
Report to: Cabinet
Council

Date of Meeting: 17 July 2014
24 July 2014

Subject: Capital Scheme Approvals 2014/15

Report of: Head of Corporate Finance & ICT

Wards Affected: All

Is this a Key Decision? No

Is it included in the Forward Plan? No

Exempt/Confidential

No

Purpose/Summary

To provide Members with details of the latest capital projects that have been recommended for inclusion within the Capital Investment Plan for 2014/15 by the Strategic Capital Investment Group (SCIG).

Recommendation(s)

Cabinet is recommended to:

- i) approve the Adult Social Care Change Programme in the Capital Investment Plan at a cost of £40,000 to be funded from the resources set aside for Adult Social Care Transformation as detail in paragraph 2
- ii) recommends that Council approves the scheme to relocate Air Quality Monitoring Equipment from the land at Hemans Street and Rimrose Road at a cost of £15,000 to be funded from capital receipts as detailed in paragraph 3
- iii) recommends that Council approves that revenue Trajectory funding of £549,000 be capitalised to undertake capital work to provide additional places for early education for 2 year old as detailed in paragraph 4, contingent upon Department of Education (DfE) agreeing to switch the grant funding received from revenue to capital
- iv) approves the inclusion of the Formby Strategic Flood Risk Management Programme at a cost of £50,000 into capital investment plan as detailed in paragraph 5
- v) approves the inclusion of the Merseyside Groundwater Study at a cost of £60,000 into the capital investment plan as detailed in paragraph 6
- vi) approve the inclusion of Parks & Open Spaces related Section 106 Deposits at a cost of £1,579,578 in the Capital Investment Plan as detailed in paragraph 7
- vii) recommend that Cabinet note the urgent decisions taken below by the Leader of the Council in accordance with Chapter 5 [Leader of the Council – Matters Delegated Paragraph 2] of the Council’s Constitution and with the agreement of the Leader of the Council and the Chair of the Overview and Scrutiny (Regeneration and Environmental Services) to invoke Rule 27 of the

Access to Information Procedure Rules and Rule 46 of the Overview and Scrutiny Procedure Rules, as detailed in paragraph 8:-

1. Note the success to date in delivering the REECH Project, and the positive impact it is making on the economic and social well being of Liverpool City Region,
2. Agree that additional ERDF funding up to an estimated value of £3.5m be accepted and an increase in the REECH capital programme expenditure of £3.5m, offset by £3.5m income,
3. Agree that Cabinet Member for Regeneration and Tourism be authorised to approve and to allocate ERDF funding to REECH delivery partners up to the value of ERDF grant allocated to Sefton by the Department for Communities and Local Government
4. Agree that the Head of Corporate Legal Services be authorised to execute all necessary legal agreements with DCLG and any other delivery partners as part of this and any future revisions,

Council is recommended to:

- i) approve the scheme to relocate Air Quality Monitoring Equipment from the land at Hemans Street and Rimrose Road at a cost of £15,000 to be funded from capital receipts as detailed in paragraph 3, and
- ii) approve revenue Trajectory funding of £549,000 be capitalised to undertake capital work to provide additional places for early education for 2 year old as detailed in paragraph 4.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

Reasons for the Recommendation:

To advise Members of the increased costs of these 2 previously approved capital schemes and the proposed method of funding the shortfall.

What will it cost and how will it be financed?

(A) Revenue Costs

Any revenue costs of these approvals will be met from existing resources. Specifically £7,000 per annum will be allocated from the New Burdens revenue budget in respect of the Adult Social Care scheme in paragraph 2.

(B) Capital Costs

The capital costs of these new schemes are £5.794m and can be met from various grants, contributions and capital receipts as detailed in the report.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

The new schemes to be approved will enable more cost effective services to be provided.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 3067/14) and Head of Corporate Legal Services (LD 2372/14) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

The options available to Members are to not approve the schemes which would lead to the new capital work not being carried out.

Implementation Date for the Decision

After call in following Cabinet and after Council

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Background Paper

No

1. Introduction/Background

1.1 The Strategic Capital Investment Group met on 23rd June to consider new potential capital schemes and requests members to approve the new capital schemes as detailed in the paragraphs below.

2. Adult Social Care Change Programme – Care Bill & Policy, Procedural Changes

2.1 The Adult Social Care Change Programme's overall aim is to develop a model for Sefton Council's Adult Social Care (ASC) that is sustainable, modern and flexible. The Care Act 2014 will replace existing adult social care legislation and introduce a range of duties as well as implementing the funding reforms. This coupled with the planned change programme means that there will be a significant impact on policy, procedure and process. It is essential that the community and workforce are supported through this change by efficient and effective information channels.

2.2 As one of the ways to support the workforce through this change, the intention is to identify and deploy web enabled procedure manuals. Getting the content and policies and procedures right is crucial to the successful implementation of the change but if the solution is not accessible and easy to navigate, the benefit will not be realised. Children's Social Care currently use a solution called "tri.x" and the intention is to seek a similar solution for Adults and explore the possibility of the existing relationship with "tri.x". This company not only provides procedures but also free policy briefs and practice guides which are sent to customers and made available on a website. They have created a team of in house consultants from across the broad range of children and adult services who monitor emerging good practice, Government policy and legislative changes and work at the interface with Councils to help them keep their manuals up to date. Such a solution will also enable to readily share our policies and procedures with partners and the community.

2.3 The capital cost of the above will be £40,000 and can be funded from the resources set aside for Adult Social Care Transformation which have an uncommitted balance of £767,000. Revenue costs of £7,000 per annum are expected which can be funded from the New Burdens revenue budget.

3. Land at Hemans Street and Rimrose Road, Bootle

3.1 The land at Hemans Street Hemans Street and Rimrose Road is owned by the Council and previously formed part of St Joan of Arc Primary School. Parcel A is held on a 999 year Lease from 25th March 1895 and Parcel B is held freehold. The buildings have been demolished and the remainder of the school site is owned by the Anglican Diocese of Liverpool.

It should be noted that there is an Air Quality Monitoring Station located on Parcel B which and this requires relocation prior to any development or disposal of the site. An alternative Council owned site in close proximity at Crosby Road South has been identified as suitable and the cost of relocation has been estimated at £15,000, and it is proposed that this will be funded from any future capital receipt received from the sale of land.

4 Trajectory Funding 2 Year Old Offer

The Department for Education announced in December 2012 £100m of additional capital funding towards expanding Early Nursery Education for eligible two year olds from lower income households. Sefton's share of this capital allocation was £427,970. This grant was non-ring fenced and could be used for any capital purpose, but it was intended to support implementation of early education for two year olds. It must be noted that the original capital funding available would never have been enough to meet the capacity required.

On 14 May 2013, Council approved for inclusion within the Capital Programme, the allocation of £427,970 towards funding schemes which would build capacity for the Early Education for Two Year Olds from Lower Income Households in 2012/13, and this was fully allocated by the end of 2013/14.

The Department for Education have been keen to see the expansion of 2 year old eligibility and have set a target for local Authorities to achieve 40% take up of eligible 2 year olds to receive 15 hours per week free nursery education by the end of the financial year 2014/15. This has meant having to ensure there is extra capacity to expand place numbers at Nurseries where there is a definite need.

In addition to Capital allocation and Revenue funding for places, one –off Trajectory funding has also been allocated to Local Authorities in 2013/14 and 2014/15. This was revenue funding given, to enable Authorities to plan for the expansion of 2 year old places through support with training and other issues across providers. Sefton has been allocated £1,012,042 for this purpose. The funding is out of Dedicated Schools Grant for Early Years and so is technically ringfenced in its application. Regionally however, trajectory funding has been used more flexibly by many Local Authorities, and in some instances has been capitalised where appropriate, to support larger schemes rather than minor works. Currently £549,251 of this £1,012,042 is still uncommitted and which could be capitalised if required, to support additional capital schemes, after allowing for some ongoing revenue capacity to support future providers. As noted above the Council is obliged to increase the numbers of eligible 2 year olds into nursery education from 20% capacity in 13/14 to 40% of eligible 2 year old children in 14/15. This has prompted the LA to seek out potential nursery providers to ensure we meet this target. By 14/15 we need to have 1429 places for 2 year olds available and we should reach this target by January 2015 subject to having nurseries ready to accommodate the numbers. As the original capital allocation was exhausted at the end of 13/14 and there were other nurseries in the wings requiring to be extended etc to increase numbers, the only way forward is to capitalise this trajectory funding.

As all the original capital funding has been assigned to approved schemes the local authority has been in contact with DfE to seek support in how to increase capacity when capital has been used. The DfE has advised that some LA s have utilised their DSG Early Years Trajectory funding more flexibly through capitalising it to support building extra capacity.

The Strategic Capital Investment Group (SCIG) has recently approved this in principle, subject to approval from the DfE to capitalise the funding. It is therefore recommended that the identified uncommitted Early Years Dedicated Schools Grant trajectory revenue funding of £549,000 is capitalised, to enable the

continued programme of increase in two year old places to be maximised as indicated above.

5 Formby Strategic Flood Risk Management Programme

Formby area has had a number of flooding event incidents primarily from surface water. The area was identified within the Surface Water Management Plan and Preliminary Flood Risk Assessment as being at risk of significant future flooding. The strategy will improve our understanding of flood risk to enable us to take action to reduce this to the community and their improve wellbeing. The strategy will identify the options for flood risk management in Formby. Currently separate schemes fail to achieve the required score necessary for grant aid, the strategy will review the flood risk and improve the scoring by improving the understanding of the flooding mechanism, assess Formby as a whole, look for opportunities for collaborative funding from other flood risk management authorities (Environment Agency and United Utilities). The overall outcome would be to reduce and manage flood risk in Formby.

Funding source – North West Regional Flood and Coastal Committee
Funding Amount - £50,000
Funding status – Approved
Cost to Council - Nil

6 Merseyside Groundwater Study

Groundwater flooding impacts on a number of properties across Merseyside. The susceptibility to groundwater flooding maps shows large areas at high or very high risk of flooding across the county. However, there are a number of recorded events in areas at low risk that appear to follow geological fault lines. This 5 year pilot study seeks to establish a series of monitoring point across the county to better understand the localised groundwater flood risk. Groundwater trigger levels will be identified that could lead to the development of a warning system. The project will improve understanding of groundwater flooding mechanism within Merseyside and specifically to Sefton. This will enable Sefton Council, working in partnership with other flood risk managers, to undertake the appropriate flood risk management options. This will involve working with local communities and supporting them to become more resilient to the risk of flooding.

Funding source – North West Regional Flood and Coastal Committee
Funding Amount - £60,000
Funding status – Approved
Cost to Council – Nil

7 Parks & Open Spaces Planning Section 106 Approvals

7.1 Section 106 agreements, also known as planning obligations, are agreements between developers and local planning authorities that are negotiated as part of a condition of planning consent.

7.2 The process for approving the inclusion of S106 money within the capital programme has been reviewed. The purpose of this review has been to speed up the process of completing the works and to retain accountability for the use of S106 money. This report is the first time that this new process has been applied

therefore the figures referred to within this report are only for those new S106 schemes, and does not include previously considered S106 monies.

The latest Section 106 deposits that have been recommended to be spent by Planning Committee on Parks & Open Spaces total £1,579,578 and, once approved in the Capital Investment Plan, will be spent in the following areas:

Ward	Amount (£)	Location
Blundellsands	44,234	Tree Planting at Various Locations
	77,010	Alexandra Park
Church	138,800	Tree Planting at Various Locations
	6,293	Rimrose Valley Park
	101,465	Brookvale & Chaffers Fields
	90,778	Seafront Gardens
	70,000	Crosby Coastal Park
	80,000	Seaforth Area Replacement MUGA
	28,632	Potters Barn Park
Ford	5,220	Tree Planting at Various Locations
	8,175	Hatton Hill Park
Linacre	149,006	Tree Planting at Various Locations
	3,086	North Park
	209,850	South Park
	70,334	Bowersdale Park
	15,536	Derby Park
Litherland	24,979	Tree Planting at Various Locations
	126,407	Mellanear Park
	34,171	Captain's Green
	90,733	Johnson Bowling Green
Ravenmeols	13,999	Tree Planting at Various Locations
	38,700	Duke St. Park
Victoria	24,134	Tree Planting at Various Locations
	75,106	Moorside Park
	25,646	Runnells Lane
	7,472	Coronation Park
Total	1,559,766	

8 REECH Project

8.1 Cabinet at its meeting on 10th October 2013 considered a report entitled '2013/2014 Budget Update'. In addition to budgetary issues the report also made reference to the REECH Project.

- 8.2 The report stated that Sefton Council as the Accountable Body for the sub-regional REECH Project had been invited to bid for additional ERDF funding to extend and expand the activities being undertaken by the REECH Project. This would involve more domestic premises being retrofitted with energy saving technologies and the expansion of this work into the non-domestic sector. The retrofitting of energy saving technologies in SME premises would help them to become more competitive by controlling their costs, and would lead to the development of a strong low carbon supply chain in the sub-region, thereby creating jobs and employment opportunities in this fast growing sector.
- 8.3 The Cabinet agreed the report and suggested that the “Council be recommended to give approval to an increase in the REECH Project capital programme expenditure of £5m, to be offset by £5m income”, which was approved by the Council at it’s meeting on 21st November 2013.

9 Current Situation

- 9.1 The REECH Project is one of the major success stories of the current European Programme, and the Liverpool City Region. It is the only multi-million pound project being delivered across the whole of the sub-region for which Sefton Council is the Accountable Body. Started in January 2011, and with an end date of then December 2013, the project has not only been extended to December 2015, but has also expanded both in terms of additional ERDF grant and retrofit activities being undertaken. It now includes the non-domestic sector, which involves undertaking resource assessments of SME premises and then providing ERDF financial incentives to undertake physical works in the form of energy saving measures and electric vehicle charging points.
- 9.2 The REECH Project has been subject to an internal audit, and two external audits by DCLG. On all three occasions the REECH Project has been recognised as being well managed and delivering in accordance with strict ERDF/EU and Sefton procurement regulations. The REECH Project is also the recipient of the RetroExpo “Winner of the DECC Retrofit Pioneer Award”, thus it’s success being recognised nationally and by the Department for Energy and Climate Change.
- 9.3 This success has led to DCLG officers asking the REECH Team to act as a ‘soak up’ vehicle for any underspend of ERDF funds. The current European Programme is coming to an end next year, and the DCLG is very concerned that it may not be able to spend all the allocation it has been given by EU. The scale of this potential underspend is still being determined by DCLG officers, but in order to ensure that REECH is able to move very quickly into the delivery mode, it is very important that all the necessary steps are in place.
- 9.4 These include for example REECH delivery partners having their match funding in place, schemes all designed, costed and tendered in accordance with ERDF/EU procurement rules, and Sefton being ready to accept any additional ERDF funding beyond that already approved by the Council.

10 Decision by the Leader of the Council

- 10.1 In early June officers from DCLG indicated that they are definitely struggling to meet their de-commitment targets for this year, and unless a significant amount of this ERDF money is spent and claimed by October 2014 it will be lost to the region. Further more it will also put in doubt the delivery of the next European Programme (2014 to 2020).
- 10.2 The Department for Communities and Local Government approached Sefton Council, which is managing the successful REECH Project, and offered additional £5.1 million on top of the additional £1.0m offered earlier this year, which is on top of the original allocation of £7.7million provided in January 2011. Officers from the REECH Project have consulted REECH delivery partners, and have been given assurances that **subject to getting the ERDF grant immediately they can deliver the required de-commitment targets.**
- 10.3 In order for Sefton Council to quickly accept this additional grant from DCLG and then enter in to delivery contracts with REECH partners the Leader of the Council in accordance with Chapter 5 [Leader of the Council- Matters Delegated – Paragraph 2] of the Council’s Constitution and with the agreement of the Leader of the Council and the Chair of the Overview and Scrutiny (Regeneration and Environmental Services) invoked Rule 27 of the Access to Information Procedure Rules and Rule 46 of the Overview and Scrutiny Procedure Rules in respect to:-
- An additional ERDF funding up to an estimated value of £3.5m to be accepted and an increase in the REECH capital programme expenditure of £3.5m, offset by £3.5m income,
 - Cabinet Member for Regeneration and Tourism to be authorised to approve and to allocate ERDF funding to REECH delivery partners up to the value of ERDF grant allocated to Sefton by the Department for Communities and Local Government
 - The Head of Corporate Legal Services to be authorised to execute all necessary legal agreements with DCLG and any other delivery partners as part of this and any future revisions,
- 10.4 The acceptance of additional ERDF funding will have no financial implications on Council’s core budgets or on Economic Regeneration reserves. This is because the expenditure of £3m will be fully met from income of £3m in the form of ERDF grant.

