

<b>Report to:</b>	Council	<b>Date of Meeting:</b>	Thursday 19 May 2022
<b>Subject:</b>	Financial Management 2022/22 to 2025/26 and Framework for Change 2020 - Revenue and Capital Budget Update 2022/23 - Additional Capital Estimates		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	All Wards
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

### Summary:

This report sets out supplementary estimates for approval in the Council's Capital Programme 2022/23.

### Recommendation(s):

Council is recommended to approve:

- 1) A supplementary capital estimate of £0.206m for the Southport Pier Decking Project funded from the Southport Pier Sinking Fund.
- 2) A supplementary capital estimate of £1.25m for The Enterprise Arcade project funded from the Town Deal.
- 3) A supplementary capital estimate of £2.75m for the Transformations de Southport project funded from the annual transportation capital programme (£0.25m) and the Town Deal (£2.5m).

### Reasons for the Recommendation(s):

To approve updates to the 2022/23 Capital Programme so that they can be applied to the schemes in the delivery of the Council's overall financial 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**  
None

## (B) Capital Costs

**Southport Pier Decking Project** – £206,053 funded from the Southport Pier Sinking fund. A contribution is made to the sinking fund each year financed by borrowing which is repaid over a period of 10 years.

**The Enterprise Arcade** – £1.25m funded by Town Deal grant subject to DLUHC approval of the Business Case and meeting the requirement of the associated Grant Funding Agreement.

**Transformations de Southport** - £2.75m funded by £0.25m from the transportation capital programme and £2.5m from Town Deal grant. The funding for the transportation capital programme commitment will be provided through the City Region Sustainable Transport Settlement, which is administered by the Combined Authority.

### Implications of the Proposals:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> There will be borrowing costs from an increase to the sinking fund, but these can be met from Council resources.	
<b>Legal Implications:</b> None	
<b>Equality Implications:</b> None	
<b>Climate Emergency Implications:</b>  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 allocations of capital funding outlined in this report 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>Protect the most vulnerable:</b> See comment above
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<b>Facilitate confident and resilient communities:</b> See comment above
<b>Commission, broker and provide core services:</b> See comment above
<b>Place – leadership and influencer:</b> See comment above
<b>Drivers of change and reform:</b> See comment above
<b>Facilitate sustainable economic prosperity:</b> See comment above
<b>Greater income for social investment:</b> See comment above
<b>Cleaner Greener</b> See comment above

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

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 6783/22) and the Chief Legal and Democratic Officer (LD4983/22) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

N/A

## Implementation Date for the Decision

Immediately following the Council meeting.

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## Appendices:

There are no appendices to this report

## Background Papers:

There are no background papers available for inspection.

## **1. Southport Pier Decking Project**

- 1.1. Southport Pier is a grade II listed structure, the oldest cast iron pier in England and the second longest. The asset is a critical element to Southport's visitor economy along with the wider economy of the Borough.
- 1.2. The Pier decking needs to be replaced in its entirety due to its current condition. The decking is rotting from within meaning it is only detected when a timber piece snaps. The Council employed a specialist timber expert who devised a programme of works and the specification of timber. The replacement decking will have to be done in several phases.
- 1.3. The Council sets aside an amount of funding each year towards a sinking fund that is intended for periodic repairs and replacement works such as those specified above. It will be necessary to add an additional £91,256 during 2022/23 to fund the decking project as the current balance on the fund is insufficient to cover the full cost. Future annual contributions to the sinking fund will be reduced to reflect the additional contribution in 2022/23 to ensure there is no additional cost to the Council.
- 1.4. Council is therefore recommended to approve a supplementary capital estimate of £206,053.

## **2. Town Deal: The Enterprise Arcade**

- 2.1. Following the successful submission of Southport's Town Investment Plan, under the government's Town Deal funding programme, Southport has been allocated £37.5m for a range of projects. All project funding allocations through the Town Deal have been developed with the agreement and support of the Town Deal Board and in line with the Town Deal Programme Heads of Terms.
- 2.2. One of the projects agreed and allocated £1.5m of funding is The Enterprise Arcade. The Town Investment Plan set this out as the regeneration and transformation of Crown Buildings into Southport's first flexible office collaborative co working space; designed to act as an incubator and flexible/co-working space for start-up businesses with the purpose of nurturing the growth of the creative digital and technology led business base which already exists in the town but currently has no identifiable geographic focus.
- 2.3. Cabinet agreed the Business Case for this project in March and endorsed it to go forward as part of the Town Deal investment package. The preferred option for Enterprise Arcade is set out in the business case and in the Design Feasibility RIBA Stage 2 Report which will allow for the provision of 898 m<sup>2</sup> of improved floor space comprising of Crown Building and 3 adjacent retail units on Eastbank Street, Southport.
- 2.4. The project is profiled to deliver the capital elements in 2022/23 financial year and within the capital programme £0.25m is already approved, a further £1.25m

will be required to provide for project delivery. These costs will be fully recovered through the Town Deal Programme subject to DLUHC approval of the Business Case and meeting the requirement of the associated Grant Funding Agreement.

- 2.5. Council is therefore recommended to approve a fully funded supplementary capital estimate of £1.25m for inclusion in the Capital Programme 2022/23.

### **3. Town Deal: Transformations de Southport**

- 3.1. As mentioned in paragraph 2.1 (above), Southport has been allocated £37.5m for a range of projects under the government's Town Deal funding programme. One of the projects included in the Town Investment Plan was Les Transformations de Southport.
- 3.2. The provision of infrastructure to underpin economic growth was one of the three themes of the Town Investment Plan for Southport and this project provides the transport and public realm infrastructure needed to support the ambition of the Town Fund and the changing patterns of travel demand and movement around the town. The overall project is expected to cost approximately £12.75m and £2.5m of funding has been allocated from the Town Deal to enable the delivery of the first phase of the project. Additional funding will be sought for the further stages of the project.
- 3.3. The proposals for committing the Town Deal funding for delivery of the first phase of the project and the business case to be submitted to Government on behalf of the Town Deal Board was agreed by Cabinet in March.
- 3.4. Council is recommended to approve a supplementary capital estimate of £2.75m for the Transformations de Southport project funded from the annual transportation capital programme (£0.25m), for the development of the scheme, and the Town Deal (£2.5m) for the delivery of the first phase of the project.