

Report to:	Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services)	Date of Meeting:	22 September 2022
Subject:	Financial Management 2022/23 to 2024/25 and Framework for Change 2020 - Revenue and Capital Budget Update 2022/23 – September Update		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Leader of the Council		
Is this a Key Decision:	No	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform **Overview and Scrutiny** of:

- 1 The current position relating to the 2022/23 revenue budget.
- 2 The current forecast on Council Tax and Business Rates collection for 2022/23.
- 3 The monitoring position of the Council's capital programme to the end of July 2023:
 - 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):

Overview and Scrutiny is recommended to:

Revenue Budget

- 1) Note the current position relating to the 2022/23 revenue budget.
- 2) Note the Remedial Action Plan to offset the budget pressures being faced in 2022/23.
- 3) Note the financial risks associated with the delivery of the 2022/23 revenue budget and acknowledge that the forecast outturn position will continue to be reviewed, and remedial actions put in place, to ensure a balanced forecast outturn

position and financial sustainability can be achieved.

- 4) Note the current position relating to the High Needs budget and that officers are currently reviewing all options available to the Council to mitigate the additional pressure and to make the overall High Needs budget financially sustainable.

Capital Programme

- 5) Note the spending profiles across financial years for the approved capital programme (paragraph 7.1).
- 6) Note the latest capital expenditure position as at 31 July 2022 of £7.535m (paragraph 7.5); the latest full year forecast is £42.814m (paragraph 7.6).
- 7) Note explanations of variances to project budgets (paragraph 7.1).

Reasons for the Recommendation(s):

To ensure Overview and Scrutiny are informed of the current position in relation to the 2022/23 revenue budget.

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 2022/23 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.

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 2022/23 an overspend position of £0.046m is currently forecast after mitigating actions have been implemented to ensure the Council currently remains in a financial sustainable position.

(B) Capital Costs

The Council's capital budget in 2022/23 is £42.777m. As at the end of July 2022 expenditure of £7.535m has been incurred and a full year outturn of £42.814m is currently forecast.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

Currently an overspend position of £0.046m is forecast for 2022/23 after mitigating actions have been implemented to ensure the Council currently remains in a financial sustainable position. However, it should be noted that significant pressure and risk remains, particularly relating to Children's Social Care and energy costs. If these

budgets experience further demand and inflationary pressure during the remainder of the year further corresponding savings will need to be identified.

Legal Implications:

None

Equality Implications:

There are no equality implications.

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	No

The 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.

Protect the most vulnerable:

See comment above

Facilitate confident and resilient communities:

See comment above

Commission, broker and provide core services:

See comment above

Place – leadership and influencer:

See comment above

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 6904/22)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5104/22).

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

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Appendices:

The following appendix is attached to this report:

APPENDIX A – Capital Programme 2022/23 to 2024/25

Background Papers:

There are no background papers available for inspection.

1. **Introduction**

- 1.1 On 3 March 2022, Members approved the Budget for the financial year 2022/23. This budget was developed throughout the preceding nine months and took account of all known issues. Within that report, and as with previous years, the inherent financial risk within the budget, especially with respect to Children's Services, was identified. This was further reflected within the reserves' strategy for the Council.
- 1.2 A report to June's Cabinet and Council on 14 July, provided an update for Members of the financial position with the Council for events that had materialised since the budget was approved in March, including the increased cost of providing Children's Services and the increase in energy costs affecting the Council from global price increases. A remedial action plan was presented in the report and approved by Council.
- 1.3 The report to July's Cabinet outlined that pressures continued across a number of service areas, that an overspend in the region of £2.2m was forecast and that remedial actions would be put in place and presented to this Committee to ensure a balanced forecast outturn position and financial sustainability would be achieved.
- 1.4 This report is the second of the Council's monthly budget monitoring reports and updates the revenue forecast outturn position for all services, including the pressures previously identified in the June and July reports.
- 1.5 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.
- 1.6 The capital section of the report informs Members of the latest estimate of capital expenditure for 2022/23 and forecast expenditure for 2023/24 and 2024/25. The capital budget to date is presented in paragraph 7.1. Paragraphs 7.2 to 7.8 review progress of the capital programme. Finally, paragraphs 7.38 to 7.40 confirm that there are adequate levels of resources available to finance the capital programme.

2. **Revenue Budget 2022/23 – Forecast Outturn Position as at the end of July 2022**

- 2.1 Members are provided with updates of the Council's forecast financial revenue position each month during the financial year from July.
- 2.2 The report to Cabinet in June 2022 highlighted the significant financial pressures being faced by the Council relating to Children's Social Care and energy costs. A remedial action plan was approved to meet these estimated costs during 2022/23. These are included in the forecast outturn position below.
- 2.3 The report to Cabinet in July 2022 outlined that pressures had continued in several service areas and a net overspend of £2.197m was forecast. It was acknowledged that the July report was the first full budget monitoring report of the year, so

forecasts included a number of assumptions on anticipated expenditure and income for the remainder of the year. It was also outlined that a full review of budgets and assumptions would be undertaken to refine the forecasts for this report and would outline remedial actions to be implemented to ensure a balanced forecast outturn position, potentially including the adoption of financial principles used in previous years.

2.4 The review of budgets and assumptions has resulted in forecasts in some service areas being reduced. However, there has been a significant worsening of the position relating to Children's Social Care accommodation costs as well as the impact of the potential local government pay award (these are both discussed below). As at the end of July 2022, the forecast outturn shows a net overspend of **£7.743m**. As with all organisations at this time, the Council is operating in a very challenging financial environment. However, it is vital that the Council achieves a balanced forecast outturn position to ensure its financial sustainability. Proposals to meet this forecast overspend are outlined in paragraphs 2.7 to 2.11.

2.5 The table below highlights the variations across services that make up the £7.743m forecast overspend:

	Budget	Forecast Outturn	Variance	Variance to June
	£m	£m	£m	
<u>Services</u>				
Strategic Management	4.024	4.036	0.012	0.003
Adult Social Care	102.055	102.055	0.000	0.000
Children's Social Care	52.151	64.246	10.895	2.540
Communities	17.591	17.488	-0.103	-0.646
Corporate Resources	5.407	5.204	-0.203	-0.025
Economic Growth & Housing	6.583	6.545	-0.038	-0.115
Education Excellence	11.296	12.257	0.961	0.041
Health & Wellbeing	19.349	19.123	-0.226	-0.226
Highways & Public Protection	11.364	11.261	-0.103	0.016
Operational In-House Services	14.867	15.688	0.821	0.031
Energy Costs	0.000	4.300	4.300	0.000
Additional Pay Award Provision	0.000	4.100	4.100	4.100
Total Service Net Expenditure	244.687	259.384	20.416	5.719
Council Wide Budgets	0.180	0.180	-0.173	-0.173
Levies	35.222	35.222	0.000	0.000
General Government Grants	(72.356)	(72.356)	0.000	0.000
Remedial Action Plan	0.000	-12.500	-12.500	0.000
Total Net Expenditure	207.733	209.930		

Forecast Year-End Deficit			<u>7.743</u>	<u>5.546</u>
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2.6 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 2022/23. However, there are a number of significant assumptions and uncertainties that could impact on this position before the year-end. This budget has historically underspent each financial year therefore, officers are continuing to review the forecasts and assumptions to ensure that any potential flexibility or otherwise is raised as early as possible in the financial year given the issues facing the Council.
- **Children’s Social Care** – The current forecast shows a potential overspend of £10.895m, a significant increase in the figure of £8.355m reported to Cabinet in July.

As has been regularly reported over the last three years, the cost of accommodation is the largest risk to the Council’s budget position. Since the July report a number of additional high-cost placements have had to be entered into which have contributed to the increase in the forecast. Since the budget was set in March there has been an increase in Independent Residential Placements from 69 to 74. In addition, there are now more cases requiring high-cost accommodation and support than previously, and the costs of these have also risen significantly. Some new cases are now initially costing £24,000 per week. There are currently 621 cared for children and a further 419 children on child protection plans.

The current forecast assumes that these costs will continue for a number of months. Work is currently being undertaken to understand if any of these cases will continue beyond this and the impact this would have on the current forecast – this could potentially be a further £2m - £3m of additional budget pressure and an update will be provided for the next report in October along with a clear plan on how this will be funded.

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.

- **Education Excellence** – The current forecast shows a potential overspend of £0.961m relating to Home to School Transport. There has been an increase in the number of children being transported, especially relating to out of borough placements. In addition, there has been an increase in the cost of providing the transport.
- **Operational In-House Services** The current forecast shows a potential overspend of £0.821m. This relates to a number of areas across the Service, including forecast shortfalls in income on Burials and Cremations, Catering, Green Sefton activities (mainly golf courses) and vehicle maintenance.

- **Energy Costs** – As reported in June, the global increase in energy prices is having a significant impact on the Council's energy and fuel costs. This is currently estimated at £4.300m and is being closely monitored as more information becomes available from the Council's framework providers on the fees being paid. It should be noted that this is a national issue affecting all local authorities. However, the Government have advised that no additional funding will be made available for local government, despite representations made both nationally and locally,
- **Additional Pay Award Provision** – The approved Base Budget included a provision for the 202/23 pay award of 3%. This was line with most other local authorities who had budgeted for between 2.5% and 3% (and when the Spending Review 2021 was published, the Office for Budget Responsibility was forecasting inflation to be 4% in 2022). On 25 July 2022, the National Employers for local government services body made an offer to trade unions of a fixed increase of £1,925 (plus an additional day's annual leave from April 2023). For Sefton, this equates to an increase in the pay bill of about 6.5% or an additional £4.100m above the amount included in the 2022/23 budget. It should be noted that this is the latest offer and has yet to be accepted by Trade Unions – any increase in the offer will therefore require additional resources to be identified. As previously mentioned for energy costs, this is a national issue for local government however Government have made it clear that no additional funding will be made available.

From the above it can be seen that additional pressures of about £20.2m are being experienced and this mainly reflects the pressure in Children's Social Care and that experienced from energy costs and the additional pay award. Whilst the pressure on Children's Social Care can be deemed to be Sefton specific (although many of the causes are being seen nationally, e.g., increases in numbers of Looked After Children and increases in accommodation costs), the energy and pay award pressures of £8.4m are impacting on all local authorities. These costs were not reflected in the funding provided as part of the Local Government Finance Settlement for 2022/2023 and the Government has made it clear than no additional funding will be made available, meaning the Council needs to make remedial plans to meet these pressures.

Remedial Action Plan

- 2.7 Given the scale of the current forecast deficit it is proposed to utilise one-off resources to enable a balanced forecast outturn position to ensure its financial sustainability. The sources of these resources are:

Emergency Funding

- 2.8 The Council received unringfenced Emergency Funding from the Government in 2020/21 and 2021/22 to help with the costs associated with the COVID19 pandemic. As has been regularly reported, the Council has utilised this funding to offset costs as well as the loss of income from Council Tax, Business Rates and Sales, Fees and Charges. It is now proposed to utilise **£1.700m** of the remaining funding to fund some of the pressures in 2022/23.

Reduction in General Fund Balances

- 2.9 The Robustness Report approved by Budget Council in March highlighted that given the risks faced by the Council, the level of General Balances should be set at

6.5% of the Council's net revenue budget. An element of this related to the rising demand for Children's Social Care as well as economic uncertainty faced by the Council. It is therefore proposed to reduce balances to 5% (the minimum level of balances that should be held by the Council regardless of the level of economic uncertainty). The remedial action plan approved in June included the use of £0.700m of General Balances, therefore reducing Balances by 1.5% would allow a further **£2.900m** to be utilised.

2.10 Given the current environment and financial risks faced by the Council, it is considered imperative that the Council increases Balances at the earliest opportunity from 2023/24 to reflect these risks. In the event that the financial position of the Council improves compared to this latest forecast, e.g., through an underspend on Adult Social Care, there will be a corresponding reduced call on general balances.

Review of Earmarked Reserves

2.11 Officers have undertaken a review of Earmarked Reserves to determine if any are no longer required for their original purpose and can be released to support the in-year pressures. The exercise has identified **£3.100m** of reserves that can be released, the most significant are:

- Business Rates Income Reserve – the Council maintains a reserve to allow for the timing of S31 grants to be managed across years, as well as fluctuations in Business Rates income. A review of the reserve has identified that £1.666m can be released. In line with Financial Procedure Rules (FPRs) Cabinet is requested to recommend to Council the release of this reserve.
- Local Authority EU Exit Preparation Grant – The Council received funding in 2018/19 and 2019/20 to assist with any costs incurred relating to the United Kingdom's exit from the European Union. After funding all known costs, £0.427m can now be released. In line with the FPR's this has been approved by the S151 Officer in consultation with the Chief Executive.
- COVID-19 New Burdens Grant Funding – the Council received a number of different strands of new burdens funding relating to the administration of various programmes on behalf of the Government. Due to some of the administration being undertaken by existing staff, and after funding all known costs, £0.300m can now be released as this grant is not ringfenced. In line with the FPR's this has been approved by the S151 Officer in consultation with the Chief Executive.
- Other Earmarked Reserves – in addition, a number of smaller reserves totalling £0.700m can now be released. In line with the FPR's these have been approved by the S151 Officer.

Summary 2022/23

2.12 After the implementation of the remedial actions above, an overspend of £0.046m is currently forecast. This represents the current position that has been forecast to the year end- in the event that further pressure is experienced, further remedial action will be required. However, as a result of using the options above, and those previously approved in June, there is no flexibility left for the use of existing reserves and general balances- as a result this pressure will need to be met from within the existing Council budget and delivery monitored carefully and reported to Cabinet. Any remedial action required will need to consider the adoption of financial principles used in previous years.

3. Medium Term Financial Planning

- 3.1 The report to Cabinet in June / Council in July highlighted that the pressures in Children's Social Care, as well as increased Energy costs, would have a significant ongoing impact on the Council's budget in 2023/24 and 2024/25. Whilst some of this pressure was considered to be temporary, much would be permanent.
- 3.2 The report also highlighted that there would be additional pressures from 2023/24 as a result of potential increases in the National Living Wage and the impact that this would have on both the Council pay structure as well as external providers, particularly in Adult Social Care. In addition, the current high levels of inflation would lead to significant pressure on many areas of the Council.
- 3.3 The ongoing impact of the current 2022/2023 pay award offer will now also need to be met in 2023/24 given it has been funded from one-off resources in 2022/23. In addition, the Council will need to assess the ongoing impact of the additional pressures reported this month in Children's Social Care as well as other service areas.
- 3.4 Based on all of these issues, the Council's Medium-Term Financial Plan (MTFP) will start to be refined and updated, however it is clear that based on this update, budget proposals will need to be developed for implementation from April 2023 (pending further Central Government advice on future funding levels) in order that the Council maintains financial sustainability. This will not be easy with extremely tight financial constraints being in existence and demand for Council services increasing continually (and councils being asked to carry out more functions); however, it is essential that this planning commences from this point. The annual comprehensive Medium-Term Financial Plan will be presented to Cabinet in October 2022.

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 £150.008m for 2022/23 (including Parish Precepts), which represents 84% of the net Council Tax income of £178.590m.
- 4.2 The forecast outturn for the Council at the end of July 2022 is a surplus of -£1.797m. This variation is primarily due to: -
- The surplus on the fund at the end of 2021/22 being higher than estimated (-£0.517m).
 - Gross Council Tax Charges in 2022/23 being higher than estimated (-£0.266m).

- Exemptions and Discounts (including a forecasting adjustment) being lower than estimated (-£1.014m).

4.3 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2022/23 but will be carried forward to be recovered in future years.

4.4 A forecast surplus of £2.022m was declared on the 15 January 2022 of which Sefton's share is £1.699m (84.1%). This is the amount that will be recovered from the Collection Fund in 2022/23. Any additional surplus or deficit will be distributed in 2023/24 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 £56.664m for 2022/23, which represents 99% of the net Business Rates income of £57.236m. 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 July 2022 is a surplus of -£6.598m on Business Rates income. This is due to:

- The deficit on the fund at the end of 2022/23 being lower than estimated (-£0.091m).
- Increase in the gross charge on rateable properties (-£1.068m).
- A number of reliefs announced for 2022/23 were assumed in the NNDR1 return with the loss of income as a result of these reliefs covered by Section 31 grant payments. It is now forecast that the value of these reliefs will be less than anticipated (-£5.439m).

5.3 When taking into account the lower Section 31 grants due on the additional reliefs, a net surplus of £1.244m is forecast.

5.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2022/23 but will be carried forward to be recovered in future years.

5.5 A forecast deficit of £18.702m was declared in January 2022. Sefton's share of this is £18.515m. This is the amount that will be distributed from the Collection Fund in 2022/23. Any additional surplus or deficit will be distributed in 2023/24 and future years.

6. **High Needs Budget**

6.1 A report was presented to Cabinet in July regard to the High Needs budget and the changes that are proposed, details of sufficiency planning, the Council's engagement on the Delivering Better Value Programme and the current high needs deficit and the risk around future central government decision making in respect of this deficit.

- 6.2 In light of these factors, the SEND green paper, the commencement of the Delivering Better Value Programme and the potential changes to accounting treatment of these high needs deficits that exist in a substantial number of councils in England, it was proposed that a monthly financial forecast be presented to Cabinet each month that reflects financial performance against budget and remedial planning - this would be considered alongside the wider quarterly performance report that will be presented to Cabinet and Council.
- 6.3 The High Needs Quarterly Update report presented to Cabinet in July outlined that the overspend on the High Needs budget in 2021/2022 was £4.2m resulting in an accumulated deficit of £12.5m at the end of 2021/22. The report also highlighted that a deficit for 2022/23 was forecast to be between £2.3m - £4.0m.
- 6.4 Given the increase in placements in September 2022, the current forecast overspend will be at least £2.9m, despite the provision of additional places at Sefton specialist provision schools from September. Between April and September, there has been an increase of 52 children placed at our specialist schools / SEND resource units, 172 additional EHCPs (total now 2,437 with 150 in progress) and a further 18 out of borough placements. The position is exacerbated by the additional pressures from currently proposed pay awards for 2022/23, particularly at the non-specialist provision schools where any additional cost has to be met from the High Needs budget as schools are only required to make a fixed contribution per qualifying pupil.
- 6.5 In light of the current position officers are reviewing all options available to the Council to mitigate this additional pressure during the current year and to reduce the impact on the High Needs deficit. This will include accelerating the proposals reported to members in the July Cabinet paper and determining new proposals to improve sufficiency.
- 6.6 During the next month the Council will be responding to central government's call for evidence on how High Needs deficits should be considered going forward, especially in respect of the potential for the ringfence of this deficit to the Dedicated Schools Grant (DSG) to come to an end from April 2023. Such a decision obviously presents significant financial risk to all councils if this moves from being a DSG issue to one that could impact on a council's General Fund. The response to this will be shared with relevant Cabinet Members and the next comprehensive report on High Needs to October Cabinet and November Council will provide an update on this.

7. Capital Programme 2022/23 – 2024/25

Capital Budget

- 7.1 The Capital Budget and profile of expenditure for the three years 2022/23 to 2024/25 is as follows:

2022/23	£42.777m
2023/24	£16.063m
2024/25	£6.680m

7.2 The following updates have been made to the capital programme budget since the previous report to Cabinet in July.

- **Adult Social Care** – the Cabinet Member for Adult Social care has, under delegated authority, approved revised budgets for the Wider Social Care programme and Community Equipment Stores funded from the Better Care Fund – Disabled Facilities Grant (DFG). The total amount approved was £4.934m for Adult Social Care and £0.550m for Children’s Social Care.
- **Communities** – £0.270m has been added to the programme for essential Health and Safety works at Dunes Splashworld funded by borrowing.
- **Economic Growth & Housing**
 - £0.556m has been added to the programme for Bootle Canal Side Business Plan funded by earmarked reserves.
 - Town Deal Projects – Les Transformations de Southport and Enterprise Arcade budgets have been phased from 2022/23 to 2023/24 (£1.584m) to align with the ongoing development of the Town Deal programme and summary business cases previously reported to Cabinet.
- **Education Excellence** – the following schemes have been rephased for delivery in 2023/24 financial year:
 - Lydiate Primary Rewire £0.104m
 - Hudson Primary Replacement Windows / Roof Refurbishment £0.146m
 - Merefield Roof Repairs £0.115m

7.3 In addition to the above capital budgets the following capital grant allocations have been approved by Cabinet and Council for inclusion in the Capital Programme 2022/23 and 2023/24:

Capital Grant	2022/23 £	2023/24 £
Education Excellence		
Schools Condition Allocation	2,426,403	-
High Needs Provision Capital Allocation	2,062,067	2,908,641
Basic Needs Funding	-	878,823
Highways and Public Protection		
City Region Sustainable Transport Settlement	6,210,000	-
Key Route Network *	400,000	400,000
Transforming Cities Fund - Urban Traffic Control	660,049	440,033
Traffic Signal Maintenance	250,000	-
TOTAL	12,008,519	4,627,497

7.4 Authority has been delegated to Cabinet Member to assign funding to individual capital schemes for Adult Social Care, Highways and the Schools block allocations reported above. The list of schemes for 2022/23 is being fully developed and will be

presented to the individual Cabinet Members for approval. A full list of the approved capital schemes will be presented in future reports to Cabinet.

Budget Monitoring Position to July 2022

- 7.5 The current position of expenditure against the budget profile to the end of June 2022 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.

Service Area	Budget to Jul-22	Actual Expenditure to Jul-22	Variance to Jul-22
	£m	£m	£m
Adult Social Care	1.038	1.014	-0.024
Children's Social Care	0.060	0.060	-
Communities	0.221	0.221	-
Corporate Resources	0.324	0.289	-0.035
Economic Growth & Housing	2.442	2.591	0.148
Education Excellence	0.674	0.678	0.004
Highways & Public Protection	2.172	2.123	-0.049
In House Operational Services	0.585	0.559	-0.026
Total Programme	7.516	7.535	0.019

Capital Programme Forecast Outturn 2022/23

- 7.6 The current forecast of expenditure against the budget profile to the end of 2022/23 and the profile of budgets for future years is shown in the table below:

Service Area	Full Year Budget 2022/23	Forecast Out-turn	Variance to Budget	Full Year Budget 2023/24	Full Year Budget 2024/25
	£m	£m	£m	£m	£m
Adult Social Care	6.217	6.217	-	1.774	1.610
Children's Social Care	0.450	0.450	-	0.100	-
Communities	2.188	2.188	-	0.290	-
Corporate Resources	6.145	6.120	-0.025	0.819	
Economic Growth & Housing	9.386	9.507	0.121	2.795	0.075
Education Excellence	4.271	4.212	-0.059	3.457	0.007
Highways & Public Protection	9.165	9.165	-	4.934	3.663
In House Operational Services	4.954	4.954	-	1.893	1.326
Total Programme	42.777	42.814	0.037	16.062	6.680

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

- 7.7 The current 2022/23 budgeted spend is £42.777m with a budgeted spend to July of £7.516m. The full year budget includes exceptional items such as £2.033m for vehicle replacement, £4.439m for Green Homes and Sustainable Warmth schemes, £8.427m for Growth and Strategic Investment projects, previously approved amounts for essential repairs and maintenance (£1.183m) and a significant scheme to upgrade to LED Street Lighting (£3.887m).
- 7.8 Typically, on an annual basis the capital programme spends in the region of £25m. Given this typical annual level of spend it is likely that reprofiling of spend into 2023/24 will occur as the year progresses.
- 7.9 An overspend on the Economic Growth and Housing budget has been forecast in relation to the Cambridge Road Redevelopment project. A change control has been submitted and accepted by the Liverpool City Region Combined Authority (LCRCA) to secure additional grant funding for the project alongside identified match funding from the Council. Approval to increase the project budget will be sought on a future report to Cabinet once legal paperwork has been finalised for the additional grant.

Disabled Facilities Grants

- 7.10 Expenditure on Disabled Facilities Grants has been increasing steadily since 2021/22 and will continue to do so with development of the Adult Social Care online Portal, development of extended warranties and revised means testing for applicants. The Council's core programme for Disabled Facilities Grants in 2022/23 will therefore be £2.000m, an increase on the target of £1.474m set in 2021/22's capital programme. This will be fully funded from the block allocation of the Better Care Fund – Disabled Facilities Grant.
- 7.11 As mentioned in paragraph 2.2, the Cabinet Member for Adult Social Care has, under delegated authority, approved revised budgets up to a value of £1m for the Wider Social Care Programme and Community Equipment Stores funded from the Better Care Fund – Disabled Facilities Grant (DFG). A full list of approved Adults and Children's Social Care schemes can be found at Appendix A.

Updates to Highways Funding

- 7.12 Several updates to funding allocations for the Highways Capital Programme have been received since the initial block allocations were approved by Cabinet and Council in March and then further revised in June. The following updates are now presented for consideration and approval:
- 7.12.1 The LCRCA has provided revenue funding of £1.064m from the City Region Sustainable Transport Settlement (CRSTS) to support the delivery of the capital programme. This is to fund posts or support from the framework partner in the development and management of projects during the 5 years of the settlement. The details of how the funding will be expended to support the programme are being determined.

- 7.12.2 The LCRCA previously approved an Outline Business Cases for both the Maritime Corridor and Southport Eastern access schemes and have invited the Council to develop both projects to Full Business Case (FBC). They have asked that the detailed design of both projects is undertaken prior to the FBC's being submitted. Consequently, they have provided funding from their pipeline development fund to enable the design and other necessary work to progress.
- 7.12.3 The Council has secured funding from a number of developers via the Section 106 process. This will help support a number of specific Highways capital projects. The most significant contribution will be towards the modification works to the junction of the A59 and Kenyon's Lane in Maghull.
- 7.12.4 A specific allocation of funding from the CRSTS has been identified for the funding of projects on the Key Route Network. The Grant Funding agreement, which will cover the entire 5-year programme, has yet to be received. The indicative allocation is £0.468m identified for spend in 2022-23 (note: this updates the estimate of £0.400m shown in paragraph 7.3). This is likely to be funding for works programmed for Marine Drive, with a contribution to the A59 cycleway and Kenyon's Lane project.
- 7.12.5 An allocation of funding has been confirmed from Tranche 3 of the Active travel Fund for £1.620m. This is to fund improvements to the A59 and the implementation of school streets proposals. The expectation is that the schemes will be committed in 2022/23, but not expended until 2023/24.
- 7.12.6 As mentioned in paragraph 7.4, authority has been delegated to Cabinet Member – Locality Services to assign funding to individual capital schemes up to £1m for the Highways block allocations reported above. The list of schemes for 2022/23 has been fully developed and will be presented to Cabinet Member for approval. A full list of the approved capital schemes will be presented on future reports to Cabinet.
- 7.12.7 It is also proposed to allocate an amount of the CRSTS funding to the Council's regular Highways Capital Maintenance budget for carriageway resurfacing and treatments.

Programme Funding

7.13 The table below shows how the capital programme will be funding in 2022/23:

Source	£m
Grants	30.034
Prudential Borrowing	7.940
Capital Receipts	2.193
Contributions (incl. Section 106)	2.609
Total Programme Funding	42.777

7.14 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.

7.15 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 2022/22 to 2024/25

Capital Project	Budget		
	2022/23 £	2023/24 £	2024/25 £
Adult Social Care			
New Directions Programme	390,000	-	-
Digitising Social Care	455,000	-	-
Sefton Carers Centre	30,000	-	-
Core DFG Programme	132,351	-	-
Double to Single Handed Care Equipment	150,000	-	-
Community Equipment Provision	300,000	-	-
ICT Development & Transformation	928,556	-	-
Occupational Therapy Support	603,774	-	-
Care Home Improvements	987,559	-	-
Changing Places	92,507	-	-
Retail Model within Health and Wellbeing Hubs	450,000	-	-
Extra Care Housing	-	750,000	750,000
Short Term Assessment Unit	860,000	860,000	860,000
Technology Enabled Care	420,806	13,750	-
Community Equipment Stores	250,000	100,000	-
Programme Support	166,625	50,000	-
Children's Social Care			
Support for Fostering Placements	100,000	100,000	-
Community Equipment – Children's	250,000	-	-
Springbrook Refurbishment	100,000	-	-
Communities			
Dunes Splashworld – Essential Repairs	463,133	101,874	-
Dunes Splashworld – Health and Safety Works	270,000	-	-
Orrell Mount Sports Hub	1,198,667	-	-
Libraries - Centres of Excellence	90,000	188,019	-
Section 106 Funded Projects	166,432	-	-
Corporate Resources			
Council Wide Essential Maintenance	1,051,028	818,833	-
STCC Essential Maintenance	54,650	-	-
Victoria Baths Essential Works	76,960	-	-
Bootle & Southport Town Hall Retrofit Energy Saving	29,950	-	-
Green Homes Grant Sustainable Warmth Schemes	4,438,882	-	-
ICT Transformation	493,281	-	-
Economic Growth & Housing			
Strategic Acquisitions - Bootle	17,620	-	-
Cambridge Road Centre Development	53,930	-	-
Crosby Lakeside Development	1,544,913	-	-
Town Centre Commission Bootle Canal Side	240,263	-	-

Bootle Canal Side Business Plan	556,862		
Southport Market Redevelopment	47,335	-	-
Strategic Acquisitions - Ainsdale	90,600	836,423	-
	2022/23	2023/24	2024/25
	£	£	£
Marine Lake Events Centre	3,175,637	-	-
Enterprise Arcade	660,000	834,000	-
Transformations De Southport	2,000,000	750,000	-
Strand Business Plan	40,000	375,000	75,000
Housing Investment	33,960	-	-
Brownfield Fund for Housing Development	537,790	-	-
Social Housing Allocations Scheme	65,000	-	-
Southport Pier	321,822	-	-
Education Excellence			
Schools Programme	3,538,629	3,457,299	7,055
Planned Maintenance	197,617	-	-
Special Educational Needs & Disabilities	535,143	-	-
Highways and Public Protection			
Transport Schemes	5,277,913	1,328,620	-
LED Street Lighting Upgrade	3,886,920	3,605,580	3,662,630
Locality Services			
Burials & Cremation Service – Vehicles & Equipment	47,713	-	-
Coastal Erosion and Flood Risk Management	1,504,248	1,656,926	1,306,000
Parks Schemes	110,426	102,989	-
Tree Planting Programme	134,505	19,769	19,769
Golf Driving Range Developments	290,268	-	-
Ainsdale Coastal Gateway	327,712	-	-
Crosby Marine Lake Improvements – Phase 1	30,339	-	-
Green Sefton – Plant & Machinery	131,152	-	-
Vehicle Replacement Programme	2,033,329	113,000	-
Wheeled Bins	345,000	-	-
TOTAL PROGRAMME	42,776,807	16,602,082	6,680,454