updates.

### **Programme Funding**

7.16 The table below shows how the capital programme will be funding in 2021/22:

<b>Source</b>	<b>£m</b>
Grants	28.063
Contributions (incl. Section 106)	0.715
Capital Receipts	5.688
Prudential Borrowing	11.353
<b>Total Programme Funding</b>	<b>45.819</b>

7.17 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.

7.18 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 2021/22 to 2023/24

Capital Project	Budget		
	2021/22 £	2022/23 £	2023/24 £
<b>Adult Social Care</b>			
Care Homes - Fire Alarms & Emergency Lighting	98,310	-	-
Core DFG Programme	1,473,566	572,370	-
Wider Social Care Programme	3,155,502	2,399,869	750,000
<b>Children's Social Care</b>			
Support for Fostering Placements	100,000	-	-
<b>Communities</b>			
Dunes Splashworld – Essential Repairs	1,388,874	-	-
Litherland Sports Park – 3G Pitch & Lighting	250,000	-	-
Libraries - Centres of Excellence	20,000	279,301	-
S106 - Netherton & Orrell – Abbeyfield Park	11,942	-	-
S106 - Linacre - Strand Living Wall	10,665	-	-
S106 - Sudell – Moorhey Shops Parking Scheme	16,625	-	-
S106 - Ford – Stanton Avenue One Way System	9,000	-	-
S106 - Litherland – Play Equip Orrell Mount Pavilion	30,000	-	-
<b>Corporate Resources</b>			
Council Wide Essential Maintenance	2,308,330	-	-
STCC Essential Maintenance	87,680	-	-
Victoria Baths Essential Works	138,974	-	-
Bootle & Southport Town Hall Retrofit Energy Saving	798,000	-	-
Green Homes Grant Local Delivery Scheme	1,900,000	-	-
Public Sector Reform	160,000	404,337	-
<b>Economic Growth &amp; Housing</b>			
Strategic Acquisitions - Bootle	434,473	-	-
Cambridge Road Centre Development	795,123	-	-
Crosby Lakeside Development	2,791,997	-	-
Town Centre Commission Bootle	150,000	-	-
Southport Market Redevelopment	813,938	20,039	-
Strategic Acquisitions - Ainsdale	299,500	891,859	-
Housing Investment	15,188	36,180	-
Brownfield Fund for Housing Development	1,050,000	-	-
Southport Pier Project	130,886	-	-
<b>Education Excellence</b>			
Healthy Pupils Fund	1,486	-	-
Schools Programme	3,910,550	2,659,340	1,830,682
Planned Maintenance	482,364	859,043	-
Special Educational Needs & Disabilities	680,868	1,194,024	-
<b>Highways and Public Protection</b>			
Transport Schemes	10,409,666	-	-
LED Street Lighting Upgrade	3,271,750	3,742,035	3,605,580
<b>Locality Services</b>			
Burials & Cremation Insourcing - Vehicles & Equip	90,663	-	-

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Formby Strategic Flood Risk Management Prog	-	43,851	-
Merseyside Groundwater Study	31,508	-	-
Regional Coastal Monitoring Programme	197,091	-	-
The Pool & Nile Watercourses	124,121	-	-
Crosby Flood & Coastal Scheme	34,641	785,839	-
Hall Road & Alt Training Bank - Rock Armour	-	45,775	-
Ainsdale & Birkdale Land Drainage Scheme	25,973	-	-
Surface Water Management Plan	18,000	81,445	-
Surface Water Modelling & Mapping	13,601	-	-
Small Watercourse Works	7,638	-	-
Water Level Monitoring Pilot	13,000	5,000	-
Parks Schemes	139,687	154,700	-
Hesketh Park Conservatory	20,407	-	-
Tree Planting Programme	68,747	126,783	-
Golf Driving Range Developments	398,822	280,280	-
Ainsdale Coastal Gateway	351,538	-	-
Crosby Marine Lake Improvements – Phase 1	155,000	-	-
Litter Bin Infrastructure	22,358	-	-
Green Sefton – Plant & Machinery	131,152	-	-
Vehicle Replacement Programme	6,359,737	1,635,493	113,000
Wheeled Bins	420,000	1,230,000	-
<b>TOTAL PROGRAMME</b>	<b>45,818,941</b>	<b>17,447,563</b>	<b>6,299,262</b>