
Report to: Council

Date of Meeting: 2 March 2017

Subject: Capital Strategy 2017-20

Report of: Head of Regeneration and Housing

Ward Affected: All

Is this a Key Decision? No

Is it included in the Forward Plan? No

Exempt/Confidential: No

Purpose/Summary

This report to Council sets out the main reasons and requirements to refresh the Capital Strategy for 2017-20.

Recommendation(s)

Council approve the revised Capital Strategy 2017-20

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		x	
2	Jobs and Prosperity	x		
3	Environmental Sustainability		x	
4	Health and Well-Being		x	
5	Children and Young People		x	
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council Services and Strengthening Local Democracy		x	

Reasons for the Recommendation:

On the 12th January 2017, Cabinet received the Head of Corporate Resources Report that set out the Budget 2017/18 and Medium Term Financial Plan 2018/19 – 2019/20, including Sefton 2030 Vision and the approved Core Purpose of the Council.

The report further considered.

- The national and local financial context within which the Council is operating;
- The funding gap facing the Council for the 3 year period 2017/18 to 2019/20;
- The approach to delivering both the aspirations of the Sefton 2030 Vision and a financially sustainable council;
- The financial, service and community impact of the Budget including the reserves position of the Council; and
- The draft capital programme for the 3 year period.
- In particular the Council's role as a:

Place-leadership and influencer: making sure what we and what others do are in the best interests of Sefton and its residents and has a contributing role to the 2030 vision of the borough. This includes strong leadership and influencing partner organisations to work towards common goals and building pride in the borough.

Facilitate sustainable economic prosperity: that is, people having the level of money they need to take care of themselves and their family; creating the conditions where relatively low unemployment and high income prevail, leading to high purchasing power; and having enough money to invest in infrastructure and be able to:

Generate income for social reinvestment: the council will develop a commercial nature and look to what it can do either by itself or with others to generate income and profit that can be reinvested into delivering social purpose.

Therefore, in formulating the financial strategy the Council should have regards to the contribution that changes in policy and resources have on the delivery of this core purpose. The revised Capital Strategy is one such policy that has been reviewed to take account of these national and regional changes in addition to the introduction of the Sefton 2030 Vision and Framework for Change.

What will it cost and how will it be financed?

(A) Revenue Costs NA

(B) Capital Costs NA

Implications:

Legal
There are no specific legal implications at this stage.
Human Resources
There are no specific implications.
Equality
1. No Equality Implication
<input checked="" type="checkbox"/>
<input type="checkbox"/>

- | | | |
|----|--|--------------------------|
| 2. | Equality Implications identified and mitigated | |
| 3. | Equality Implication identified and risk remains | <input type="checkbox"/> |

Impact on Service Delivery:

What consultations have taken place on the proposals and when?

The Head of Corporate Resources has been consulted and has no comments on the report (FD 4537/17)

The Head of Regulation and Compliance has been consulted and comments have been incorporated into the report (LD 3820/17)

Are there any other options available for consideration?

None

Implementation Date for the Decision

Immediately following the Council meeting.

Contact Officer: Phil Cresswell
Tel: 0151 934 2171
Email: Phil.Cresswell@sefton.gov.uk

Background Papers:

None

Introduction

The Capital Strategy was last updated in February 2013, but much has happened in the five year intervening period; not least since 2010 the Council has focused on becoming a leaner and more agile organisation and has been successful in delivering real term budget reductions of £169m.

This financial objective has been achieved through:

- Reviewing its organisational design;
- Developing lean practice and reducing bureaucracy;
- Implementing a new leadership framework and team;
- Having a clear Council core purpose;
- Developing a one-Council approach;
- Working more closely with partners; and,
- Increasing the role the community plays.

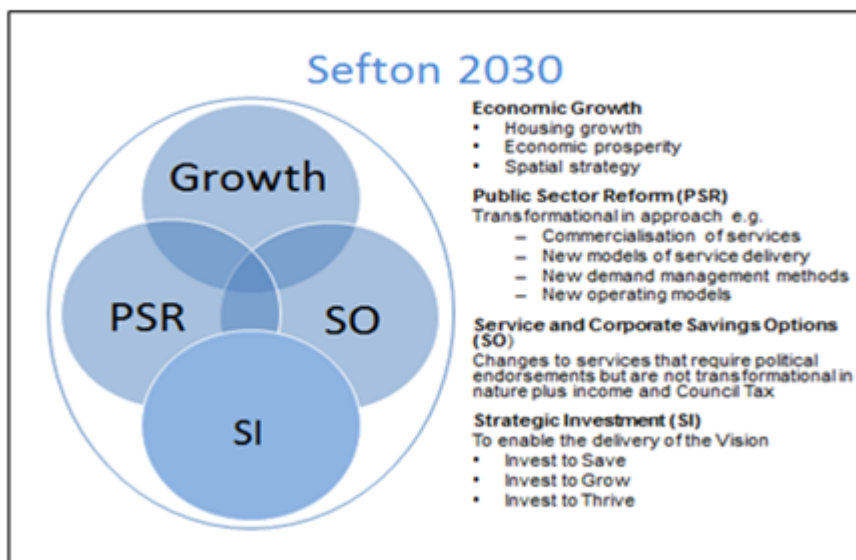
During 2016 the Council consulted on its Vision for 2030 and the delivery approach to achieve a further £64m of savings whilst providing for specific approaches for sustainable economic growth and prosperity were introduced through the Framework for Change.

Sefton Council 2020 - Delivery of the Framework for Change

Delivering a further £64m savings on top of the £169m achieved to date will have a significant impact on the delivery of Council services. In developing the approach to delivering these savings it has been important to balance the delivery of savings with the protection of those services which contribute the most to the delivery of the Vision and Core Purpose.

With this in mind a Framework for Change has been developed with the following key components:

Medium Term Financial Plan



Capital Programme-Central Government Grants

Investment in the infrastructure and assets across the Borough will play a vital part in the Council being able to achieve its key priorities. As the Council's funding becomes increasingly reliant on locally generated funding sources, it will be important that opportunities to facilitate, enable and where appropriate utilise Council resources to support and promote growth and generate income streams are fully optimised.

This approach will underpin the Economic Growth work-stream within the Framework for Change. Projects that are developed under this work-stream will be presented for consideration to Cabinet, and where appropriate Council, on a case by case basis as they arise, therefore the alignment of the Capital Strategy is essential in order to achieve this.

Achieving the ambitions of Sefton 2030 will also require the Council to be financially sustainable, to ensure services align with the core purpose and that the Council works with partners to achieve better outcomes.

In order to meet this challenge the Council has developed a 'Framework for Change' which is comprised of the following 4 pillars which will help the Council deliver against its stated objectives including financial sustainability.

These are:

- Economic Growth;
- Public Sector Reform;
- Service delivery options; and
- Strategic Investment

The Capital Strategy has been refreshed in order to recognise the Framework for Change, the four pillars that comprise the organisation wide programme and the capital programme requirements therein, where capital finance may be required to support project requirements whether founded in service options, strategic growth or reform proposals.

It is therefore acknowledged that in order to deliver the Council's vision, there will be a requirement during this MTFP period for the Council to invest some of its resources in order to facilitate and enable delivery of key projects or to speed up delivery.

These resources may be from Earmarked Reserves, Capital Grants and Contributions or through borrowing.

This investment may take a number of forms, but typically it will come under three areas:

- Invest to Grow;
- Invest to Save; and
- Invest to Thrive.

In approaching this theme, the following criteria will be applied to ensure that any investment is aligned with the:

- Council priorities:

- Supports the delivery of
 - Sefton 2030 Vision
 - Council’s Core Purpose
 - A Financially Sustainable Council
- The investment must also deliver a return
 - Financial Return
 - Social Outcome Return – e.g. more jobs

As these proposals are developed projects will be presented to Members for consideration and approval.

Each of these themes will contribute towards delivering the Sefton 2030 Vision and a financially sustainable Council.

Notably, the fundamental case for change to deliver Economic Prosperity for Sefton is predicated on the need to:

- Re-balance the economy towards high growth, high wage, high productivity employment
- Improve the life opportunities of the residents of Sefton
- Reduce the cost to the public purse of vulnerable families
- Create and grow new revenue streams for the Council
- In this context Growth is defined as economic growth, and is inclusive of the economic development themes of:
 - Business Support
 - Employment
 - Employment sites
 - Housing
 - Industry Clusters
 - Masterplan for Sefton
 - Physical Regeneration
 - Skills
 - Transport
 - Marketing

The essence of the Growth Pillar is to lay the foundations for long-term self-sustaining economic prosperity. Economic prosperity means different things to different people, but for many, means having choice about the work they do and earning enough money to meet all their family needs with something left over.

Town Centre Frameworks Context

The Council now has three published town centre documents, they are:

- Bootle – Bootle Town Centre Investment Framework
- Crosby – Crosby Investment Strategy
- Southport – Southport Development Framework

Each provides, at a strategic level, the investment opportunities that the Council, working in conjunction with private sector developers may prioritise and in some cases (on a case by case basis) and subject to a full robust business case, act as a developer.

The Capital Strategy 2017-20 now reflects these changes whereas the predecessor documents did not and was therefore insufficient in its provisions.

In considering the above and in order to standardise approaches and provide consistent and understood processes, to enable project development within the Framework for Change, whilst still providing autonomy to the Council's Executive, project sponsors and project managers, the Capital Strategy has fallen for review.

Strategic Capital Investment Group (SCIG)

The role, purpose, responsibility and accountability of SCIG has been considered alongside other governance requirements within the Strategy redraft.

Appraisal Process

A rigorous methodology for appraising capital programmes will be developed and presented to Cabinet for approval in due course.

Conclusion

The Council and its operating environment has fundamentally changed since 2010, more so since 2012, the date of the predecessor Strategy, which was no longer fit for purpose.

The Council's approach to programme and project management has equally substantially changed requiring a singular and comprehensive approach to investment and capital finance allocations.

The proposed Capital Strategy 2017-20, as appended, reflects the environmental, economic, financial, programme and projects changes.