

Report to:	Cabinet	Date of Meeting:	5 December 2019
Subject:	Revenue and Capital Budget Update 2019/20		
Report of:	Head of Corporate Resources	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	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;
3. The monitoring position of the Council's capital programme to the end of October 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.

Recommendations:

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) Consider the mitigating measures being used to ensure a balanced forecast outturn position, in paragraph 2.2, excluding a forecast deficit on Housing Benefits which will be considered at the end of the financial year if it materialises;
- 3) Approve the implementation of the mitigating actions identified in paragraph 2.10 to ensure a balanced forecast outturn position will be achieved;
- 4) Acknowledge the outcome of the review of earmarked reserves and the transfers to new reserves to fund the schemes outlined in section 6.5.

Capital Programme

- 5) Review updates to spending profiles across financial years (paragraph 5.1.1);
- 6) Review the new schemes added to the Capital Programme under delegated authority for 2019/20 (paragraph 5.1.3);
- 7) Note the latest capital expenditure position as at 31 October 2019 to date of £8.702m (paragraph 5.2.2) with the latest full year forecast being £25.214m (paragraph 5.3.1);
- 8) Note explanations of variances to project budgets (paragraph 5.3.2); and,
- 9) Acknowledge 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 (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 October 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 £3.379m. Mitigating measures have been identified in order to meet this deficit (excluding a forecast overspend on Housing Benefits which will be considered at outturn if this materialises) and are detailed within the report.

(B) Capital Costs

The Council's capital budget in 2019/20 is £24.654m. As at the end of October 2019, expenditure of £8.702m has been incurred and a full year outturn of £25.214m is currently forecast.

Implications of the Proposals:

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

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>There is currently a budget shortfall of £3.379m forecast for 2019/20 and as previously reported, mitigating actions have been identified in order to address the majority of this (with the exception of a forecast overspend on Housing Benefits which will be considered at outturn if the position doesn't improve). Further mitigating actions are now proposed to meet the remainder of the deficit and provide some resilience should the position worsen in the remainder of the year. 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, if the existing measures aren't sufficient.</p>
<p>Legal Implications:</p> <p>None</p>
<p>Equality Implications:</p> <p>None</p>

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.

<p><u>Protect the most vulnerable:</u></p> <p>See comment above</p>
<p><u>Facilitate confident and resilient communities:</u></p> <p>See comment above</p>

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 5865/19)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4099/19).

(B) External Consultations

N/A

Implementation Date for the Decision

Following the expiry of the “call-in” period for 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 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. The capital budget to date is presented in section 5.1. Sections 5.2 and 5.3, and section 5.6 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 October 2019

- 1.0 Members are provided with updates of the Council's forecast financial position each month during the 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 £3.379m, this represents a worsening of the overall position by £0.420m on the previous months and is driven primarily by additional pressure in Children Social Care. The table below highlights the variations:

	Budget	Forecast Outturn	Variance	Previously Reported Position	Movement since last month
	£m	£m	£m	£m	£m
Services					
Strategic Management	3.187	3.144	-0.043	-0.043	0.000
Strategic Support Unit	2.709	2.709	0.000	0.000	0.000
Adult Social Care	96.765	96.765	0.000	0.000	0.000
Children's Social Care	33.340	34.952	1.612	1.298	0.314
Communities	19.518	19.707	0.189	0.139	0.050
Corporate Resources	4.858	4.770	-0.088	-0.100	0.012
Economic Growth & Housing	6.045	6.044	-0.001	-0.036	0.035
Education Excellence	9.859	10.053	0.194	0.182	0.012
Health & Wellbeing	18.060	17.958	-0.102	-0.100	-0.002
Highways & Public Protection	11.133	11.133	0.000	0.000	0.000
Locality Services	13.809	13.809	0.000	0.000	0.000
Total Service Net Expenditure	219.283	221.044	1.761	1.340	0.421

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 (see para 2.3)	(0.950)	0.000	0.950	0.950	0.000
Council Wide Budgets	6.629	7.297	0.668	0.669	-0.001
Levies	34.156	34.156	0.000	0.000	0.000
General Government Grants	(40.979)	(40.979)	0.000	0.000	0.000
Total Net Expenditure	219.139	222.518			
Forecast Year-End Deficit			3.379	2.959	0.420

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

- **Children's Social Care (£1.612m net overspend)** – The Placement and Packages budget overspent by £5.612m in 2018/19. The equivalent forecast overspend in 2019/20 is currently £6.787m due to the increase in Looked After Children since the end of 2018/19, from 525 to 549, 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 £1.887m. This is an increase of £0.389m compared to September due to a net increase of four placements occurring in the month.

There are net underspends across other areas of the service totalling £0.275m.

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.

- **Communities – (£0.189m net overspend)** – There has been an increase in the number of Children with Disabilities being supported by the service which has increased the cost of care packages by £0.152m and direct payments by £0.116m. There are net underspends across other areas of the service totalling £0.079m.
- **Education Excellence (£0.194m overspend)** - Home to School transport external provision has a projected overspend of £2.053m. This budget overspent by £1.817m in 2018/19 but is forecast to overspend by a further £0.236m due to the full year effect of the increased costs of new external transport contract, an allocation of £1.800m from the *Provision relating to 2018/19 Service Pressures* has reduced the forecast overspend to £0.253m. In addition, there are net underspends across other areas of the service totalling £0.059m.
- **Highways and Public Protection (£0.094m overspend before mitigating actions)** – There is a shortfall on car parking income (£0.082m) due to poorer weather in the first quarter of the year having an impact on car park usage

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 manage vacancies, the Highway Maintenance programme and Highway Management Programme, as required, to mitigate the forecast overspend and ensure the forecast outturn is within the service budget.

- **Locality Services (£0.290m overspend before mitigating actions)** – The service pressures experienced in 2018/19 have continued into 2019/20.
 - Security Service (£0.234m 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. Despite this improvement in income, the certainty of future income is not assured although efforts are being made to secure new contracts.
 - Green Sefton (£0.073m overspend)- The service was expected to achieve savings of £0.330m in 2019/20. Plans to increase income within the Golf courses will not be achieved in the current year as improvements to the courses to encourage customers are not expected until 2020/21.
 - These overspends have been reduced by a net underspend of £0.017m elsewhere within 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.

- **Public Sector Reform Savings not allocated to services (£0.950m overspend)** – see paragraph 2.3 below.
- **Council Wide Budgets (£0.668m)** – 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. In addition, Housing Benefits is forecast to overspend by £0.248m due to reductions in subsidy relating to certain types of expenditure. However, this budget is difficult to forecast given the complexities of the subsidy claim and as such there is extreme volatility in this budget with the final position not being able to be predicted until year end.

Savings Delivery

- 1.2 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:

	Total Saving 2019/20	Forecast - Achieved In 2019/20	Forecast – Not Achieved 2019/20
	£m	£m	£m
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
Total PSR Projects	9.803	8.853	0.950

- 1.3 The shortfall on the achievement of savings shown in the table is included in the forecast outturn position shown in paragraph 2.1.
- 1.4 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

- 1.5 The forecast budget deficit as at October 2019 is **£3.379m**. 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.
- 1.6 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. Cabinet, at their meeting on 7th November 2019, have noted the allocation of the £1.000m to support the budget pressure identified and contribute to balancing the forecast outturn position.
- 1.7 The net forecast outturn position for 2019/20 is therefore:

	£m
Forecast Year-End Deficit (Paragraph 2.1)	3.379
Business Rates Reserve increase (previously noted by Cabinet on 5 September 2019)	-1.750
Budget Pressures Fund	-1.000
Forecast Year-End Deficit	0.629

- 1.8 As mentioned in paragraph 2.2, the forecast outturn position includes an overspend of £0.248m relating to Housing Benefits. This budget is difficult to forecast given the complexities of the Subsidy claim. The position will be monitored during the remainder of the year with any overspend at the end of the year considered as part of the Council's overall outturn position.
- 1.9 The above table shows a deficit forecast outturn position (excluding the Housing Benefits forecast) of **£0.381m**. As previously reported, there are risks still inherent in this position, particularly relating to Looked After Children, meaning the position may worsen further during the year. Looked After Children numbers have increased by an average of 4 per month this financial year and added £0.850m to the forecast since June. If this trend continues for the remainder of the financial year approximately £0.500m will be added to the 2019/20 forecast, translating into a full year pressure of £1.000m for 2020/21.

As a deficit is now forecast, further mitigating actions will need to be implemented.

- It is proposed to not fill current vacant posts or posts as they become vacant (excluding essential posts in Children's Social Care); and,
- A freeze on all but essential expenditure between now and the end of the financial year.

It is estimated that these measures will achieve approximately £0.700m, excluding the impact of not filling posts as they become vacant. This will meet the current deficit position and provide some resilience for any worsening of the position in the coming months. The position will be kept under review and, if required, other appropriate measures will be proposed to ensure a balanced forecast outturn position will be achieved.

- 1.10 An assessment will need to be made on the potential impact on the budget for 2020/21 and whether pressure this year is one-off or likely to be recurrent. The Business Rates Reserve usage (£1.750m) is a one-off item, whereas the Budget Pressures Fund (£1.000m) will be retained in 2020/2021. The report on the Medium Term Financial Plan 2021/22 to 2022/23, considered at Cabinet on 7 November 2019, assumed that £1.850m would be needed in 2020/21 to fund the ongoing pressures from the 2019/20 budget.

2 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 October 2019 is a deficit of +£0.027m. This variation is primarily due to: -

- The surplus on the fund at the end of 2018/19 being lower than estimated (+£0.151m);
 - Gross Council Tax Charges in 2019/20 being higher than estimated (-£0.292m);
 - Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£0.168m).
- 3.3 Due to Collection Fund regulations, the Council Tax deficit will not be transferred to the General Fund in 2019/20 but will be carried forward to be recovered in future years.
- 3.4 A forecast surplus of £1.160m was declared on the 15 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 October 2019 is a surplus of -£0.823m 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 (-£0.479m)
 - Other reliefs (including a forecasting adjustment) being lower than estimated in 2019/20 (-£0.252m).
- 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, £0.263m 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

1.1.1. The Capital Budget and profile of expenditure for the three years 2019/20 to 2021/22 is:

2019/20	£24.654m
2020/21	£10.911m
2021/22	£0.730m

1.1.2. Amendments to the 2019/20 capital budget have been made in October due to re-phasing of schemes between 2019/20 and future years. The changes are reflected in the table above and explained below:

- Adult Social Care Core DFG programme has been prudently realigned to future years (£0.376m) to reflect the Occupational Therapist capacity prior to new staff being employed and the profile of spend in the year to date. The Interim Director of Adult Social Care expects performance to continue to improve in the coming months now that additional capacity is in place and delivery is expected to increase into next year.
- Adult Social Care Wider programme has been realigned to future years (£0.209m) to reflect later phased delivery of schemes. The number of assessments and demand for new equipment is expected to increase over the coming months and into next year as the programme progresses now that new Occupational Therapists have been employed.
- Schools programme re-phased to 2020/21 for delivery of rewiring schemes at Lydiate Primary, Woodlands Primary, and completion of Phase 2 of the rewiring scheme at Redgate Primary (£0.323m). These schemes are profiled to take place in 2020/21 but additional funding is now required and funds have been reallocated from the 2019/20 general maintenance balance.
- Highways Strategic Planning budgets profiled to from 2019/20 to 2020/21 (£0.220m) to align with capacity to deliver and timing of projects.
- CERMS budget re-phased from 2020/21 to 2019/20 for coastal surveys and mapping work (£0.261m). The programme has been accelerated and there are several surveys that can be carried out early, but this will be weather dependent and will be kept under review.
- Parks scheme re-phased from 2020/21 to 2019/20 to allow earlier delivery of the project (£0.017m)
- Tree planting budget re-phased from future years to 2019/20 to support the establishment of the current planting programme (£0.023m).

1.1.3. The following new Section 106 funded scheme has been added to the programme in October:

- Improvement Works at Marion Gardens (£0.067m).

1.2. Budget Monitoring Position to October 2019

1.2.1. The current position of expenditure against the budget profile to the end of October 2019 is shown in the table below. It should be noted that budgets are profiled over the financial year and most expenditure is incurred in the final three quarters of the financial year, July 2019 to March 2020.

1.2.2. 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 Oct-19	Actual Expenditure to Oct-19	Variance to Oct-19
	£m	£m	£m
Adult Social Care	1.467	1.400	-0.067
Communities	0.075	0.082	0.007
Corporate Resources	0.248	0.204	-0.044
Economic Growth & Housing	0.054	0.057	0.003
Education Excellence	1.776	1.763	-0.013
Highways & Public Protection	4.902	4.496	-0.404
Locality Services	0.683	0.700	0.017
Total Programme	9.205	8.702	-0.503

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

Adult Social Care

Scheme	Variation	Reason	Action Plan
Primary Care Integration	-£39,500	The system is now live and functional. The final account has yet to be settled with the supplier.	The invoice will be paid in November.

Corporate Resources

Scheme	Variation	Reason	Action Plan
Bootle Town Hall - Fire Door Statutory Compliance	-£22,124	Delays due to the contractor not completing work as required. The contractor has now been discharged.	A listed building specialist has been identified to continue the work.

Highways & Public Protection

Scheme	Variation	Reason	Action Plan
Healthy Lifestyles	£55,388	Work on the Kirkby to Maghull cycle route has been brought forward to coincide with M58 works.	None required. Completing this work ahead of schedule is the most efficient option.
Highway Maintenance	-£400,404	This is a combination of invoicing delays and some works now being scheduled to Feb/Mar.	The outstanding invoices will be settled asap and the remaining budget reprofiled to later in the financial year.
Street Lighting	-£95,220	Work has been completed but there are invoicing delays.	The outstanding invoices will be settled asap.

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

Education Excellence

Scheme	Variation	Action Plan	Progress to Date
Healthy Pupils Fund	-39,358	The schools will work to locate contractors to complete the required works before the end of the financial year.	Orders have now been placed for several outstanding projects with quotations expected for the rest.

Highways & Public Protection

Scheme	Variation	Action Plan	Progress to Date
M58 J1 Improvements	-£80,524	Works on site and proceeding as planned but the cost schedule needs to be reviewed.	Review of cost schedule has now been completed.
Highways Maintenance	-£111,836	Outstanding balances from the previous financial year to be cleared.	Outstanding balance has now been cleared

Locality Services

Scheme	Variation	Action Plan	Progress to Date
CERMS	£107,608	Work is progressing on these projects as planned but invoices have been paid earlier than anticipated. The budget profile will be updated to reflect the timing of these payments.	Budget profile has been reviewed and amended to allow for the timing of payments.
Crosby Flood and Coastal Scheme	£30,665	Additional staffing costs have been incurred by the scheme. Outline business case to be reviewed in light of these costs.	Outline business case is still under review.

1.3. Capital Programme Forecast Outturn 2019/20

1.3.1. 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
	£m	£m	£m	£m	£m
Adult Social Care	3.633	3.517	-0.116	0.000	0.000
Communities	0.336	0.330	-0.006	0.314	0.000
Corporate Resources	1.179	1.179	0.000	0.212	0.000
Economic Growth & Housing	0.338	0.338	0.000	0.127	0.000
Education Excellence	3.196	3.190	-0.006	8.883	0.191
Highways & Public Protection	13.047	13.735	0.688	0.375	0.000
Locality Services	2.925	2.925	0.000	1.000	0.539
Total Programme	24.654	25.214	0.560	10.911	0.730

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

1.3.2. Analysis of significant spend variations over budget profile in 2019/20:

Highways & Public Protection

Scheme	Variation	Reason	Action Plan
M58 Junction 1 Improvements	£688,540	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 £930k over 2019/20 and 2020/21.	A formal request has been submitted to the Combined Authority Project Management Office requesting additional funding of £500k. The remaining shortfall of £430k to the projected overspend of £930k will require a review of the transport programme to identify resources that can be redirected to the M58 scheme.

1.4. European Regional Development Funding

1.4.1. In January 2019, the Council was informed that via a bid by the Combined Authority to the Ministry of Housing, Communities and Local Government (MCHLG), £1.803m was secured from the European Regional Development Fund (ERDF) for the calendar years 2019/20/21 for improvements to cycle routes in Southport and Crosby. The spend profile is subject to approval of the MCHLG, with discussions ongoing. An indicative allocation of £0.825m was included within the 2019/20 Transportation Capital Programme.

1.4.2. It is now anticipated that due to delays in concluding agreement on the spend profile, the proposed scheme will not be on site until February 2020 at the earliest with completion scheduled for May 2020. A separate report will be presented to Cabinet Member on the progress of the Highways Capital Programme and will identify any requirement to profile budgets for these combined projects to future years.

1.5. Programme Funding

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

Source	£m
Grants	21.457
Contributions (incl. Section 106)	1.384
Capital Receipts	0.271
Prudential Borrowing	1.542
Total Programme Funding	24.654

1.5.2. 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 5.3.2.

- 1.5.3. 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.

6 Review of Earmarked Reserves

- 6.1. Cabinet on 7 November 2019 approved that officers undertake a full review of earmarked reserves. The purpose of the review was in part to assess if any reserves or balances were no longer required for their original purpose and could be utilised to offset the impact of any emerging issues and any other strategic financial decisions that will be made over the next three years.
- 6.2. Unlike General Fund balances, Earmarked Reserves are held for a specific purpose. These purposes may be determined by the Council to coincide with its policy objectives, dictated by statute (e.g. Schools Earmarked Reserves) or relate to revenue grants and contributions that haven't been fully applied by the end of the financial year.
- 6.3. In accordance with the Council's Financial Procedure Rules, approval limits for supplementary revenue estimates which are to be funded from earmarked reserves are as follows:

Amount	Approval
Up to and including £250,000	Section 151 Officer
In excess of £250,000 up to and including £500,000	Section 151 Officer in consultation with the Chief Executive
In excess of £500,000 up to and including £1,000,000	Cabinet
Over £1,000,000	Council with recommendation from Cabinet

- 6.4. If a reserve is no longer required for the originally intended purpose it is released back into the General Fund or transferred into a new or existing earmarked reserve in accordance the Council's Financial Procedure Rules above.
- 6.5. The review of earmarked reserves has identified **£1.483m** of reserves that are no longer required for the originally intended purpose. It is proposed that the total be transferred into new earmarked reserves to fund the following items of expenditure:

Clean Air Zone

Cabinet on 7 November approved a supplementary revenue estimate of **£0.530m** funded from earmarked reserves to support the development of an outline business case for a Sefton Clean Air Zone.

Children's Social Care – Additional Resources

Due to pressures within the service it is proposed that additional staffing resources be brought into the service along with some temporary external support. The costs in 2019/20 are anticipated to be **£0.500m** and will be funded from released earmarked reserves. This funding has been approved by the Chief Executive and Head of Corporate Resources (s151 officer). Ongoing staffing costs will be considered as part of the budget report for 2020/21.

Local Government Association (LGA) – Graduate Training Programme

The Authority has agreed to support the LGA Graduate Training Programme which will see graduates placed within Services to gain experience and develop the skills to become future leaders within a local government setting. The estimated cost of this Programme is **£0.140m** to be funded from released earmarked reserves. This funding has been approved by the Head of Corporate Resources (s151 officer).

Litherland Sports Park – Improvements to Facilities

Litherland Sports Park is an important part of the Council's playing pitch strategy and at present, due to its high usage, needs some major investment. A scheme has been developed to resurface and upgrade the pitch, as well as upgrade the existing lighting to LED. The estimated cost of this scheme is **£0.250m** to be funded from released earmarked reserves. This funding has been approved by the Head of Corporate Resources (s151 officer).

- 6.6. After the above allocations have been transferred to new earmarked reserves, the balance (£0.063m) will be released into the General Fund in the year to offset budget pressures.

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

Capital Project	Budget		
	2019/20 £	2020/21 £	2021/22 £
Adult Social Care			
Adult Social Care IT Infrastructure	44,020	-	-
South Hub	11,257	-	-
Primary Care Integration	39,500	-	-
Core DFG Programme	1,824,000	-	-
Wider Social Care Programme	1,714,500	-	-
Communities			
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	-
S106 - Molyneux Ward - Rainbow Park Improvement Works	26,211	-	-
S106 - Litherland Ward - Caged Tipper	44,640	-	-
S106 - Linacre Ward - Mobile CCTV	18,000	-	-
S106 - St Oswalds - Marian Gardens Redevelopment	67,137	-	-
Corporate Resources			
Corporate Maintenance	113,022	-	-
STCC Essential Maintenance	219,718	-	-
St John Stone Site – Infrastructure Works	623,210	-	-
Magdalen House Alterations	61,587	83,392	-
Meadows Community Base	3,645	2,683	-
Aintree Community Base	5,815	1,968	-
NAC Community Base	2,511	18,499	-
Southport Town Hall Community Base	26,477	5,373	-
Family Wellbeing Centres	122,816	100,000	-
Economic Growth & Housing			
Marian Square, Netherton CCTV	-	40,405	-
REECH Project	37,162	-	-
Southport Commerce Park - 3rd Phase Development	13,173	-	-
Housing Investment (HMRI)	34,800	56,980	-
Southport Pier Project	252,528	29,675	-
Education Excellence			
Healthy Pupils Fund	178,000	-	-

	2019/20 £	2020/21 £	2021/22 £
Schools Programme	2,505,000	3,533,985	190,569
Planned Maintenance	361,203	4,294,000	-
Special Educational Needs & Disabilities	151,850	1,054,650	-
Highways and Public Protection			
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	303,822	220,168	-
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	4,700,589	154,836	-
Locality Services			
Thornton Garden of Rest Improvements	3,692	-	-
Burials & Cremation Insourcing - Vehicles & Equipment	-	200,000	-
Formby Strategic Flood Risk Management Programme	-	44,141	-
Merseyside Groundwater Study	5,000	26,508	-
Four Acres Multi Agency Flood Options	3,352	-	-
CERMS	919,759	149,407	-
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	108,213	204,375	-
Tree Planting Programme	77,185	39,174	38,600
Vehicle Replacement Programme	1,130,614	-	-
TOTAL PROGRAMME	24,654,032	10,910,638	729,169