

Report to:	Cabinet Council	Date of Meeting:	7 September 2023 14 September 2023
Subject:	Financial Management 2023/24 to 2026/27 - Revenue and Capital Budget Update 2023/24 – September Update		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
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 2023/24 revenue budget.
- 2) The current forecast on Council Tax and Business Rates collection for 2023/24.
- 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.
- 4) The latest performance management information for 2023/24.

Recommendation(s):

Cabinet is recommended to:

Revenue Budget

- 1) Note the current position relating to the 2023/24 revenue budget.
- 2) Note the actions being taken to refine forecasts and identify mitigating efficiencies to ensure each service achieves a balanced position.
- 3) Recognise the financial risks associated with the delivery of the 2023/24 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) Recommend to Council the approval of a supplementary revenue estimate for

£2.319m for Adult Social Care funded from the Market Sustainability Improvement Fund (MSIF): Workforce Fund.

- 5) Approve that decisions on the use of the Market Sustainability Improvement Fund (MSIF): Workforce Fund be delegated to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Member - Adult Social Care.
- 6) Approve a supplementary revenue estimate of £782,414 (2023/24 £360,745 and 2024/25 £421,669) for Place Based Business Support, to be fully funded by the grant allocation from the Liverpool City Region Combined Authority funded from the UK Shared Prosperity Funding (UKSPF).
- 7) Recommend to Council the approval of a supplementary revenue estimate for £1.000m for Education Excellence funded from the Delivering Better Value in SEND Programme grant.

Capital Programme

- 8) Note the spending profiles across financial years for the approved capital programme (paragraph 8.1).
- 9) Note the latest capital expenditure position as at 31 July 2023 of £7.195m (paragraph 8.16); the latest full year forecast is £63.999m (paragraph 8.17).
- 10) Recommend to Council the approval of a supplementary capital estimate for £1.300m for the Local Authority Housing Fund funded by grant from DLUHC.
- 11) Approve a supplementary capital estimate for £0.628m for the Local Transport Capital Block Funding – Pothole Fund funded by grant from the Liverpool City Region Combined Authority.
- 12) Approve a supplementary capital estimate for £0.242m for the UK Shared Prosperity Fund (UKSPF) funded by grant from DLUHC.
- 13) Approve a virement of £0.375m from the previously approved revenue budget for the UKSPF to the capital programme.
- 14) Note that the Council will procure an updated Stock Condition Survey for Crosby Library.
- 15) 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 8.21-8.23).

Performance

- 16) Note the latest position relating to key performance measures.

Council is recommended to:

Revenue Budget

- 17) Approve a supplementary revenue estimate for £2.319m for Adult Social Care funded from the Market Sustainability Improvement Fund (MSIF): Workforce Fund.
- 18) Approve a supplementary revenue estimate for £1.000m for Education Excellence funded from the Delivering Better Value in SEND Programme grant, subject to final approval from the Department for Education.

Capital Programme

- 19) Approve a supplementary capital estimate for £1.300m for the Local Authority

Housing Fund funded by grant from DLUHC.

Reasons for the Recommendation(s):

To ensure Cabinet are informed of the current position in relation to the 2023/24 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 2023/24 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.

To ensure Cabinet are informed of key performance information.

Alternative Options Considered and Rejected: (including any Risk Implications)

None

What will it cost and how will it be financed?

(A) Revenue Costs

The report indicates that for 2023/24 an overspend position of £6.782m is currently forecast and that further work is being undertaken to refine forecasts and identify mitigating efficiencies to ensure each service achieves a balanced position. Further mitigating actions may be required to ensure the Council returns to a balanced forecast outturn position-if these actions are not available within the approved budget, existing reserves and balances may need to be used.

(B) Capital Costs

The Council's capital budget in 2023/24 is £64.106m. As at the end of July 2023 expenditure of £7.195m has been incurred and a full year outturn of £63.999m is currently forecast.

Implications of the Proposals:

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

Currently an overspend position of £6.782m is currently forecast for 2023/24, pending further work to refine forecasts and identify mitigating efficiencies. Further mitigating actions may be required to ensure the Council returns to a balanced forecast outturn position. However, it should be noted that significant pressure and risk remains in a number of areas, particularly relating to Children's Social Care. If budgets experience further demand and inflationary pressure during the remainder of the year further

corresponding savings or financial contributions will need to be identified and approved by members.

Legal Implications:

None

Equality Implications:

There are no equality implications.

Impact on Children and Young People: Yes

The report highlights the current financial position relating to services provided for Children and Young People.

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 8 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 7348/23)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5548/23).

(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 and immediately following the Council meeting.

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Appendices:

The following appendix is attached to this report:

APPENDIX A – Capital Programme 2023/24 to 2025/26

APPENDIX B – Performance Information 2023/24 – Quarter 1

Background Papers:

There are no background papers available for inspection.

1. **Introduction**

- 1.1 On 2 March 2023, Members approved the Budget for the financial year 2023/24. 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, as reported in the Robustness Report also presented to Budget Council.
- 1.2 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 initial pressures that have materialised since the budget was set.
- 1.3 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.
- 1.4 The capital section of the report informs Members of the latest estimate of capital expenditure for 2023/24 and forecast expenditure for 2024/25 and 2025/26. The capital budget to date is presented in paragraph 8.1. Paragraphs 8.2 to 8.20 review progress of the capital programme, including additional capital schemes. Finally, paragraphs 8.21 to 8.23 confirm that there are adequate levels of resources available to finance the capital programme.
- 1.5 As previously reported, this report will include performance information and key risk management areas on a quarterly basis. Due to the timing of the previous Committee, the performance information for the first quarter of 2023/24 was not yet available so is included within this report. The Corporate Risk Register areas at the end of the first quarter were presented to Cabinet in July within the Financial and Corporate Performance 2022/23 report.

2. **Revenue Budget 2023/24 – Forecast Outturn Position as at the end of July 2023**

- 2.1 Members are provided with updates of the Council's forecast financial revenue position each month during the financial year from July.
- 2.1 It is acknowledged that this is only the second full budget monitoring report of the year so forecasts will include a number of assumptions on anticipated expenditure and income for the remainder of the year that will invariably be the subject of change. Forecasts will continue to be refined and a full review of all budgets and assumptions will be undertaken to refine the forecasts further for the Mid-Year update report that will be presented Cabinet in November. In addition, that report will outline remedial actions to be implemented to ensure a balanced forecast outturn position, potentially including the adoption of financial principles used in previous years.
- 2.2 As at the end of July 2023, the forecast outturn shows a net overspend of **£6.782m**, the majority of which relates to potential additional pressure within Children's Social

Care and the potential impact of the local government pay award. It should be noted that the majority of services are reporting a balanced position or are implementing local remedial actions to return a balanced position at this stage. 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 any forecast overspend will be reported to future Cabinet meetings.

2.3 The table below highlights the variations across services that make up the £6.782m forecast overspend:

	Budget	Forecast Outturn	Variance	Variance to June
	£m	£m	£m	£m
Services				
Strategic Management	3.906	3.941	0.068	0.033
Adult Social Care	110.598	110.598	0.000	0.000
Children's Social Care	80.081	85.042	4.791	-0.170
Communities	11.551	11.551	0.000	0.000
Corporate Resources	5.972	5.972	0.000	0.000
Economic Growth & Housing	6.409	6.409	0.000	0.000
Education Excellence	15.305	15.629	0.376	0.052
Health & Wellbeing	19.620	19.620	0.000	0.000
Highways & Public Protection	10.672	10.672	0.000	0.000
Operational In-House Services	16.160	16.840	0.530	-0.150
Energy Costs	4.200	4.200	0.000	0.000
Additional Pay Award Provision	4.333	5.833	1.500	0.000
Total Service Net Expenditure	288.807	296.307	7.265	-0.235
Council Wide Budgets	14.203	13.872	-0.483	-0.152
Levies	36.193	36.193	0.000	0.000
General Government Grants	(84.086)	(84.086)	0.000	0.000
Total Net Expenditure	255.117	262.286		
<u>Forecast Year-End Deficit</u>			<u>6.782</u>	<u>-0.387</u>

2.4 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 2023/24. However, there are a number of significant assumptions and uncertainties that could impact on this position before the year-end. The service has also committed to a number of efficiencies and savings that amount to £5.7m, in order to meet the savings approved as part of the approved

2023/24 budget plus additional ones to meet the additional budgetary pressures arising from the increases in provider fees approved at Cabinet meetings in June 2023. The achievement of these savings will be carefully monitored throughout the year.

- **Children's Social Care** – The current forecast for the service shows a potential overspend of £4.791m. However, there are a number of significant assumptions and uncertainties that could impact on this position before the year-end.

Members will be aware that the 2023/24 approved budget included an additional £21m of investment in the service based on the requirement for additional staffing (including some temporary funding for additional agency costs whilst more permanent staff are recruited to, including International Social Workers and from staff coming through the social work academy) as well as additional resources to reflect the number of packages at the time, some potential growth as well as resource for inflationary pressures.

The current forecast for staffing is that it will broadly remain within budget as the impact of the initiatives above start to have an impact. This will require robust monitoring through the year. There are a clear set of assumptions driving this forecast in terms of when expensive managed / project teams will leave the Council as new staff are onboarded from the International Social Worker cohort and the academy. If these assumptions change then the forecast will be revised.

Certain areas of accommodation and support packages are forecast to overspend, partly due to additional packages in the late part of 2022/23 and early part of 2023/24. As mentioned in reports last year, packages initially have been at a higher cost than previously seen. However, recently improvements in practice have resulted in more children being placed in more appropriate settings at a lower cost. This is expected to continue throughout the year. Work is currently being undertaken to review forecasts for all types of care settings based on a number of children being in higher cost settings for shorter periods, which is expected to significantly impact on the forecast. In addition, where numbers and costs of Children with Disabilities has increased, specialist work is being undertaken to ensure health are making the appropriate contributions to the cost of care.

This is the key aspect of this financial forecast- the service is stabilising and as this takes place the review of placements will also be undertaken. At present the assumption is that all support, unless known otherwise, will continue for the whole of the financial year and for a number of placements this will not be the case. Senior managers are reviewing these, and the forecast will be updated accordingly in addition to the health contributions that are due.

As part of this work a further review of demand will be undertaken. This again will inform the forecast- the service is currently starting to stabilise and that will inform that estimate. Members will recall that in the budget reports it was advised that a tolerance of 5% on the budget could be expected based on advice from the DfE commissioner- based on the service budget that would amount to £4m. This current forecast is slightly higher than that at present before the outcome of the additional reviews is to be built in.

An update on these reviews, and their impact on the forecast, will be provided to the next Cabinet meeting. In considering this forecast, work will also be undertaken to determine if any of this pressure is temporary or permanent in nature and needs reflecting in future budget setting processes.

- **Corporate Resources** – At first quarter review the service is forecasting a balanced position. Based on the latest information, functions within the service are forecasting an underspend of £0.497m. However, there is pressure within the ICT budget from inflation on contracts that is in excess of the provision made and a loss of income from School SLAs as a result of a change in the contractual arrangement enforced by the provider for which the Council has no control. These two pressures amount to £0.600m, meaning an initial pressure of £0.103m exists. As stated, all services are underspent, and additional cost control will be required between now and the year end to deliver that balanced position and this position will be updated at mid-year review.
- **Economic Growth and Housing** – The service is showing a balanced position. However, based on the latest information, functions within the service are forecasting an overspend of £0.611m, although the service are currently examining forecasts. Additional cost control will be required between now and the year end to deliver that balanced position and this position will be updated at mid-year review.
- **Education Excellence** – The current forecast shows a potential net overspend of £0.376m, which relates to the provision of additional SEND staff. The service are reviewing all forecasts to identify areas that may be able to offset this additional pressure and this position will be updated at mid-year review.
- **Operational In-House Services** The current forecast shows a potential overspend of £0.530m. This relates to a number of areas across the Service, but mainly in Catering and the security service. The service is reviewing all forecasts to identify areas that may be able to offset these additional pressures, including from recharging additional costs being incurred, and this position will be updated at mid-year review.
- **Additional Pay Award Provision** – The approved Base Budget included a provision for the 2023/234 pay award of around 4.5%. This was line with most other local authorities who had budgeted for similar amounts. The offer from the National Employers for local government services body is for a fixed increase of £1,925, with a minimum of 3.5% (similar to the increase in 2022/23). For Sefton, this equates to an increase in the pay bill of about 6.0% or an additional £1.500m above the amount included in the 2023/24 budget. It should be noted that this offer has been rejected by trade unions who have balloted their members on whether to undertake strike action.

3. **Revenue Budget Summary 2023/24**

- 3.1 An overspend of **£6.782m** is currently forecast. However, as mentioned in section 2, this is a forecast early in the financial year based on a number of uncertainties and assumptions. Additional work will be undertaken across service areas to refine the forecasts and identify mitigating efficiencies to ensure each service achieves a balanced budget position. In Children's Social Care forecasts will be refined to take into account the improvements in practice that have seen children being placed in

more appropriate settings, as well as the anticipated reduction in the number of Looked After Children.

- 3.2 As mentioned, the Council must achieve an overall balanced position to ensure its financial sustainability. Once forecasts have been refined, if an overall forecast overspend remains a remedial action plan to meet the residual balance will need to be produced and presented to members for approval. This may include measures previously used by the Council to reduce budget pressures.

4. **Additional Revenue Grant Funding**

Market Sustainability Improvement Fund (MSIF): Workforce Fund

- 4.1 On 28 July 2023, the government announced it is providing a further £570 million of ringfenced funding across 2023/24 and 2024/25 to local authorities to improve and increase adult social care provision, with a particular focus on workforce pay. The Market Sustainability Improvement Fund (MSIF): Workforce Fund will total £365m in 2023/24 and £205m in 2024/25.
- 4.2 Sefton will receive £2.319m from in 2023/24 with a potential to receive £1.493m in 2024/25 if allocated on the same basis. It should be noted that these are one-off amounts with no indication any funding will be available beyond 2024/25.
- 4.3 The funding has a particular focus on workforce pay. It is expected that this additional funding is used to support more workforce and capacity within the adult social care sector, including to help ensure that appropriate short-term and intermediate care is available to reduce avoidable admissions and support discharge of patients from hospital when they are medically fit to leave.
- 4.4 However, the additional funding is designed to have the same flexibility as the original MSIF (included in the Adult Social Care Base Budget for 2023/24) to meet local pressures, and so local authorities can choose to use the funding to:
- Increase fee rates paid to adult social care providers, particularly as we continue to prepare for the implementation of charging reform.
 - Increase adult social care workforce capacity and retention.
 - Reduce adult social care waiting times.
- 4.5 Services in scope for the funding have been expanded to include all care home categories and Supported Living.
- 4.6 There are grant conditions associated with the funding, which in summary are that:
- Local Authorities must allocate their full funding allocation from the grant on adult social care, as part of a substantial increase in planned adult social care spending. Local authorities must confirm that this has been added to their existing ASC budgets.
 - Local Authorities must evidence improvement in at least one of the target areas using Department of Health and Social Care (DHSC) performance metrics. The

target areas chosen should support the most pressing needs in the local authority area.

- Local Authorities must provide a final report in May 2024 on spend and progress. This must record all DHSC target area metrics: workforce recruitment and retention, reducing waiting times and increasing fee rates.

4.7 Cabinet is therefore requested to recommend to Council the approval of a supplementary revenue estimate for £2.319m in 2023/24 funded from the grant. It is proposed that, in line with delegated authority for decisions on use of previous similar funding, that decisions on the use of the funding are delegated to the Executive Director of Adult Social Care and Health, in consultation with the Cabinet Member - Adult Social Care.

UK Shared Prosperity Fund - Place Based Business Support

4.8 The Council has been allocated a revenue grant of £782,414 from the Liverpool City Region Combined Authority funded from the UK Shared Prosperity Fund (UK SPF) for the 2023/24 (£360,745) and 2024/25 (£421,669) financial years. This funding is provided to deliver Place Based Business Support. This will focus on activities such as: supporting existing businesses; supporting business start-up; job creation; advice and guidance; brokerage into national and UKSPF programmes, including innovation signposting; and key account and relationship management of SMEs and larger businesses companies.

4.9 Cabinet is therefore requested to approve a supplementary revenue estimate of £782,414 (2023/24 £360,745 and 2024/25 £421,669) for Place Based Business Support, to be fully funded by the grant allocation from the Liverpool City Region Combined Authority funded from the UK Shared Prosperity Funding (UKSPF).

5. Council Tax Income – Update

5.1 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 £160.236m for 2023/24 (including Parish Precepts), which represents 84% of the net Council Tax income of £191.139m.

5.2 The forecast outturn for the Council at the end of July 2023 is a surplus of -£0.015m. This variation is primarily due to: -

- The surplus on the fund at the end of 2022/23 being higher than estimated (-£0.314m).
- Gross Council Tax Charges in 2023/24 being higher than estimated (-£0.300m).
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£0.599m).

- 5.3 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2023/24 but will be carried forward to be recovered in future years.
- 5.4 A forecast surplus of £2.045m was declared on the 17 January 2023 of which Sefton's share is £1.716m (83.9%). This is the amount that will be recovered from the Collection Fund in 2023/24. Any additional surplus or deficit will be distributed in 2024/25 and future years.

6. **Business Rates Income – Update**

- 6.1 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 £62.388m for 2023/24, which represents 99% of the net Business Rates income of £63.018m. Business Rates income has historically been very volatile making it difficult to forecast accurately.
- 6.2 The forecast outturn for the Council at the end of July 2023 is a surplus of -£11.199m on Business Rates income. This is due to:
- The surplus on the fund at the end of 2023/24 being higher than estimated (-£9.916m).
 - Increase in the gross charge on rateable properties (-£0.141m).
 - A number of reliefs announced for 2023/24 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 (-£1.008m).
 - Adjustments relating to prior years (-£0.134m)
- 6.3 When taking into account the lower Section 31 grants due on the additional reliefs, a net surplus of £10.493m is forecast.
- 6.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2023/24 but will be carried forward to be recovered in future years.
- 6.5 A forecast surplus of £12.836m was declared in January 2023. Sefton's share of this is £12.708m. This is the amount that will be distributed from the Collection Fund in 2023/24. Any additional surplus or deficit will be distributed in 2024/25 and future years.

7. **High Needs Budget**

- 7.1 Cabinet and Council have agreed to receive quarterly reports from the Executive Director of Children's Social Care and Education and the Assistant Director of Children's Services (Education) 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.

- 7.2 The latest quarterly report was presented to Cabinet in July, providing detail on the current monitoring position relating to the High Needs budget.
- 7.3 As part of the Delivering Better Value in SEND programme, the Council has provided an implementation plan to the Department for Education (DfE) which included a grant application for additional funding to support the changes required. The Council has now received confirmation from the DfE that their DBV Programme Board has given indicative approval of the implementation plan which they say, “demonstrates an aspiration to deliver significant improvements to services for children and young people with SEND alongside significant financial benefits over the next five years”. Sefton is due to receive £1.000m of funding from the DfE, subject to final approval by the DBV Programme Board. Cabinet is therefore requested to recommend to Council the approval of a supplementary revenue estimate for £1.000m in 2023/24 funded from the grant.

8. Capital Programme 2023/24 – 2025/26

Capital Budget

- 8.1 The Capital Budget and profile of expenditure for the three years 2023/24 to 2025/26 is as follows:

2023/24	£64.106m
2024/25	£58.986m
2025/26	£17.659m

- 8.2 The following updates have been made to the capital programme budget since the initial budget 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 £4.935m for Adult Social Care and £0.762m for Children’s Social Care.
- **Communities** – £0.074m has been added to the budget under delegated authority for a scheme to create tech rooms at Sefton’s Libraries funded by grant from the Library Improvement Fund.
- **Economic Growth & Housing** – £0.221m has been phased into 2024/25 for the Enterprise Arcade Project which will now start on site in quarter three due to the time needed to complete contractor procurement.
- **Education Excellence** – £0.500m has been phased into 2024/25 for a building alterations scheme at Litherland Moss pending the transfer of the school building back to Local Authority control.

- 8.3 The following block capital grant allocations were approved by Council in March following recommendation by Cabinet for inclusion in the Capital Programme 2023/24:

<u>Capital Grant</u>	2023/24 £
Education Excellence	
Schools Condition Allocation	2,207,934
Highways and Public Protection	
City Region Sustainable Transport Settlement	8,154,000

- 8.4 Authority has been delegated to Cabinet Member to assign funding to individual capital schemes up to a value of £1m for Highways and the Schools block allocation listed above. The list of schemes for 2023/24 has been fully developed and will be presented to the individual Cabinet Members for approval noting that schemes in excess of £1m have already been approved by Council in July. A full list of the approved capital schemes will be presented in future reports to Cabinet.

Local Authority Housing Fund

- 8.5 Sefton has been granted funding under round two of the Local Authority Housing Fund (LAHF). This fund helps UK councils to provide accommodation to families with housing needs who have arrived in the UK through Afghan resettlement and relocation schemes and who are accessing bridging hotel accommodation. The intention of the LAHF round two is to address immediate pressures as well as increasing the stock of affordable homes for the future.
- 8.6 The total funding available to Sefton is £1,300,000 to purchase a minimum additional 12 family sized homes and one family sized temporary accommodation to families currently residing in bridging accommodation.
- 8.7 DLUHC have confirmed that it is prepared to enter into a Memorandum of Understanding with the Council to release the funding. Cabinet is therefore requested to recommend to Council the approval of a supplementary capital estimate for £1.3m to include the scheme in the capital programme for 2023/24.

Local Transport Capital Block Funding – Pothole Fund

- 8.8 The Liverpool City Region Combined Authority (LCRCA) has received additional grant funding from the Department of Transport to be spent on highways maintenance and improvement within the Liverpool City Region in 2023/24. This funding is in addition to the City Region Sustainable Transport Settlement block allocation reported to Cabinet and Council in March 2023.
- 8.9 The LCRCA proposes to make a total sum of £628,487 available to Sefton to spend exclusively on improvements to and maintenance of roads within the borough. The payment of grant will be made pending the signing of a Grant Funding Agreement.
- 8.10 Cabinet is therefore recommended to approve a supplementary capital estimate for the Pothole Fund for inclusion in the Highways capital programme subject to the acceptance and signing of the Grant Funding Agreement with the Combined Authority.

UK Shared Prosperity Fund

- 8.11 Following Government approval of the Investment Plan for the UK Shared Prosperity Fund (UKSPF) allocations to the Liverpool City Region, a report outlining the initial allocations of funding to Sefton Council for local authority led elements of that Investment Plan was presented to Cabinet in January 2023.
- 8.12 Formal grant agreements for the UKSPF were issued in March 2023 and following this there has been an increase to the amount of funding allocated and a split in the funding between revenue and capital elements for delivery of projects under each workstream. A breakdown of the revised amounts is shown below.

Revised Allocations	Capital £	Revenue £
Green, Resilient and Safe Communities	423,819	218,382
Local cultural arts and heritage	134,317	268,634
Town Centres	58,764	193,080
UK SPF Programme Management	-	140,518
	616,900	820,614

- 8.13 Sefton has therefore been awarded an additional amount of £241,744 giving a total allocation of £1,437,514 compared to the original amount of £1,195,770 reported in January to Cabinet and then approved by Council.
- 8.14 A delayed start to the UKSPF programme as a whole has resulted in delays for some local authorities to get mobilised and consequently LCRCA have asked all local authorities to review their projects and associated spend profiles for the remainder of the programme until March 2025. LCRCA have asked for a Change Control to be submitted for any variances and to consider any proposed changes. Sefton has reviewed the above programme (all projects and spend profiles) and whilst there are some small adjustments, most of the projects are spending as anticipated and within the threshold shown. A Change Control is still required and has been submitted to the LCRCA and is awaiting approval.
- 8.15 In order to add these revised allocations to the capital programme Cabinet is therefore recommended to approve a supplementary capital estimate of £241,744 for the additional grant and a budget virement from revenue of £375,156 to correctly allocate a total budget of £616,900 in the capital programme funded by the UKSPF pending acceptance of the Change Control by the LCRCA.

Crosby (Waterloo) Library

- 8.16 The Council recently announced that Cabinet had given consideration as to how refurbishment of the existing Crosby Library in Waterloo could be included in the Crosby Village project. It was announced that both schemes would be progressed as separate schemes - continuing to deliver the Crosby Village scheme whilst at the same time retaining the existing library in Waterloo. Cabinet is therefore asked to note that the Council will procure an updated Stock Condition Survey for the existing library in Waterloo.

Budget Monitoring Position to July 2023

8.17 The current position of expenditure against the budget profile to the end of July 2023 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.

	Budget to July	Actual Expenditure to July	Variance to July
	£m	£m	£m
<u>Services</u>			
Adult Social Care	1.521	1.536	0.015
Children's Social Care	0.106	0.106	-
Communities	0.257	0.253	-0.004
Corporate Resources	0.578	0.585	0.007
Economic Growth & Housing	2.258	2.217	-0.041
Education Excellence	0.449	0.460	0.011
Highways & Public Protection	1.882	1.882	-
Operational In-House Services	0.156	0.156	-
<u>Total Programme</u>	7.208	7.195	-0.013

Capital Programme Forecast Outturn 2023/24

8.18 The current forecast of expenditure against the budget profile to the end of 2023/24 and the profile of budgets for future years is shown in the table below:

	Budget 2023/24	Forecast Outturn	Variance	Budget 2024/25	Budget 2025/26
	£m	£m	£m	£m	£m
<u>Services</u>					
Adult Social Care	8.026	7.919	-0.106	2.094	1.847
Children's Social Care	0.662	0.662	-	0.100	-
Communities	0.754	0.795	0.041	0.106	-
Corporate Resources	2.620	2.627	0.007	-	-
Economic Growth & Housing	24.279	24.276	-0.003	40.607	14.592
Education Excellence	8.902	8.855	-0.047	5.474	-
Highways & Public Protection	15.452	15.452	-	6.343	0.322
Operational In-House Services	3.412	3.412	-	4.262	0.898
<u>Total Programme</u>	64.106	63.999	-0.107	58.986	17.659

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

8.19 The current 2023/24 budgeted spend is £64.106m with a budgeted spend to July of £7.208m. The full year budget includes exceptional items such as £20.142m for

Growth and Strategic Investment projects, £1.096m for the Brownfield Housing Development fund, £0.760m for Sustainable Warmth Schemes, £2.000m for a Highways project at Millers Bridge, a £3.041m project for Southport Pier Decking, and a scheme to upgrade to LED Street Lighting (£3.606m).

8.20 Typically, on an annual basis the capital programme spends in the region of £25-30m. Given this typical annual level of spend it is likely that reprofiling of spend into 2024/25 will occur as the year progresses.

Programme Funding

8.21 The table below shows how the capital programme will be funding in 2023/24:

<u>Source</u>	£m
Grants	49.152
Prudential Borrowing	8.936
Capital Receipts	3.511
Contributions (including Section 106)	2.507
<u>Total Programme Funding</u>	64.106

8.22 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.

8.23 The Executive Director of 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.

9. Performance

9.1 The Council recognises the importance of performance management and service areas report regularly to Cabinet Members, Health & Wellbeing Board and Overview and Scrutiny on service-related performance and key corporate activity.

9.2 Members will also be aware that a detailed, comprehensive Corporate Performance is reported annually to Cabinet in July as part of the Financial Outturn report. Such an approach is the basis for reporting quarterly performance to Members as set out in Appendix B.

APPENDIX A – Capital Programme 2023/24 to 2025/26

<u>Capital Scheme</u>	Budget		
	2023/24 £	2024/25 £	2025/26 £
Adult Social Care			
Disable Facilities Grants – Core Grants (DFGs)	3,000,000	-	-
Occupational Therapy Support for DFGs	663,774	-	-
ICT Development & Transformation	1,129,007	34,591	-
ICT Connectivity in Care Homes and Support Living	100,000	-	-
Fall Prevention Schemes	45,000	-	-
Care Home Improvements	475,449	200,000	-
Changing Places	51,327	-	-
Integrated Health and Wellbeing on the High Street	-	400,000	-
Short Term Assessment Unit	860,000	860,000	1,847,000
New Directions Programme Development	206,038	195,000	-
Technology Enabled Care	464,383	-	-
Community Equipment Provision	400,000	-	-
Double to Single Handed Care Equipment Provision	150,000	-	-
Community Equipment – Specialist Projects	232,435	-	-
Community Equipment Stores Improvements	65,000	-	-
Programme Support	122,922	-	-
Digitising Social Care	50,000	405,000	-
Community Based Falls Equipment	10,200	-	-
Children’s Social Care			
Support for Fostering Placements	99,370	100,000	-
Community Equipment Provision	270,000	-	-
ICT Development & Transformation	193,545	-	-
Springbrook Refurbishment	28,923	-	-
Springbrook Vehicle	70,000	-	-
Communities			
Leisure Centres – Essential Works	396,748	-	-
Libraries – Centres of Excellence	172,176	105,843	-
Sefton Libraries Live	30,000	-	-
Library Improvement – Tech Rooms	73,857	-	-
Neighbourhoods Projects	80,886	-	-
Corporate Resources			
Council Wide Essential Maintenance	1,785,785	-	-
Sustainable Warmth Schemes	760,092	-	-
ICT Transformation	73,812	-	-
Economic Growth & Housing			
Cambridge Road Centre Redevelopment	57,069	-	-
Crosby Lakeside Redevelopment	707,154	-	-
Strategic Acquisitions – Ainsdale	39,880	836,423	-
Marine Lake Events Centre	15,483,014	37,792,340	14,517,367
The Strand – Maintenance and Improvements	40,000	375,000	75,000
Enterprise Arcade	1,239,692	387,077	-

	2023/24 £	2024/25 £	2025/26 £
Transformations de Southport	1,425,000	1,075,000	-
Bootle Canal Side Business Plan	470,392	-	-
The Strand – Repurposing Programme	680,000	-	-
Housing Investment	-	33,960	-
Social Housing Allocations Scheme	13,590	-	-
Brownfield Fund for Housing Development	1,082,336	-	-
Southport Pier	3,040,588	107,679	-
Education Excellence			
General Planned Maintenance	245,605	30,249	-
Schools Programme	3,070,170	4,853,883	-
Sporting Betterment of Schools	1,583,215	-	-
Special Educational Needs & Disabilities	4,002,706	590,000	-
Highways and Public Protection			
Highways Programme	6,146,662	1,411,500	322,000
Highway Maintenance	3,700,000	-	-
LED Street Lighting Upgrade	3,605,580	3,662,630	-
Millers Bridge	2,000,000	-	-
Transport Growth Programme	-	1,268,620	-
Operational In-House Services			
Coastal Erosion and Flood Risk Management	1,285,195	1,916,883	898,000
Countryside Stewardship	11,659	-	-
Crosby Marine Lake Improvements	10,803	-	-
Parks Schemes	64,409	833,569	-
Tree Planting Programme	108,885	19,769	-
Golf Driving Range Developments	2,197	280,280	-
Ainsdale Coastal Gateway	-	866,175	-
Green Sefton – Vehicles, Plant & Machinery	149,487	-	-
Refuse Collection & Recycling	-	345,000	-
Vehicle Replacement Programme	1,779,494	-	-
<u>Total Programme</u>	64,105,511	58,986,471	17,659,367