

<b>Report to:</b>	Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services)	<b>Date of Meeting:</b>	Tuesday 14 January 2020
<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 **Overview and Scrutiny** 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.

### Recommendation(s):

**Overview and Scrutiny** 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 partially mitigate the 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) Note that a comprehensive review of all forecast outturn estimates and potential remedial measures is required as part of the end of December monitoring in order to inform decisions that may be required to ensure a balanced forecast outturn position can be achieved or understand a potential call of General Fund Balances;

## **Capital Programme**

- 4) Note updates to spending profiles across financial years (paragraph 5.1.1);
- 5) Note the new schemes added to the Capital Programme under delegated authority for 2019/20 (paragraph 5.1.3);
- 6) Note the latest capital expenditure position as at 30 November 2019 to date of £10.695m (paragraph 5.2.2) with the latest full year forecast being £24.734m (paragraph 5.3.1);
- 7) Note explanations of variances to project budgets (paragraph 5.3.2); and,
- 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 (section 5.5).

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

To ensure Overview and Scrutiny are informed of the forecast outturn position for the 2019/2020 Revenue Budget as at the end of November 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 note any changes that are required in order to maintain a relevant and accurate budget profile necessary for effective monitoring of the Capital Programme.

To note 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 £3.587m. Mitigating measures have been identified in order to partially 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. An exercise with Heads of Service has commenced to ensure the robustness of all estimates and identify what remedial measures will be implemented to meet the current residual forecast deficit of £0.589m.

**(B) Capital Costs**

The Council's capital budget in 2019/20 is £24.051m. As at the end of November 2019, expenditure of £10.695m has been incurred and a full year outturn of £24.734m 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><b>Resource Implications (Financial, IT, Staffing and Assets):</b> There is currently a budget shortfall of £3.587m 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). An exercise with Heads of Service has commenced to ensure the robustness of all estimates and identify what remedial measures will be implemented to meet the current residual forecast deficit of £0.589m. 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><b>Legal Implications:</b> None</p>
<p><b>Equality Implications:</b> 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><b><u>Protect the most vulnerable:</u></b> See comment above</p>
<p><b><u>Facilitate confident and resilient communities:</u></b> See comment above</p>
<p><b><u>Commission, broker and provide core services:</u></b> See comment above</p>
<p><b><u>Place – leadership and influencer:</u></b> See comment above</p>

**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 5911/19)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4095/19).

**(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. 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 November 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 £3.587m, this represents a worsening of the overall position by £0.208m on the previous months and is driven primarily by additional pressure in Children Social Care. 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	3.187	3.144	-0.043	-0.043	0.000
Strategic Support	2.709	2.638	-0.071	0.000	-0.071
Adult Social Care	96.765	96.765	0.000	0.000	0.000
Children's Social Care	33.340	35.400	2.060	1.612	0.448
Communities	19.518	19.583	0.065	0.189	-0.124
Corporate Resources	4.874	4.813	-0.061	-0.088	0.027
Economic Growth & Housing	6.045	6.027	-0.018	-0.001	-0.017
Education Excellence	9.859	10.106	0.247	0.194	0.053
Health & Wellbeing	18.060	17.898	-0.162	-0.102	-0.060
Highways & Public Protection	11.133	11.090	-0.043	0.000	-0.043
Locality Services	13.809	13.809	0.000	0.000	0.000
<b>Total Service Net Expenditure</b>	<b>219.299</b>	<b>221.273</b>	<b>1.974</b>	<b>1.761</b>	<b>0.213</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	6.613	7.276	0.663	0.668	-0.005
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>222.726</b>			
<b>Forecast Year-End Deficit</b>			<b>3.587</b>	<b>3.379</b>	<b>0.208</b>

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

- **Children's Social Care (£2.060m net overspend)** – The Placement and Packages budget overspent within the service by £5.612m in 2018/19. As a result, this equates to a full year effect in 2019/20 of £7.220m that also reflects a further increase in the number of Looked After Children. This budget pressure was identified in the budget report of February 2019 and an allocation of £4.900m from the *Provision relating to 2018/19 Service Pressures* has reduced the forecast overspend to £2.320m, with this being offset by underspends elsewhere within the service totalling £0.260m. This current position is an increase of £0.433m compared to October and reflects the additional costs in respect of nine placements that have arisen during the month.

As has been regularly reported over the last two years, the cost of Placements and Packages is the largest risk to the Council's budget position, and it is expected that the position will be the subject of further change between now and the year end. The Council is currently working on developing a range of options to address the inherent demand and costs of Looked After Children whilst supporting the most vulnerable residents. Any financial impact from the proposals during the current year will be built into the year end forecast and next years budget.

- **Corporate Resources (£0.061m net underspend)** – The service is currently forecast to underspend. However, one of the key budget risks facing the service this year is in respect of ICT contracts. Upon the transfer of the function in October 2018, it was unclear as to the value and number of contracts that would be taken on by the Council that were previously administered by the external provider. At November 2019, this position remains uncertain due to the availability of detail that has been provided to the Council, for example at transfer it was estimated that around 270 contracts were in place however it is now estimated that nearly 300 support the Council's ICT operations. Work continues to work through this and any material variation will be reported in the next cycle.
- **Education Excellence (£0.247m overspend)** - Home to School transport external provision has a projected overspend of £2.150m. This budget overspent by £1.817m in 2018/19 but is forecast to overspend by a further £0.333m 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 £0.350m. In addition, there are net underspends across other areas of the service totalling £0.103m.

- **Health and Wellbeing (£0.162m underspend)** – There is a net underspending on the service as a result of vacancy savings and underspends on specific contracts.
- **Locality Services (£0.109m overspend before mitigating actions)** – The service pressures experienced in 2018/19 have continued into 2019/20.
  - Security Service (£0.200m 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 (£0.088m 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.
  - Burial and Cremation Service (£0.100m underspend) – The service is forecast to achieve additional income in the year.
  - These overspends have been reduced by a net underspend of £0.079m 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 (£0.663m)** – the increase in pay budgets due to pay awards and pension increases, after allowing for fees and charges increases for traded services, is £0.418m 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:

	<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>

- 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 November 2019 is **£3.587m**. 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 7<sup>th</sup> 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:

	<b>£m</b>
Forecast Year-End Deficit (Paragraph 2.1)	3.587
Business Rates Reserve increase (previously noted by Cabinet on 5 September 2019)	-1.750
Budget Pressures Fund	-1.000
Forecast Year-End Deficit	<b>0.837</b>



- 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 **£0.589m**. 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 increased by an average of 4 per month this financial year between June and October, adding £0.850m to the forecast. In November numbers increased by a further nine cases, adding £0.400m to the forecast. If this trend continues for the remainder of the financial year at least £0.500m will be added to the 2019/20 forecast, translating into a full year pressure of over £1.000m for 2020/21.
- 1.10 As the October position forecast a deficit, further mitigating actions were implemented, following approval by Cabinet on 5 December 2019:
- 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.
- 1.11 The estimated impact of these measures, excluding the effect of not filling posts as they become vacant, have now been built into the forecast in paragraph 2.1. As there is still a forecast deficit position of £0.589m, which may worsen if current trends on numbers of Looked After Children continue, other appropriate measures are required to ensure a balanced forecast outturn position will be achieved. An exercise with Heads of Service has commenced to ensure the robustness of all estimates and identify what remedial measures will be implemented. The outcome of this review will be reported to Cabinet in February 2020 as part of the December budget monitoring position. In the event that these measures cannot be identified, or the forecast outturn position worsens, a balanced outturn position may not be deliverable. This would lead to a call on the Council's low level of General Fund Balances. As such, this exercise is critical to support financial sustainability within the Council and difficult decisions may be required between now and the end of the financial year and could have a material impact on next year's 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 November 2019 is a surplus of +£0.032m. 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 (-£0.351m);
  - 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 November 2019 is a surplus of -£0.814m 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 (-£0.466m)
  - Other reliefs (including a forecasting adjustment) being lower than estimated in 2019/20 (-£0.256m).
- 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, £0.284m 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:

<b>2019/20</b>	<b>£24.051m</b>
<b>2020/21</b>	<b>£12.178m</b>
<b>2021/22</b>	<b>£0.730m</b>

1.1.2. The following new schemes funded from Council resources have been added to the Capital Programme in November and are shown in the budget figures above:

- Merton House Dilapidation (£0.460m, see paragraph 5.4)
- Southport Theatre Sound and Lighting Equipment (£0.081m).

1.1.3. The following new Section 106 funded schemes have been added to the programme in November and are shown in the budget figures above:

- Abbeyfield Park Play Area Redevelopment (£0.027m)
- South Park Hut (£0.035m)
- Hesketh Park Improvement Works (£0.035m)
- Ainsdale Village CCTV (£0.018m).

1.1.4. Amendments to the 2019/20 capital budgets have been made in November due to re-phasing of schemes between 2019/20 and future years as follows:

- Bridges Structural Maintenance and Strengthening – all 2019/20 schemes have been completed and a balance of £0.065m has been re-phased to fund 2020/21 projects
- A59 Maghull Route Management – forecast underspend of £0.500m. Surplus ring-fenced funding from the Combined Authority has been phased from 2019/20 to 2020/21 to fund future eligible schemes on the A59
- Lydiate Primary General Refurbishment – scheme to be completed earlier than anticipated (£0.060m from 2019/20 to 2020/21)
- Southport Pier Project - £0.141m phased to 2020/21 for completion of Phase 4 of the project.
- St John Stone Infrastructure Works which form part of the Sandway Homes Ltd development is being re-phased from 2019/20 to 2020/21 (£0.623m).

### **1.2. Budget Monitoring Position to November 2019**

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

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 (quarter 2), whilst Highways and Public Protection completes most of its programmed works during quarters 2 and 4. The Adult Social Care expenditure excluding core Disabled Facilities Grant (DFG) expenditure is profiled to quarters three and four.

<b>Service Area</b>	<b>Budget to Nov-19</b>	<b>Actual Expenditure to Nov-19</b>	<b>Variance to Nov-19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Adult Social Care</b>	1.616	1.574	-0.042
<b>Communities</b>	0.093	0.100	0.007
<b>Corporate Resources</b>	0.764	0.746	-0.018
<b>Economic Growth &amp; Housing</b>	0.054	0.084	0.030
<b>Education Excellence</b>	1.946	1.915	-0.031
<b>Highways &amp; Public Protection</b>	5.608	5.479	-0.129
<b>Locality Services</b>	0.792	0.797	0.005
<b>Total Programme</b>	<b>10.873</b>	<b>10.695</b>	<b>-0.178</b>

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

#### **Economic Growth and Housing**

<b>Scheme</b>	<b>Variation</b>	<b>Reason</b>	<b>Action Plan</b>
<b>Southport Pier Project</b>	<b>£27,669</b>	Works to North Promenade railings have been completed earlier than anticipated.	None required. Expenditure on the scheme has not been affected by the earlier completion of work.

#### **Education Excellence**

<b>Scheme</b>	<b>Variation</b>	<b>Reason</b>	<b>Action Plan</b>
<b>Hudson Primary Heating Ducts</b>	<b>-£53,463</b>	Due to the complexities of the scheme work is being done in the evenings over a longer time period.	Budget to be reprofiled to reflect the change in the way the scheme is being delivered.

#### **Highways and Public Protection**

<b>Scheme</b>	<b>Variation</b>	<b>Reason</b>	<b>Action Plan</b>
<b>Healthy Lifestyles</b>	<b>£105,193</b>	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.
<b>Street Lighting</b>	<b>-£98,439</b>	Outstanding invoices.	Invoices are now in the system to be processed.

<b>M58 J1 Improvements</b>	<b>-£73,775</b>	Works on site and proceeding as planned but costs need to be revised.	A revised outturn schedule is currently being prepared. (see paragraph 4.2 for further detail).
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1.2.4. In the October 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>Highway Maintenance</b>	<b>-£400,404</b>	The outstanding invoices will be settled asap and the remaining budget reprofiled to later in the financial year.	Outstanding issues settled and remaining budget has been reprofiled to February / March 2020.

### 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
<b>Adult Social Care</b>	<b>3.644</b>	<b>3.641</b>	-0.003	0.000	0.000
<b>Communities</b>	<b>0.450</b>	<b>0.448</b>	-0.002	0.314	0.000
<b>Corporate Resources</b>	<b>1.096</b>	<b>1.098</b>	0.002	0.835	0.000
<b>Economic Growth &amp; Housing</b>	<b>0.197</b>	<b>0.197</b>	0.000	0.268	0.000
<b>Education Excellence</b>	<b>3.257</b>	<b>3.254</b>	-0.003	8.821	0.191
<b>Highways &amp; Public Protection</b>	<b>12.482</b>	<b>13.171</b>	0.689	0.940	0.000
<b>Locality Services</b>	<b>2.925</b>	<b>2.925</b>	0.00	1.000	0.539
<b>Total Programme</b>	<b>24.051</b>	<b>24.734</b>	<b>0.683</b>	<b>12.178</b>	<b>0.730</b>

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
<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 £930k over 2019/20 and 2020/21.	An application has been made to the Combined Authority for further grant 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. PSR8 Asset Maximisation - Merton House Dilapidation Costs

- 1.4.1. Budget Council on 2nd March 2017 approved the development of a Cost of Change budget to deliver an overall three-year budget package for Asset Maximisation (PSR8). The report stated that in order to access this funding the Chief Executive and Section 151 officer would evaluate any proposed expenditure. The Chief Executive is then required to consult the Leader prior to any spend being authorised.
- 1.4.2. On 17th October 2019, the Executive Leadership Team considered and agreed the recommendations of the Project Sponsor for PSR 8 with regard to the payment of dilapidation costs relating to the move from Merton House.
- 1.4.3. This cost of change request approved £0.460m of capital funding in order to fund the agreed dilapidations claim settlement. This proposal is directly attributable to the delivery of the £0.962m PSR8 saving from vacating Merton House.
- 1.4.4. Having considered the need, the Chief Executive in consultation with the Leader, has approved that this cost is met from the Cost of Change budget.

### 1.5. Programme Funding

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

Source	£m
<b>Grants</b>	<b>20.340</b>
<b>Contributions (incl. Section 106)</b>	<b>1.388</b>
<b>Capital Receipts</b>	<b>0.321</b>
<b>Prudential Borrowing</b>	<b>2.002</b>
<b>Total Programme Funding</b>	<b>24.051</b>

- 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.

## 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	1,824,000	-	-
Wider Social Care Programme	1,724,722	-	-
<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	-
S106 - Molyneux Ward - Rainbow Park Improvement Works	26,211	-	-
S106 - Litherland Ward - Caged Tipper	44,640	-	-
S106 - Linacre Ward - Mobile CCTV	18,000	-	-
S106 – Derby – South Park Hut Extension	34,518		
S106 - St Oswald's - Marian Gardens Redevelopment	66,466	-	-
S106 – Netherton & Orrell – Abbeyfield Park Play Area	27,327		
S106 – Cambridge – Hesketh Park Improvement Works	35,050		
S106 – Ainsdale – Ainsdale Village CCTV	18,000		
<b>Corporate Resources</b>			
Corporate Maintenance	113,022	-	-
STCC Essential Maintenance	219,718	-	-
STCC Sound & Lighting Equipment	80,500		
St John Stone Site – Infrastructure Works	-	623,210	-
Merton House Dilapidation	460,000		
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	-
<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)	34,800	56,980	-
Southport Pier Project	111,515	170,688	-
<b>Education Excellence</b>			
Healthy Pupils Fund	178,000	-	-
Schools Programme	2,573,863	3,472,999	190,569
Planned Maintenance	352,776	4,294,000	-
Special Educational Needs & Disabilities	152,322	1,054,178	-
<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	303,822	220,168	-
Traffic Management and Parking	1,917,500	500,000	-
Highway Maintenance	2,039,446	-	-
Bridges & Structures	178,397	64,713	-
Drainage	225,000	-	-
Street Lighting Maintenance	300,000	-	-
UTC Maintenance	100,000	-	-
Major Transport Schemes	4,700,589	154,836	-
<b>Locality Services</b>			
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	-	-
<b>TOTAL PROGRAMME</b>	<b>24,050,950</b>	<b>12,178,116</b>	<b>729,169</b>

