

<b>Report to:</b>	Cabinet Council	<b>Date of Meeting:</b>	5 <sup>th</sup> September 2019 19 <sup>th</sup> September 2019
<b>Subject:</b>	Revenue and Capital Budget Update 2019/20		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

### Summary:

To inform **Cabinet** of: -

1. The current forecast revenue outturn position for the Council for 2019/20;
2. The current forecast on Council Tax and Business Rates collection for 2019/20; and,
3. The monitoring position of the Council's capital programme to the end of July 2019, the forecast expenditure to year end, variations against the approved budgets and an explanation of those variations for consideration by Members. Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects are also presented for approval.

To inform **Council** of further additions to the 2019/20 Capital Programme.

### Recommendation(s):

**Cabinet** is recommended to: -

#### **Revenue Budget**

- 1) Note the current forecast revenue outturn position for 2019/20 and the current position relating to delivery of savings included in the 2019/20 revenue budget;
- 2) Note the mitigating measures being used to ensure a balanced forecast outturn position;

#### **Capital Programme**

- 3) Note the updates to the spending profiles within the capital programme across financial years (paragraph 5.1.1).
- 4) Note the latest capital expenditure position as at 31 July 2019 to date of £3.3m (paragraph 5.2.2) with the latest full year forecast being £26.7m (paragraph 5.3.1).
- 5) Note explanations of variances to project budgets (paragraph 5.3.2).
- 6) Note the new scheme added to the Capital Programme under delegated authority

- for 2019/20 (paragraph 5.9.1).
- 7) Approve for inclusion in the capital programme the Town Centre Commission Fund grant once final approval for the grant is received from Liverpool City Region Combined Authority (section 5.5). Cabinet is requested to delegate authority to the Executive Director to sign the Grant Agreement, and delegate authority to the S151 Officer to authorise grant claim submissions.
  - 8) Note that capital resources will be managed by the Head of Corporate Resources to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council.

**Council** is recommended to: -

- 1) Approve for inclusion in the capital programme the Town Centre Commission Fund grant once final approval for the grant is received from Liverpool City Region Combined Authority (section 5.5).

**Reasons for the Recommendation(s):**

To ensure Cabinet are informed of the forecast outturn position for the 2019/2020 Revenue Budget as at the end of July 2019, including delivery of agreed savings, and to provide an updated forecast of the outturn position with regard to the collection of Council Tax and Business Rates.

To keep members informed of the progress of the Capital Programme against the profiled budget for 2019/20 and agreed allocations for future years.

To progress any changes that are required in order to maintain a relevant and accurate budget profile necessary for effective monitoring of the Capital Programme.

To approve any updates to funding resources so that they can be applied to capital schemes in the delivery of the Council's overall capital strategy.

In March 2017 Council approved a three-year budget plan to March 2020. The final year of this plan was revised in February 2019 as part of the process of setting the 2019/20 budget. The Council is in the final year of the budget plan and remains confident its strategic approach to budget planning alongside good financial management and extensive community engagement means that the plan continues to develop on solid foundations; it remains flexible and will secure the future sustainability to 2020 and beyond. However, in year demand for social care services is currently resulting in the costs for these services significantly exceeding the budget. If further budget pressures are identified between now and the end of the year additional remedial action will be required to bring the overall budget into balance.

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

N/A

## What will it cost and how will it be financed?

### (A) Revenue Costs

The report indicates that for 2019/20 there is currently a forecast deficit of £2.515m. Mitigating measures have been identified in order to meet this deficit and are detailed within the report.

### (B) Capital Costs

The Council's capital budget in 2019/20 is £26.030m. As at the end of July 2019, expenditure of £3.343m has been incurred and a full year outturn of £26.714m is currently forecast.

## Implications of the Proposals:

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

There is currently a budget shortfall of £2.515m forecast for 2019/20 and as reported within the first monitoring report of the year, mitigating actions have been identified in order to address this. However, it should be noted that significant pressure and risk remains in four key business areas, namely Adults and Children's Social Care, Education Excellence and Locality Services. These budgets may experience further demand pressure between now and the end of the year and further mitigations and remedial actions will be required in such an eventuality.

### **Legal Implications:**

None

### **Equality Implications:**

There are no equality implications.

## Contribution to the Council's Core Purpose:

Effective Financial Management and the development and delivery of sustainable annual budgets support each theme of the Councils Core Purpose.

### **Protect the most vulnerable:**

See comment above

### **Facilitate confident and resilient communities:**

See comment above

### **Commission, broker and provide core services:**

See comment above

### **Place – leadership and influencer:**

See comment above

### **Drivers of change and reform:**

See comment above

**Facilitate sustainable economic prosperity:**

See comment above

**Greater income for social investment:**

See comment above

**Cleaner Greener:**

See comment above

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

**(A) Internal Consultations**

The Head of Corporate Resources is the author of the report (FD 5756/19)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4880/19).

**(B) External Consultations**

N/A

**Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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**Appendices:**

APPENDIX A – Capital Programme 2019/20 to 2021/22

**Background Papers:**

There are no background papers available for inspection.

## 1. Introduction

- 1.1 In March 2017, Council approved a three-year budget plan to March 2020. The final year of this plan was revised in February 2019 as part of the process of the Council setting the 2019/20 budget. This report updates the forecast revenue outturn position for 2019/20, including the delivery of savings included in the 2019/20 budget.
- 1.2 The report also outlines the current position regarding key income streams for the Authority, namely Council Tax and Business Rates. Variations against expected receipts in these two areas will also affect the Council's financial position in future years.
- 1.3 The capital section of the report informs members of the latest estimate of capital expenditure for 2019/20 and updates forecast expenditure for 2020/21, 2021/22 and future years. Proposed increases to the capital budget are presented in section 5.1. Sections 5.2 and 5.3 review progress of the capital programme. Finally, section 5.12 confirms that there are adequate levels of resources available to finance the capital programme.

## 2. Summary of the Forecast Outturn Position as at the end of July 2019

- 2.1 Members will be provided with updates of the Council's forecast financial position each month during this financial year. Significant pressures have been identified in several service areas, particularly Children's Social Care, Locality Services and Home to School Transport. The latest forecast of service expenditure indicates an overspend of £2.515m. The table below highlights the variations:

	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>	<b>Previously Reported Position</b>	<b>Movement since last month</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b><u>Services</u></b>					
Strategic Management	3.245	3.245	0.000	0.000	0.000
Strategic Support Unit	2.723	2.723	0.000	0.000	0.000
Adult Social Care	96.765	96.765	0.000	0.000	0.000
Children's Social Care	33.356	34.348	0.992	*0.781	0.211
Communities	19.535	19.535	0.000	0.000	0.000
Corporate Resources	4.800	4.720	-0.080	-0.132	0.052
Economic Growth & Housing	6.041	6.041	0.000	0.133	-0.133
Education Excellence	9.859	10.124	0.265	*0.424	-0.159
Health & Wellbeing	18.060	18.005	-0.055	-0.045	-0.010
Highways & Public Protection	11.192	11.192	0.000	0.234	-0.234
Locality Services	13.809	13.809	0.000	*0.464	-0.464
<b>Total Service Net Expenditure</b>	<b>219.385</b>	<b>220.507</b>	<b>1.122</b>	<b>1.859</b>	<b>-0.737</b>

Provision relating to 2018/19 Service Pressures	0.000	0.000	0.000	*0.000	0.000
Budget Pressure Fund	1.000	1.000	0.000	0.000	0.000
Public Sector Reform Savings not allocated to services ( <b>see para 2.3</b> )	(0.950)	0.000	0.950	0.950	0.000
Council Wide Budgets	6.527	6.970	0.443	0.429	0.014
Levies	34.156	34.156	0.000	0.000	0.000
General Government Grants	(40.979)	(40.979)	0.000	0.000	0.000
<b>Total Net Expenditure</b>	<b>219.139</b>	<b>221.654</b>			
<b>Forecast Year-End Deficit</b>			<b>2.515</b>	<b>3.238</b>	<b>-0.723</b>

\* Note that the Previously Reported Position has been adjusted to reflect the allocation of the *Provision relating to 2018/19 Service Pressures* to individual services.

2.2 The key forecast variations in the outturn position, including any significant variations from the June position, are as follows: -

- **Children's Social Care (£0.992m net overspend, increase of £0.211m)** – The Placement and Packages budget overspent by £5.612m in 2018/19. The equivalent forecast overspend in 2019/20 is £6.143m due to the increase in Looked After Children since the end of 2018/19, from 525 to 535, and the full year impact of new cases from 2018/19. However, an allocation of £4.900m from the *Provision relating to 2018/19 Service Pressures* has reduced the forecast overspend to £1.243m. This is an increase of £0.217m compared to June due to two new placements occurring in the month, adding £0.220m to the forecast outturn.

The forecast overspends in June for the personal needs and legal costs budgets have been negated due to the allocation of £0.500m from the *Provision relating to 2018/19 Service Pressures*. In addition, there are net underspends across other areas of the service totalling £0.251m.

The cost of Placements and Packages is the largest risk to the Council's budget position and it is expected that the position will change. The Council is looking at developing a range of options to address the inherent demand and costs of Looked After Children whilst supporting our most vulnerable residents.

- **Corporate Resources (£0.080m underspend)** - Increase in the cost of electoral services following the fall out of a national grant (£0.325m) offset by vacancy savings across the service.
- **Economic Growth and Housing (£0.056m overspend before mitigating actions)** – There are a number of variations across the service including an overspend at Southport Market due to lower than budgeted for occupancy rates. The service has identified mitigating actions, including delaying filling vacancies, which will bring the forecast outturn within the service budget.

- **Education Excellence (£0.265m overspend)** - Home to School transport external provision has a projected overspend of £2.171m. This budget overspent by £1.817m in 2018/19 but is forecast to overspend by a further £0.354m due to the full year effect of the increased costs of new external transport contracts issued in September 2018. However, an allocation of £1.800m from the *Provision relating to 2018/19 Service Pressures* has reduced the forecast overspend to £0.371m. In addition, there are net underspends across other areas of the service totalling £0.106m.
- **Highways and Public Protection (£0.138m overspend before mitigating actions)** – There is a shortfall on car parking income (£0.124m) due to poorer weather in the first quarter compared to 2018/19. The approved saving from negotiating extensions to highways maintenance contracts has not realised the amount anticipated (£0.399m shortfall). This has been mitigated by re-aligning Highway Maintenance budgets for 2019/20. The service will reduce the Highway Maintenance and Highway Management Programmes as required to mitigate the forecast overspend and ensure the forecast outturn is within the service budget.
- **Locality Services (£0.245m overspend before mitigating actions)** – The service pressures experienced in 2018/19 have continued into 2019/20.
  - Burials & Cremations (no variance) - competition from a Crematorium in a neighbouring authority continues with a significant impact on income levels. However, an allocation of £0.320m from the *Provision relating to 2018/19 Service Pressures* has mitigated this impact;
  - Cleansing (no variance) – The impact of collections at additional properties and street cleaning work (including weed removal) has continued. However, an allocation of £0.280m from the *Provision relating to 2018/19 Service Pressures* has mitigated this pressure;
  - Security Service (£0.240m overspend) – The forecast deficit is a reflection of an under recovery of income to support the cost base. The forecast deficit has improved since 2018/19 (from £0.486m overspend) due to additional internal works being undertaken by the service.

Mitigating actions have been identified which will bring the forecast outturn within the service budget. These include generating additional income through increased use of assistive technology and external security services as well as temporarily reducing expenditure on supplies and services and repairs and maintenance.

- **Public Sector Reform Savings not allocated to services (£0.950m overspend)** – see paragraph 2.3 below.
- **Council Wide Budgets (£0.443m)** – the increase in pay budgets due to pay awards and pension increases, after allowing for fees and charges increases for traded services, is £0.403m greater than the provision built into the 2019/20 budget.

## Savings Delivery

- 2.3 The 2019/20 Budget included £9.803m of savings from Public Sector Reform (PSR) projects. Current forecasts are that £8.853m of savings will be deliverable in the year (90%). An analysis of the overall savings for 2019/20 are shown in the summary below:

	<b>Total Saving 2019/20</b>	<b>Forecast - Achieved In 2019/20</b>	<b>Forecast - Not Achieved 2019/20</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
PSR1 - Acute Wrap Around	0.230	0.000	0.230
PSR2 – Locality Teams	4.408	4.408	0.000
PSR4 - All Age Pathway	0.089	0.089	0.000
PSR6 - Commercialisation	0.405	0.405	0.000
PSR8 – Asset Maximisation	0.512	0.512	0.000
PSR9 – ICT & Digital Inclusion	3.439	3.439	0.000
PSR10 - Commissioning	0.720	0.000	0.720
<b>Total PSR Projects</b>	<b>9.803</b>	<b>8.853</b>	<b>0.950</b>

- 2.4 The shortfall on the achievement of savings shown in the table is included in the forecast outturn position shown in paragraph 2.1.
- 2.5 In addition, service budget options of £2.269m were approved for 2019/20. These have been built into service budgets and any shortfall in achievement of these savings is included in the forecast outturn position for each service.

## Measures to close the residual gap in 2019/20

- 2.6 The forecast budget deficit as at July 2019 is **£2.515m**. This reflects the risks that were inherent in the Council's financial position, particularly around demand for Children's Social Care and other demand led services. Major Services Reviews have commenced for Adult Social Care, Children's Social Care, Education Excellence and Locality Services with a view to reduce this budget pressure where possible.
- 2.7 Paragraph 4.4 highlights that the surplus on Business Rates to be distributed in 2019/20 is **£1.750m**. In line with previous years, the budget assumes this surplus will be added to the Business Rates Earmarked Reserve, which is held to help offset potential losses of Business Rates income in future years. An assessment of the reserve has determined that the current balance is at a prudent level so no increase is required in 2019/20. Therefore, the assumed increase can be used to support the 2019/20 forecast outturn position.
- 2.8 The budget for 2019/20 includes a Budget Pressures Fund of £1.000m. Council gave delegated authority to the Chief Executive and the Head of Corporate Resources, in conjunction with the Leader of the Council, to allocate this Fund. At present this resource has not been allocated to specific services. However, it is



assumed that **£0.765m** can be used to contribute to the Council's overall position with the remaining £0.265m being retained to be utilised should further pressures be identified in future months.

2.9 The net forecast outturn position for 2019/20 is therefore:

	<b>£m</b>
Forecast Year-End Deficit (Paragraph 2.1)	2.515
Business Rates Reserve increase	-1.750
Budget Pressures Fund	-0.765
Forecast Year-End Deficit	<b>0.000</b>

2.10 Whilst the above table shows a balanced forecast outturn position, the risks inherent in the position, particularly relating to Looked After Children, mean the position may worsen during the year. Should a deficit be forecast then further mitigating actions will need to be presented, including using the remaining Budget Pressures Fund, not filling vacant posts, a freeze on all but essential expenditure and any other appropriate measure to ensure a balanced forecast outturn position can be achieved.

2.11 An assessment will need to be made on the potential impact on the budget for 2020/21. The Business Rates Reserve usage is a one-off item so the net overspend without this is £1.750m. If this continues to be a pressure in 2020/21 then this will need to be considered as part of the three-year Budget Plan, with sustainable savings required to offset the pressure.

### **3 Council Tax Income – Update**

3.1 Council Tax income is shared between the billing authority (Sefton Council) and the three major precepting authorities (the Fire and Rescue Authority, the Police and Crime Commissioner and the Combined Authority – Mayoral Precept) pro-rata to their demand on the Collection Fund. The Council's Budget included a Council Tax Requirement of £133.099m for 2019/20 (including Parish Precepts), which represents 84.1% of the net Council Tax income of £158.306m.

3.2 The forecast outturn for the Council at the end of July 2019 is a deficit of -£0.198m. This variation is primarily due to: -

- The surplus on the fund at the end of 2018/19 being lower than estimated by 0.151m;
- Gross Council Tax Charges in 2019/20 being higher than estimated at -£0.371m;
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated at +£0.418m.

- 3.3 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2019/20 but will be carried forward to be distributed in future years.
- 3.4 A forecast surplus of £1.160m was declared on the 15<sup>th</sup> January 2019 of which Sefton's share is £0.996m (85.8%). This is the amount that will be distributed from the Collection Fund in 2019/20. Any additional surplus or deficit will be distributed in 2020/21.

#### **4 Business Rates Income – Update**

- 4.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £64.739m for 2019/20, which represents 99% of the net Business Rates income of £65.393m. Business Rates income has historically been very volatile making it difficult to forecast accurately.
- 4.2 The forecast outturn for the Council at the end of July 2019 is a surplus of -£0.825m on Business Rates income. This is due to:
- The surplus on the fund at the end of 2018/19 being higher than estimated - £0.092m;
  - Increase in the gross charge on rateable properties (-£0.279m)
  - Other reliefs (including a forecasting adjustment) being lower than estimated in 2019/20 at -£0.454m.
- 4.3 Due to Collection Fund regulations, the Business Rates surplus will not be transferred to the General Fund in 2019/20 but will be carried forward to be distributed in future years. However, £0.473m of the surplus forecast in paragraph 4.2 will be required to offset the shortfall in Section 31 grants due to certain reliefs being lower than estimated in 2019/20.
- 4.4 A forecast surplus of £1.768m was declared in January 2019. Sefton's share of this is -£1.750m which is made up of an amount brought forward from 2017/18 (-£2.169m) and the impact of variations in 2018/19 (+£0.419m). This is the amount that will be distributed from the Collection Fund in 2019/20 and any additional surplus or deficit will be distributed in 2020/21.

#### **5 Capital Programme 2019/20 – 2021/22 & Future Years**

##### **5.1 Capital Budget**

- 5.1.1 The revised Capital Budget and profile of expenditure for the three years 2019/20 to 2021/22 is:

<b>2019/20</b>	<b>£26.030m</b>
<b>2020/21</b>	<b>£10.888m</b>
<b>2021/22</b>	<b>£0.730m</b>

- 5.1.2 Amendments to the 2019/20 capital budget have been made in July due to re-phasing of schemes between 2020/21 and 2019/20 as follows:

- HMRI Compulsory Purchase Order Costs (£25k from 2020/21 to 2019/20)
- School's funding for Hudson Primary (£86k from 2020/21 to 2019/20)
- Parks schemes (£62k from 2019/20 to 2020/21).

5.1.3 An additional Section 106 scheme has also been added in Litherland Ward (£45k, see paragraph 5.9.1).

## 5.2 Budget Monitoring Position to July 2019

5.2.1 The current position of expenditure against the budget profile to the end of July 2019 is shown in the table below. It should be noted that budgets are profiled over the financial year which skews expenditure to the final three quarters of the financial year.

5.2.2 As would be expected Education Excellence carries out most of its capital works during key school's holiday periods such as the summer recess, whilst Highways and public Protection completes most of its programmed works during quarters 2 and 3. The Adult Social Care expenditure excluding core Disabled Facilities Grant (DFG) expenditure is also profiled to quarters 3 and 4.

Service Area	Budget to Jul-19	Actual Expenditure to Jul-19	Variance to Jul-19
	£000	£000	£000
<b>Adult Social Care</b>	981	926	-55
<b>Communities</b>	63	58	-5
<b>Corporate Resources</b>	128	115	-13
<b>Economic Growth &amp; Housing</b>	37	53	16
<b>Education Excellence</b>	682	603	-79
<b>Highways &amp; Public Protection</b>	1,245	1,270	25
<b>Locality Services</b>	229	318	89
<b>Total Programme</b>	<b>3,365</b>	<b>3,343</b>	<b>-22</b>

5.2.3 Analysis of significant spend variations over (+) / under (-) budget profile:

### **Economic Growth & Housing**

Scheme	Variation	Reason	Action Plan
<b>Southport Pier</b>	<b>£14,929</b>	Outstanding claims for internal fees being recovered.	The project will be delivered within the remaining budget. Quotes are awaited on the final phase, which involves adding a slide to the end of the pier, and quotes will be assessed against remaining available resources.

## Education Excellence

Scheme	Variation	Reason	Action Plan
<b>Linacre Primary – Classroom Refurb</b>	<b>£36,310</b>	Initial work on these school's schemes has been completed ahead of schedule.	The remaining works will be complete as planned over the summer holidays with no additional funding required.
<b>Lydiate Primary – General Refurb</b>	<b>£19,414</b>		
<b>Forefield Infants – New Toilet Block</b>	<b>-£20,373</b>	Less progress being made on site than originally anticipated for these schemes.	Contractor to catch up on work over the summer and schemes will be completed within the agreed budget. Expenditure profile to be updated to reflect revised schedules.
<b>Netherton Moss Primary - Rewiring</b>	<b>-£95,867</b>		
<b>Norwood Primary - Remodelling</b>	<b>-£22,236</b>		

## Highways & Public Protection

Scheme	Variation	Reason	Action Plan
<b>A59 Maghull Route Management (Dover Road)</b>	<b>£253,565</b>	Statutory undertakers payments are being made up front.	Budget profile will be revised to take account of the front loading of spend.
<b>Dibb Lane Improvements</b>	<b>-£23,333</b>	Contractor not able to schedule in the required minor works when needed.	Will monitor situation and look to engage an alternative contractor to complete on schedule if required.
<b>A565 Corridor Improvements (Thornton)</b>	<b>-£77,801</b>	Project is currently delayed - statutory diversions for utilities haven't been made as requested.	Budget will be reprofiled for revised completion in October.
<b>Resurfacing Programme</b>	<b>£206,808</b>	£106k is last year's works plus £100k of works this year completed ahead of schedule.	Spend will not exceed the approved budget as work can be halted when all funding has been exhausted.
<b>Maintenance</b>	<b>-£137,900</b>	Outstanding balances from previous year.	Balance is now reducing. Contractors continue to be chased up to clear outstanding amounts.
<b>Street Lighting Block Allocation</b>	<b>-£19,675</b>	Ordering delays with replacement lighting.	Ordering will be brought up to date.

<b>M58 Junction 1 Improvements</b>	<b>-£191,186</b>	Works on site and proceeding as planned but contractor has submitted a revised cost schedule.	New cost profile to be reviewed and budget to be updated.
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### Locality Services

Scheme	Variation	Reason	Action Plan
<b>CERMS</b>	<b>£48,992</b>	Work is progressing on these projects as planned but invoices have been paid earlier than anticipated. No overspend is forecast against total budget allocation.	Budget profile will be reviewed to align payments with cost profile. Further info to be obtained from contractors regarding timing of payments.
<b>Crosby Flood &amp; Coastal Scheme</b>	<b>£38,090</b>		

5.2.4 In the June report a number of schemes that reported variances to budget contained action plans to address the variance. Progress on these is as follows:

### Highways & Public Protection

Scheme	Variation	Action Plan	Progress to date
<b>Maintenance</b>	<b>-£211,639</b>	Contractors will be chased up to clear outstanding balances.	Contractors are being chased up and the balance has been reduced to £138k.
<b>M58 Junction 1 Improvements</b>	<b>-£135,497</b>	Processing of payments will be brought up to date in July.	Contractor has now provided a new cost profile. The budget will be reviewed to bring the profile into line with payment dates.

### Locality Services

Scheme	Variation	Action Plan	Progress to date
<b>Tree Planting</b>	<b>-£23,916</b>	Delay in receiving invoices from contractor.	All outstanding invoices have now been paid.

## 5.3 Capital Programme Forecast Outturn 2019/20

5.3.1 The current forecast of expenditure against the budget profile to the end of 2019/20 and the profile of budgets for future years is shown in the table below:

Service Area	Full Year Budget 2019/20	Forecast Out-turn	Variance to Budget	Full Year Budget 2020/21	Full Year Budget 2021/22
	£000	£000	£000	£000	£000
<b>Adult Social Care</b>	<b>4,762</b>	<b>4,760</b>	<b>-2</b>	<b>0</b>	<b>0</b>
<b>Communities</b>	<b>225</b>	<b>219</b>	<b>-6</b>	<b>314</b>	<b>0</b>
<b>Corporate Resources</b>	<b>1,291</b>	<b>1,291</b>	<b>0</b>	<b>100</b>	<b>0</b>
<b>Economic Growth &amp; Housing</b>	<b>332</b>	<b>332</b>	<b>0</b>	<b>133</b>	<b>0</b>
<b>Education Excellence</b>	<b>3,512</b>	<b>3,514</b>	<b>3</b>	<b>8,566</b>	<b>191</b>
<b>Highways &amp; Public Protection</b>	<b>13,244</b>	<b>13,932</b>	<b>689</b>	<b>178</b>	<b>0</b>
<b>Locality Services</b>	<b>2,665</b>	<b>2,665</b>	<b>0</b>	<b>1,597</b>	<b>539</b>
<b>Total Programme</b>	<b>26,030</b>	<b>26,714</b>	<b>683</b>	<b>10,888</b>	<b>730</b>

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

### 5.3.2 Analysis of significant spend variations over budget profile in 2019/20:

#### Highways & Public Protection

Scheme	Variation	Reason	Action Plan
<b>M58 Junction 1 Improvements</b>	<b>£688,540</b>	Delays to the project due to longer than anticipated time to secure the land. Contractual payments had to be made to the contractor in the interim. Additional redesign costs have also been incurred. The total forecast overspend is £780k over 2019/20 and 2020/21.	Additional funding will be requested from the CA project management office. If this is unsuccessful, the transport programme will be reviewed to identify resources that can be redirected to the M58 scheme (see section 5, below).

## 5.4 M58 Junction 1 Improvements

5.4.1 As noted in paragraph 5.3.2, the major scheme for improvements at M58 Junction 1 is forecast to overspend in 2019/20 by £0.69m due to increased costs as a result of delays to the project.

5.4.2 The total forecast expenditure over the revised timescales of the project (due to complete in 2020/21) has increased by £0.78m when compared to the initial valuation. The Strategic Transport Planning and Investment team continue to explore how the Council may secure additional support from the CA but at present no additional resource is forthcoming.

5.4.3 The scheme is now on site and progressing as planned. The contractor has provided an updated cost profile and this will be reviewed to identify any changes to profiled expenditure and the forecast out-turn position at year end. An update will be provided to members within future budget reports.

## **5.5 New Grant Bid - Liverpool City Region (LCR) Town Centre Fund**

- 5.5.1 Sefton is currently drawing up proposals to make an application to the LCR Town Centre Fund. The strategic objectives of this fund include: enhancing place-making, delivering jobs and infrastructure improvements, and improving the town centre offer including increasing foot fall and vitality across the City Region to enhance the local town centres and strengthen economic growth in the region.
- 5.5.2 Interventions under the Town Centre Fund will contribute to local communities and improve the environment within which people work and live through:
- i. Enhancing the sustainable vitality of local town and district centres through investment that delivers new employment opportunities and makes those employment opportunities accessible to local residents.
  - ii. Place renewal projects, particularly those designed to move away from traditional retail, and broaden the town centre offer and ensure future sustainability.
- 5.5.3 A total bid of £1m is proposed with a minimum of £0.500m allocated to capital projects along with an element of match funding where identified. A detailed report will be brought to Cabinet following consultation with Strategic Leadership Board.

## **5.6 Adult Social Care allocations and programme**

- 5.6.1 As noted in the June monitoring report the success of delivering the schemes is based upon an Adult Social Care project board being set up in quarter 2, with the majority of this year's spend consequently being profiled into quarters 3 and 4. The Director of Adult Social Services has an established programme approach across a number of areas and the capital programme will be monitored through this approach.
- 5.6.2 The following progress has been made on schemes to date:
- ICT Development and Transformation – two staff members have been assigned to this project to support system development.
  - Occupational Therapist Support – agency staff have been assigned to this project in the interim. Further recruitment will be scheduled for later in the year.
  - Community Equipment Store Refurbishment – this project has now been completed and delivered within budget.
  - Other - A programme plan is in development and an extra care housing post is at the point of being advertised.

## **5.7 School's General Maintenance**

5.7.1 The Council currently has a backlog of planned maintenance under the school's programme. A budget of £4m has been allocated to school's general maintenance in 2020/21 and will need to be prioritised to essential schemes going forward. Officers from the Property and Building Services team will be reviewing the planned maintenance budget in the coming months to determine a prioritised list of needs to be delivered within the current resource availability. A final programme of spend will then be agreed by the Director of Children's Social Care and Education and this will form a future section of this report.

## **5.8 Special Educational Needs and Disabilities (SEND) Capital Allocations**

5.8.1 Sefton has made a successful bid to the Department for Education in order to draw down SEND capital grant funding in 2019/20 of £0.849m. This funding has been matched by £0.301m from the balance of existing school's allocations.

5.8.2 The Department for Education (DfE) is currently reviewing these schemes and will release the funds to Sefton in the coming months once they are satisfied that the plans have met the funding requirements.

5.8.3 Due to the need to start essential schemes over the school's summer holiday period, the SEND projects listed below are proceeding on site and 3 are due to be completed before the start of the new term. The projects have been funded from the balance of existing school's allocations of £0.301m with further spending on larger schemes scheduled upon receipt of the SEND capital grant from DfE.

- Crosby High – Accessibility Works (Phase1) £8,850  
There are two parts to the project, the first being to remove cross corridor partitions causing issues for wheelchair users moving around the school. The second part of the project is to widen doors in key areas around the school, in particular doors to classrooms. Phase one is scheduled over the summer 2019 with full completion of phase two scheduled for August 2020. The full scheme budget is £41,000.
- Redgate Primary – Specialist Resource Provision £60,000  
Work has been completed on adaptations to the shower rooms, toilets, kitchen and the perimeter fencing with further work on flooring to be completed by early September.
- Rowan Park School Expansion £27,500  
The initial work involves improvements to the site security both the external perimeter and to the internal doors. Alterations are required to provide additional privacy in the toilet areas as well as adaptations to the toilets to suit the new mixed age group.



- Waterloo Primary – SEND Classroom £28,000  
A new classroom is required for use by SEN children and will need to be ready in time for the new term in September. The work will involve the partitioning of the existing infant's hall as well as provision of a changing room facility by converting a nearby store.

## **5.9 New Capital Schemes**

### 5.9.1 Communities £44,640

A new 7.5t caged tipper vehicle will be purchased in November to support the Litherland Hit Squad. This expenditure will be fully funded from Section 106 monies for Litherland Ward. This scheme has been approved by the Head of Corporate Resources in accordance with the Scheme of Delegation.

## **5.10 Programme Funding**

5.10.1 The table below shows a how the capital programme will be funding in 2019/20:

<b>Grants</b>	<b>22.852</b>
<b>Contributions (incl. Section 106)</b>	<b>1.259</b>
<b>Capital Receipts</b>	<b>0.265</b>
<b>Prudential Borrowing</b>	<b>1.654</b>
<b>Total Programme Funding</b>	<b>26.030</b>

5.10.2 The programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital expenditure are in place, the future years programme is fully funded and the level of prudential borrowing remains affordable subject to the issue raised in paragraph 5.4.2.

5.10.3 The Head of Corporate Resources will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the Council.

## APPENDIX A – Capital Programme 2019/20 to 2021/22

Capital Project	Budget		
	2019/20 £	2020/21 £	2021/22 £
<b>Adult Social Care</b>			
Adult Social Care IT Infrastructure	44,020	-	-
South Hub	11,257	-	-
Primary Care Integration	39,500	-	-
Core DFG Programme	2,200,000	-	-
Wider Social Care Programme	2,467,000	-	-
<b>Communities</b>			
Atkinson Studio Stage	11,929	-	-
Dunes All Weather Pitches - Invest to Save	13,083	-	-
Crosby Lakeside Adventure Centre Water Sports	75,157	-	-
Formby Library Improvements	-	6,620	-
Libraries - Centres of Excellence	80,000	265,237	-
Bootle Library	-	42,372	-
Litherland Hit Squad - Caged Tipper	44,640	-	-
<b>Corporate Resources</b>			
Corporate Maintenance	113,022	-	-
STCC Essential Maintenance	219,718	-	-
St John Stone Site – Infrastructure Works	623,210	-	-
Magdalen House Alterations	144,979	-	-
Meadows Community Base	6,328	-	-
Aintree Community Base	7,783	-	-
NAC Community Base	21,010	-	-
Southport Town Hall Community Base	31,850	-	-
Family Wellbeing Centres	122,816	100,000	-
<b>Economic Growth &amp; Housing</b>			
Marian Square, Netherton CCTV	-	40,405	-
REECH Project	37,162	-	-
Southport Commerce Park - 3rd Phase Development	13,173	-	-
Housing Investment (HMRI)	29,100	62,680	-
Southport Pier Project	252,528	29,675	-
<b>Education Excellence</b>			
Healthy Pupils Fund	178,000	-	-
Schools Programme	2,526,724	3,511,848	190,982
Planned Maintenance	655,203	4,000,000	-
Special Educational Needs & Disabilities	151,850	1,054,650	-

	2019/20 £	2020/21 £	2021/22 £
<b>Highways and Public Protection</b>			
Accessibility	265,000	-	-
Completing Schemes/Retentions	32,250	-	-
Healthy Lifestyles	1,590,000	-	-
Road Safety	120,000	-	-
A565 Route Management and Parking	710,000	-	-
Strategic Planning	523,990	-	-
Traffic Management and Parking	2,417,500	-	-
Highway Maintenance	2,039,446	-	-
Bridges & Structures	243,110	-	-
Drainage	225,000	-	-
Street Lighting Maintenance	300,000	-	-
UTC Maintenance	100,000	-	-
Major Transport Schemes	4,677,589	177,836	-
<b>Locality Services</b>			
Thornton Garden of Rest Improvements	3,692	-	-
Burials & Cremation Insourcing	-	200,000	-
Formby Strategic Flood Risk Management	-	44,141	-
Merseyside Groundwater Study	20,000	11,508	-
Four Acres Multi Agency Flood Options	3,352	-	-
CERMS	658,892	410,274	-
Natural Flood Risk Management	10,000	-	-
The Pool & Nile Watercourses	58,602	-	-
Crosby Flood & Coastal Scheme	358,947	306,190	500,000
Seaforth & Litherland Strategic Flood Risk	-	30,000	-
Hall Road & Alt Training Bank - Rock Armour	50,000	-	-
Ainsdale & Birkdale Land Drainage Scheme	30,000	-	-
Surface Water Management Plan	170,000	-	-
Parks Schemes	116,773	555,236	-
Tree Planting Programme	54,300	39,174	38,600
Vehicle Replacement Programme	1,130,614	-	-
<b>TOTAL PROGRAMME</b>	<b>26,030,099</b>	<b>10,887,846</b>	<b>729,582</b>