

**REPORT TO:** Cabinet  
Council

**DATE:** 17 December 2009

**SUBJECT:** Medium Term Financial Plan 2010/11 – 2012/13 – Update

**WARDS AFFECTED:** All

**REPORT OF:** Margaret Carney  
Chief Executive

**CONTACT OFFICER:** Lynton Green  
0151 934 4096

**EXEMPT/CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To update the Authority's Medium Term Financial Plan (MTFP) for 2010/11 to 2012/13 and to recommend changes to assumptions that better reflect the current forecast position.

**REASON WHY DECISION REQUIRED:**

The updated MTFP position for the period 2010/11 - 2012/13 was considered at Cabinet on 3 December 2009. Further information is now available which will enable the budget gaps to be updated and which will provide better information for Cabinet to consider decisions to balance the budget.

**RECOMMENDATION(S):**

**Cabinet is recommended to:**

1. Note the amended Budget Gaps for 2010/11, 2011/12 and 2012/13;
2. Amend the assumption for the level of pay award provision to 0.5% in 2010/11 and 1% in the following two years;
3. Consider if the "Other Services Growth" should be deleted at this stage;
4. Increase the provision for unavoidable demand to £6.685m in 2010/11, £4.608m in 2011/12 and £3.851m in 2012/13, as detailed in paragraph 4.1.2;
5. Consider the current approved Capital Programme and confirm any action in respect of individual capital schemes;
6. Note the current assumption of a 3% Council Tax increase, which will be considered further in the new year; and,
7. Forward any amendments to the MTFP to Council for approval.

**Council is requested** to note the note the report and consider any recommendations from the Cabinet to be circulated at the meeting.

**KEY DECISION:** No

**FORWARD PLAN:** No

**IMPLEMENTATION DATE:** Following the expiry of the call-in period for this meeting.

**ALTERNATIVE OPTIONS:** The Cabinet could choose not to approve an updated MTFP, or any of the specific items suggested for inclusion in the budget. However, a budget must be set by 10 March 2010 at the latest.

**IMPLICATIONS:**

**Budget/Policy Framework:** The MTFP sets the policy framework for future years financial planning.

**Financial:** Whilst there is uncertainty around external revenue support from Government beyond 2010/11, it is important not to under estimate the budget issues in future years. This report aims to provide a fuller picture across the period of the Medium Term Financial Plan, rather than just 2010/11. Cabinet will need to consider the items contained in the MTFP over the coming months to determine the actual budget and Council Tax implications for future years.

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2009/ 2010 £</b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>
Gross Increase in Capital Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton Capital Resources	N/a	N/a	N/a	N/a
Specific Capital Resources	N/a	N/a	N/a	N/a
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton funded Resources	N/a	N/a	N/a	N/a
Funded from External Resources	N/a	N/a	N/a	N/a
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:** None

**Risk Assessment:** A properly formulated MTFP will anticipate and seek to minimise operational and financial risk.

**Asset Management:** None

**CONSULTATION UNDERTAKEN/VIEWS****CORPORATE OBJECTIVE MONITORING:**

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

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

Initial Medium Term Financial Plan 2010/11 – 2012/13  
Cabinet Budget Away Day papers July 2009  
Cabinet report 1 October 2009  
Cabinet report 25 November 2009  
Cabinet report 3 December 2009

## 1. Introduction

- 1.1. At its meeting of 3 December, Cabinet received a report on the Transformation Programme Update, Strategic Budget Review. An updated Medium Term Financial Plan (MTFP) for 2010/11 – 2012/13 was approved, as was the recommendation for Council on the 17 December to approve a series of savings options. The resultant projected budget gaps as a result of these assumptions were as follows:

	<b>2010/11 Budget Gap £m</b>	<b>2011/12 Budget Gap * £m</b>	<b>2012/13 Budget Gap * £m</b>
Budget Gap as presented to Cabinet 3 December 2009	10.161	8.816	5.527
Savings endorsed at the 3 December Cabinet ** (See Annex A)	-1.718	-0.492	0
Amended budget gap	<u>8.443</u>	<u>8.324</u>	<u>5.527</u>

\* Assumes the previous year's budget gap has been addressed.

\*\* Subject to Council approval 17 December

- 1.2. This report highlights further information on emerging spending pressures and provides Members with the opportunity to approve (or amend) assumptions contained in the Plan, for subsequent consideration and approval by Council.
- 1.3. This report also considers the potential impact of the current economic conditions and the resultant uncertainty surrounding future levels of external support from Government. In addition, the potential impact of projected population levels for Sefton on Government support is also highlighted.

## 2. Current MTFP Assumptions

- 2.1. The report to Cabinet on 3 December 2009 identified the base assumptions used to determine the budget gap for 2010/11 – 2012/13. These included: -

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Indicative Council Tax increase	3.00%	3.00%	3.00%
Non-School Pay inflation	1.25%	2.25%	2.25%
Non-School Price inflation:			
- Priority services	2%	2%	2%
- Other services	0%	1%	1%
Priority Services growth	£3.500m	£3.500m	£3.500m
Other Services growth	£0.500m	£0.500m	£0.500m

2.2. Cabinet is asked to review the assumptions and recommend if any should be revised at this stage. In particular, it is recommended that the following should be revised: -

2.2.1. **Consider the current level of pay award.** Commentators suggest that pay awards are likely to be lower than is currently provided for. A reduction of the pay award provision over the three years to (say) 0.5%, 1% and 1% would reduce the budget gaps by £0.641m, £1.094m and £1.137m respectively;

2.2.2. **The need for any provision for “Other Services” growth.** A number of “bids” have been referred to the budget process that would come from this source. These are noted below: -

	2010/11	2011/12	2012/13
	£m	£m	£m
(a) Playbuilder schemes	0.000	0.043	0.018
(b) Climate Change / Inland Flooding	0.122	0.000	0.000
(c) Shop Mobility	0.015	0.010	0.005

Annex B provides further information on each of these items.

2.2.3. It should be noted that the above schemes have been referred to the budget process, following reports by the relevant service director. There has not been a general request to all directors to see if any other issues should be referred.

2.2.4. Cabinet is asked to consider whether any of the above schemes should be included in the MTFP, or whether **any** provision for “Other Services” growth is appropriate during the next three years.

2.2.5. It is suggested that the level of Council Tax increase, built into the MTFP, be considered further in the New Year. Members are reminded that a 1% change in Council Tax equates to £1.147m.

### 3. **Central Government Support**

3.1. The provisional local government settlement for 2010/11 was announced on 26 November 2009 which resulted in a 2.43% increase in grant for Sefton in 2010/11. This increase is unchanged from the figure previously declared by the Department for Communities and Local Government (DCLG); therefore no change is required for the existing MTFP. The final agreed Formula Grant settlement for 2010/11 is expected to be announced in January 2010.

3.2. The Government settlement for the following two years (i.e. 2011/12 & 2012/13) was expected to be announced in the 2009 Comprehensive Spending Review. The Government has since announced that this will be deferred until after a General Election.

3.3. All national political parties have indicated that due to the economic situation, there is a need to reduce the level of Government spending in the future. The level and impact of any changes in support of local government remains unclear at present. Commentators suggest that the Government may provide more detail when the Pre-Budget report is announced on 9 December. However, the proximity of a

General Election means that future Government support for local government in general, and Sefton in particular, will not be known for some time. The MTFP assumes (see above) no increase in Formula Grant for 2011/12 and 2012/13; however, it may be that this assumption may be on the high side. It should be noted that the impact of every 1% reduction in Formula Grant would equate to: -

	<b>2011/12</b>	<b>2012/13</b>
	<b>£m</b>	<b>£m</b>
1% Reduction in Formula Grant	1.246	1.234

- 3.4. There is a further potential complicating factor that needs to be borne in mind for 2011/12 and beyond. The Office for National Statistics have just announced revised population projections for consultation; these figures are used within the formula to determine every authorities' external support. For Sefton, this shows a reduction compared against a nationwide projected increase in population; the table below highlights the potential position: -

<b>Year</b>	<b>Sefton</b>	<b>Change</b>	<b>England</b>	<b>Change</b>	<b>Net difference with England</b>
	<b>(000s)</b>	<b>(%)</b>	<b>(m)</b>	<b>(%)</b>	<b>(%)</b>
2010 (Current)	278.5	-	51.715	-	-
2011 (Consultation)	272.1	-2.3	52.577	+1.7	-4.0
2012 (Consultation)	271.2	-0.3	52.954	+0.7	-1.0
2013 (Consultation)	270.4	-0.3	53.332	+0.7	-1.0

- 3.5. The relative change in Sefton's population with England as a whole is a major determinant of the potential change in external grant. The raw impact on Sefton is that this could result in the Council becoming a "Floor Authority" (we are currently above the Floor). If the Council had been a Floor authority in 2009/10, Sefton would have received £1.1m less Formula Grant. Existing "Floor" authorities received a minimum increase in grant of 1.5% in 2009/10. There is no guarantee that it will be at this level in future years.
- 3.6. Work is ongoing within the Council to analyse these figures and to see if there is any possibility to argue against the proposed population figures.
- 3.7. The combination of the current public sector spending debate plus the population changes confirms the previous advice to Cabinet that the grant forecasts for 2011/12 and 2012/13 may be optimistic. At this stage, no adjustment to the grant assumption in the MTFP forecasts is recommended but this will need to be kept under close review over the coming months.

#### 4. Other Issues

##### 4.1. Unavoidable Demand in Social Care

- 4.1.1. A review of budget pressures currently being experienced in Children's Services and Health and Social Care has been undertaken. This has identified that the pressures are likely to continue, and in fact grow, over the coming years. Currently there is an additional allocation in the MTFP of £3.5m pa for these additional costs; the review now indicates that this is likely to be too little and further resources are likely to be required: -

	2010/11	2011/12	2012/13
	£m	£m	£m
Children's Services	4.458	0.917	1.390
Health & Social Care	2.227	3.691	2.461
<b>Total additional budget provision required</b>	<b>6.685</b>	<b>4.608</b>	<b>3.851</b>

- 4.1.2. Based upon the above figures, the additional resources required (over and above the existing £3.5m) is +£3.185m, +£1.108m and +£0.351m for the years 2010/11 to 2012/13.
- 4.1.3. It should be noted that the above requirement may result in greater demand for services for the Specialist Transport Unit. Any potential costs have not been included in the above statement.
- 4.1.4. A "Peer" review (by other service directors) has been undertaken to challenge the additional needs of these two services. This exercise has confirmed that the initial projections (included in the above table) are reasonable projections of the pressures likely to be experienced over the coming three years.
- 4.1.5. It is important for effective financial management that any increased costs associated with additional demand are included within the budget. The consequence of not doing so would be an in-year overspend. It is recommended that the increased forecast be included in the planning assumptions for the MTFP.

##### 4.2. Collection Fund

- 4.2.1. The current MTFP has assumed a deficit on the Collection Fund of £0.430m. Work is currently underway with Arvato to consider the provision for bad debts for Council Tax. Once this is complete, the impact of this will be reported to Cabinet, including any amendment of the deficit figure.

##### 4.3. Area Based Grant

- 4.3.1. Members will be aware that £2.36m of ABG was used to support the 2009/10 budget. This was approved for one year only. Work is currently being undertaken to assess if a further allocation could be made in 2010/11 and to ensure that there is no double counting with the options identified under the Strategic Budget Review. Further work is being undertaken to analyse expected commitments against Area Based Grant. The results of this exercise will be included in a future report.

## 5. Capital Programme

- 5.1. Attached at Annex C is a summary of the currently approved capital schemes which have yet to be contractually committed. The Strategic Budget Review identified a review of the Capital Programme as being an option to reduce revenue expenditure.
- 5.2. It should be noted that the MTFP has provision for the loan charge implications of these schemes. Therefore, if a scheme were to be deferred or deleted, the reduction in the budget gap would equate to the revenue borrowing costs figure only. Cabinet is asked to review these schemes and indicate any action to be taken. It should be noted that work is continuing on the development and procurement of all these schemes in line with the original approval.
- 5.3. It should be noted that despite the recent approval of the Building Schools for the Future scheme to go to the next stage, no provision has yet been included in the MTFP for any costs that will arise from the capital scheme. A detailed report is currently being prepared, including the financial implications of the preparation costs. Cabinet will consider this in the New Year. Given that these costs will be non-recurring there is an option to fund the implications from one-off resources such as the Modernisation Fund or Performance Reward Grant. This will be considered in the future report.

## 6. Conclusion

- 6.1. In common with most public sector organisations the Council is facing a challenging financial context. The forecast level of Government resources plus increased demand for services means that the Council needs to make significant reduction in its spending. This report reviews the MTFP assumptions and compliments a report elsewhere on the agenda, which updates Cabinet on the Transformation Programme savings options. The table below summaries the latest budget gaps

	<b>2010/11 Budget Gap £m</b>	<b>2011/12 Budget Gap * £m</b>	<b>2012/13 Budget Gap * £m</b>
Budget Gap Para 1.1	+8.443	+8.324	+5.527
Reduction in Pay Provision	-0.641	-1.094	-1.137
Delete "Other Service Growth"	-0.500	-0.500	-0.500
Additional Unavoidable Pressures	+3.185	+1.108	+0.351
Amended budget gap	<u>+10.487</u>	<u>+7.838</u>	<u>+4.241</u>

It should be noted that the gap would reduce by any allocation from Area Based Grant and/or any deferment of capital schemes.



## 7. **Recommendations**

7.1. Cabinet is recommended to:

1. Note the amended Budget Gaps for 2010/11, 2011/12 and 2012/13;
2. Amend the assumption for the level of pay award provision to 0.5% in 2010/11 and 1% in the following 2 years;
3. Consider if the “Other Services Growth” should be deleted at this stage.
4. Increase the provision for unavoidable demand to £6.685m in 2010/11, £4.608m in 2011/12 and £3.851m in 2012/13, as detailed in paragraph 4.1.2;
5. Consider the current approved Capital Programme and confirm any action in respect of individual capital schemes;
6. Note the current assumption of a 3% Council Tax increase, which will be considered further in the new year; and,
7. Forward any amendments to the MTFP to Council for approval.

**Impact of Transformation Programme savings items**

	2010/11	2011/12	2012/13
	£m	£m	£m
Review of Management Accounting	-0.083	-0.017	
Review of Audit	-0.025		
Review of Civic Facilities (Civic Operations Service)	-0.050	-0.010	
Review of Governor Services	-0.044		
Review of Service Management & Support	-0.010		
Review of Stock Services Unit	-0.037		
Review of Senior Management	-0.100		
Review social workers / occupational therapist team management structure	-0.200		
Review of Building Control	-0.083	-0.017	
Review of Southport Pier Staffing	-0.016	-0.003	
Review of Health Unit	-0.030		
Review of Equalities Partnership		-0.100	
Reduce core-funded training	-0.030		
Student Support	-0.023		
Secondary ICT Strategy	-0.030		
Libraries Book Fund - reduce budget	-0.050		
Extra Income - various schools, lone worker, alarms	-0.015		
Careline - annual income exceeding budget	-0.100		
Introduce Pay & Display at Crosby Civic Hall / Library Car Park	-0.047		
Cems & Crems - review of charges	-0.054		
Establish Pay & Display parking on the coastal car parks in Crosby	-0.030		
Improve management of golf and maximise income	-0.015		
Review role of Health Unit and consider partner	-0.020		
Beach safety partnership with the RNLI	-0.026	-0.009	
Review Advertising Strategy etc	-0.083	-0.167	
Schools Causing Concern - undertake in house	-0.020		
PEPS - Cease discretionary service		-0.169	
Do not replace ESR Advisor post from August 2009	-0.055		
Able Pupils - cease project	-0.022		
Reduce Departmental Training budget	-0.008		
Cease telephone allowances payable to senior officers	-0.002		
Reduction in third party expenditure related to staff development	-0.100		
Negotiate a reduction in contract price with New Directions	-0.150		
Full year effect of personalisation agenda in relation to Brooklea	-0.160		
	<b>-1.718</b>	<b>-0.492</b>	<b>0.000</b>

**Items Referred by Cabinet for Consideration during the Budget Process**

**Playbuilder Schemes**

In 2008 the Council successfully applied to the Department for Children, Schools and Families (DCSF) for Fair Play 'Playbuilder' status. Capital Grants were available to the Council for three years to provide innovative and stimulating play equipment and landscaping which would facilitate physically active play opportunities for all children, but with a particular focus on 8-13 year-olds. Six schemes were built into the 2008/2009 Capital Programme (total cost £285,479), with a further 8 schemes in the 2009/2010 Capital Programme (total cost £409,729).

Sefton is responsible for the maintenance of those schemes on its own land. There are currently no resources to fund this ongoing maintenance. Without resources, the schemes will have a finite life-span, needing to be decommissioned if they are vandalised or deteriorate. Cabinet referred the ongoing maintenance costs of those schemes approved to date (£43,900) to the budget process. In addition, it is anticipated that a further £18,500 will be required for the ongoing maintenance costs of the schemes to be included in the third year of the programme.

**Climate Change / Inland Flooding**

Cabinet on 25 November 2009 considered a report, which set out the effects that climate change may have on inland flooding in Sefton and identified changes and improvements, which, if implemented now, would reduce these effects now and in the future. These improvements included:

- a) Reinstate drainage funding stream budgets back to the levels in 2004/05, which will allow an increase in the number of flooding problems that can be tackled (£75,000).
- b) An increase in the land drainage allocation to enable further strategic watercourse maintenance to be undertaken across Sefton in line with the Pitt Review recommendations (£47,000).

Cabinet resolved that a provision of revenue growth of £122,000 in drainage budgets, in particular for land drainage, be considered further during the 2010/11 budget process.

**Shop Mobility**

Council on 26 February 2009 approved growth of £25,000 for Shop Mobility to be included as part of the 2009/2010 Base Budget. This was an initial amount to contribute to the anticipated funding shortfall of Southport Shop Mobility, with future amounts to be negotiated with the organisation by officers. Following discussions, additional amounts of £15,000 in 2010/11, a further £10,000 in 2011/12 and a further £5,000 in 2012/13 are now considered necessary to fund the organisation. Therefore total funding would be £55,000 from 2012/13.

**ANNEX C**

**2009 to 2014 Capital Programme - Uncommitted Schemes over £100,000 as at  
26 November 2009**

Ref	Scheme	2009/10	2010/11	2011/12	2012/13	Three Year Cost
		£'000	£'000	£'000	£'000	£'000
1	Thornton – Switch Island Link Road	750	712	1,949	2,015	5,426
	<i>Revenue borrowing costs</i>	<i>N/A</i>	33	33	99	165
	<i>Other running costs</i>					?
2	Netherton Activity Centre	972	4,024			4,996
	<i>Revenue borrowing costs</i>	<i>N/A</i>	43	314		357
	<i>Other running costs</i>		?	?		?
3	Southport Market Refurbishment	50	1,611	1,401		3,062
	<i>Revenue borrowing costs</i>	<i>N/A</i>	3	117	148	268
	<i>Other running costs</i>		217		(65)	152
4	Pine Grove Depot			200	3,690	3,890
	<i>Revenue borrowing costs</i>			0	15	15
	<i>Other running costs</i>					
5	Southport Cultural Centre	0	163	6,046	910	7,119
	<i>Revenue borrowing costs</i>		0	12	462	474
	<i>Other running costs</i>					
6	Older Persons Housing Strategy	330	2,500			2,830
	<i>Revenue borrowing costs</i>	<i>N/A</i>	15	117		132
	<i>Other running costs</i>					0
7	Hawthorne Road carriageway maint'ce	104	1,000			1,104
	<i>Revenue borrowing costs</i>	<i>N/A</i>	7	75		82
	<i>Other running costs</i>		?	?		?

Ref	Scheme	2009/10	2010/11	2011/12	2012/13	Three Year Cost
		£'000	£'000	£'000	£'000	£'000
8	Southport Commerce Park – Phase 3	234	650			884
	<i>Revenue borrowing costs</i>	<i>N/A</i>	20	66		86
	<i>Other running costs</i>					
9	Balliol House - demolition	0	750			750
	<i>Revenue borrowing costs</i>			65		65
	<i>Other running costs</i>		(450)	(50)		(500)
10	Botanic Gardens Museum – roof & lift	375				375
	<i>Revenue borrowing costs</i>	<i>N/A</i>	26			26
	<i>Other running costs</i>					
11	IT Strategy – Health & Social Care	152	100			252
	<i>Revenue borrowing costs</i>	<i>N/A</i>	37	55		92
	<i>Other running costs</i>					
12	Energy Efficiency Measures	250				250
	<i>Revenue borrowing costs</i>	<i>N/A</i>	17			17
	<i>Other running costs</i>					
13	Crosby Coastal Park	200				200
	<i>Revenue borrowing costs</i>	<i>N/A</i>	75			75
	<i>Other running costs</i>					
14	Disaster recovery, business continuity	181				181
	<i>Revenue borrowing costs</i>	<i>N/A</i>	44			44
	<i>Other running costs</i>					

Ref	Scheme	2009/10	2010/11	2011/12	2012/13	Three Year Cost
		£'000	£'000	£'000	£'000	£'000
15	Roof repairs to Libraries	157	21			178
	<i>Revenue borrowing costs</i>	<i>N/A</i>	<i>11</i>	<i>5</i>		<i>16</i>
	<i>Other running costs</i>					
16	Demolition fund	170				170
	<i>Revenue borrowing costs</i>	<i>N/A</i>	<i>14</i>			<i>14</i>
	<i>Other running costs</i>					
17	Development fund	160				160
	<i>Revenue borrowing costs</i>	<i>N/A</i>	<i>7</i>			<i>7</i>
	<i>Other running costs</i>					
	<b>Total Capital Payments in year</b>	<b>4,085</b>	<b>11,531</b>	<b>9,596</b>	<b>6,615</b>	<b>31,827</b>
	<b>Total extra revenue borrowing costs</b>	<b>N/A</b>	<b>352</b>	<b>859</b>	<b>724</b>	<b>1935</b>
	<b>Total extra other (net) running costs</b>	<b>0</b>	<b>(233)</b>	<b>(50)</b>	<b>(65)</b>	<b>(348)</b>

#### NB

- i. The revenue borrowing costs and other running costs full year cost are not the sum of each years' totals owing to the phasing of capital payments and the phasing of income upon the completion of the Market scheme but represent the overall net impact on the Council's revenue budget assuming all schemes are completed as programmed.
- ii. Should Members decide to recommend that any uncommitted schemes be deleted from the Capital Programme then any expenditure incurred on preliminary work, for examples, design fees, site acquisitions etc., will, based on the existing Capital Financing Regulations, be deemed abortive and will unable to be capitalised and will therefore need to be met from revenue budgets thus increasing the pressures on the Council's finances. Any such costs are highlighted in the following paragraphs.
- iii. Similarly, any schemes that have grant assistance towards their costs may require such funds repaying to the external body in the event of the scheme being cancelled.

## **Supporting Information - Capital Programme Uncommitted Schemes**

### **1. Thornton Switch Island Link**

Cabinet approved £5.912m on 17 May 2007 as the Council's contribution to overall scheme costs that are currently £21.4m. The scheme has already been given DfT 'Programme Entry' status and this contribution is required to allow the scheme to progress to full DfT 'Approval to Proceed' status. Cabinet on 1 October 2009 received an update report on the scheme and noted the revised programme and spend profile for the scheme which is currently at the design stage with ground tests, site investigations and land surveys being carried out.

The Department for Transport has agreed that the base fundable scheme costs are £17.5m and they will fund 90% of this (£15.8m), the remaining 10% (£1.7m) will be funded by the Council from the £5.9m approved. This £17.5m includes elements for inflation, risk and optimism bias i.e. it allows for costs to increase for 3 reasons. If costs increase substantially due to the optimism element the DfT may increase their grant accordingly.

It is anticipated that there will be a need for additional budgets to cover road sweeping and maintenance after the new road is completed but these cannot be quantified at this stage.

The scheme has one of the highest cost benefit ratios in the country and will benefit business, industry, residents and tourism in the Borough through improved accessibility, reduced journey times and congestion.

To date c £0.5m has been incurred on design and survey fees which would need to be funded from revenue should the scheme not proceed to completion.

The need for an improved link between the M57/M58/A5036/A59 Switch Island to the A565 at Thornton to by-pass the local communities of Netherton and Thornton is well established.

The objectives of the scheme are to:

- Relieve congestion on the local highway network, thereby improving the local environment and quality of life for local residents.
- Improved local access, safety, public transport, walking and cycling in the corridor
- Improved highway access to the motorway network to support economic development opportunities, particularly for Southport.
- Contribute to improved access to the Port of Liverpool by reducing delays at the A5036/Copy Lane junction.

The scheme is supported for Regional Funding Allocations having been prioritised in the top quartile of over 120 major transport schemes in the Northwest Region. The scheme demonstrates an exceptional Benefit Costs Ratio.

The scheme has overwhelming public support with nearly 90% of respondents to the last consultation supporting the scheme.

Excellent progress is being made to the submission of a Planning Application by the beginning of April 2010.

## **2. Netherton Activity Centre**

Cabinet approved £3.6m for this scheme on 24 January 2008 and a further £1.6m on 14 May 2009 (to replace an equivalent S106 deposit which was no longer expected owing to the economic climate); both amounts to be funded via prudential borrowing. Cabinet approved a further £0.4m for the scheme on 1 October 2009, which will be funded via Children's Services capital grant. The scheme is intended to rebuild the centre and provide family facilities including a sports hall, library, IT suite, youth club, activity studio and fitness suite. The scheme is currently at planning application stage and contractor submissions are being analysed for short listing. Contractor PQQ assessments and financial checks have been carried out on the 12 short listed contractors. The scheme is in the final stage of design and no contract has yet been let.

The facility is critical for delivering key services to the community in that area and there will be impacts on performance and budgets elsewhere in the Council if the scheme cannot proceed.

To date c £0.25m has been incurred on design fees which would need to be funded from revenue should the scheme not proceed to completion.

## **3. Southport Market Refurbishment**

Cabinet approved this scheme on 14 May 2009 at a cost of £3.22m, to be funded via prudential borrowing, phased over 3 years. This scheme will refurbish the Southport Indoor Market on its existing site. The scheme has currently progressed to the preliminary design stage and consultation with stallholders. To date £45,691 has been incurred on design fees which would need to be funded from revenue should the scheme not proceed to completion. The income from the current market is reducing and will cease altogether if the scheme cannot proceed and the Market closes.

## **4. Depot Replacement (Pine Grove)**

Cabinet approved this scheme on 14 May 2009 at a cost of £3.89m, to be funded via prudential borrowing, phased £0.2m in 2011/12 and the balance of £3.69m in later years. This was described to SAMG on 9 December 2008 as 'provision of a new depot facility which will also facilitate potential HMRI development of the People's site'.

There has been no expenditure incurred on this scheme and no progress has yet been made, as it is not intended to start until 2011/12. No contracts have been let and no design has been undertaken.

## **5. Southport Cultural Centre**

Following confirmation of the second external £4m contribution to the scheme Cabinet approved its £7.3m share of this £15.3m scheme on 12 December 2009. The Council's contribution, to be funded by prudential borrowing, will not be required until the £8m external funding has been spent i.e. March 2011. In addition to the revenue borrowing costs the scheme is estimated to require an additional £200,000 for the first two years of operation to meet anticipated extra costs of business rates and contribution to sinking fund for maintenance before event income recovers to balance these extra costs. A tender exercise is currently underway and work is expected to commence in April/May 2010.

To date £539,500 has been incurred on design fees which would need to be funded from revenue should the scheme not proceed to completion. The complex consists of listed buildings in a poor state of repair and the Council will be faced with carrying out significant repair work and reducing service provision if the scheme cannot proceed.



## **6. Older Persons Housing Strategy**

Cabinet approved this on 24<sup>th</sup> January 2008 at a cost of £3m phased in 2008/09 and 2009/10 for the implementation of extra care housing provision and is a key recommendation from the Sefton Older People's Housing Study. £170k will be incurred during 2009/10 in support of a scheme that started on site in September 2009, which will deliver 24 units of accommodation. Talks are ongoing with Housing Associations regarding other schemes. Some are further on than others, however one has the potential to be developed during 2010/11 and a requirement for the Council to contribute towards the cost is highly likely.

Extra care housing is self-contained housing with communal facilities and 24 hour support on site and is promoted by the Government as being a good model of support. Schemes are 'invest to save' projects, which will save the Council on future social care costs by preventing long term conditions from worsening and are efficient in utilisation of social care monies.

## **7. Hawthorne Road carriageway maintenance**

This prudential borrowing is being used together with Local Transport Plan resources for footway and carriageway resurfacing of Hawthorne Road, for which design is now complete. It is also intended to improve the junction of Linacre Lane and Hawthorne Road. It is hoped that the main scheme will go out to tender in April 2010.

2010/11 will be the final year of a four-year programme of carriage and footway maintenance improvements along the Hawthorne Road Corridor from the Borough Boundary with Liverpool to the Hawthorne Road/ Church road junction.

The final stage will be a major improvement to the Hawthorne Road/Linacre Road junction to increase capacity, improve safety and provide segregated pedestrian crossing facilities. This will accommodate increased traffic movements due to development activities in the area and the pedestrian improvements are urgently required particularly to enable the School Crossing Patrol to operate efficiently and safely.

## **8. Southport Commerce Park**

The provision of £884,000 (reduced from £1m by Cabinet on 14 May 2009) is earmarked as part match funding for two bids to NWDA for ERDF grant, which are currently being appraised. The bid was initially rejected, however, it is understood that NWDA are currently reviewing their decision. If successful, the project would have to commence in 2010/11 to meet grant body spend targets. The project value is estimated to be circa £3.3m. Sefton will deliver a package of environmental and infrastructure works at the site, which will remove existing obstacles to further private sector development.

## **9. Balliol House Demolition**

Cabinet approved this scheme on 14 May 2009 as part of the accommodation strategy within the Council. Staff will vacate Balliol House between January and March and the data centre will be completely relocated to St Peter's House by mid April and demolition is planned to commence soon after. An application for £700,000 of grant assistance towards the £1.4m cost of demolition, site works and landscaping (including works to Connolly House) has been accepted by the NWDA. We have been invited to develop the Concept Form.

Members should note that the running costs of Balliol House are £0.5m per annum, which will be saved after demolition.

#### **10. Botanic Gardens Museum, roof and lift.**

Cabinet agreed to keep this long-standing scheme in the capital programme on 14 May 2009 at a cost of £375,000, to be funded via prudential borrowing. There are no commitments against this provision at present. This scheme is closely linked to the Southport Cultural Centre project and could be deferred until 2012/13.

#### **11. IT strategy – Health and Social Care**

This budget is intended for future I.T. requirements for Adult Social Care that are still to be determined. There is however a need to commit around £32,000 during the current financial year for the replacement of New Directions I.T. equipment with the remainder expected to be spent over the next two years.

#### **12. Energy Efficiency Measures**

Cabinet approved this £250,000 scheme on 14 May 2009. There are no commitments against this provision at present. Clearly any investment should yield savings upon revenues budgets but the extent would depend upon the work carried out and cannot at this stage be quantified in detail but a payback period of 5-7 years is likely. A detailed report is due to be prepared for Members in January.

#### **13. Crosby Coastal Park**

Cabinet agreed to keep this long-standing scheme in the capital programme on 14 May 2009 but at a reduced estimate of £200,000, to be funded via prudential borrowing. There are no commitments against this provision at present.

#### **14. Disaster Recovery, business continuity**

There are no commitments against this provision at present, which is included in the ongoing capital programme for risk management purposes.

#### **15. Roof repairs to libraries**

There are no commitments against this provision at present, which is included in the ongoing capital programme for risk management purposes.

#### **16. Demolition Fund**

There are no current commitments against this provision at present, which is included in the ongoing capital programme for risk management purposes for the demolition of dangerous structures. Demolition of surplus buildings is done to remove a revenue liability in terms of security and mothballing costs and to prevent anti-social behaviour/vandalism, which can occur.

#### **17. Development Fund**

There are no current commitments against this provision at present, which is included in the ongoing capital programme for pump-priming potential developments. Clearly the Authority will not be in the position to develop further schemes and projects (usually delivered through external funding) if this fund is not available.