

Report to:	Cabinet	Date of Meeting:	Thursday 6 October 2022
Subject:	Financial Management 2022/23 to 2024/25 and Framework for Change 2020 - Revenue and Capital Budget Update 2022/23 – October 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:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform **Cabinet** 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 August 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):

Cabinet is recommended to:

Revenue Budget

- 1) Note the current position relating to the 2022/23 revenue budget.
- 2) Note the actions being taken to offset the budget pressures being faced in 2022/23.
- 3) Recognise 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.

- 5) Approve that decisions on the use of the Household Support Fund are delegated to the Executive Director - People in consultation with the Cabinet Member for Communities and Housing, and note that any discretionary element that will not be passported to vulnerable families and individuals in line with the grant conditions will be approved in accordance with the Financial Procedure Rules.

Capital Programme

- 6) Note the spending profiles across financial years for the approved capital programme (paragraph 7.1).
- 7) Note the latest capital expenditure position as at 31 August 2022 of £10.191m (paragraph 7.5); the latest full year forecast is £56.651m (paragraph 7.6).
- 8) Note explanations of variances to project budgets (paragraph 7.9).
- 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 (paragraphs 7.10-7.12).

Reasons for the Recommendation(s):

To ensure Cabinet 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.

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 2022/23 an overspend position of £2.644m is currently forecast and that further mitigating actions will be required to ensure the Council returns to a balanced forecast outturn position.

(B) Capital Costs

The Council's capital budget in 2022/23 is £56.763m. As at the end of August 2022 expenditure of £10.191m has been incurred and a full year outturn of £56.651m is currently forecast.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): Currently an overspend position of £2.644m is forecast for 2022/23. Therefore, further mitigating actions will be required to ensure the Council returns to a balanced forecast outturn 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.</p>									
<p>Legal Implications: None</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Climate Emergency Implications:</p> <p>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 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.</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
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Have a negative impact	N								
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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><u>Protect the most vulnerable:</u> See comment above</p>
<p><u>Facilitate confident and resilient communities:</u> See comment above</p>
<p><u>Commission, broker and provide core services:</u> See comment above</p>
<p><u>Place – leadership and influencer:</u></p>

See comment above
<u>Drivers of change and reform:</u> See comment above
<u>Facilitate sustainable economic prosperity:</u> See comment above
<u>Greater income for social investment:</u> See comment above
<u>Cleaner Greener:</u> 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 6961/22)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5161/22).

(B) External Consultations

None

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 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 those pressures continued across a number of service areas, that an overspend in the region of £2.2m was forecast. The report to September's Cabinet outlined that pressures had increased further, primarily as a result of the impact of the initial offer for the local government pay award and further pressure within Children's Social Care. A further remedial action plan was presented in the report and approved by Council. This took the total value of pressure that had been met in year to in excess of £20m.
- 1.4 This report is the fourth 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 previous 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 7.10 to 7.12 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 August 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. The report to September's Cabinet outlined that pressures had increased further, primarily as a result of the impact of the initial offer for the local government pay award and Children's Social Care. A forecast overspend of £7.743m was reported. A further remedial action plan was approved to meet these estimated costs during 2022/23. At this point the total value of these remedial plans is in excess of £20m for the year. However, it was acknowledged that pressures might increase further, particularly relating to assumptions around high-cost accommodation charges within Children's Social Care which required further financial modelling in order that a further accurate figure could be provided. It was also outlined that if these pressures materialised additional remedial actions would need to be implemented to ensure a balanced forecast outturn position, potentially including the adoption of financial principles used in previous years.
- 2.4 Since July's monitoring, there has been a significant worsening of the position relating to Children's Social Care accommodation costs as well as additional Home to School Transport costs. As at the end of August 2022, the forecast outturn shows a net overspend of **£2.644m**. 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. Proposed actions to meet this forecast overspend are outlined in paragraphs 2.8 to 2.11.
- 2.5 The table below highlights the variations across services that make up the £2.644m forecast overspend:

	Budget	Forecast Outturn	Variance	Variance to July
	£m	£m	£m	
<u>Services</u>				
Strategic Management	4.024	4.036	0.012	0.000
Adult Social Care	102.090	102.090	0.000	0.000
Children's Social Care	52.069	65.792	13.723	2.828
Communities	17.591	17.011	-0.580	-0.477
Corporate Resources	5.559	5.291	-0.268	-0.065
Economic Growth & Housing	6.583	6.620	0.037	0.075
Education Excellence	11.299	12.769	1.470	0.509
Health & Wellbeing	19.349	19.013	-0.336	-0.110
Highways & Public Protection	11.214	11.097	-0.117	-0.014
Operational In-House Services	15.013	15.736	0.723	-0.098
Energy Costs	0.000	4.300	4.300	0.000
Additional Pay Award Provision	0.000	4.100	4.100	0.000
Total Service Net Expenditure	244.791	267.855	23.064	2.648

Council Wide Budgets	0.076	-0.144	-0.220	-0.047
Levies	35.222	35.222	0.000	0.000
General Government Grants	(72.356)	(72.356)	0.000	0.000
Remedial Action Plan - June	0.000	-12.500	-12.500	0.000
Remedial Action Plan – September	0.000	-7.700	-7.700	0.000
Total Net Expenditure	207.733	209.930		
<u>Forecast Year-End Deficit</u>			<u>2.644</u>	<u>2.601</u>

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. From this early work it is doubtful that underspends of the size experienced in previous years will materialise therefore at this stage the forecast is remaining as it is. This will be refined in advance of the next reporting cycle and as part of the remedial plan and some underspend is likely to materialise.
- **Children’s Social Care** – The current forecast shows a potential overspend of £13.723m, a significant increase in the figure of £10.895m reported to Cabinet in September.

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 73. 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 613 cared for children and a further 419 children on child protection plans.

The forecast in the September report assumed that these costs would continue for a number of months. It is now assumed that these cases will mostly continue until the end of the year, adding a significant additional pressure to the Children’s Social Care budget both in the current year and for future budget planning.

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 £1.421m 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 £0.723m. 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 in 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 £22.8m 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 that no additional funding will be made available, meaning the Council needs to make remedial plans to meet these pressures.

Proposed Remedial Actions

- 2.7 Given there is still a forecast deficit it is proposed to undertake a number of remedial actions, including the adoption of financial principles used in previous years, to enable a balanced forecast outturn position to ensure its financial sustainability. The proposed actions are:

Recruitment Freeze

- 2.8 The Council will introduce a recruitment freeze until the end of the financial year. . This will apply to all services across the Council with the exception of Adult Social Care, Children's Social Care, Cleansing, Early Help and Special Educational Needs and Disability. It is forecast that this will generate savings of between £1.000m and £1.500m.

No Further Overspend in any Service

- 2.9 All services must manage their budgets to ensure that their forecast outturn position does not worsen from that currently reported.

No Further Growth Items or Additionality

- 2.10 All services to pause any requests for growth or additionality, even if it could be funded from current forecast underspends or further underspends compared to the current forecast position. This will ensure that any further underspends can be used to contribute to mitigating the Council's overall financial position. This doesn't apply to expenditure that can be fully met from external funding received by the Council.

Non-Essential Expenditure

- 2.11 A full review is currently being undertaken of all budgets across the Council to identify any areas of non-essential spend that could be stopped. This will include reviewing progress on spending in all areas, including growth items approved in the last couple of years, to identify options for where additional expenditure commitments could be paused. This will identify further underspends that can be used to contribute to mitigating the Council's overall financial position. These options / areas of non-essential expenditure will be reported to Cabinet in November.

Summary 2022/23

- 2.12 After the implementation of the previously agreed remedial actions, an overspend of £2.644m is currently forecast. The proposed actions in paragraphs 2.8 to 2.11 will be fully evaluated and their financial impact will be reported to Cabinet in November – at this stage it is anticipated that the actions proposed will meet the current forecast overspend. However, 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. As a result of using the options previously approved in June and September, there is no flexibility left for the use of existing reserves and general balances- as a result this pressure, and any further pressure, will need to be met from within the existing Council budget and delivery monitored carefully and reported to Cabinet.

Household Support Fund

- 2.13 The Government has continued to provide funding in 2022/23 (the Household Support Fund) to local authorities to provide support to households who are experiencing, or at risk of experiencing, poverty, and where alternative sources of assistance may be unavailable. Sefton have been allocated **£2.435m** for the period between the 1 October 2022 to 31 March 2023. This is in addition to the £2.435mm previously received for the period between 1 April 2022 and 30 September 2022.

- 2.14 The funding will be spent in line with the grant conditions which include a requirement that:
- 33% of the grant to be spent on households with children
 - Up to 33% of the grant spent on households without children
 - 33% of the grant to be spent on households containing pensioners.
- 2.15 The funding will be used to support vulnerable families who are in receipt of Free School Meals, pensioners who are in receipt of Council Tax Reduction Scheme support as well as families and individuals who require emergency assistance. The focus remains on food, affordable warmth in homes, help with utility bills and other essential household items. In addition, resources will be allocated to develop projects designed to identify sustainable sources of food to reduce residents' reliance on food banks.
- 2.16 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. Any discretionary element that will not be passported to vulnerable families and individuals in line with the grant conditions will be approved in accordance with the Financial Procedure Rules.

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 with the potential scale of the funding gap, in the absence of any further central government funding being clear based on the information in this report. As a result, 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 November 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 August 2022 is a surplus of -£1.985m. 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 (-£0.325m).
 - Exemptions and Discounts (including a forecasting adjustment) being lower than estimated (-£1.143m).
- 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 August 2022 is a surplus of -£6.705m 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 (-£0.890m).
 - 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 (-£5.432m).
 - Adjustments to the Appeals Provision relating to prior years (-£0.292m)

- 5.3 When taking into account the lower Section 31 grants due on the additional reliefs, a net surplus of £1.168m 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 with 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 In August the Council responded 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 was shared with relevant Cabinet Members and the next comprehensive report on High Needs to November's Cabinet and Council meetings will provide an update on this if available.

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	£56.763m
2023/24	£38.506m
2024/25	£32.149m

7.2 The updates listed below have been made to the Capital Programme budget since the previous budget reported to Cabinet in September. A number of additional estimates will be presented to Council on 29 September 2022, and these estimates have been included in the budget on the assumption that approval is granted. It should be noted however, that at the time of writing this meeting has not taken place.

- **Adult Social Care:**
 - The budget for core Disabled Facilities Grants has been set at £2m following approval by Council in September.
 - the following schemes have been partially rephased for completion in 2023/24: ICT Development & Transformation £0.060m and New Directions Programme £0.195m.
- **Corporate Resources** – £0.188m has been added for Corporate Essential Maintenance funded from capital receipts following approval by Council in September.
- **Economic Growth and Housing:**
 - £0.171m has been added to the Crosby Lakeside Redevelopment project funded from the Economic Recovery Earmarked Reserves following approval by Council in September
 - £0.680m has been added for the Strand Repurposing project funded from the Economic Recovery Earmarked Reserves following approval by Council in September.
 - £3.000m has been added for Southport Pier Decking Project following approval by Council in September.
 - £69.1m has been added for the Marine Lake Events Centre (MLEC) following approval by Council in September. £31.7m will be funded from the Town Deal; £17.7m from the Liverpool City Region Combined Authority; and £19.7m to be funded by the Council. This budget will be

spread over 2022/23 to 2025/26 financial years. The total cost of the project, which commenced in 2021/22, will be £73m including amounts previously approved by Council.

- **Education Excellence:**
 - Linaker Primary Cold Water Storage (£0.081m) has been rescheduled for delivery in 2023/24.
 - £3.782m has been added for stage one of a scheme to expand Summerhill Primary funded from S106 contributions following approval by Council in September.

- **Highways and Public Protection** – the Cabinet Member for Locality Services has, under delegated authority, approved budgets for the Transportation Capital Programme 2022/23 funded from the Liverpool City Region Sustainable Transport Settlement. The total amount approved was £9.680m. Council in September has approved an additional amount of £4.789m for the Carriageway Maintenance budget. A full list of Highways Capital schemes can be found at Appendix A.

- **Operational In House Services:**
 - Crosby Flood and Coastal Defence Scheme – £0.050m has been phased to 2023/24.
 - Gold Driving Range Developments – the Southport scheme (£0.280m) has been rescheduled to 2023/24 whilst further external investment in the course is sought by way of a soil importation scheme that will create the space to build the range in a suitable location.

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
TOTAL	4,488,470	3,787,464

7.4 Authority has been delegated to Cabinet Member – Education to assign funding to individual capital schemes for the school’s block allocations reported above. The list of schemes for 2022/23 is being fully developed and will be presented to Cabinet Member for approval. A full list of the approved capital schemes will be presented in future reports to Cabinet.

Budget Monitoring Position to August 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 Aug-22	Actual Expenditure to Aug-22	Variance to Aug-22
	£m	£m	£m
Adult Social Care	1.288	1.230	-0.058
Children's Social Care	0.083	0.082	-0.001
Communities	0.335	0.337	0.002
Corporate Resources	0.340	0.329	-0.011
Economic Growth & Housing	3.469	3.517	0.047
Education Excellence	1.108	1.179	0.071
Highways & Public Protection	2.817	2.846	0.029
In House Operational Services	0.698	0.671	-0.027
Total Programme	10.139	10.191	0.052

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	7.830	7.768	-0.062	2.029	1.610
Children's Social Care	0.450	0.450	-	0.100	-
Communities	2.208	2.208	-	0.290	-
Corporate Resources	6.145	6.073	-0.072	1.007	-
Economic Growth & Housing	13.005	13.165	0.160	20.616	25.543
Education Excellence	4.191	4.053	-0.138	7.320	0.007
Highways & Public Protection	18.356	18.356	-	4.874	3.663
In House Operational Services	4.579	4.579	-	2.269	1.326
Total Programme	56.763	56.651	-0.112	38.506	32.149

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

7.7 The current 2022/23 budgeted spend is £56.763m with a budgeted spend to August of £10.139m. The full year budget includes exceptional items such as £2.033m for vehicle replacement, £4.439m for Green Homes and Sustainable Warmth schemes, £1.199m for a sports hub, £12.047m for Growth and Strategic Investment

projects, previously approved amounts for essential repairs and maintenance (£1.916m) 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 A budget variance of £0.160m has been experienced on the Economic Growth and Housing budget and £0.138m on the Education Excellence budget to the end of August. The following explanations are provided for the key elements of the variance:

- **Cambridge Road Centre Redevelopment £0.123m** – further resources are required to complete the project, and these have been identified from within the Council's current budget and an application to the Liverpool City Region Combined Authority for further grant funding. A supplementary capital estimate will be presented for approval once confirmation of the grant offer has been received.
- **Schools Programme £0.138m** – the variance is the result of several minor underspends across a number of schemes. Individual scheme savings stem from changes in the scope of work and any unexpended contingency sums. The unused resources will be reprioritised and allocated to other school's schemes.

Programme Funding

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

Source	£m
Grants	43.519
Prudential Borrowing	7.660
Capital Receipts	2.300
Contributions (incl. Section 106)	3.284
Total Programme Funding	56.763

7.11 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.

7.12 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			
Digitising Social Care	455,000	-	-
Core DFG Programme	2,000,000	-	-
Occupational Therapy Support for DFGs	603,774	-	-
ICT Development & Transformation	868,556	60,000	-
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
New Directions Programme	195,000	195,000	-
Technology Enabled Care	420,806	13,750	-
Sefton Carers Centre	30,000	-	-
Community Equipment Provision	300,000	-	-
Double to Single Handed Care Equipment	150,000	-	-
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	185,990	-	-
Corporate Resources			
Council Wide Essential Maintenance	1,051,028	1,007,707	-
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	1,715,913	-	-
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	6,624,542	14,390,773	25,468,340
Enterprise Arcade	660,000	834,000	-
Transformations De Southport	2,000,000	500,000	-
Strand Business Plan	40,000	375,000	75,000
Strand Repurposing Project	-	680,000	-
Housing Investment	33,960	-	-
Brownfield Fund for Housing Development	537,790	-	-
Social Housing Allocations Scheme	65,000	-	-
Southport Pier	321,822	3,000,000	-
Education Excellence			
Schools Programme	3,457,830	7,320,178	7,055
Planned Maintenance	197,617	-	-
Special Educational Needs & Disabilities	535,143	-	-
Highways and Public Protection			
Accessibility	989,402	-	-
Healthy Lifestyles	790,000	-	-
Road Safety	120,000	-	-
A565 Route Management Strategy	2,349,041	-	-
A59 Route Management Strategy	839,000	-	-
Strategic Planning	1,510,634	-	-
Traffic Management & Parking	55,000	-	-
Highway Maintenance	5,600,454	-	-
Bridges & Structures	517,921	-	-
Drainage	337,340	-	-
Street Lighting Maintenance	327,400	-	-
LED Street Lighting Upgrade	3,886,920	3,605,580	3,662,630
Urban Traffic Control	902,830	-	-
Transport Growth Schemes	-	1,268,620	-
Completing Schemes / Retentions	130,000	-	-
In House Operational Services			
Burials & Cremation Service – Vehicles & Equipment	47,713	-	-
Coastal Erosion and Flood Risk Management	1,408,473	1,752,701	1,306,000
Parks Schemes	110,426	102,989	-
Tree Planting Programme	134,505	19,769	19,769
Golf Driving Range Developments	9,988	280,280	-
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	56,763,174	38,505,663	32,148,794