

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	3 February 2022
<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 - February 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 December 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 current position relating to the 2021/22 revenue budget.
- 3) 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.
- 4) Note the Government grant funding that has been received to support the Council and businesses with the response to the pandemic, and which will be distributed in accordance with central government guidance, including the scheme across the Liverpool City Region, funded by Additional Restriction Grant, which will provide

additional support to local businesses;

### **Capital Programme**

- 5) Note the spending profiles across financial years for the approved capital programme (paragraph 6.1).
- 6) Note the latest capital expenditure position as at 31 December 2021 of £20.786m (paragraph 6.4); the latest full year forecast is £41.882m (paragraph 6.6).
- 7) Note explanations of variances to project budgets (paragraph 6.7).
- 8) Note that a deed of variation is required relating to the grant funding agreement with the Liverpool City Region Combined Authority relating to a housing development in Netherton being undertaken by Sandway Homes Limited, and that the total amount of funding available is unaltered (paragraph 6.10).
- 9) 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 6.13).

### **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 2021/22 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 an underspend position of £1.946m is currently forecast but that mitigating actions may be required if the position subsequently moves to a deficit position.

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

The Council's capital budget in 2021/22 is £41.907m. As at the end of December 2021 expenditure of £20.786m has been incurred and a full year outturn of £41.882m 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><b>Resource Implications (Financial, IT, Staffing and Assets):</b> It is currently expected that an underspend position of £1.946m 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 Operational In-House Services. If these budgets experience further demand pressure during the remainder of the year corresponding savings may need to be identified. If this cannot take place there may be a call on the Council’s General Balances.</p>								
<p><b>Legal Implications:</b> None</p>								
<p><b>Equality Implications:</b> There are no equality implications.</p>								
<p><b>Climate Emergency Implications:</b> The recommendations within this report will</p> <table border="1"><tr><td>Have a positive impact</td><td>N</td></tr><tr><td>Have a neutral impact</td><td>Y</td></tr><tr><td>Have a negative impact</td><td>N</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>N</td></tr></table> <p>The allocations of capital funding outlined in section 6 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.</p>	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
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							

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

**Drivers of change and reform:**

See comment above

**Facilitate sustainable economic prosperity:**

See comment above

**Greater income for social investment:**

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 6672/22)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4872/22).

**(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.
- 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 6.1. Paragraphs 6.2 to 6.7 review progress of the capital programme. Finally, paragraphs 6.12 to 6.14 confirm 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 *	-5,500
Framework for Change 2020 – Council of 2023 Savings	-0,890
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>

\* Note that Cabinet on 4 November 2021 approved the use of additional Emergency Funding from 2020/21 instead of utilising the Council's General Balances (£1.000m from the 2020/21 underspend) and implementing a vacancy target across the Council that would require posts to be held vacant (£0.500m)

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 announced that the compensation scheme in place in 2020/21 to provide support for a proportion of losses would be extended until the end of June 2021. Therefore, an element of losses will be funded through the compensation scheme. The Council's claim for April to June was £0.769m to partially compensate for losses in the period of £1.187m (excluding certain losses which couldn't be included in the claim).

2.5 It is currently forecast that the loss of income in the year may be in the region of £3.400m. After the claim for compensation in the first quarter of the year, the net loss is forecast to be **£2.600m** during 2021/22. This is an increase on the £1.5m assumed in the Budget Report. This forecast will be reviewed during the remainder of the year as there is more experience of the impact on reopened facilities. Any balance of losses not funded by the scheme will need to be covered from the emergency funding or the Contain Outbreak Management Fund received by the Council in 2021/22. It is currently assumed that income levels may return to normal from 2022/23, however, this will continue to be assessed based on the experience once all restrictions are eased. Any ongoing implications will need to be built into the three-year budget plan and potentially funded on a temporary basis if the impact isn't considered permanent.

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

2.6 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.

2.7 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 **£8.567m**. 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

- 2.8 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**.
- 2.9 The government 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.
- 2.10 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. Section 4 highlights that currently a surplus of £2.714m is forecast (excluding the surplus from 2020/2021).

### Business Rates

- 2.11 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.
- 2.12 However, central government have announced that appeals relating to the implications of COVID19 won't be allowed under amended regulations. Therefore, it is forecast that the income now at risk is only **£1.600m**.

### Summary

- 2.13 It should be noted that the figures included above will be subject to change and will continue to be reviewed on a monthly basis.

### 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 businesses.

### Omicron Hospitality and Leisure Grant

- 2.15 On 21 December 2021, the Government announced the introduction of grant support for hospitality and leisure businesses in England. The scheme provides support to hospitality, leisure and accommodation businesses, in recognition that the rise of the Omicron variant means that some businesses are likely to struggle until the end of the financial year.
- 2.16 Assistance will be given in the form of a grant payment which will be tied to Business rates liability and the rateable value (RV) of the business property. These

payments must be made in line with Government guidance. However, the guidance states that the Council must run an application scheme, so this will need to be developed and applications reviewed before any payments can be made.

2.17 Grants will be payable in accordance with RV of the business property, as follows:

- £2,667 for properties with a RV up to and including £15,000
- £4,000 for properties with a RV of between £15,001 and £51,000
- £6,000 for properties with a RV greater than £51,000

#### Additional Restriction Grant

2.18 Also on 21 December 2021, the Government announced a further allocation of £100m of Additional Restriction Grant (ARG) in order to support other businesses that have been affected by the Omicron variant, such as those who supply the hospitality and leisure sectors. Sefton's allocation is **£0.336m**.

2.19 Local Authorities will have discretion to allocate this funding to businesses most in need. Previous allocations of ARG have been administered by the Liverpool City Region Combined Authority, with schemes being agreed across the whole of the Liverpool City Region (LCR). A new scheme has been agreed that will distribute the funding in the shortest period of time to support those businesses most impacted by the Omicron variant that aren't eligible for the Omicron Hospitality and Leisure Grant. This scheme has been approved in line with the Financial Procedure Rules.

#### Additional Adult Social Care Funding

2.20 The Government has announced an additional £60m of grant funding to help provide measures that support the COVID response in adult social care. The funding is intended to support:

- Infection control measures including limiting staff movement, providing transport and accommodation, managing staff absences and self-isolation, and ventilation.
- Further use of Direct Payments if required to meet care needs.

2.21 The Government has yet to announce details of the allocations to individual local authorities but based on previous allocations of adult social care funding we would expect to receive in the region of £0.400m. The specific utilisation of this funding will be approved in line with the Council's Financial Procedure Rules.

### **3. Revenue Budget 2021/22 – Forecast Outturn Position as at the end of December 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 Operational In-House 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. This 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
Operational In-House Services – Security Force	0.350
	<b>9.780</b>

- 3.4 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 December, the forecast outturn shows a net underspend of **£1.946m**. The table below highlights the variations:

	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>	<b>Variance to November Position</b>
	£m	£m	£m	£m
<b><u>Services</u></b>				
Strategic Management	4.002	4.030	0.028	0.001
Adult Social Care	97.874	96.220	-1.654	-0.344
Children's Social Care	47.282	48.724	1.442	0.034
Communities	17.024	15.982	-1.042	-0.660
Corporate Resources	4.236	4.132	-0.104	-0.060
Economic Growth & Housing	6.464	6.381	-0.083	0.029
Education Excellence	10.944	10.882	-0.062	0.048
Health & Wellbeing	18.715	18.097	-0.618	-0.088
Highways & Public Protection	11.152	10.963	-0.189	-0.023
Locality Services	13.740	13.916	0.176	0.116
<b>Total Service Net Expenditure</b>	<b>231.433</b>	<b>229.327</b>	<b>-2.106</b>	<b>-0.947</b>

Budget Pressure Fund	1.000	1.000	0.000	0.000
Council Wide Budgets	-13.378	-13.218	0.160	0.040
Levies	34.568	34.568	0.000	0.000
General Government Grants	(62.858)	(62.858)	0.000	0.000
<b>Total Net Expenditure</b>	<b>190.765</b>	<b>188.819</b>		
<b>Forecast Year-End Deficit</b>			<b>-1.946</b>	<b>-0.907</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 achieve a small surplus 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 current forecast of these savings in 2021/22 is £1.416m. Due to the significant assumptions and uncertainties within the forecast outturn position, only those savings achieved to date have been included in the forecast outturn position at this time.

- **Children's Social Care** – The current forecast shows a potential overspend of £3.256m. However, it is estimated that £1.814m of the overspend is attributable to the impact of COVID-19. Therefore, as reported to Cabinet in July, these temporary costs will be met by the Contain Outbreak Management Fund. The net overspend is therefore £1.442m. This is as a result of some recent high cost cases and highlights the pressures that the budget can experience.

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.

At the Cabinet meeting in September a report highlighted the need for additional temporary and permanent staffing resources within the service. The report forecasted that additional costs of potentially £2.008m could be incurred in 2021/22, with £1.500m of these costs being funded from the reserve approved at July's Cabinet meeting. Any additional costs, relating to some of the temporary posts, would be funded from residual cost of change and new burdens funding received in 2020/21. As these posts are fully funded from one-off resources, they aren't included in the forecast outturn position.

#### **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 £143.037m for 2021/22 (including Parish Precepts), which represents 84.1% of the net Council Tax income of £170.167m.
- 4.2 The forecast outturn for the Council at the end of December 2021 is a surplus of -£3.135m. 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 (-£1.238m).
  - Exemptions and Discounts (including a forecasting adjustment) being lower than estimated (-£1.476m).
- 4.3 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.
- 4.4 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.

#### **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 £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.
- 5.2 The forecast outturn for the Council at the end of December 2021 is a deficit of £25.207m 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).
  - Decrease in the gross charge on rateable properties (+£0.928m).
  - 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 (+£20.812m).

- 5.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net deficit of £4.204m is forecast.
- 5.4 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.
- 5.5 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 2022/23 and future years.

## 6. Capital Programme 2021/22 – 2023/24

### Capital Budget

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

<b>2021/22</b>	<b>£41.907m</b>
<b>2022/23</b>	<b>£29.966m</b>
<b>2023/24</b>	<b>£8.793m</b>

- 6.2 A number of significant updates have been made to the capital programme budget since the previous report to Cabinet in December and these are listed below. Individual schemes are kept under review as the year progresses and it is not uncommon for spending to be reprofiled into future years as capacity to deliver and other external factors such as contractor performance and the availability of materials impacts the rate of delivery.

- **Adult Social Care**

- The rate of delivery for Disabled Facilities Grants continues to improve. An additional £0.152m has therefore been phased from 2022/23 to 2021/22 for the increase in forecast spend in the current year.
- £0.150m has been phased from 2021/22 to 2022/23 for Care Home Improvements for further exploration of projects to support demand management.
- £0.860m for the Short-Term Assessment Unit has been phased to 2022/23 due to delays in the planning process. The project is now anticipated to commence on site next financial year.
- £0.060m for delivery of Technology Enabled Care Equipment has been phased from 2021/22 to 2022/23.

- **Corporate Resources**
  - There has been an extension to the time granted by BEIS to deliver the Green Homes Grant Local Delivery scheme to June 2022 as many Local Authorities have struggled in procuring retrofit coordinators/assessors and there has been a shortage of skilled labour and materials. £0.860m has therefore be phased to 2022/23.
  - £0.272m has been phased into 2022/23 for Essential Maintenance schemes to allow time for the programming of works on larger value schemes.
- **Economic Growth & Housing**
  - £0.244m has been phased from 2021/22 to 2022/23 for the Enterprise Arcade project to allow time for business case finalisation and procurement lead in time.
  - £0.124m has be rephased from 2021/22 to 2022/23 for installation of steps as part of the final phase of the Southport Pier Project.
  - £0.050m has been phased to 2022/23 for the Strand Business Plan.
- **Education Excellence** - £0.108m has be rephased from 2021/22 to 2022/23 for a replacement wiring scheme at Kings Meadow Primary.
- **Operational In-House Services**
  - £0.088m has been added to the programme under delegated authority for the Urban Tree Challenge Fund spread over 2021/22 to 2024/25 financial years.
  - £0.080m for Ainsdale Coastal Gateway has been rephased from 2021/22 to 2022/23.

6.3 Authority has been delegated within the Financial Procedure Rules to Cabinet Member in conjunction with Head of Service to assign funding to individual schemes within the Capital Programme from the block allocations approved by Council. A broader review of the individual 2021/22 Highways and Adult Social Care budgets is also currently underway, and it is anticipated that a revised position will be reported to Cabinet Members for approval and presented on future budget updates to Cabinet.

#### **Budget Monitoring Position to December 2021**

6.4 The current position of expenditure against the budget profile to the end of December 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 Dec-21</b>	<b>Actual Expenditure to Dec-21</b>	<b>Variance to Dec-21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Adult Social Care</b>	2.455	2.723	0.268
<b>Children's Social Care</b>	0.025	0.025	-

<b>Communities</b>	0.799	0.753	-0.045
<b>Corporate Resources</b>	0.532	0.547	0.015
<b>Economic Growth &amp; Housing</b>	2.864	2.623	-0.241
<b>Education Excellence</b>	3.257	3.157	-0.100
<b>Highways &amp; Public Protection</b>	4.430	4.515	0.085
<b>Operational In-House Services</b>	6.428	6.443	0.015
<b>Total Programme</b>	<b>20.790</b>	<b>20.786</b>	<b>-0.004</b>

6.5 An overspend of £0.268m has occurred on the Adult Social Care budget in December. As mentioned in paragraph 2.2 (above), this is due to improved delivery on Disabled Facilities Grants and reallocation of budget from 2022/23 has been undertaken to meet the extra forecast spend by year end. It should also be noted that Community Equipment is also being ordered in large amounts in advance due to scarcity of products and unreliable delivery dates from suppliers, hence spend in this area is ahead of the budget profile.

6.6 An underspend of £0.241m has occurred in the Economic Growth & Housing budget compared to the profile to the end of December. This is largely due to a project delay from the Crosby Lakeside Redevelopment. As a result of the failure of the main contractor to progress the redevelopment works regularly and diligently their employment was terminated in November 2021. Retendering of the contract is now underway and revised completion and cost schedules will be reported as soon as possible. The spend profile is expected to include some spend slipping into Q1 2022/23.

### **Capital Programme Forecast Outturn 2021/22**

6.7 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>4.120</b>	<b>4.109</b>	<b>-0.011</b>	<b>4.426</b>	<b>1.624</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>1.368</b>	<b>1.367</b>	<b>-0.001</b>	<b>1.776</b>	<b>0.090</b>
<b>Corporate Resources</b>	<b>3.130</b>	<b>3.130</b>	<b>-</b>	<b>3.357</b>	<b>-</b>
<b>Economic Growth &amp; Housing</b>	<b>8.125</b>	<b>8.127</b>	<b>0.002</b>	<b>4.449</b>	<b>0.135</b>
<b>Education Excellence</b>	<b>4.557</b>	<b>4.545</b>	<b>-0.012</b>	<b>4.947</b>	<b>2.147</b>
<b>Highways &amp; Public Protection</b>	<b>12.965</b>	<b>12.965</b>	<b>-</b>	<b>3.742</b>	<b>3.605</b>
<b>Operational In-House Services</b>	<b>7.542</b>	<b>7.539</b>	<b>-0.003</b>	<b>7.269</b>	<b>1.191</b>
<b>Total Programme</b>	<b>41.907</b>	<b>41.882</b>	<b>-0.025</b>	<b>29.966</b>	<b>8.793</b>

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

- 6.8 The current 2021/22 budgeted spend is £41.907m with a budgeted spend to December of £20.790m. The full year budget includes exceptional items such as £5.543m for vehicle replacement, £1.040m for Green Homes Local Delivery, £1.050m Brownfield Fund for Housing Development, £7.053m for Growth and Strategic Investment projects, previously approved amounts for essential repairs and maintenance (£1.671m), a scheme to upgrade to LED Street Lighting (£1.548m), and a leisure scheme for improvements to an existing football pitch (£0.250m).
- 6.9 Typically, on an annual basis the capital programme spends in the region of £25m. As mentioned in paragraph 6.2 (above) it is likely that reprofiling of spend into 2022/23 will therefore occur as the year progresses.

#### **Brownfield Fund for Housing Development**

- 6.10 Budget Council on 4 March 2021 approved a Supplementary Capital Estimate of £1.050m relating to a bid from the Brownfield Development Fund administered by the Liverpool City Region Combined Authority. This bid was to enable the Council's housing development company, Sandway Homes Limited, to bring forward a development in Netherton. The Council would act as the accountable body, with funding being transferred to Sandway Homes Limited to complete the works in accordance with the grant funding agreement.
- 6.11 As there has been a change to the proposed development, a deed of variation to the grant funding agreement has been agreed to reflect this. However, the total amount of funding available has not changed.

#### **Programme Funding**

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

<b>Source</b>	<b>£m</b>
Grants	29.653
Contributions (incl. Section 106)	0.627
Capital Receipts	3.129
Prudential Borrowing	8.498
<b>Total Programme Funding</b>	<b>41.907</b>

- 6.13 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.
- 6.14 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	1,353,422	120,144	-
Wider Social Care Programme	2,668,089	4,305,902	1,623,750
<b>Children's Social Care</b>			
Support for Fostering Placements	100,000	-	-
<b>Communities</b>			
Dunes Splashworld – Essential Repairs	1,014,700	292,704	81,470
Litherland Sports Park – 3G Pitch & Lighting	250,000	-	-
Orrell Mount Sports Hub	14,557	1,203,886	-
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	30,000	-	-
<b>Corporate Resources</b>			
Council Wide Essential Maintenance	559,330	1,749,000	-
STCC Essential Maintenance	37,680	50,000	-
Victoria Baths Essential Works	58,974	80,000	-
Bootle & Southport Town Hall Retrofit Energy Saving	788,087	-	-
Green Homes Grant Local Delivery Scheme	1,040,000	860,000	-
Public Sector Reform	645,857	618,480	-
<b>Economic Growth &amp; Housing</b>			
Strategic Acquisitions - Bootle	434,473	-	-
The Strand Business Plan	70,000	590,000	135,000
Cambridge Road Centre Development	722,952	72171	-
Crosby Lakeside Development	2,791,997	-	-
Town Centre Commission Bootle Canal Side	290,000	-	-
Southport Market Redevelopment	813,938	20,039	-
Marine Lake Events Centre	1,624,106	2,470,894	-
Enterprise Arcade	6,000	244,000	-
Strategic Acquisitions - Ainsdale	299,500	891,859	-
Housing Investment	15,188	36,180	-
Brownfield Fund for Housing Development	1,050,000	-	-
Southport Pier Project	6,769	124,117	-



	2021/22 £	2022/23 £	2023/24 £
<b>Education Excellence</b>			
Healthy Pupils Fund	1,486	-	-
Schools Programme	3,179,638	4,304,359	2,146,957
Planned Maintenance	430,982	187,043	-
Special Educational Needs & Disabilities	944,750	455,142	-
<b>Highways and Public Protection</b>			
Accessibility	1,088,000	-	-
Completing Schemes/Retentions	40,000	-	-
Healthy Lifestyles	1,100,000	-	-
Road Safety	120,000	-	-
A565 Route Management and Parking	1,825,000	-	-
A59 Route Management Strategy	190,000	-	-
Strategic Planning	983,292	-	-
Traffic Management and Parking	60,000	-	-
Active Travel	1,093,314	-	-
Highway Maintenance	3,909,928	-	-
Bridges & Structures	300,000	-	-
Drainage	150,000	-	-
Street Lighting	1,848,000	3,742,035	3,605,580
UTC Maintenance	60,000	-	-
Major Transport Schemes	197,000	-	-
<b>Operational In-House Services</b>			
Burials & Cremation Insourcing - Vehicles & Equip	90,663	-	-
Formby Strategic Flood Risk Management Prog.	-	43,851	-
Merseyside Groundwater Study	11,508	20,000	-
Regional Coastal Monitoring Prog. 2016-2021	391,654	-	-
Regional Coastal Monitoring Prog. 2022-2026	552,068	1,016,932	1,058,000
The Pool & Nile Watercourses	49,410	74,711	-
Crosby Flood & Coastal Scheme	57,219	763,261	-
Hall Road & Alt Training Bank - Rock Armour	-	45,775	-
Ainsdale & Birkdale Land Drainage Scheme	25,973	-	-
Surface Water Management Plan	40,200	59,245	-
Surface Water Modelling & Mapping	13,601	-	-
Small Watercourse Works	7,638	-	-
Water Level Monitoring Pilot	18,000	-	-
Parks Schemes	50,259	264,535	-
Tree Planting Programme	83,543	146,552	19,769
Golf Driving Range Developments	398,822	280,280	-
Ainsdale Coastal Gateway	31,050	320,488	-
Crosby Marine Lake Improvements – Phase 1	155,000	-	-

	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>
Litter Bin Infrastructure	22,358	-	-
Green Sefton – Plant & Machinery	-	131,152	-
Vehicle Replacement Programme	5,543,468	1,736,762	113,000
Wheeled Bins	-	2,365,000	-
<b>TOTAL PROGRAMME</b>	<b>41,906,985</b>	<b>29,965,800</b>	<b>8,792,526</b>