
Report to: Council

Date of Meeting: 2 March 2017

Subject: Budget 2017/18 and Medium Term Financial Plan 2018/19 – 2019/20

Report of: Chief Executive and Head of Corporate Resources

Wards Affected: All

Is this a Key Decision? Yes

Is it included in the Forward Plan? Yes

Exempt/Confidential No

Purpose/Summary

This report provides Council with details of the three year financial strategy for the period 2017/18 – 2019/20 (i.e. the budget plan period). In doing so, it reflects the current significant financial challenges facing the Council during the period, the proposed approach to meeting these challenges and how they reflect the Council's statutory requirement to remain financially sustainable and the desire to deliver the Sefton 2030 Vision and the Councils Core Purpose.

Given the scale of the financial and service challenges facing the Council, this is a complex and detailed report. It provides for a financially balanced budget, however this requires major and difficult decisions on how the council delivers its services, the level at which it continues to deliver them and Council Tax Implications.

Whilst presenting a financially balanced strategy some areas of change are more specific than others. Where possible the change is explained at the detailed budget level. Where this is not possible a budget planning assumption has been made based on the best available information. This is sufficiently robust to approve the budget and associated policy changes, whilst recognising that the details will continue to be refined over the period of the strategy

This report sets out the detailed approach to the strategy. It starts with reminding Members about the Sefton 2030 Vision and the approved Core Purpose; the basis in which the financial strategy has been set. It then considers;

- The national and local financial context within which the Council is operating;
- The funding gap facing the Council for the three 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.

Cabinet on 12 January 2017 also considered these items, and following this consideration this report provides additional information and updates on the specific Public Sector Reform Projects and Service Delivery Options, including some changes to the financial assumptions. In addition, there are some further MTFP revisions. It should be noted that after these minor changes a financially balanced budget strategy for the forthcoming 3 year period is still presented.

Council will wish to consider these items before determining the:

- Budget for 2017/18 and the three-year financial plan 2017/18 to 2019/20.
- Setting the Council Tax increase for Sefton Council for 2017/18; and,
- Approving the overall Council Tax resolution (which will be circulated separately prior to the meeting).

Recommendations:

Council is recommended to:

1. Note the update of the Medium Term Financial Plan for the period 2017/18 to 2019/20 which includes the implications of the provisional local government settlement.

Delivery of the Framework for Change

2. Approve the budget proposals within the report (described in Chapter 5 of Appendix A), note and take account of risks, the PSED information and the mitigating actions within the decisions and agree to the commencement of all appropriate activity as detailed, including for example, consultation with employees and engagement with partners and contractual changes.
3. Approve current levels of trade union facility time and associated arrangements for the whole period of the budget plan.
4. Note that officers will comply with agreed HR policies and procedures including relevant consultation with Trade Unions and reports to the Cabinet Member (Regulatory, Compliance & Corporate Services).
5. Approve that the Programme Management and governance arrangements in relation to the Framework for Change are delegated to the Chief Executive in conjunction with the Leader of the Council.

Capital Programme 2017/18 to 2019/20

6. Approve for inclusion within the Capital Programme the Capital schemes to be funded from school and transport grants, 2017/18 to 2019/20 as outlined in Paragraphs 8.2.2 and 8.3.2;
7. Approve for inclusion within the Capital Programme the fully grant funded schemes as detailed in Paragraphs 8.5.1;

Budget 2017/18 and Medium Term Financial Plan 2017/18 to 2019/20

8. Approve the budget for 2017/18 and the three-year financial plan covering the years 2017/18 to 2019/20 and authorise officers to undertake the necessary actions relating to the implementation associated with the recommendations, such necessary actions are described under each proposal in Chapter 5 of Appendix A.

9. Approve the Fees and Charges as proposed in the draft Council budget (Appendix D).
10. Approve the use of one-off resources of £4.65m in 2017/18 to smooth the impact of the required savings over the budget plan period (Paragraph 3.2 of Chapter 4 of Appendix A) and to fund the one off investment to secure an economic legacy from the Open Golf Championship as referred to in Chapter 4, Paragraph 3.3.
11. Approve the development of the cost of change budget with a value of £8.5m as set out in Paragraph 3.4 of Chapter 4 of Appendix A.
12. Approve a Council Tax increase in 2017/18 of 1.99%.
13. Approve a Social Care Council Tax Precept of 3% in 2017/18 resulting in an overall increase in Council Tax for Sefton of 4.99% in 2017/18.
14. Approve the allocation of specific grants as detailed in the report (Paragraphs 10.3 to 10.20).
15. Note the Schools' Forum decisions on the Dedicated Schools Grant and Individual School Budgets (Appendix B)
16. Approve the approach and delegated authorities set out in paragraph 10.21 as permanent "business as usual" arrangements for setting Adult Social Care fees.
17. Subject to the recommendations above, approve the overall Council Tax resolution including a Social Care Precept, Police and Fire and Parish Precepts.

How does the decision contribute to the Council's Core Purpose?

	<u>Core Purpose</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Protect the most vulnerable		√	
2	Facilitate confident and resilient communities	√		
3	Commission, broker and provide core services		√	
4	Place-leadership and influencer	√		
5	Drivers of change and reform	√		
6	Facilitate sustainable economic prosperity	√		
7	Generate income for social reinvestment	√		
8	Cleaner, Greener		√	

Reasons for the Recommendation:

The recommendations in this report provide the basis on which the Council's three-year budget plan would be balanced for the period 2017/18 to 2019/20.

Revenue Costs

All financial implications are reflected within the report

Capital Costs

All financial implications are reflected within the report

Implications:

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

Legal

There is a statutory requirement to set a robust budget for the forthcoming financial year before 11 March 2017. In the course of considering each of the individual Public Sector Reform projects, consultations and service options to achieve the savings required detailed consideration should also be given to the legal, human rights and equality implications. Such consideration will also need to be evidenced to ensure that the Council's decision making processes are defensible.

Human Resources

As the Framework for Change is developed there will be a potential impact upon employees and the potential for both voluntary and compulsory redundancies.

It will be necessary for the Authority to comply with the duty to consult with recognised Trade Unions (and as necessary employees) and to complete a notification under Section 188 of the Trade Union Labour Relations (Consolidation) Act 1992. Also form HR1 to the Department of Business Innovation and Skills notifying of redundancies may need to be filed dependent on redundancy numbers. Officers are authorised to enter into consultation and complete statutory notices where appropriate albeit much of this report provides for consultation as to options. Full and meaningful consultation should take place with the Trade Unions and employees on the matters contained within this report.

Equality

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

In relation to compliance with the Equality Act 2010, Section 149, Members need to make decisions in an open minded balanced way showing due regard to the impact of the recommendations being presented. Members also need to have a full understanding of any risks in terms of people with protected characteristics and any mitigation that has been put in place.

Equality Impact Assessments, including consultation, provide a clear process to demonstrate that Cabinet and Council have consciously shown due regard and complied with the duty. Whilst the risks remaining have been identified these relate to the projects and options that will be subject to external consultation for which at this moment in time a full Impact Assessment cannot be undertaken. When consultation is completed on these projects and options further reports will be brought back to Cabinet and will include full Impact Assessments.

Impact on Service Delivery:

Service implications as currently understood are described within the options in this report. The identification of further implications will form part of the budget, public engagement and consultation processes.

What internal consultations have taken place on the proposals and when?

Regular and ongoing consultations will take place between the Chief Executive, Executive Directors, Heads of Service and Trade Unions.

The Head of Corporate Resources is the co-author of this report. (FD 4532/17)
The Head of Regulation and Compliance (LD 3815/17) has been consulted and her comments have been incorporated into the report.

Are there any other options available for consideration?

The budget proposals contained within this report will form the basis of a three-year budget plan to be presented to Budget Council on 2 March 2017. It is a legal requirement to set a balanced budget and ensure the budget plan is robust. As such, any changes to the proposals contained within this report would need to ensure this requirement is still met.

Implementation Date for the Decision

Immediate following the meeting

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Background Papers:

None

1. Introduction – Sefton 2030 Vision and Council Core Purpose

- 1.1 In November 2016 the Council approved the Sefton 2030 Vision and the Council Core purpose. This was developed following an extensive consultation with residents, businesses and many visitors to the borough. In their thousands these groups told the Council they want to be involved in planning the future, what matters to them and how all stakeholders need to work together to make the vision happen. The Vision will enable the Council and partners to demonstrate the connected thinking and action. It will also enable the Council to bring about meaningful and measurable plans with targets, timescales and a performance management framework. Further details of the Sefton 2030 Vision can be found in Appendix A to this report at Chapter 1.
- 1.2 In supporting the delivery of the Vision the Council approved the following refined Core Purpose to articulate its role in delivering the 2030 vision.
- **Protect the most vulnerable:** i.e. those people who have complex care needs with no capacity to care for themselves and no other networks to support them. For those who are the most vulnerable we will have a helping role to play, we will challenge others to ensure we all protect the most vulnerable and where we need to we will intervene to help improve lives
 - **Facilitate confident and resilient communities:** the Council will be less about doing things to and for residents and communities and more about creating the capacity and motivation for people to get involved, do it for themselves and help one another. We will create an environment in which residents are less reliant on public sector support and which have well developed and effective social support
 - **Commission, broker and provide core services:** the Council will directly deliver fewer services but will act as a broker and commissioner of services which meet the defined needs of communities, are person-centred and localised where possible. We will deliver services which can't be duplicated elsewhere or where we add value.
 - **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
 - **Drivers of change and reform:** the Council will play a key role in leading change and reform to improve outcomes for Sefton residents and continuously improve 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.

- **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.
- **Cleaner and Greener:** the Council will work with others to maintain Sefton's natural beauty and ensure that its many assets provide a contribution to Sefton's economy, peoples wellbeing and the achievement of the 2030 Vision.

In formulating the financial strategy the Council should have regards to the contribution changes in policy and resources have on the delivery of this core purpose.

2. Overall Financial Context

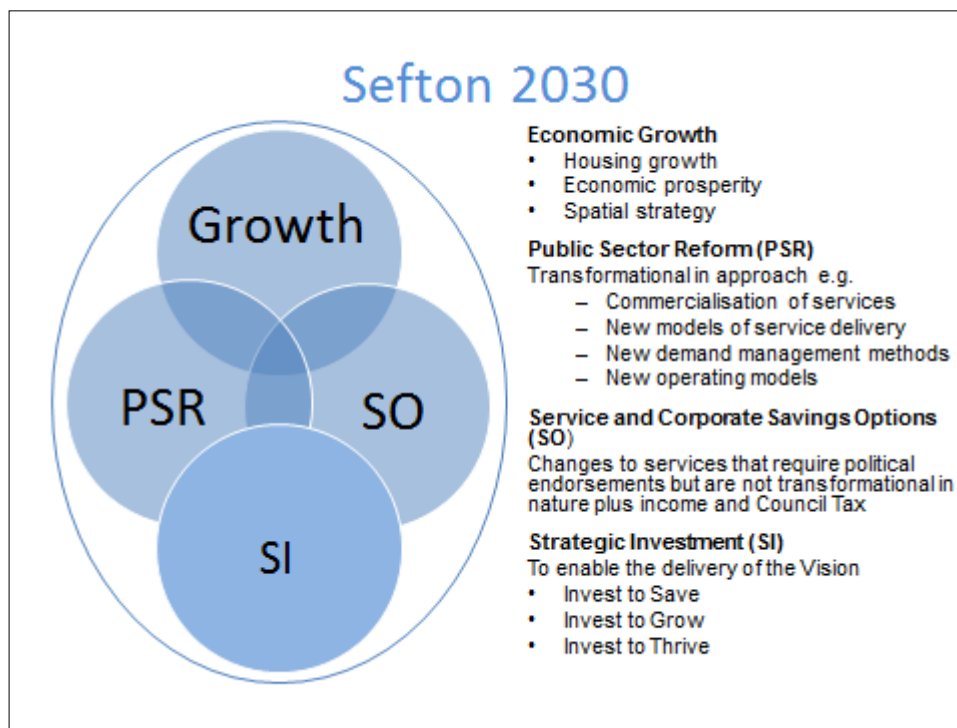
- 2.1. Since 2011, due to central government policy the Council has faced a funding gap of £169m. In total, the Council will have lost 51% of Government funding between 2010 and 2020. This is equivalent to £722 from every household in Sefton.
- 2.2. The financial pressures have been heightened by significant changes in Government policy and increased demographic and inflationary pressures. The Council has therefore had to make very difficult choices which have been subject to extensive consultation and engagement with communities.
- 2.3. Given the size of the reductions in funding and changes in policy, service standards, thresholds and the way services are delivered, there has been an inevitable impact on communities. Throughout this time the Council has adapted in order to minimise this impact where possible and protected front line services as far as possible.
- 2.4. In light of the cuts in Government funding since 2010 and the impact on communities, the Council has set three successive **two** year financial plans covering the periods 2011/13, 2013/15 and 2015/17. This strategic approach has enabled the Council to focus on the delivery of services through the six years whilst implementing the significant service changes which have come through not only the reduction in resources but also the implementation of very significant legislative changes and consequent policy direction.
- 2.5. As a result of this successful approach to both service delivery and budget planning the Council has decided to develop a 3 year budget plan covering the period 2017-2020. This is supported through the Government's Comprehensive Spending Review 2015 which offered a clear view on the financial targets that would be faced by all local authorities during the remaining life of this Parliament up until 2020.

2.6 In March 2016 Members were provided with details of the potential funding gaps that the Council would face for the forthcoming 3 year period, 2017/18 to 2019/20. Based upon the information at that time this amounted to £64m across the 3 years. The Council has therefore been working towards developing a three-year budget package that aims to deliver on the Council's emerging Vision and ensure it remains financially sustainable.

3. **Sefton Council 2030 - Delivery of the Framework for Change**

3.1. 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.

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



3.3. Attached at Chapter 3 of Appendix A is a detailed description of the core elements and how they contribute to a sustainable budget.

4. Three-Year Budget Plan 2017/18 to 2019/20

- 4.1. The financial and policy context in which this three year budget is developed is very dynamic. As indicated above the budget is made up of a combination of budget planning assumptions, specific savings options and Council Tax assumptions.
- 4.2. A number of revisions have been made to the Medium Term Financial Plan (MTFP) assumptions. These are explained further in Chapter 2. Based on these changes the three year budget gap now stands at £58.607m.
- 4.3. The Appendix also provides full details of budget proposals and a summary table of all current assumptions is shown below:

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Original MTFP funding gap	33.432	14.614	16.372	64.418
MTFP revisions	-8.510	5.148	-2.449	-5.811
Revised Funding Gap	24.922	19.762	13.923	58.607
Budget proposals				
Public Sector Reform Projects	-4.573	-14.699	-9.850	-29.122
Service Options	-8.758	-6.160	-1.539	-16.457
Phasing Proposals	-6.000	7.000	0.000	1.000
Remaining Funding Gap	5.591	5.903	2.534	14.028

Council Tax

- 4.4. As can be seen above there remains a gap of £14.028m over the three years period. The figure excludes any Council Tax increase at this stage. If the Council were to increase the Council Tax by the maximum allowed under Government rules this would meet this total gap. Note that the Funding Gaps in 2018/19 and 2019/20 are provided for illustrative purposes only. The actual level of Council Tax will be determined by a specific decision of Council in the relevant year.

Adult Social Care Funding 2017/18 – 2019/20

Current Position 2016/17

- 4.5. Sefton, along with most other authorities across the country, has, and is continuing to experience exceptional additional demand for its adult social care services in addition to significantly increased costs. In 2016/17 the Adults Social Care budget was £86m and represented approximately 40% of the Council's overall net budget.
- 4.6. Within this budget, it has been assumed that a significant contribution of up to £6m would be received via the Better Care Fund from the local CCG's in order to support the protection of services at existing levels. Unfortunately the Council only received around £1m and as a consequence, the Head of Adult

Social Care has sought to take permanent measures to alleviate the impact of this budget reduction whilst protecting the most vulnerable.

Demand 2017/18-2019/20

- 4.7. In the next 3 years up until 2020, the service will continue to face additional pressure from a number of sources including the requirement to fulfil the requirements of the Care Act (£1.5m), the additional demand from the National Living Wage and other inflationary pressures (£12.0m) and demographic demand for care services (£11.4m). This equates to financial pressures of approximately £25m during the next 3 years. This pressure has been built into the MTFP and is a significant element of the forecast £64m gap.

Financial Options to Support Adult Social Care 2017/18 -2019/20

- 4.8. Within Local Government Financial Settlement in December 2016, there was no new national funding allocated for Adult Social Care despite extensive national and local lobbying. The only flexibility offered to councils to support Adult Social Care is the option to bring forward an element of the Adult Social Care Council Tax Levy and the use of improved Better Care Fund resources.
- 4.9. In the absence of additional national funding, Central government had previously offered councils the opportunity to levy an additional annual 2% council tax charge to support Adult Social Care Services. For Sefton over the next 3 years this would yield £7m. In acknowledging the pressure faced by services, the Council now has the option to levy annual increases of up to 3% per annum (instead of 2%), however these increases cannot exceed the 6% level over the 3 year period of this budget. As a result the Council does not have the ability raise additional income but can seek to do this quicker than had previously been available.
- 4.10. Similarly the Government has announced the provision of an Improved Better Care Fund. This funding will be provided directly to local councils however this does not represent additional income to local government but recycled funding from existing provisions such as New Homes Bonus. For Sefton this will amount to £8m (net of the reduction in New Homes Bonus) over the course of this budget with only £1m being received in 2017/18.
- 4.11. The total financial pressures on Adult Social Care over the period are £25m. The combination of funding from the Adult Social Care Levy and the Improved Better Care Fund equates to £15m. This leaves a gap of £10m which would have to be met either from cuts in adult social care services and / or cuts in other Council services.
- 4.12. The Council's core purpose includes the protection of the Most Vulnerable. The MTFP contains a requirement for Adult Social Care to contribute only £3m of savings to the Council's overall financial challenge of £64m. In the event that this funding is not available through the Improved Better Care Fund or the Council Tax Levy, there would need to be corresponding reductions within the Adult Social Care budget which would have a significant impact on

the local community and the ability of the Head of Adult Social Care to fulfil her legal duty.

5. **Risk Assessment**

- 5.1 Chapter 5 contains an individual risk assessment for every project/ savings proposal. In addition, with a revised funding gap of £57m between 2017/18 and 2019/20, the Council will inevitably have to require strong, effective and robust governance arrangements in order to ensure that it can deliver financial sustainability and a balanced budget in each of the 3 years.
- 5.2 The Council has predicated its budget management on regular monitoring of performance and delivery through senior managers to Members. Exceptions to expected budget management or variations are highlighted at an early stage and mitigating actions recommended.
- 5.3 Within this 3 year budget package is an ambitious transformation programme that is considered can continue to meet this outcome, however due to the nature of the programme a different set of risks will need to be managed. The table below identifies the risks and mitigating actions that apply to many if not all of the projects in chapter 5 of this report

Risk	Mitigation
<p>Capacity to deliver the Framework for Change of this scale and magnitude simultaneously with operational services that are safe and of high quality</p> <p>In addition there may be reduced capacity to meet statutory obligations and service demand associated with the breadth of work undertaken.</p> <p>During the delivery of the change there will be a requirement to assimilate some functions into other areas or posts which will inevitably create additional pressures upon service areas for a period of time.</p>	<p>Robust governance will be in place to oversee changes.</p> <p>Projects will have clear implementation plans, a stakeholder engagement plan, and workforce development plan</p> <p>The new ways of working and their impact will be closely monitored and where identified immediate remedial action will be put in place.</p>
<p>The costs of change to deliver the Framework for Change outcomes becomes too expensive in relation to the financial return or savings to be generated</p>	<p>A Senior Officer Programme Board will set, monitor and report to Members on the delivery of agreed projects. This will include the maintenance and review of a programme risk register that will include all key financial issues.</p>
<p>Services that have demand led</p>	<p>A Senior Officer Programme Board</p>

Risk	Mitigation
budgets are traditionally hard to predict and manage. That volatility may not be sufficiently mitigated by the actions identified in the Framework for Change and the Council may experience increased demand.	will set, monitor and report on the delivery of agreed projects. This will include the maintenance and review of a programme risk register that will include all key financial issues
Due to budget profiling, the speed of identified changes will be fast/significant. It will be important to ensure strategy/policies and approaches are agreed before operational delivery takes to ensure that are achieved	Performance management will include financial monitoring. Project interdependencies will be monitored by the Programme Board
Due to the similar nature of opportunities being considered, there is the potential for double-counting of income with work being undertaken in the 'Growth' channel of Framework for Change.	Implementation will be project managed to track what's happening when and its impact and savings tracked.
New ways/models of working may not deliver the desired outcomes, People may find these proposed changes stressful as change can be difficult, challenging and sometimes uncomfortable for people, families, carers and the workforce but the Council is at a point where doing more of the same or trying to do more of the same with less is going to fail people, carers, families and the communities in the future.	The Council will, particularly for those people with no or limited capacity to exercise real choice, ensure that they are safeguarded and supported with dignity and respect. Assessed eligible need will continue to be met.
If new ways of working are not shared / owned by partners or if partners do not fully engage, this will compromise outcomes or may mean that outcomes are not delivered at all.	Partners will be involved in the development of new ways of working and where joint working is not possible practice will reflect this
Community capacity is required for the new ways of working across a number of Council public sector transformation projects. If this is not forthcoming then this will compromise outcomes or may mean that outcomes are not delivered at all.	There will be transparent engagement and communications with the community. Communications will seek to manage expectation. A Senior Officer Programme Board that will set, monitor and report on the

Risk	Mitigation
Community may be resistant to some of the changes proposed	delivery of agreed projects. This will include reviewing the impact of and response to change. Where necessary remedial actions will be agreed.
Resistance to change may be experienced as ways of working are so ingrained in staff over decades that staff may find new working practices difficult to adjust to	<p>A clear programme of development and training will be put in place for employees, coupled with good supervision and robust performance management.</p> <p>There will be ongoing awareness raising of the scale of the challenge facing the Council - and workforce development activity to embed a “ready for change” culture.</p>
Various government inspection regimes may not find sufficient clarity in the new/blended/locality ways of working and how risk is being managed. This may result in unsatisfactory inspection outcomes	<p>All changes will take into account the inspection frameworks that continually shift and evolve.</p> <p>The Programme Board will carefully monitor the policy agenda nationally and locally.</p>

5.4 The key governance / actions that will underpin the risk management of the programme and the budget are therefore:-

- A balanced, deliverable and sustainable annual budget will be set with clear milestones and deliverables linked to financial performance. Those budgets that are to be reduced will be clearly identified in advance of the financial year;
- Regular monthly reporting of financial performance to Cabinet and where appropriate Council will take place;
- Subsequent reports will be provided to Overview and Scrutiny Committee and the key financial risks within the programme and the annual budget will be included on the Council’s Corporate Risk Register that is considered at each meeting of Audit and Governance Committee;
- Establishment of a Senior Officer Programme Board led by the Chief Executive and including the Council’s s151 officer that will set, monitor and report on the delivery of agreed projects. This will include the maintenance and review of a programme risk register that will include all key financial issues;
- A project sponsor that is a senior officer will lead each project and will be responsible for all aspects of delivery and financial performance;
- Each project will have a Full Business Case, including detailed risk analysis signed off by both officers and Members in addition to a delivery plan; and

- Each project sponsor will ensure that they have available the appropriate skills and capacity to support delivery.

5.5 It is inevitable that with a programme of this size and the number of projects that exist, that during the course of the 3 years, there will be changes to aspects of the programme that will have financial implications. These changes may come about due to:

- Changes in project scope;
- Changes in demand for Council services;
- Central government intervention, e.g. changes in legislation; and
- Commercial opportunities being identified or removed through changes within the market.

5.6 Each of these issues would have a financial implication and this will need to be managed through the governance structure as set out. Whilst such a scenario is one that will need to be managed over the course of the 3 years, the Council will set and deliver financially sustainable annual budgets. The Council will also ensure that required mitigations will be put in place if required as it is legally required to do so.

6 Consultation and Engagement

6.1 In recent years, the Council has carried out extensive consultation with the public on some guiding principles to help set a balanced budget and the majority of people consulted agreed the Council should:

- Target resources at priorities
- Improve efficiency before reducing or ceasing services
- Help communities to reduce their reliance on public sector services
- Reduce reliance on public sector funding
- Protect the most vulnerable
- Support shared services
- Deliver value for money
- Encourage people to take responsibility for their actions and behaviours.

6.2 Members will recall that the timescales for consultation and engagement will vary. Given the level of previous consultation the Council and its partners have a comprehensive understanding of community need and priorities. The Framework for Change will require us to take a new approach to consultation and engagement. Through Imagine Sefton 2030 the Council and its partners undertook extensive consultation with the community; the community responded and identified what matters to them with this being reflected in the Vision Outcomes Framework.

6.3 The intention is for partners to adopt a New Realities 'can do' approach to collaboration aimed at working together in a positive, productive environment. Consultations are only part of a process of engagement. Informal iterative

consultation can be appropriate using new digital tools and open, collaborative approaches. Consultation is not just about formal documents and responses. It is an on-going process.

6.4 As the Framework for Change progresses a number of principles will be central to support the implementation from an engagement and communications perspective:

- The feedback from the Imagine Sefton 2030 consultation will be taken into account in the development of new strategies, approaches and ideas;
- Being open and transparent by providing accurate information, that will also be in accessible formats;
- Placing a stronger focus on co-production so that members of the public and stakeholders can actively shape the future of the Borough;
- Where consultation is required, it will be carried out through the Consultation & Engagement Panel. This Panel has established standards for public engagement and consultation, with scope and methodology clearly defined, which may include discharging consultation through care planning processes, where appropriate;
- Consultations will be targeted and consider the full range of people, businesses, representative groups and commissioned services affected by the proposed change. In other words consultation will be tailored to accommodate specific groups as necessary, for example older people, younger people or people with disabilities that may not respond to traditional consultation methods.
- Where appropriate the Council will inform and engage stakeholders in a timely and accessible manner;
- When carrying out assessments and reassessments of need the Council will consider the impact of any change to an individual's care plan and facilitate transition arrangements with individuals, their families and carers as appropriate;
- Protecting our most vulnerable people is a key priority, however, whilst we consider new approaches to support vulnerable people, for example asset based approaches, we need to recognise that whilst complying with our statutory requirements, we may in some circumstances reduce the size of packages and provide support for more defined periods.
- Full and meaningful consultation will take place with the Trade Unions and employees; and,
- Partnership work will help to unlock the Borough's collective resources and identify strengths and assets to become even more effective.

6.5 In particular the Public Sector Reform (PSR) projects will, where appropriate, adopt a collaborative approach to change. It is important to stress that the PSR projects are not just about reducing costs, they are driven by a combination of factors such as a desire to reduce inequalities in our communities and in many cases to shift the focus towards prevention. Our

approach in developing solutions will be to enable people and communities to have a say and a role in how we achieve the outcomes which matter to them.

In developing both the proposals Officers have endeavoured to identify the impact on the community of Sefton. Through collaborative consultation the Council will seek to further improve its understanding of the impact associated with the potential changes, the desired outcomes and associated risks. What is clear is that a budget reduction of this scale will have a significant impact but through the reform approach the Council will work with communities and partners to improve outcomes where possible.

- 6.6 There are different definitions of collaboration and coproduction but there is a consensus that working together leads to improved outcomes for people who use services and carers, as well as a positive impact on the workforce. The Council's approach will not just be about partnerships across sector boundaries. It is much more about combining the knowledge, skills and experience of people who access activities and services, delivering services and commissioning services, working together on an equal basis to achieve positive change and improve lives and outcomes.

In addition to this media briefings and media releases will be issued to signpost interested parties. The approach to the PSR projects and options is summarised in Chapter 5.

- 6.7 Within Chapter 5 there are a number of options and budget planning assumptions requiring internal consultation. Members will recall that before any notice to terminate employment is given to an employee, it is necessary for the Council to comply with its duty to consult. This involves meaningful consultation taking place in respect of proposals with Trade Unions and employees. The options within this report constitute proposals which will be the subject of consultation at an appropriate time.
- 6.8 If options and proposals involve potential contractual changes and/or redundancy, in some cases up to three months' notice may be needed to be given to employees. Any employee dismissed with more than 12 months service will attract the protection of unfair dismissal provisions under the Employment Rights Act 1996 (as amended). Regardless of an employee's length of service, claims for discrimination can potentially be made on a number of grounds.
- 6.9 As a result this consultation should include compliance with the Trade Union Labour Relations (Consolidation) Act 1992 where meaningful consultation should include, amongst other matters:
- (a) the options/proposals
 - (b) avoiding the dismissals
 - (c) reducing the number of employees dismissed
 - (d) mitigating the consequences of the dismissal.
- 6.10 All of the above must be undertaken with a view to reaching agreement with Trade Union representatives. In this respect given the scale of the change

and implementation of any approved change, current facility time arrangements will be maintained for the whole period of the budget plan. Cabinet is asked to approve this.

- 6.11 Under the Trade Union Labour Relations (Consolidation) Act 1992, a notice must be provided at an appropriate time to the recognised Trade Unions outlining:
- (a) the reasons for proposals
 - (b) the numbers and descriptions of employees the Authority proposes to dismiss as redundant
 - (c) the total number of employees of that description employed at any site or establishment
 - (d) the proposed method of selecting employees who may be dismissed
 - (e) the proposed method of carrying out the dismissals including the period over which the dismissals are to take effect
 - (f) the proposed method of calculating the amount of redundancy payments to be made (other than statutory redundancy pay) to employees who may be dismissed.
- 6.12 In addition to the collective situation, individual consultation must take place as necessary to inform employees that they are at risk and to invite consultation and the consideration of alternatives. There is a general duty of maintaining contact and discussion with employees.
- 6.13 Where an employer is proposing to dismiss as redundant 20 or more employees at one establishment within a period of 90 days or less, 90 days before any dismissals take effect a letter under Section 188 of the Trade Union Labour Relations (Consolidation) Act 1992 must be provided to the recognised Trade Unions which covers the areas within that legislation. Also Form HR1 must be provided to the relevant Government Department in the same timescale. Cabinet is asked to agree that Officers are authorised in this report to consult on options appropriately and where necessary to issue statutory notifications under Section 188 and issue form HR1

7. Public Sector Equality Duty (PSED)

- 7.1 As the Council puts actions into place to set a balanced and sustainable budget there is a need to be clear and precise about our processes, and impact assess potential change options, identifying any risks and mitigating these where possible. The impact assessments, including any feedback from consultation or engagement where appropriate, will be made available to Members when final recommendations on individual projects are presented for a decision. This will ensure that Members make decisions in an open minded balanced way showing due regard to the impact of the recommendations being presented and in compliance with the Equality Act 2010.

- 7.2 Reducing budgets and activities is a difficult task, and one that the Council has to balance with the needs of the community. It is clear from the feedback from Imagine Sefton 2030 that change is required and that the community wants to participate in and shape that change.
- 7.3 The Council has a shared responsibility with partners and communities to discharge its functions that meets need and is within available resources. The Council cannot do everything it has done in the past, the changes proposed will take full account of the PSED.
- 7.4 Where appropriate a PSED review is provided which identifies any potential impact on those with protected characteristics and the mitigating actions to be taken should any risks remain. Council is requested to note and take account of the detail within the PSED reviews and the mitigating actions within the decisions.

8 Capital Programme 2017/18 to 2019/20

8.1 This section details the provisional Government Capital Allocations for three years from 2017/18 to 2019/20 and proposes a set of schemes from these allocations that reflect the priorities for the Council at this point in time. It should be noted that the available resources for 2018/19 to 2019/20 are estimates at this stage and maybe the subject of revision when final allocations are known. Following the proposals set out in this section, a sum of £1.3m remains available for future allocation

8.2 Schools - Provisional Government Capital Allocations 2017/18 to 2019/20

8.2.1 The table below itemises provisional capital allocations due to be received in respect of schools 2017/18 to 2019/20. Ring fenced funding and commitments approved in 2016/17 have been deducted from the provisional funding to show the funding available for allocation.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Devolved Formula Capital	411	411	411	1,233
Capital Maintenance / School Condition Allocation	1,633	1,448	1,284	4,365
Provisional Funding Available	2,044	1,859	1,695	5,598
Current Commitments				
Devolved Formula Capital (Ring fenced)	411	411	411	1,233
Norwood Litherland Moss Primary Phase 3 (committed 2016/17)	866	70	70	1,006
Total Commitments	1,277	481	481	2,239
Funding Available for Allocation	767	1,378	1,214	3,359

8.2.2 Schools Capital Schemes 2017/18 to 2019/20

Based upon the funding available the following schemes are proposed

Scheme	Description	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Great Crosby Phase 3 Primary	Increase capacity by half a form	288	0	0	288
St Luke's Primary	Resource and hall extension	0	400	0	400
Hudson Primary	Heating Provision	0	0	150	150
Linaker Primary	Temporary classroom	160	0	0	160
Linacre Primary	Refurbishment of classrooms and main corridor	264	66	0	330
Waterloo Primary	Fire Alarm replacement	55	0	0	55
Essential Maintenance		0	434	1,064	1,498
Planned Maintenance		0	478	0	478
Total Proposed Schemes		767	1,378	1,214	3,359

8.3. Transport - Provisional Government Capital Allocations 2017/18 to 2019/20

8.3.1 The table below itemises provisional capital allocations due to be received in respect of transport for 2017/18 to 2019/20. Commitments approved in 2015/16 from the provisional funding have been deducted to show the funding available for allocation.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
LTP – Highways Maintenance	2,814	1,864	1,610	6,288
LTP – Integrated Transport Block	1,170	1,000	1,000	3,170
Pot Hole Fund	224	0	0	224
Provisional Funding Available	4,208	2,864	2,610	9,682
Current Commitments				
<u>Growth Fund – Sefton Contribution</u>				
M58 Junction 1	210	872	0	1,082

Improvements A565 Northern Key Corridor Improvements	837	254	0	1,091
Total Commitments	1,047	1,126	0	2,173
Funding Available for Allocation	3,161	1,738	2,610	7,509

8.3.2 Transport Capital Schemes 2017/18 to 2019/20

Based upon the funding available the following schemes are proposed:

Scheme	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<u>LTP – Highways Maintenance</u>	1,767*	738*	1,610*	4,115*
City Region Pipeline Scheme Development	180	N/a	N/a	180
<u>LTP – Integrated Transport Block</u>		1,000*	1,000*	2,000*
Local Safety Scheme Programme	100	N/a	N/a	100
Traffic Management & Parking	155	N/a	N/a	155
Local Access Improvements	95	N/a	N/a	95
Cycle Schemes & Initiatives	215	N/a	N/a	215
A565 Corridor Improvements (Crosby)	230	N/a	N/a	230
Strategic Planning / Pipeline Development	170	N/a	N/a	170
Retentions	25	N/a	N/a	25
Pot Hole Funding	224	0	0	224
Total Proposed Schemes	3,161	1,738	2,610	7,509

* Split of funding to be agreed

8.4. Adult Social Care Capital Schemes

8.4.1 It should be noted that both the Disabled Facilities Grant and Department of Health Capital Grant are now allocated to the Better Care Fund. As such any funding allocation will be jointly developed and agreed with the relevant partners.

8.5. Externally Funded Capital Schemes

8.5.1 In addition to those schemes funded by government allocations there are a number of schemes that will be included in the capital programme that are fully funded by external grant and for which approval is sought.

Scheme	Value (£'m)	Funded by
Southport Pier Renovation	2.876	Coastal Communities Fund (£1.94m) s106 (£0.035m), Pier sinking fund (£0.901m)*
Bootle Leisure Centre and Dunes Splash world – Renovation of Changing Facilities	0.349	Sport England*
Integration of Health & Social Care IT Systems	0.095	Sefton Clinical Commissioning Groups

*these schemes are approved subject to final grant being awarded

- 8.6 It should be noted that a revised Capital Strategy is presented for approval elsewhere on this Agenda.

9 Three Year Budget Plan - Conclusion

- 9.1 Since 2011, due to central government policy the Council has faced a funding gap of £169m and will see its grant from central government reduce by 51% by 2020. The Council has therefore had to make very difficult decisions which have been subject to extensive consultation and engagement with communities.
- 9.2 This report presents the approach to the three year budget plan for the period 2017/18 to 2019/20. It builds on the delivery of significant Government funding reductions and provides details of how the forecast budget gap of £64m will be balanced. This approach will ensure the timely implementation of proposals, investment where appropriate and the release of capacity to support transformation.
- 9.3 The challenge faced by the Council must not be underestimated and as stated earlier, this is shared with our public, private, voluntary, and community and faith partners. Implementation of the budget plan will take into account appropriate consultation requirements and the possible financial impacts of part year delivery. Consultation will continue over the budget plan period and standard Council procedures will be observed in the instances where we are required to inform the public.
- 9.4 The financial pressures faced by all services are significant. However the increased demographic and costs pressures faced by adult social care at a time when the NHS is also struggling to hit financial and performance targets is particularly concerning. The Government has failed to recognise these pressures and has not approved any genuinely new money for Adult Social Care. The Council will continue to support our most vulnerable residents by the relative protection of adult social care. However this means that other services have to take a disproportion cut in their budgets. There is no scope

to fund any further increased demand in adult social care unless the Government provides new money.

9.4 When making these difficult choices the Council has worked hard to maintain its frontline services and has shared with the community its core purpose. Despite the significant cuts faced by the Council in previous and future years, it is important to acknowledge that the budget proposals contained in this strategy continue to ensure that, for example, the Council:

- a) Meets its statutory requirements,
- b) Invests significantly as a proportion of the Council's remaining budget in protecting Children in Care and safeguarding children at risk of harm, neglect and exploitation and Adult Social Care
- c) Provides seven libraries, six leisure centres, an eco-centre, adventure centre, children's centres and the Atkinson that host many activities for all residents
- d) Empties 150,000 bins per week
- e) Lights the streets, maintains and cleans the pavements together with 607 miles of road
- f) Works with others to manage and protect 22 miles of coast
- g) Maintains 166 parks and greenspaces
- h) Prepares 14,000 school meals every school day
- i) Deals with planning matters
- j) Protects the community through the inspection of food premises
- k) Safeguards the community through inspecting and issuing licences for taxis and premises serving alcohol
- l) Safeguards the community through Trading Standards advice and inspections
- m) Supports local businesses and potential investors through InvestSefton
- n) Supports people to find work through Sefton@Work
- o) Provides advice and assistance on a range of housing related matters
- p) Registers births, deaths and marriages

9.5 This list is by no means exhaustive and naturally will not be viewed in isolation from the work that the Council enables and facilitates with its partners across the Borough. As an extension to this, the Council with its partners has developed the Vision and Outcomes Framework for 2030. By pooling resources and talent, the Council and its partners will work together to, as far as possible, protect and enhance the many services and activities that are valued by our communities.

10 **Budget 2017/18 – Specific Issues**

Charges Relating to External / Levying Bodies

- 10.1 The Council is required to pay charges relating to levies from external bodies. The expected payments for 2017/18 and their impact on Sefton's budget compared to 2016/17 is shown in the table below:-

<u>Levying Body</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>Change</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Liverpool City Region Combined Authority	20,724,000	18,677,000	-2,047,000
Waste Disposal Authority	12,831,863	12,661,305	-170,558
Environment Agency	149,964	152,222	+2,258
Inshore Fisheries & Conservation Authority	62,874	64,132	+1,258
Port Health Authority	13,500	13,500	0
	33,782,201	31,568,159	-2,214,042

Proposed Overall Council Tax increase

- 10.2 The proposed total increase in the Sefton Borough Council Tax for 2017/18 is 4.99%. This is made up of an increase of 1.99%, based on the methodology used in previous years, and an additional 3% increase for the Social Care Precept to contribute to the cost of adult social care.

Specific Grants

Dedicated Schools Grant (DSG) 2017/18

- 10.3 The 2017/18 Dedicated Schools Grant settlement was announced on 20 December 2016, and is based on three main funding blocks; Schools; Early Years and High Needs. This is in line with Department for Education (DfE) announcements regarding 2017/18 funding guidance issued in July 2016. There is no inflationary increase in DSG for 2017/18 and the allocation for schools is cash flat and gives the same per pupil amount as in 2010/11. However, following a DfE baseline funding exercise earlier in 2016, the value per pupil has been adjusted in 2017/18 to take account of the Local Authority's Inter-block funding adjustments from 2016/17.
- 10.4 The 2017/18 DSG allocation for Sefton of £197.206m is set out in the table below.

<u>Block</u>	<u>2016/17 Revised allocation</u>	<u>2017/18 Initial allocation</u>	<u>Increase £m (-) Decrease</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Schools Block	156.211	156.143	-0.068
Early Years Block	11.944	14.998	3.054
High Needs Block	25.023	26.065	1.042
	193.178	197.206	4.028

Individual school allocations are shown in Appendix B.

- 10.5 The 2017/18 settlement has also been adjusted to reflect the inclusion of retained element of Education Services Grant (ESG) which, is transferring from being a Council Grant to being part of the DSG settlement from April 2017. This funding will be required to support ongoing Local Authority statutory duties across all schools (£0.590m). In addition, the Local Authority has agreed the transfer of some Historic centrally retained DSG funding, previously used as a contribution towards schools capital maintenance (CERA), but now transferred to High Needs in 2017/18. This follows a review by the DfE of all historic central spending (£-0.556m).

Schools Block

- 10.6 The Schools Block element of funding has decreased year on year, by a net £-0.068m. This is due largely to the two main factors mentioned above together with demographic changes in the numbers of pupils in Sefton.
- 10.7 Primary pupil numbers have increased overall by +246 pupils between the October 2015 census and the October 2016 headcount. Secondary school pupil numbers however, continue on a downward trend, similar to recent years, with reduced pupil numbers (-269). The combined effect is a small net decrease in numbers of -23 and a corresponding decrease in the schools funding allocation of £-0.102m as a result.

Early Years Block

- 10.8 Early Years funding has changed substantially in 2017/18, due largely to a significant increase in the rate payable for 2 year old and 3-4 year old free childcare provision, including the extra free 15 hours childcare being made available for working parents from September 2017.
- 10.9 The onset of a new national funding allocation for 3-4 year old entitlement has seen an increase in funding of £0.247m for the 15 universal free entitlement hours; and an additional £1.460m towards the extra 15 hours childcare from September 2017. This latter sum is a part year effect and will increase in 2018/19 to a full year and as the year progresses and these numbers of take-up begin stabilise.
- 10.10 In addition, in order to move Local Authorities towards paying all providers a universal hourly rate, some transitional funding is being given to Local

Authorities in support of their Maintained Nursery Schools for 3 years, to enable them to maintain their funding, whilst receiving a much lower universal hourly rate than they currently enjoy. The Local Authority will receive £0.571m of funding for this support.

- 10.11 In addition, to ensure the Local Authority does not lose funding through the calculation of the new Early Years Formula funding, Sefton is receiving additional transitional funding of £0.207m, which will be tapered down gradually over 2 years, until it disappears.
- 10.12 As part of the Early Years settlement each Local Authority has been given a new Disability Access Funding allocation which is being made available to providers, to encourage children with SEND to take up the 15 hours universal free entitlement and additional hours. This additional funding will enable providers to drawdown up to £615 per child pa for children who claim Disability Living Allowance. Sefton is receiving an additional £0.055m based on an estimated take up of 90 children in 2017/18.
- 10.13 A national increase of £0.35p per hour funding for the 2 year old childcare offer has increased Sefton's funding by a further £0.578m. This is a significant increase, which will be passed on in full to Sefton providers. However, the Early Years Pupil Premium has been decreased by £-0.064m due to a lower than expected take up in 2015/16. In overall terms, taking all these changes into account, the Early Years funding has increased year on year by £3.054m.

High Needs Block

- 10.14 The High Needs Block has also seen an increase in funding in 2017/18 of £0.486m, which has been given for 2-19 years population changes. As stated earlier, following a review of the centrally retained elements of the Schools Block by the DfE, the local Authority has agreed to the movement of £0.556m from the centrally retained elements of the Schools Block to the High Needs Block. This additional funding will help to mitigate some of the severe budget pressures currently being experienced within High Needs. The combination of the growth allowed by the DfE, and this change in the use of historical centrally retained funding, has increased the High Needs funding by £1.042m year on year, which is particularly welcome.

Local Authority activity funded from Dedicated Schools Grant:

- 10.15 The Council are asked to note that the Dedicated Schools grants funds the following Central functions which are contained within the Schools Block allocation. The combined total of Central funding allocations is fixed at 2012/13 values and no new commitments will be allowed apart from items that change through DfE approval such as national licences etc.:
- Contribution to combined services & Misc. Expenditure - **£0.289m** (Includes budgets for residual running costs of closed schools including any repair and maintenance and utility costs across Primary, Secondary and Special sectors, a contribution towards the Professional Development Centre, and support of residual grounds maintenance.)

- Co-ordinated admissions scheme - **£0.137m**
- School Licences etc. - **£0.183m** as announced by the DfE in December 2016
- Servicing of the Schools Forum - **£0.062m**
- In addition, the Council have requested that the ESG retained funding, which has transferred to DSG from Council funding from April 2017 is kept centrally within DSG to contribute towards the costs of the Council's ongoing statutory duties for all schools - **£0.568m**

Other Government Grant Notifications 2017/18

10.16 The Government have announced grant notifications for 2017/18 in the areas identified below. Should any further information be supplied on other grants, this will be included in a separate update to Cabinet / Council.

Special Educational Needs and Disability Implementation Grant - £0.170m

10.17 This is the continuation of grant support from the Department for Education for the Special Educational Needs of the pupils across Sefton. This grant is to support the rollout of the Education, Health and Care plans for young people. The Council is asked to approve allocating the grant for this purpose.

Independent Living Fund - £2.243m

10.18 The indicative allocation for the 2017/18 Independent Living Fund grant is £2.243m. This is yet to be confirmed. The 2016/17 allocation was £2.318m. It is proposed that when confirmed the 2017/18 allocation will continue to be allocated to appropriate Adult Social Care budgets.

Lead Local Flood Authorities Grant - £0.010m

10.19 From 2016/17, the Local Government Financial Settlement provides the majority of funding to Lead Local Flood Authorities to carry out their duties under the Flood and Water Management Act 2010, and for their role as statutory consultee on surface water for major development (i.e. they no longer receive a separate grant from Defra).

This funding is supplemented by a separate section 31 grant which makes good the Government's commitment to protect the level of funding in real terms throughout this Parliament. This section 31 grant element of the funding totals £3.7m in 2017/18, £4m in 2018/19 and £4.3m in 2019/20. Sefton's Grant is £0.010m in 2017/2018. It is proposed that this will be allocated to the appropriate Flood Defence budget.

Homelessness Reduction Bill – New Burdens

10.20 The Government is in the process of introducing the Homelessness Reduction Bill. The Government have confirmed they will provide £48m nationally to local authorities across 2017/18 and 2018/19 to meet the new burdens costs associated with the Bill. It is estimated that offsetting savings to local authorities will mean there are no costs thereafter.

The Government will work with local councils and the Local Government Association to develop the distribution model for the funding. This will reflect differing need in different authorities. Therefore at this stage there is no indication of this Council's allocation from this fund.

The Council is asked to approve allocating the grant to the homelessness service to meet the costs associated with the new burdens.

Adult Social Care Fees

- 10.21 Much of the Council's Adult Social Care expenditure is with externally commissioned service providers and, in line with contractual requirements, the Council is required to set fees and rates for providers' for each financial year. Fee setting should take into account the legitimate current and future costs faced by providers and the Council should ensure that it has in place fee negotiation arrangements that recognise providers' costs and what factors affect them. In recent years Cabinet has authorised officers to conduct the necessary consultation with providers and has delegated any decisions regarding the setting of fees to the Cabinet Member – Adult Social Care, in conjunction with the Head of Adult Social Care and the Head of Corporate Resources, with the proviso that such decisions are made within the resources available in the Medium Term Financial Plan and if the consultation indicated a decision outside the boundaries of the resources available in the Medium Term Financial Plan, the matter would revert to Cabinet for decision. It is recommended that this approach and these delegated authorities be recognised as permanent "business as usual" arrangements.

Summary of Budget Proposals for 2017/18

- 10.22 As a result of the information contained within this report the bridging of the 2017/18 funding gap is shown as follows:

	2017/18 £'m
Original MTFP funding gap	33.432
MTFP revisions	-8.510
Revised Funding Gap	24.922
Budget proposals	
Public Sector Reform Projects	-4.573
Service Options	-8.758
Phasing Proposals	-6.000
Remaining Funding Gap	5.591
Council Tax increase (1.99%)	-2.228
Adult Social Care Precept (3.00%)	-3.363
Balanced Budget	0.000

A summary of the budget for 2017/18 and the Budget Plan for 2018/19 and 2019/20 are shown in Appendix C.

10.23 Precepts

a. Police & Crime Commissioner and Fire & Rescue Precepts

The Police and Crime Commissioner set a budget / precept for 2017/18 on 20 February 2017, with a Band C increase of 1.95%. The Fire and Rescue Authority is due to set its budget / precept for 2017/18 on 23 February 2017; with a Band C increase of 1.99% proposed.

	Precept			Band C		
	2016/17	2017/18	Change	2016/17	2017/18	Change
	£	£	£	£	£	%
Police	13,155,300	13,594,070	+438,770	144.71	147.53	+1.95
Fire	5,889,986	6,088,952	+198,966	64.79	66.08	+1.99

Any changes to these figures will be reported at Council.

b. Parishes

The Parish precepts variations that have been set are shown below.

	Precept			Band C		
	2016/17	2017/18	Change	2016/17	2017/18	Change
	£	£	£	£	£	%
Aintree Village	110,000	60,000	-50,000	49.00	26.42	-46.09
Formby	65,000	72,500	+7,500	6.43	7.12	+10.69
Hightown	4,620	5,460	+840	4.84	5.73	+18.54
Ince Blundell	1,900	1,950	+50	10.74	10.60	-1.32
Little Altcar	2,500	3,000	+500	7.29	8.26	+13.27
Lydiate	137,591	144,792	+7,201	60.75	63.17	+4.00
Maghull	575,548	605,656	+30,108	78.98	82.92	+5.00
Melling	20,000	20,000	0	18.38	18.12	-1.36
Sefton	3,200	3,600	+400	12.26	13.84	+12.90
Thornton	4,500	4,500	0	5.27	5.24	-0.44
	924,859	921,458				

10.24 **Recommended Council Tax for 2017/18**

Council are recommended to approve the Budget for 2017/18, as set out in the main report.

The recommended overall Band C Council Tax to be raised for 2017/18 (excluding Parish Precepts) is as follows: -

	2016/17	2017/18	Increase
	£	£	%
Sefton	1,217.93	1,278.70	+4.99
Police & Crime Commissioner	144.71	147.53	+1.95
Fire & Rescue Authority (#)	64.79	66.08	+1.99
	1,427.43	1,492.31	+4.55

(#) Provisional pending final approval

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Delivering the Sefton 2030 Vision and a Financially Sustainable Council

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CHAPTER ONE

Sefton 2030 and Council Core Purpose

1. Overall Context

- 1.1 Sefton Council has led on the development of a new and exciting vision for the future of the borough and wants anyone who lives, works or visits Sefton to be involved.
- 1.2 Working closely with partners, businesses, private sector organisations, the voluntary, community and faith sector and the wider Sefton community, the aim is to focus on what is important and to be ambitious for the borough and its communities in the future.
- 1.3 Through Imagine Sefton 2030 the Council and partners engaged the public, local businesses and potential investors in creating a vision that will collectively promote shared prosperity, coordinated public investment, and a healthy environment and population.
- 1.4 The feedback then enabled the Council and partners to develop the Vision Outcomes Framework which will guide long term planning - helping to collectively stimulate growth, prosperity, set new expectation levels and to help focus on what is important for Sefton. As a result of this process the following Core Purpose and Outcomes Framework were approved by Council in November 2016.

2. Council Core Purpose

- 2.1 In November 2016 Council agreed the following as its Core Purpose
 - **Protect the most vulnerable:** i.e. those people who have complex care needs with no capacity to care for themselves and no other networks to support them. For those who are the most vulnerable we will have a helping role to play, we will challenge others to ensure we all protect the most vulnerable and where we need to we will intervene to help improve lives
 - **Facilitate confident and resilient communities:** the Council will be less about doing things to and for residents and communities and more about creating the capacity and motivation for people to get involved, do it for themselves and help one another. We will create an environment in which residents are less reliant on public sector support and which have well developed and effective social support
 - **Commission, broker and provide core services:** the Council will directly deliver fewer services but will act as a broker and commissioner of services which meet the defined needs of communities, are person-centred and localised where possible. We will deliver services which can't be duplicated elsewhere or where we add value.

- **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
- **Drivers of change and reform:** the Council will play a key role in leading change and reform to improve outcomes for Sefton residents and continuously improve 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.
- **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.
- **Cleaner and Greener:** the Council will work with others to maintain Sefton's natural beauty and ensure that it's many assets provide a contribution to Sefton's economy, peoples wellbeing and the achievement of the 2030 vision.

3. **Vision Outcomes Framework**

- 3.1 The Vision Outcomes Framework can be viewed at
<http://modgov.sefton.gov.uk/moderngov/documents/s69629/Vision%20Sefton%202030.pdf>

CHAPTER TWO

National and Local Financial Context

1. National Financial Context 2017/18-2019/20

- 1.1 Central Government policy announcements in autumn 2015 and 2016 and the output from the 2015 Local Government Finance Settlement has resulted in local government continuing to be faced with a severe financial challenge for the three years 2017/18 to 2019/20. These announcements included key national budget decisions which are likely to have an impact on both the Council and also the local economy for years to come.
- 1.2 These include the continued reduction in central government grant that is available to local authorities, the introduction of a 100% Business Rates retention scheme, the reform of the New Homes Bonus Scheme, changes to the Education Services Grant, the role of councils within the Education sector and continued reform of the Health and Social Care systems. Each of these presents local government with increased financial pressure. As with previous years, as additional detail has been provided for each of these policy issues, the Council's Medium Term Financial Plan has been updated to reflect the funding that will be made available to it over the course of the next 3 years.
- 1.3 Also during the last 12 months there have been further significant incidents that may have an influence on local government and its financial arrangements in future years. These include the outcome from the EU referendum and the resulting change in key personnel within Central Government including a new Prime Minister and Chancellor of the Exchequer. At this stage the exact impact of these issues and changes cannot be measured however it is widely acknowledged that the national economy will be affected and that the resources that will be available to local government will continue to reduce, certainly up until 2020.
- 1.4 By way of illustration, and as stated earlier within this report, it is estimated that by 2020 as a result national policy decisions, Sefton Council will have had its central government grant reduced by 51% since 2010.

Changes to Local Government Finance

- 1.5 As Members have previously been informed, the Government are committed to introducing a 100% Business Rates retention model for local authorities by 2019/20. The introduction of this funding mechanism will see a move from a grant based support system and is the largest proposed change to local government finance in recent times. This new system will fundamentally change local government's approach to financial management.
- 1.6 As part of this reform, the Government is seeking to pilot the new system. Whilst this change in the core financing arrangements is being developed, the Government is also continuing with its reform programme in respect of the fair funding review and schools and education funding.

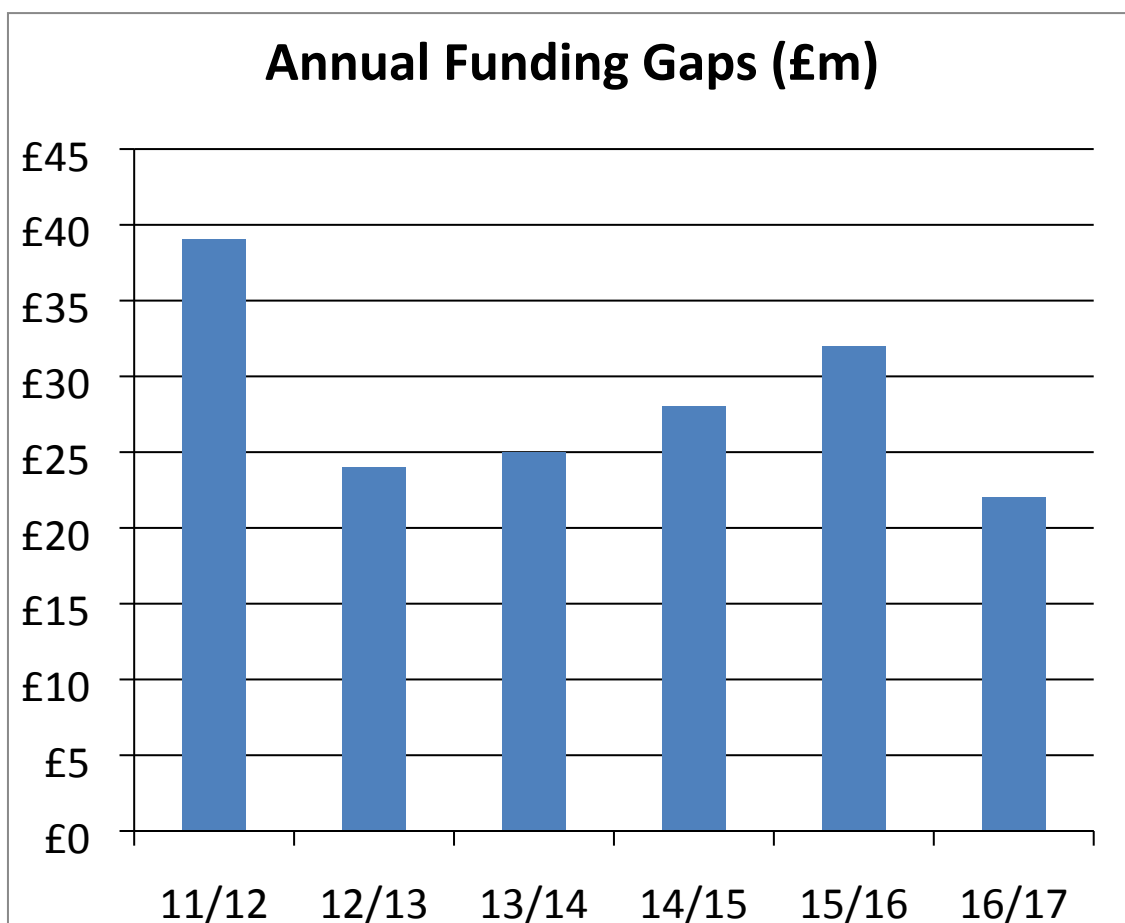
2. Local Financial Context

Four Year Financial settlement and Business rates retention

- 2.1 Members will recall that Cabinet on 1 September 2016 recommended to Council that Sefton should accept the Government's offer of a four-year financial settlement (including the already confirmed 2016/17 settlement). This decision will provide the Council with financial certainty with regard to its core financial resources that it will have available to it during this time. 97% of other local authorities have also taken a similar approach.
- 2.2 At the same Cabinet meeting, Members were also informed of the continuing role that the Council is taking with regard to the design of the 100% Business Rates Retention scheme with its City Region partners. DCLG's stated objective is for the pilot areas to test the proposed system being designed and the potential for additional responsibilities to be devolved to local government as part of that system.
- 2.3 Following confirmation that participating authorities would not be in a detrimental position to that had they not been part of a pilot exercise, the Council and its city region partners confirmed to the DCLG that they will be part of a pilot project from 2017/18.

Financial Savings Delivery 2010-2016

- 2.4 The Council, its communities and partners have faced and continue to face unprecedented change borne out of a radical reduction in resources coupled with increased demand in services for its vulnerable residents and a dynamic national policy agenda.
- 2.5 Since 2010 the Council has focused on becoming a leaner and more agile organisation, and has been successful in delivering real term 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.
- 2.6 The funding gaps per year that have been bridged are shown as follows:



3. Medium Term Financial Plan Forecasts- 2017/18 - 2019/20

- 3.1 The Local Government Finance Settlement for 2016/17 was announced on 19 December 2015 and indicative funding figures were also provided for 2017/18 to 2019/20. In addition to forecast reductions in core grant, the Council will also face a range of other financial challenges over the coming years. These challenges are as significant as they have ever been and as such it becomes increasingly important to take a longer term view as opposed to making short term decisions.
- 3.2 The funding gap and its key components that were reported to Members in February and March 2016 are shown in the following table:

	2017/18	2018/19	2019/20	TOTAL
	£m	£m	£m	£m
Reductions in general grant (Inc. RSG)	10.349	5.831	5.546	21.726
Estimated further reductions in Public Health grant	0.500	0.500	0.500	1.500
Education Services Grant	0.700	0.700	0.700	2.100
Pay and Prices inflation	3.985	4.301	4.176	12.462

National Living Wage	3.198	3.282	3.450	9.930
Adult and Children budget resizing	7.700	0.000	0.000	7.700
Replacement of one off savings in 2016/17 with sustainable savings	7.000	0.000	2.000	9.000
TOTAL BUDGET SHORTFALL	33.432	14.614	16.372	64.418

3.3 As with previous years, as more information has become available the Council's MTFP has been updated. As part of this process, further potential changes that will result in additional central government funding reductions being borne by the Council have been identified. These relate to:-

- Reductions in New Homes Bonus due following a review of the scheme;
- Reductions in Public Health Grant to that previously been forecast; and
- The cessation of the Education Services Grant from September 2017;

In addition to these direct grant reductions, the Council will also experience additional financial pressure through the introduction of the Apprenticeship Levy (£0.600m), the Care Act (£1.452m) and the introduction of the national living wage.

3.4 In updating the MTFP to take account of these changes, the Council has also refreshed its assumptions around the income it can expect to generate from Business Rates and its Council Tax Base and has revised down its provisions for pay and price inflation.

3.5 As stated in the report of 12 January 2017 it was anticipated that additional information would become available in advance of budget council that would allow the Council to refine its Financial Planning assumptions. Following further discussions with levying bodies since that report was considered, the assumptions relating to changes in levies over the three year budget period have been revised. The resulting impact of these changes is shown in the following table:

	2017/18	2018/19	2019/20	TOTAL
	£m	£m	£m	£m
Further Government Grant Reductions/Changes:				
- Education Services Grant	0.727	0.319	-0.700	0.346
- New Homes Bonus	1.550	0.988	0.597	3.135
- Adult Social Care Support Grant	-1.532	1.532	0.000	0.000
- Care Act Implications	0.397	0.035	1.034	1.466
- Apprenticeship Levy / Apprentices	0.600	0.000	0.000	0.600

Change in Levies	-2.211	1.090	-0.754	-1.875
Reduction in pay and prices Inflation	-1.763	-1.765	-1.770	-5.298
National Living Wage – Impact of announced April 2017 rate	-1.082	0.000	0.000	-1.082
Local Government Pension Scheme – Revised Contribution schedule	-0.804	-0.389	-0.200	-1.393
Local Taxation Changes:				
- Council Tax Surplus	-2.022	2.022	0.000	0.000
- Council Tax Base	-1.507	-0.329	-0.329	-2.165
- Business Rates Income	1.175	0.009	0.000	1.184
2015/2016 Underspends	-0.708	0.000	0.000	-0.708
Better Care Fund	-3.000	0.000	0.000	-3.000
Other Net Changes	1.670	1.636	-0.327	2.979
Additional Budget Changes	-8.510	5.148	-2.449	-5.811

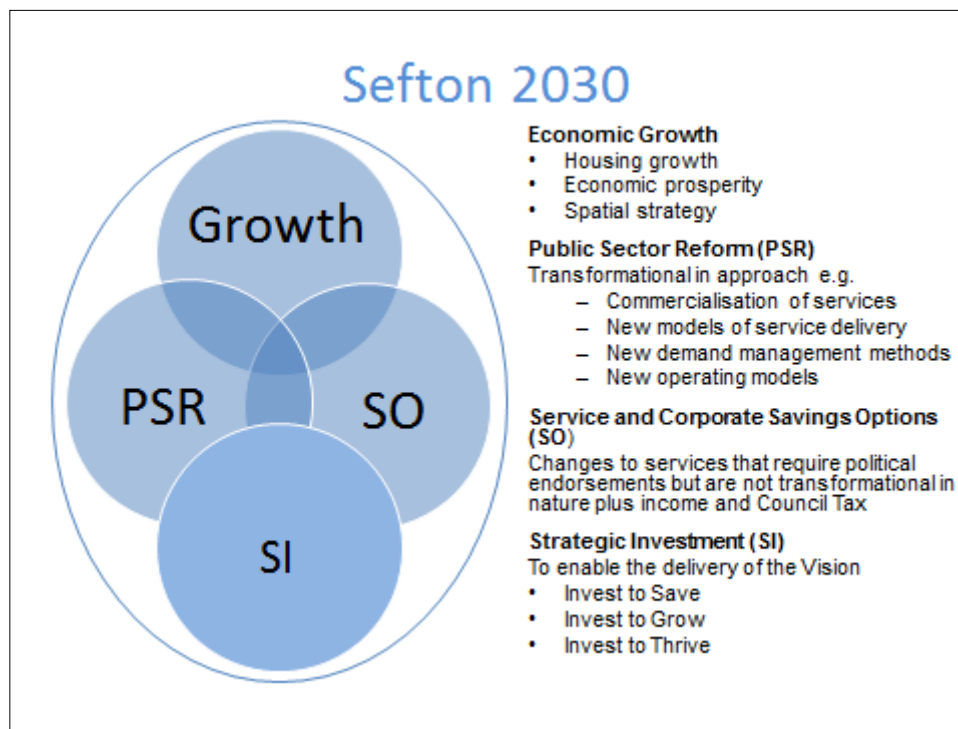
- 3.6 It can be seen from the above table that the net impact of the most recent review of assumptions is an improvement of £5.8m. The biggest single contributor to this improvement is the revision to the price Inflation assumption. This in effect cash limits those budgets not subject to a contractual uplift. Budget managers will need to contain any cost increases within their 2016/17 level.
- 3.7 Previously the Council had assumed that it would receive a significant contribution in relation to the Better Care Fund that would support and protect Adult Social Care services. As a result of only receiving a sum of £0.9m in 2016/17, budgets and service levels have been re-aligned. It was assumed that this allocation would reduce by £3m in 2017/18; therefore following the service review undertaken this £3m can be released.
- 3.8 Based on the above the three year budget gap now stands at **£58.607m**.

CHAPTER THREE

Framework for Change – Delivering differently

1. Overview

- 1.1 The Council has recently consulted extensively on and agreed the Sefton Vision 2030 Outcomes Framework. This sets an ambitious vision, particularly when set against the financial challenges faced by the Council and many of its partners. The Vision Outcomes Framework describes the Borough that communities want to live in and the expectations of business, potential investors and visitors. As a result of this, delivering against the Vision requires a changed role for the Council and its partners and ultimately a new shared responsibility with communities. This was actively recognised by the community during the consultation process.
- 1.2 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.
- 1.3 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



1.4 Each of these themes will contribute towards delivering the Sefton 2030 Vision and a financially sustainable Council. They are discussed in more detail in the following sections.

2. Framework for Change - Economic Growth

2.1 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

2.2 The essence of the Growth Programme 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.

2.3 The strategic case for change sets out the current context within which, the Strategy for Economic Prosperity will be delivered, namely:

- A new economic geography
- Sefton's economic performance
- National austerity measures
- Sefton Council's financial stability
- The EU Referendum Implications
- Sefton's vision for 2030
- The Investment Programme

The New Economic Geography

2.4 Despite a return to the levels of economic performance similar to those pre-recession, Northern city regions still face major challenges:

- none of the Northern City Regions have yet to reach the national average rate for employment
- per capita rates of Gross Value Added (GVA) are below national levels for all Northern City Regions
- the Indices of Multiple Deprivation is now dominated by the North
- the pattern of national worklessness is the same as the 1980s as is the rate of productivity
- High levels of expenditure on welfare and health are incurred in the North, which pushes overall public expenditure upwards.

2.5 Putting it in very simple terms:

- The UK population is increasing (est. 70m citizens by 2027)
- More and more skilled labour is being relied on from the free movement of labour from the EU
- The amount of physical infrastructure being built is on a par with that of the emerging economic nations with both France and Germany investing far more per capita head
- Over 60% of all infrastructure planned will be privately funded,
- We are “wearing out,” our infrastructure faster than it is being replaced
- Investors are weary of the above and despite the publication of the National Infrastructure Bill, there is little movement in inward investment markets outside the City of London
- The City still generates over 25% of National GDP within 8 square miles and employs over 1m skilled professionals
- The Liverpool city region contributes something in the region of 5% GDP

Liverpool City Region

2.6 At the Liverpool City Region (LCR) level, significant change is underway as a Devolution Deal with the Combined Authority (CA) has been agreed and a yet to be elected City Region Mayor (election to be held in May 2017) will exercise powers over strategic planning, housing, and economic development, supported by the creation of a Mayoral Development Corporation, a Single Statutory City Region Framework, a Land Commission and a Joint Assets Board, including a devolved local transport budget, for Growth and post-19 adult skills funding; CA will also be in a position to co-design employment support for harder- to help claimants.

2.7 The city region has recently published a new Growth Strategy against which, the determination of public sector investment will be made. The majority of public funds available to invest in economic development and regeneration

are managed through the Combined Authority controlled Single Investment Fund which includes funds from Growth Deals, Growing Places, ERDF, Chrysalis and the annual Gainshare fund of £30m. In total there is a projected £1.5bn public sector funds available to the Combined Authority, over the period 2016-2022 for economic development, transport and regeneration at the city region level, the majority allocated to transport investment.

- 2.8 In the past decade, the city region has undergone a remarkable renaissance with rising population, economic growth and vibrant cultural resurgence. The city region economy of £28.3bn is comprised of a population of 1.5m and 598,000 jobs. Output has increased by 8.4% in the 5 years up to 2014. The city region also boasts the second highest incidence of high-growth firms in the country, second only to London. A significant proportion of Sefton residents commute to work in the wider city region and a very high proportion of those occupy high value, knowledge intensive roles.

Sefton's Economy

- 2.9 The core strengths of the Sefton economy, reflecting its role within the North West of England, are the maritime and logistics activity associated with the Port of Liverpool, and the visitor economy based on the natural coast and resort of Southport.
- 2.10 The Port is one of the UK's major ports, attracting over 30m tonnes of freight each year. Together with the Manchester Ship Canal and docks at Birkenhead it forms an integral part of the Mersey Ports and Atlantic Gateway. Liverpool 2, a £300m new in-river container terminal at Seaforth with an integrated rail terminal, will double the port's container capacity enabling the berthing of large 'post-Panamax'-sized vessels. The widening of part of the Panama Canal will enable these larger vessels to transport goods directly between the UK and the Far East and the Americas, consolidating the Port of Liverpool's position as the main UK port for American trade. The growth strategy for the Mersey Ports to 2030 set out in the draft Master Plan envisages the creation of up to 7,500 jobs and a growth in tonnage from the combined tonnage of 40m in 2008 to 68m by 2030.
- 2.11 The visitor offer is well-entrenched with a total economic impact of £498 million in 2015, driven by 8.6 million visitors, and sustaining 6,340 people in visitor-related employment. Southport has been re-invented in the last decade with its traditional long-break seaside trade supplemented by conference visitors, up-market short-breaks and niche markets (golf, nature etc.). The combined retail/leisure offer is reflected in year-on-year improvements in footfall and spend, amplified by a highly successful national events programme including Southport Airshow. However, competition from other coastal attractions is intensifying, and the relationship with the urban tourism offer in Liverpool is still to be fully developed.
- 2.12 Sefton's workforce is primarily drawn from public administration, healthcare, education, visitor economy and retail, all of which tend to be low wage and

low productivity sectors. Service occupations are in the frontline for process automation in the “Fourth Industrial Revolution”, and the public sector is in any event considerably downsized. However, Sefton has high levels of need in terms of the elderly, frail and sick, plus above average levels of worklessness in the working age population, so we may expect the share of public service employment to remain above average for some time yet, especially as private sector job growth has yet to compensate for loss of public sector jobs.

- 2.13 There are small clusters of manufacturing, digital technology, low carbon and financial & professional services, some of which have international client lists, or are part of wider city region clusters of excellence. However, at present there is insufficient critical mass within them to register on the scale required for investment at the city region level, investment which in itself is a determined by a competitive process.
- 2.14 Finally, Sefton has a network of social enterprises and voluntary sector trading organisations that make up a well-defined social economy employing some 3,500 people.
- 2.15 Sefton’s economy is failing to keep pace with the wider city region and some distance from equalling the national average performance indicators, but has economic assets with great potential if carefully developed and supported.

Sefton Economic Assessment

- 2.16 The last Economic Assessment and Strategy for Sefton was completed in 2011, when economic and political circumstances were very different to today. The assessment mainly drew on 2007 – 2009 performance data. Key findings included:
 - Strong linkages with Liverpool (30% of residents work there)
 - Varied mix of communities in terms of social structures, economic performance, roles and function
 - Some parts of the Borough in bottom 1% of the most deprived in the UK, some are in the top 5%
 - The economy generates £3.2bn GVA (about 15% of the LCR)
 - GVA per head is low (56% national average)
 - Low resilience in the business base due to public sector cuts; dependence on low growth sectors and local markets
 - Working age population is lower than both the LCR and the UK at 59%
 - A falling population especially in young people – lack of suitable job opportunities and affordable housing
 - Workplace earnings are particularly low
 - Entrenched and inter-generational worklessness remain major issues
 - Fewer employees in knowledge intensive industries – which has implications for earnings, innovation and productivity
- 2.17 A new Economic Assessment has been commissioned in Autumn 2016 - this is a fundamental piece of research which will inform both the overall approach

and direction of Economic Growth Pillar of the Framework for Change and provide a baseline measure the economic (and social) impact to the Projects within the Programme - a critical supporting measure to the delivery of the Programme. Each project will be supported by a well-argued case for strategic leadership, intervention or support using the economic assessment as a “single version of the truth” setting out the value and impact of all specified projects

Case for Change – WHY

2.18 The fundamental case for change is predicated on the need to:

- Improve Sefton’s economic performance from second worst in North-West region
- 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 deprived families
- Create and grow new revenue streams for the Council

2.19 The refreshed Sefton Economic Strategy will set out which priority actions will deliver economic prosperity for Sefton. However, the Table below sets out what these actions are likely to include and what they will deliver for Sefton.

Economic Priority Actions to effect change	
ECONOMIC PROSPERITY	WHY
Re-balance the economy	<ul style="list-style-type: none"> • To increase productivity • Build resilience in the business base • To create higher value, higher pay jobs
Attract new Inward investment	<ul style="list-style-type: none"> • Create a more balanced economy • Create more private sector jobs • Attract and retain higher productivity enterprises
Support and drive entrepreneurship	Start-ups: <ul style="list-style-type: none"> • Birth the new – they innovate • Create net new jobs (almost all come from firms <5 years old) • Support growth-orientated businesses • Generate wealth for society • Upskill management and workforce
Develop Industry Clusters	Supporting existing and nascent clusters to: <ul style="list-style-type: none"> • Create critical mass relevant at a city region and national level • Create higher value, higher wage jobs • Increase average wage per resident in Sefton

	<ul style="list-style-type: none"> • Fully realise high growth potential • Compete on an international platform • Support short supply chains (local jobs, import substitution)
Develop new export markets	<p>Growth delivered through new export markets:</p> <ul style="list-style-type: none"> • create more jobs • generates more GVA • creates resilience to economic shocks
Improve employability	<p>Reduce worklessness :</p> <ul style="list-style-type: none"> • maximise opportunities for residents • reduces offender behaviour • improves the borough's productivity • reduces cost to public purse
INCLUSIVE GROWTH	<p>Individuals in work have a greater likelihood of:</p> <ul style="list-style-type: none"> • better quality of life • higher household income • better housing choices • access to work-related training and development • securing health gains such as higher life expectancy • greater social mobility • Narrowing the gap from those that earn the most and those that earn the least • Assuring a position of equality, identifying those hardest to reach
	<ul style="list-style-type: none"> •
REDUCE COST TO PUBLIC PURSE	<ul style="list-style-type: none"> • Diverts families from high cost services and towards reduced benefits • Added value from inactive individuals returning to education, training and employment • Increases tax-paying and productive independent citizens
CREATE NEW REVENUE STREAMS	<p>Additional and new revenue streams through</p> <ul style="list-style-type: none"> • Business rates • Council Tax • Building Control/Planning fees • Delivery vehicles – NewCo's • Asset Maximisation

Approach and Next steps

2.20 Economic prosperity is only generated where there is a holistic approach to growth, which recognises and responds to the specific challenges of enablers and industry sectors and within a specific place location. It is not proposed that Sefton Council will lead an all-encompassing economic programme which is wholly an end in itself, but that leadership, support and intervention is provided in the specific circumstances required, to deliver the “outcomes” identified in the Vision for 2030.

2.21 The Economic Growth Pillar:

- comprise of enablers, projects and delivery vehicles
- not be wholly within the control of the Council either in development or delivery
- Is not predicated upon activity that is wholly funded by the public purse, but in the main by developers, investors and business
- activity will not run concurrently, nor be delivered within the same timeframe as other Programmes and will determined by:
 - individual resource requirements and supporting measures of each project and the respective timing of these inputs
 - timing and behaviour related to market opportunity
 - sequencing of the project within one or more delivery frameworks
 - priorities for action set by Cabinet
 - approvals process for any investment finance
 - “unplanned for event” that provokes a responsive action
- will recognise the interdependencies across and within other Programmes of Framework for Change where relevant
- Will encapsulate projects which may have already commenced, where there has been a political mandate to do so, where market opportunity has presented and where the markets are prepared to respond
- Will be fully informed by the Economic Assessment.
- It will contain capital and revenue supporting projects, the capital projects in the main being captured within the Masterplan for Sefton.

2.22 The Known Projects of Programme 1 Growth are detailed below.

	SCOPE
Housing	<ul style="list-style-type: none"> • Housing company • Housing Sites • Remediation Programme • Difficult Site Options Appraisal
Transport/Infrastructure	Schemes include: <ul style="list-style-type: none"> • Junction 1 M58 (approved) • Maghull North • Port Access Road • A565 dualling • Digital Infrastructure • Decentralised Heat and Power

Employment Sites	<p>Schemes include:</p> <ul style="list-style-type: none"> • Chancerygate • Atlantic Park • L5 (Port of Liverpool) • Heysham Road • Southport Business Park
Regeneration	<p>Town Centres:</p> <ul style="list-style-type: none"> • Bootle • Crosby • Southport <p>Coast Gateways:</p> <ul style="list-style-type: none"> • Crosby Coastal Park • Crosby Coastguard station • Formby • Ainsdale • Southport <p>Distressed neighbourhoods:</p> <ul style="list-style-type: none"> • Sandbrook Way • Stella Precinct <p>Major Retail Site Investment</p> <p>Major Housing Sites</p>
Skills	<p>Schemes include:</p> <ul style="list-style-type: none"> • Workforce development • Adult and community Learning • Vocational educational and training • Pre-employment training • Access to higher education/Higher Apprenticeships
Employment	<p>Schemes include</p> <ul style="list-style-type: none"> • Job brokerage • Work preparation • Employability Framework • Post 16 Life chances • Holistic support for individual and families furthest from the labour markets • Intermediate Labour Markets • Employer Engagement • Social Value in Procurement
Business Support	<p>Schemes include:</p> <ul style="list-style-type: none"> • Enterprise culture • Social enterprise • Support for New Starts • First Stop Growth Hub • Wraparound Holistic Business Support

	<ul style="list-style-type: none"> • Business Investment • Advanced/Specialised Business Support e.g. exports, supply chain
Marketing	<ul style="list-style-type: none"> • Business to Business marketing • Destination Marketing
Social Enterprise	<ul style="list-style-type: none"> • Infrastructure of support for social economy • Social Investment

2.23 Due to the changes in the way local government is to be financed in future with a greater emphasis on locally generated income (e.g. Council Tax and Business Rates) being available to support the delivery of frontline services, it is important that the Council, working with its partners, optimises this opportunity. As a result, development of economic growth will play an important role in ensuring that financial sustainability of the Council is achieved and the ambitions as set out in the 2030 vision are met. Whilst being vitally important to delivering the Council's 2030 Vision and longer term financial sustainability, this work will not deliver direct significant financial benefits for the Council over the next 3 years. However, the foundations being laid are likely to lead to significant additional jobs and economic benefit and longer term income streams for the Council.

3 **Public Sector Reform**

3.1 Communities, residents, visitors and local people continue to expect public services to be delivered in a way that they recognise, however as discussed in this report, the funding and national policy agenda for local government has and continues to change significantly. This means new approaches are required in order for all councils to meet this agenda.

3.2 In order to achieve the ambitions that are articulated through Imagine Sefton 2030, the Council, its partners and communities must work together. This will require a transformational approach to the delivery of Council and partner services and as a result the role of the Council will inevitably change. To drive forward this change agenda a series of projects have been developed. These are shown below

Development of new Delivery Models	Enabling projects
Early Intervention and Prevention including the Most Vulnerable, Locality Teams, Personalisation and building community resilience	Asset and property maximisation
Special Educational Needs and Disability	ICT, Digital services and inclusion
Education Excellence for All	Commissioning and shared services
Creating New and Improving Revenue Streams	
Environment and Pride in Place	

- 3.3 An outline of each of these proposed projects is attached at Chapter 5 together with the financial impact.
- 3.4 In approaching the Public Sector Reform programme, due to the extent of the transformational activity involved, the delivery of each project and the associated savings will be phased over the 3 years of this MTFP period.
- 3.5 Details of the savings associated with the proposed PSR projects were provided within the Cabinet report of 12 January 2017. Following the completion of additional work, two changes are now proposed:-
- A change to the phasing relating to the Early Intervention and Prevention – Most Vulnerable Project; and,
 - There has been a minor change to the phasing of the savings within the Creating New and Improving Revenue Streams Project.
- 3.6 As a result of this change, the revised phasing for the PSR programme has been updated and is as shown in the following table.

Proposed Project	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Early Intervention and Prevention –Most Vulnerable	0.275	0.275	0.539	1.089
Early Intervention and Prevention- Locality Teams and Personalisation	1.300	9.000	1.700	12.000
Early Intervention and Prevention- Promoting Resilience	0.000	0.000	0.000	0.000
Special Educational Needs and Disability	0.000	0.808	0.809	1.617
Education Excellence for All	0.318	0.319	0.000	0.637
Creating New and Improving Revenue Streams	0.720	0.781	0.836	2.337
Environment and Pride in Place	0.450	0.695	0.000	1.145
Asset and Property Maximisation	0.503	1.538	1.259	3.300
ICT and Digital Inclusion	0.000	0.300	3.439	3.739
Commissioning and Shared Services	1.007	0.983	1.268	3.258
Total	4.573	14.699	9.850	29.122

4. **Service Delivery Options**

- 4.1 The identification of the Service delivery options follows the principles previously approved and utilised in previous years budget strategies, i.e.:
- Efficiency before cuts - protect the impact on communities
 - Focus on core purpose
 - Keep the needs of our citizens at the heart of what we do rather than think and act organisationally
 - Proactively manage demand not just supply
 - Insure we provide services in line with eligibility criteria
 - Pursue growth / investment as well as savings
 - Communicate and engage with people to expect and need less
- 4.2 Whilst it is anticipated that during this MTFP period, the projects within the Public Sector Reform programme will make a significant financial contribution to the overall funding target, the outputs will not be sufficient to meet this in its entirety. Therefore a range of proposals that require political endorsement but are not transformational in nature have also been developed. These include service efficiencies and the reduction in certain budgets. These are shown at Chapter 5 and amount to **£16.457m** in value.
- 4.3 The changes proposed in Table 1 are various technical changes to specification, renegotiated contracts, establishment vacancies and or budget planning adjustments. There is little or no change to service delivery for service users. As a consequence there are likely to be no equality implications to consider. Where changes effect establishment the HR processes will cover equality implications.
- 4.4 Subject to consideration of each option outlined in Table 2, Officers will commence engagement and implementation processes with partners, key stakeholders, employees and Trade Unions as appropriate with a view to achieving the agreed changes at the earliest opportunity.
- 4.6 Details of the savings associated with the proposed service options were provided within the Cabinet report of 12 January 2017. Following the completion of additional work, three changes are now proposed:-
- The total assumed saving relating to NHS Health Checks Programme has now been reduced from £0.300m to £0.250m to allow for £0.050m of investment in related activity;
 - The savings for Regulation and Compliance in relation to the Internal Delivery Service for Post and the Environmental Services, Environmental Protection, Licensing and Trading Standards services have had their assumed phasing revised, with £0.390m being brought forward into 2017/18 from 2018/19; and,
 - The staffing savings for Children's Social Care have had their assumed phasing revised, with £0.097m being brought back from 2017/18 into 2018/19 and 2019/20.

- 4.7 The revised savings / phasing for the proposed Service Options are now as shown in the following table.

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Business Efficiencies and other financing changes	7.104	5.584	1.280	13.968
Service Changes	1.654	0.576	0.259	2.489
Total value of Service Options	8.758	6.160	1.539	16.457

- 4.8 Within the Business Efficiencies and other financing changes, there is a contribution of £11.583m in respect of the Improved Better Care Fund. This contribution aims to support the pressure currently being experienced within the Adult Social Care sector. This sum was confirmed via the Local Government Finance Settlement announcement on 15 December 2016 and at this stage it is anticipated that this will be received directly by councils. It should be noted that nationally this funding has been partly funded by the significant reduction in New Homes Bonus over the next three years and other budget reductions. As such the sum to be received does not represent the allocation of new resources to local government. Once the impact of reduced resources on the New Homes Bonus has been taken into account, the additional IBCF to Sefton is £8.437m.

5. Strategic Investment

- 5.1 It is 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.

- 5.2 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
 - Councils Core Purpose
 - A Financially Sustainable Council
- The investment must also deliver a return
 - Financial Return
 - Social Outcome Return – e.g. more jobs

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

CHAPTER FOUR

Balancing the Medium term Financial Plan

1. Summary

- 1.1 Based upon the work undertaken to date, the following contributions will be made from the framework for change and the service options over the period 2017/18 to 2019/20 to the overall funding gap facing the Council.

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Original MTFP funding gap	33.432	14.614	16.372	64.418
MTFP revisions	-8.510	5.148	-2.449	-5.811
Revised Funding Gap	24.922	19.762	13.923	58.607
Budget proposals				
Public Sector Reform Projects	-4.573	-14.699	-9.850	-29.122
Service Options	-8.758	-6.160	-1.539	-16.457
Phasing Proposals	-6.000	7.000	0.000	1.000
Remaining Funding Gap	5.591	5.903	2.534	14.028

- 1.2 Note that the Remaining Funding Gaps in 2018/19 and 2019/20 are provided for illustrative purposes only. The actual level of Council Tax will be determined by a specific decision of Council in the relevant year.

2. Council Tax

- 2.1 Locally generated income is becoming increasingly important to local authorities as central government continues to move the sector to becoming financially independent (for example through the 100% Business Rates retention scheme). Previous offers to councils to limit council tax increases in exchange for grant funding are no longer available reflecting this move to financial freedom.
- 2.2 It is important to note that as part of Central Government's assessment of councils 'spending power' and 'need', the opportunity to generate income from Council Tax increases is reflected in that assessment. As such it is assumed that councils will increase Council Tax by the maximum 1.99% available per year in order to meet the needs of communities and residents.
- 2.3 In the Local Government Settlement of December 2015, central government recognised the significant pressure faced by councils in relation to Adult Social Care. This led to councils being able to levy a specific Adult Social Care precept of 2% to support the significant pressure being experienced. Again, in its assessment of 'spending power' the Government assumes all councils will implement this increase.

- 2.4 Central Government has further acknowledged this issue and the development of the Improved Better Care Fund will provide some additional support (albeit funded by corresponding grant reductions elsewhere) to councils over the course of this 3 year MTFP period.
- 2.5 Whilst this funding is welcome, only a small element will be received in 2017/18, with the majority not being received until 2019/20. As a result Government has offered councils the flexibility to increase this levy further than 2% in years 1 and 2 (with a maximum of 3% in each year) but not over the previously agreed 6% for the next 3 years.
- 2.6 For illustrative purposes only, if the Council were to levy the maximum council tax increase in each of the three years, the total generated would be £14.028m. The following table illustrates some of the options available.

Increase %	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
0%	0.000	0.000	0.000	0.000
3.99%	-4.468	-4.673	-4.887	-14.028
4.99% (1.99% in 2019/20)	-5.591	-5.903	-2.534	-14.028

3. **Phasing and Cost of Change**

- 3.1 In developing the Framework for Change Programme, it is acknowledged that the profile of the savings to be made will span the 3 year period. This is due to there being an inevitable lead in period of up to 12 months for some projects and due to current contractual relationships this maybe longer. As a result, this programme will see an escalation of savings over the course of the 3 years. It can be seen that the Council's MTFP has a large element of its savings target within the first year of this 3 year MTFP period, therefore in order to smooth this impact £2m of one-off savings in 2017/18 will be made.
- 3.2 In addition it may also be necessary to utilise £4m of the Council's earmarked reserves in 2017/18. This will be provided from the Transforming Sefton Reserve and the surplus funding that exists on other earmarked reserves which is no longer required for its original purpose. The current phasing proposals assume that in 2018/19 and 2019/20 £2m in total will be repaid back into the Transforming Sefton reserve so that the resources will still be available for future years.

- 3.3 Members will recall that at Cabinet on 25 July 2016 it was agreed that the Council would support the preparation for the Open Golf Championship at Birkdale in 2017 in order to secure an economic legacy for the Borough. It is recommended that £0.650m be provided for this purpose.
- 3.4 Similarly, to deliver a budget package of this size and a major transformation programme, the Council will need to incur expenditure to support delivery. This will include investment in assets to support locality working, ICT to support agile and flexible working and business transformation and the development of commercial activities. At present it is estimated that a sum of £8.5m should be provided for this purpose. It is proposed to fund this sum from the following sources:

	£'m
Transforming Sefton Earmarked Reserve - Revenue	1.5
Capital Receipts – Asset Maximisation Project	3.6
External Borrowing - Capital	3.4
Total	8.5

- 3.5 In order to access this funding, a robust business case will be required for evaluation by the Chief Executive and s151 officer and any proposed expenditure must be linked to the direct delivery of this budget package with an acceptable return on investment being demonstrated.

4 Balances and Earmarked Reserves

- 4.1 The Council holds a range of reserves for different purposes.
- 4.2 The General Fund Balances are the Council's primary reserve which exists to provide the Council with a contingency against unexpected events which could undermine the Council's sound financial standing.
- 4.3 As required, the Council's s151 officer has undertaken a risk assessment to determine the appropriate level of reserves for the Council and this together with a comprehensive reserves strategy will be included as part of the 'robustness report' that appears elsewhere on the agenda.
- 4.4 As at 1 April 2016 the Council held £8.178m of general balances with the 2016/2017 budget assuming that £0.969m will be used in year. A planned balance of £7.209m will therefore remain at the end of 2016/17. Based upon the review undertaken it is considered that whilst such a level is low, an overall level of 3.39% of the Council's net budget would be a sufficient balance for the duration of this MTFP period. It is considered however that it would not be appropriate to reduce this any further therefore the approach to risk management for the delivery of this budget package as set out in this report should be strictly adhered to.
- 4.5 In addition to the General Fund, the Council holds a range of earmarked reserves which are set aside to fund specific costs that maybe incurred in future years. A review of these reserves has been undertaken and as

discussed approval is sought to utilise £4m in order to support the phasing and delivery of the 3 year Medium Term Financial Plan as discussed at paragraphs 3.2. The current phasing proposals assume that in 2018/19 and 2019/20 £2m will be repaid back into the Transforming Sefton reserve so that the resources will still be available for future years.