

Report to:	Cabinet	Date of Meeting:	Thursday 1 December 2022
Subject:	Financial Management 2022/23 to 2024/25 and Framework for Change 2020 - Revenue and Capital Budget Update 2022/23 – December 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 October 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.

Capital Programme

- 1) Note the spending profiles across financial years for the approved capital programme (paragraph 7.1).
- 2) Note the latest capital expenditure position as at 31 October 2022 of £19.758m (paragraph 7.12); the latest full year forecast is £51.250m (paragraph 7.13).
- 3) Approve a supplementary capital estimate of £0.140m for the expansion of Melling Primary School funded by Section 106 contributions (paragraph 7.8).
- 4) Approve a supplementary capital estimate of £0.339m for the Brownfield Land Fund – Former Bootle High Site funded by external grant from the Liverpool City Region Combined Authority (paragraph 7.10).
- 5) Approve a supplementary capital estimate of £0.694m for the Brownfield Land Fund – Bentham’s Way Site funded by external grant from the Liverpool City Region Combined Authority (paragraph 7.10).
- 6) 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 7.16-7.18).

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 £2.497m 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 £51.207m. As at the end of October 2022 expenditure of £19.758m has been incurred and a full year outturn of £51.250m is currently forecast.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): Currently an overspend position of £2.497m 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: 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
Have a positive impact	N							
Have a neutral impact	Y							
Have a negative impact	N							
The Author has undertaken the Climate Emergency training for report authors	N							

Contribution to the Council's Core Purpose:

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

<p><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>

<u>Place – leadership and influencer:</u> 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 7022/22)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5222/22).

(B) External Consultations

N/A

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

The following appendix is attached to this report:

APPENDIX A – Capital Programme 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 includes the latest Council budget monitoring report as at October and thereby 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. The capital budget to date is presented in paragraphs 7.2 to 7.5. Paragraphs 7.12 to 7.15 review progress of the capital programme. Finally, paragraphs 7.16 to 7.18 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 October 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 that were unforeseen at the time of setting the budget. 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 September's monitoring, there has been a worsening of the position relating to Adult Social Care and Children's Social Care but a reduction in forecast energy costs as well as savings across a number of other service areas. As at the end of October 2022, the forecast outturn shows a net overspend of **£2.497m**. 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 £2.497m forecast overspend:

	Budget	Forecast Outturn	Variance	Variance to September
	£m	£m	£m	
Services				
Strategic Management	4.024	4.033	0.009	-0.002
Adult Social Care	102.090	103.490	1.400	1.400
Children's Social Care	52.069	68.076	16.007	0.457
Communities	17.591	16.803	-0.788	-0.004
Corporate Resources	5.559	5.064	-0.495	0.016
Economic Growth & Housing	6.583	6.527	-0.056	0.061
Education Excellence	11.299	12.929	1.630	0.119
Health & Wellbeing	19.349	18.627	-0.722	-0.261
Highways & Public Protection	11.214	10.878	-0.336	-0.076
Operational In-House Services	15.013	15.651	0.638	-0.025
Energy Costs	0.000	2.100	2.100	-2.650
Additional Pay Award Provision	0.000	4.100	4.100	0.000

Total Service Net Expenditure	244.791	268.278	23.487	-0.965
Council Wide Budgets	0.076	-0.714	-0.790	-0.319
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	210.230		
<u>Forecast Year-End Deficit</u>			<u>2.497</u>	<u>-1.284</u>

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

- **Adult Social Care** – Previous forecasts have assumed that the Adult Social Care budget will break-even during 2022/23. However, it was reported in November that there are some significant financial pressures arising due to increases in numbers of clients in nursing and residential as well as overspends in Supported Living and Day Care. Additional pressures including agency and consultancy costs are also being seen. It is currently forecast that there will be a net overspend of £1.400m. Further work is being undertaken to refine the forecasts, including around client numbers and associated income levels, as well as the achievement of savings from the Demand Management programme.
- **Children’s Social Care** – The current forecast shows a potential overspend of £16.007m, a slight increase in the figure reported to Cabinet in November.

As has been regularly reported over the last three years, the cost of accommodation and agency staff 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 75. 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 substantial amounts per week.

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 net overspend of £1.630m, with an overspend of £1.769m relating to Home to School Transport forecast. 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, particularly from September.

- **Operational In-House Services** The current forecast shows a potential overspend of £0.638m. 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. Last month this was estimated at £4.750m. The Council has received updated information from the Council's framework providers on the fees being paid, as well as the potential benefit from the energy price cap for organisations. It is now estimated that the net impact will be £2.100m. This will continue to be closely monitored as more information becomes available, including impact of the energy price cap. It should be noted that energy 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 1 November 2022, trade unions accepted the offer from the National Employers for local government services body 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. 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 £23.5m 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. Although many of the causes of pressures on children services are being seen nationally, there are many which are Sefton specific e.g., increases in numbers of Looked After Children and increases in accommodation and agency costs), however the energy and pay award pressures of £6.2m 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 As reported in the last two months, 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 / implemented actions are:

Recruitment Freeze

- 2.8 The Council has introduced 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. Savings from non-recruitment of current vacant posts are now built into the forecast outturn position. Savings from the non-recruitment to posts as they become vacant across the remainder of the year will be built into future forecasts.

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 includes reviewing progress on spending in all areas 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 identified to date include:

- Health and Wellbeing – the forecast underspend currently reported excludes potential underspends on various contracts agreed for the year. These will be evaluated to assess the potential in-year savings, but it is anticipated this could be in the region of £0.750m.
- Agile / Hybrid Working – the Council set aside resources to fund changes to office accommodation for the move towards Agile / Hybrid working. As the works are nearly complete it is anticipated that some of these resources can be credited back to the revenue budget – current estimate is that £0.300m can be released.
- New Burdens funding – the Council has received new burdens funding relating to activity it has been asked to undertake on the Government's behalf. Whilst some has been required to fund additional costs incurred, some is effectively to fund activity undertaken by existing staff. Therefore, £0.100m is available to offset the existing forecast outturn position.
- Energy Reductions – given the additional pressures relating to energy costs the Council is reviewing various measures to reduce its energy consumption.

Summary 2022/23

- 2.12 After the implementation of the previously agreed remedial actions, an overspend of **£2.497m** 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

January – at this stage it is anticipated that the actions proposed will meet a proportion of the current forecast overspend, with a balance estimated at up to £1.3m remaining to be funded. 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.

- 2.13 Should there still be a residual overspend at year end, this will need to be funded by general balances and as part of the budget process for 2023/24 the Council will need increase these back to the previous level taking into account the risks faced by the Council and the assessment of their adequacy as described in the S151 Officer's Robustness report. As stated, further work will be carried out on the remedial plan and a detailed position will be reported in the next cycle.

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) has been refined and updated with the potential scale of the funding gap, in the absence of any further central government funding for this year being clear based on the information in this report. As a result, 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 update was presented to Cabinet and Council 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 October 2022 is a surplus of -£2.559m. 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 (-£0.364m).
 - Exemptions and Discounts (including a forecasting adjustment) being lower than estimated (-£1.678m).
- 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 October 2022 is a surplus of -£5.293m 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 (-£0.916m).
 - 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 (-£5.392m).
 - Adjustments to the Appeals Provision relating to prior years (+£1.106m)

- 5.3 When taking into account the lower Section 31 grants due on the additional reliefs, a net surplus of £1.151m 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 October 2022, the current forecast overspend will be at least £4.840m, despite the creation of additional in-house places at Sefton schools from September. Between April and September, there was an increase of 52 children placed at Sefton 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 the approved pay awards for 2022/23 which are significantly higher than used for the new SEND Funding Model. Initial calculations show that the current pay awards have added at least an additional £0.900m cost pressure across Specialist SEND placements and although no additional funding has been allocated to schools in 2022/23 funding formula to reflect this increase it is something that will need to be addressed in 2023/24. There is also an additional cost pressure on non-specialist provision schools due to changes in non-teaching pay awards. Any additional pay uplift costs should be met from the High Needs budget as schools are only required to make a fixed contribution per qualifying pupil however currently no increased funding allocations have been provided to schools and this is currently an additional cost pressure to school budgets. The accumulative deficit position on the High Needs budget is estimated to be of £17.24m based on the current SEND numbers but this can change daily.

- 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. In addition, discussions as part of the Council's participation in the Delivering Better Value Programme will be assessed as to their impact on the forecast deficit position. An update will be provided to Cabinet as a separate report in January 2023.
- 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 – at the current time there has been no announcement by the Government on this issue.

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	£51.207m
2023/24	£42.512m
2024/25	£44.629m

- 7.2 The updates listed below have been made to the Capital Programme budget since the previous budget reported to Cabinet in November:

- **Adult Social Care** – the following projects have been reviewed and rephased into 2023/24:
 - Care Home Improvements £0.350m – it has been identified that projects originally highlighted for progression have been delayed due to the fact that there has been a heavy focus on preparing care homes in readiness for the roll out for the Digital Transformation Programme which has taken priority on a national level. The allocated £0.350m from the DFG Capital allocation has therefore been rolled over into 2023/24 when focussed planning can resume.
 - Retail Model within Health and Wellbeing Hubs £0.450m – this project is complex and detailed planning is now underway. Hub sustainability and revenue considerations are still significant and different models are being considered, with in depth consultation and analysis currently being undertaken. Therefore, the timeframe for 2022/23 spend has been revised and the allocation will be moved to 2023/24.

- **Corporate Resources:**
 - Green Homes Grant Local Delivery Scheme (LAD2) - £1m has been added to the capital programme following approval by Cabinet in November.

- **Education Excellence:**
 - Grange Rewiring - £0.248m has been rephased to 2023/24 as the remaining works are to be retendered to commence summer 2023.
 - Lydiate Primary Rewiring – £0.080m has been phased from 2023/24 to 2022/23 due to the expenditure of provisional sums and additional items of work being carried out earlier in the programme of works than originally envisaged.
 - Formby High Conversion of Caretaker’s House – £0.190m has been rephased to 2023/24 as the scheme is still currently in the feasibility stage.

- **Operational In-House Services:**
 - Ainsdale Coastal Gateway – £0.300m has been rephased to 2023/24. The full funding for the scheme has not yet been confirmed and as such it is unlikely that all the works will be completed in this year.

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. A list of schemes for the 2022/23 Schools Condition Allocation (SCA) has now been approved by Cabinet Member. The list below provides further detail of the approved schemes:

Location	Scope of Work	Estimated Budget Requirement £
General Planned Maintenance	General Maintenance	250,000
Condition Surveys	School condition surveys	50,000
Bedford CP	Replace flooring to Assembly hall	23,000
Birkdale CP	Roof repairs	60,000
Birkdale CP	Playground resurface/drainage	50,000
Crosby High	Install additional drainage	25,000
Daleacre	Supply power to gates	18,000

Farnborough Road Juniors	Roof repairs	50,000
Forefield Infants	Land drains to field, high level windows, repoint brickwork	20,000
Freshfield Primary	Drainage issue/replace	20,000
Green Park	Fire compartmentation and tarmac to courtyard areas	20,000
Hatton Hill CP	Access ramps	20,000
Hatton Hill CP	Remaining flat roof	24,000
Hatton Hill CP	Drains Survey/Replacement	10,000
Hudson CP	Remaining flat roof	140,000
Hudson CP	Additional Drainage	15,000
Linacre Primary	Play area canopy	40,000
Lydiate CP	Remaining roof	115,000
Marshside CP	Playground repairs phase 2	36,000
Marshside CP	Upgrade existing Toilets and add new toilet block	32,000
Melling CP	Refurbish Toilets	10,000
Meols Cop HS	Piled foundations to link corridor	36,000
Merefield	Re-roof pitched roof flat roof and remove redundant AC units	120,000
Merefield	Resurface playground	40,000
Netherton Moss	Upgrade fire doors	25,000
Rowan Park	Replace roof	40,000
Rowan High	Replace flat roof	200,000
Redgate CP	Replace boundary fence	30,000
Redgate CP	Remaining repointing & Ramps	15,000
Summerhill CO	Expansion and Improvement Work linked with new development	250,000
St Philips	Re-roof flat roof including fascia's and chimney	62,000
Valewood CP	Playground, access road and drainage	60,000
Valewood CP	Ceilings and Replacement LEDs - additional rooms	15,000
Waterloo CP	Improve Drainage/provide level playing area extend canopy	50,000
Woodland CP	Structural supports	15,000
Kingsmeadow	Phase 2 rewire	160,000
The Grange	Phase 2 rewire	130,000
St Lukes Formby	Boiler replacement	100,000
Birkdale CP	Replace boiler in small boiler room	50,000
	Total (SCA) allocation	2,426,000

7.5 The list of schemes for the High Needs Provision Capital Allocation is being 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.

Melling Primary School Expansion

7.6 The Sefton Local Plan was adopted in April 2017. This allocated housing land for over 11,000 new homes to 2030. During the preparation of the Local Plan, officers in the education and planning departments worked closely to ensure that the implications of the new housing on schools was explored and policies were in place to mitigate any impact. Melling village includes two housing allocations in the Local Plan that combined could accommodate over 300 homes.

- 7.7 In order to increase primary education capacity in Melling Village as soon as possible, it was necessary to provide additional space that could be flexibly used. This would provide the space if there were a need to create school places in future years. A scheme was therefore approved in March 2021, funded by Section 106 contributions, to expand Melling Primary at a cost of £408,796.
- 7.8 Following further development of the scheme and successful tendering of works, the total costs increased (due to material shortages and industry related inflation, post Covid) to £548,936 and further funding will therefore be required to fully finance the project. Additional Section 106 contributions from planning applications in the wider Sefton East parishes area have now been agreed and Cabinet is therefore requested to approve a supplementary capital estimate of £140,140 for the expansion at Melling Primary.

Brownfield Fund for Housing Development

- 7.9 As part of the March 2020 Budget the Government launched a £400m Brownfield Land Fund (BLF) to be distributed to Combined Authority areas. The Liverpool City Region has received £45m which has been allocated over a five-year period.
- 7.10 The Council, through its Housing Development Company Sandway Homes Limited, has bid for BLF grant to help bring forward housing developments at two sites, one at the former site of Bootle High School, Netherton and one at Bentham's Way, Southport. This amounts to £338,570 and £693,711 respectively. Discussions are ongoing but subject to confirmation, and following receipt by the Council, these amounts will be transferred to Sandway Homes Limited to complete the works in accordance with the grant funding agreement. The Council is therefore the accountable body and supplementary capital estimates of £338,570 and £693,711 are required to support each scheme, which will be fully funded by the external grant (subject to final confirmation).
- 7.11 Within the grant agreement there is the provision for clawback should the site not progress as intended. In the unlikely event that the Council decided to cease development of this element of the programme then the Council would be liable for the clawback of funds received.

Budget Monitoring Position to October 2022

- 7.12 The current position of expenditure against the budget profile to the end of October 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. The budget to date in the table below reflects the profiles of each individual scheme.

Service Area	Budget to Oct-22	Actual Expenditure to Oct-22	Variance to Oct-22
	£m	£m	£m
Adult Social Care	2.044	1.862	-0.183
Children's Social Care	0.131	0.145	0.014

Communities	0.537	0.596	0.059
Corporate Resources	3.492	3.520	0.028
Economic Growth & Housing	5.238	5.155	-0.083
Education Excellence	2.153	2.318	0.165
Highways & Public Protection	5.208	5.394	0.187
In House Operational Services	0.823	0.769	-0.054
Total Programme	19.625	19.758	0.133

Capital Programme Forecast Outturn 2022/23

7.13 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	6.075	6.120	0.045	3.784	1.610
Children's Social Care	0.450	0.450	-	0.100	-
Communities	1.009	1.045	0.036	0.290	-
Corporate Resources	7.145	7.073	-0.072	1.008	-
Economic Growth & Housing	10.750	10.886	0.135	21.494	38.023
Education Excellence	3.783	3.682	-0.101	7.763	0.007
Highways & Public Protection	18.356	18.356	-	4.874	3.663
In House Operational Services	3.639	3.639	-	3.200	1.326
Total Programme	51.207	51.250	0.043	42.512	44.629

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

7.14 The current 2022/23 budgeted spend is £51.207m with a budgeted spend to October of £19.625m. The full year budget includes exceptional items such as £2.033m for vehicle replacement, £5.439m for Green Homes and Sustainable Warmth schemes, £9.792m 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).

7.15 The current perception is that the above projects could be fully delivered in 2022/23 and budget managers have confirmed the current forecast out-turn position shown above. In a typical year however, 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.

Programme Funding

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

Source	£m
Grants	38.824
Prudential Borrowing	7.229
Capital Receipts	2.300
Contributions (incl. Section 106)	2.855
Total Programme Funding	51.207

7.17 The programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital expenditure are in place, the future years programme is fully funded, and the level of prudential borrowing remains affordable.

7.18 The Executive Director Corporate Resources and Customer Services will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the Council.

APPENDIX A – Capital Programme 2022/22 to 2024/25

Capital Project	Budget		
	2022/23 £	2023/24 £	2024/25 £
Adult Social Care			
Digitising Social Care	50,000	405,000	-
Core DFG Programme	2,000,000	-	-
Occupational Therapy Support for DFGs	603,774	-	-
ICT Development & Transformation	668,556	260,000	-
Care Home Improvements	437,559	550,000	-
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	270,806	163,750	-
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	-	-
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	5,438,882	-	-
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	-
Marine Lake Events Centre	6,369,392	13,268,773	37,948,199

	2022/23 £	2023/24 £	2024/25 £
Enterprise Arcade	660,000	834,000	-
Transformations De Southport	-	2,500,000	-
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	3,223,085	7,572,638	7,055
Planned Maintenance	179,902	-	-
Special Educational Needs & Disabilities	380,083	190,000	-
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	908,473	2,252,701	1,306,000
Parks Schemes	101,671	102,989	-
Tree Planting Programme	134,505	19,769	19,769
Golf Driving Range Developments	9,988	280,280	-
Ainsdale Coastal Gateway	27,712	300,000	-
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	51,206,930	42,512,275	44,628,653