

Report to:	Cabinet Council	Date of Meeting:	13 February 2020 27 February 2020
Subject:	Revenue and Capital Budget Plan 2020/21 – 2022/23 and Council Tax 2020/21		
Report of:	Chief Executive and Head of Corporate Resources	Wards Affected:	(All Wards);
Portfolio:	Leader of the Council		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

This report will provide Cabinet and Council with:

- An assessment of the Council's current financial position and approach to the 2020/21 Budget Plan and preparation for the two-year budget period 2021/22 to 2022/23;
- An update on the Government's announcement of resources that are available to the Council for 2020/21;
- The Council's current financial position and the assumptions built into the Medium-Term Financial Plan;
- The proposed Budget for 2020/21; and,
- The proposed Capital Programme for 2020/21.

The report sets out the financial strategy of the Council and the national and local financial context within which it is operating. The Council has a statutory requirement to remain financially sustainable and to balance its budget every year.

The Council's Framework for Change Programme is a comprehensive and ambitious programme that seeks to support the delivery of the Council's core purpose. As would be expected with a programme of this size and complexity that spans a number of financial years, the detailed proposals have been and will continue to be the subject of change as they are developed and ultimately implemented.

Recommendation(s):

Cabinet is recommended to:

1. Note the update of the Medium-Term Financial Plan for the period 2020/21 to 2022/23;
2. Recommend to Council the Budget Plan for 2020/21, including the Revenue Budget, allocation of specific grants (section 11), Fees and Charges (Appendix C) and Capital Programme (Appendix D), and authorise officers to undertake the necessary actions to implement the recommendations;
3. Approve the temporary use of the Transforming Sefton Earmarked Reserve (up to £0.700m) to fund the initial borrowing costs in 2020/21 associated with making an upfront payment to the Merseyside Pension Fund. The Reserve will be repaid from savings made in 2021/22 and 2022/23 as a result of the upfront payment; and,
4. Approve the commencement of all appropriate activity within Framework for Change 2020, as detailed in the report, including, for example, consultation with employees and engagement with partners and contractual and policy changes.

Council is recommended to:

Budget 2020/21 and Medium-Term Financial Plan from 2021/22 to 2022/23

1. Note the update of the Medium-Term Financial Plan for the period 2020/21 to 2022/23;
2. Approve the Revenue Budget for 2020/21 and authorise officers to undertake all of the necessary actions to implement the budget changes and proposals as detailed within the report;
3. Approve the Framework for Change 2020 Programme (as described in Section 3) and agree to the commencement of all appropriate activity as detailed, including for example, consultation with employees and engagement with partners and contractual changes as the programme develops;
4. Approve current levels of trade union facility time and associated arrangements for the whole period of the budget plan for 2020/21 – 2022/23;
5. Note that officers will comply with agreed HR policies and procedures including relevant consultation with Trade Unions and reports to the Cabinet Member (Regulatory, Compliance & Corporate Services) as required;
6. Approve the creation and funding of the Cost of Change budget, with a value of £3.0m (paragraph 3.49), and the increase in the Redundancy Reserve of £2.0m and the associated funding (paragraph 3.51);
7. Approve that access to funding from the Cost of Change budget be delegated to the Chief Executive and s151 officer as per current arrangements;

8. Approve the Council making an upfront payment to the Merseyside Pension Fund to cover a proportion of the total contributions due for the three-year valuation period 2020/21 – 2022/23, and that this payment is funded from borrowing, to be fully repaid within the three-year period, which will generate a net saving to the Council;
 9. Note the Schools' Forum decisions on the Dedicated Schools Grant and Individual School Budgets (Section 10);
 10. Approve the allocation of specific grants as detailed in the report (Section 11);
 11. Approve the Fees and Charges as proposed in the draft Council budget (Appendix C);
 12. Subject to the recommendations above, approve the overall Council Tax resolution for 2020/21 including Police, Fire, Mayoral and Parish Precepts; and,

Capital Programme 2020/21 to 2021/22
1. Approve for inclusion within the Capital Programme the Capital schemes as detailed in Appendix D.

Reasons for the Recommendation(s):

The recommendations in this report provide the basis on which the Budget Plan will be balanced for the financial year 2020/21 and will ensure that the Council's statutory obligations are met. In addition, it begins the planning for the financial strategy for the following two years to give the Council sufficient time to identify specific proposals to deliver financial sustainability over that period.

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

The Council is legally required to set a balanced budget each year and this report has taken due consideration of all financial issues in its development. No additional options are available for inclusion.

What will it cost and how will it be financed?

(A) Revenue Costs

All financial implications are reflected within the report

(B) Capital Costs

All financial implications are reflected within the report

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:

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

The proposals / projects within the budget plan may have a potential impact upon employees and the potential for both voluntary and compulsory redundancies over the three-year period. It will be necessary for the Council to comply with the duty to consult with recognised Trade Unions and employees and to complete as necessary a notification under Section 188 of the Trade Union Labour Relations (Consolidation) Act 1992. This notification under Section 188 is dependent on numbers and other ongoing activity.

In a similar way to a notification under Section 188, as above Form HR1 notifying of potential redundancies to the Department of Business Innovation and Skills may be necessary. Full consultation will take place with the Trade Unions and employees on the matters contained within the Budget Plan.

The proposals / projects that are made within the three-year budget plan will have an impact on physical assets, this will be assessed during the implementation of approved changes.

The proposals / projects within the budget plan will also have an impact on ICT, this will be assessed during the implementation of approved changes.

Legal Implications:

There is a statutory requirement to set a robust budget for the forthcoming financial year on or before 10 March 2020. In the course of considering each of the individual proposals / projects, detailed consideration should also be given to the legal, human rights and equality implications. Such consideration will also need to be evidenced to ensure that the Council's decision-making processes are transparent.

Equality Implications:

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

Contribution to the Council's Core Purpose:**Protect the most vulnerable:**

Council decisions since 2010 have focused on the priority given to protecting our most vulnerable people. The Budget Plan activity continues to seek to protect the most vulnerable within available resources.

Facilitate confident and resilient communities:

The Budget Plan demonstrates a clear commitment to early intervention and prevention and working with partners, communities and local businesses to reduce the reliance on the public sector.

Commission, broker and provide core services:

The Budget Plan recognises that where it is necessary to do so, the Council will continue to be a provider of those core services that the community expects to see delivered but will use new service delivery models and new forms of partnership.

Place – leadership and influencer:

The three years of the Budget Plan 2017/18 – 2019/20 has seen the Council demonstrate strong and effective leadership building on its proven track record of engagement, consultation, listening and considering feedback in the decision-making process.

The Council continues to work with partners towards common goals, moving away from traditional ways of working focused around delivering services and is demonstrating a greater role in influencing, shaping, enabling and building community capacity.

Drivers of change and reform:

The Budget Plan demonstrates the Council playing a key role in leading and driving change and reform to improve outcomes for Sefton residents and continuously improve the Borough.

Facilitate sustainable economic prosperity:

The Budget Plan clearly articulates the Council's approach to investing in order to achieve financial sustainability and the ambitions of Sefton 2030.

Greater income for social investment:

The Budget Plan recognises the Council's commitment to developing a commercial nature, looking at what it can do either by itself or with others to generate income and profit that can be reinvested into delivering social purpose.

Cleaner Greener:

The Budget Plan recognises the Council's commitment to work with others to maintain Sefton's natural beauty and ensure that its many assets provide a contribution to Sefton's economy, people's wellbeing and the achievement of the 2030 Vision.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

Regular and ongoing consultations have taken place between the Chief Executive, Executive Directors, Heads of Service and Trade Unions, and will continue to do so.

The Head of Corporate Resources (FD5939/20) is the joint author of the report and the Chief Legal and Democratic Officer (LD4123/20) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

In recent years the Council has carried out extensive consultation with the community and has a proven track record of engagement, consultation, listening and considering feedback in the budget setting process. Engagement and consultation will continue over the budget plan period and standard Council procedures will be observed in the instances where we are required to inform the public.

The budget proposals contained within this report provide a basis for setting the budget for 2020/21. It is a legal requirement to set a balanced budget and ensure the budget plan is robust. As such, any changes to the proposals contained within this report would need to ensure this requirement is still met.

Implementation Date for the Decision

Officers will be authorised to implement all decisions within this report immediately following Council on 27 February 2020.

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Appendices:

The following appendices are attached to this report:

- A. Individual School Budgets 2020/21
- B. Draft Council Budget Summary 2020/21
- C. Fees and Charges 2020/21
- D. Capital Programme 2020/21 – 2021/22

Background Papers:

Revenue and Capital Budget Update – Medium Term Financial Plan 2020/21 to 2022/23
– Report to Cabinet – 7 November 2019

1. Introduction

- 1.1 This report provides Members with an update on the overall financial position of the Council. It refreshes the Medium-Term Financial Plan for 2020/21 which is the first year of the Council's new Financial Strategy period. In addition, it provides an initial view on the likely funding position that the Council will face from 2021/22 to 2022/23, including implications of the local government finance settlement. In doing so the report presents the proposed budget for 2020/21.
- 1.2 In addition, Individual School Budgets, Fees and Charges and the Capital Programme require approval.

2. The National Context and financial environment

- 2.1. 2019/20 was the tenth year of the Government's programme of austerity. The impact of these central government funding reductions on local government since 2010 is stark and has been widely reported. In 2018, the National Audit Office (NAO) published a report into the financial sustainability of local authorities which summarises the legacy of funding reductions and outlines the main challenges facing councils over the short and medium term.
- 2.2. The NAO found that local authorities experienced an average 49.1% real terms reduction in central government funding between 2010/11 and 2017/18. For Sefton, central government funding has reduced by 51% compared to 2010.
- 2.3. Key findings from the NAO report highlight:
 - A 3% real terms reduction in spend on social care services;
 - 10.9% growth in the number of looked after children;
 - 14.3% increase in the number of people aged 65+ in need of care.
 - Expenditure on non-social care services has fallen by 32.6%; and,
 - Local authorities overspent on service budgets by £901m (2016/17).
- 2.4. Further analysis from the Local Government Association has shown that the number of Children in Care has increased by 28% nationally in the last decade. In addition, local authorities spent £1.4bn more on Children's Social Care in 2018/19 than 2017/18. The Institute for Fiscal Studies found that expenditure on non-social care services had fallen by 40% in the last decade.
- 2.5. Similarly, the High Needs Budget (part of the Dedicated Schools Grant) provides funding for children and young people with special educational needs and disabilities (SEND) and local authorities across the country continue to experience significant funding shortfalls for this group of children and young people. Since the 2014 SEND Reforms, sufficient funding has not been made available to reflect the increased cohort and complexity of those who need support. Moreover, the number of learners with education, health and care plans (EHCPs) has increased each year since 2014. There are certain elements in the system, from falling resources to an accountability system that prioritises academic attainment above inclusion which has resulted in some schools feeling unable to support pupils with additional needs, driving the increased use of costlier specialist provision. The SEND funding gap is estimated to be £800 million this year, rising to £1.6 billion by 2021. The Chancellor recently announced £780 million for SEND services

which will relieve some of the pressures on the High Needs budgets, but funding alone will not solve the systemic challenges local authorities face in meeting their statutory duties for children and young people from ages 0 to 25.

- 2.6. At the same time, as unprecedented cuts to core funding, local authorities have also encountered increasing demand and cost pressures. This has been most apparent in adult social care, children’s services and high needs funding as well as new burdens due to unfunded central government initiatives including the impact of the National Living Wage and Apprenticeship Levy.
- 2.7. The Local Government Association (LGA) analysis of the funding gap in local government is shown in the table below and underlines the magnitude of the cost pressures faced and which all Council’s, including Sefton, have needed to manage during the course of the previous budget plan period and which will again need to be met in 2020/21.

	2017/18	2018/19	2019/20
Children's Services	£1.1bn	£1.6bn	£1.9bn
Adult Social Care	£1.1bn	£1.3bn	£2.2bn
Homelessness	£100m	£100m	£200m
Apprenticeship Levy	£200m	£200m	£200m
Other Services	£1.2bn	£1.8bn	£2.3bn
Total Funding Gap	£3.7bn	£5.0bn	£6.8bn

- 2.8. In light of this position many local authorities are reporting that they are coming under an increasing level of financial stress, with an increased use of one-off resources being used and the utilisation of reserves to bridge budget shortfalls, thus compromising their financial sustainability. The much-publicised situation at Northamptonshire County Council outlines the consequences of over relying on the use of reserves, non delivery of savings proposals to mitigate funding reductions and a failure to effectively plan and enact robust and disciplined financial control.
- 2.9. In the last three years there has been some one-off funding allocated by Central Government to councils in addition to core funding to assist with the pressures being experienced across the sector. These short-term funding initiatives, whilst welcome, do not meet the spending pressures that local authorities, including Sefton, are experiencing; nor do they make it possible for councils to effectively plan over the short and medium term. Consequently, despite this one-off funding, local government continues to be underfunded, with key services that affect the most vulnerable in society not being sustainably supported.
- 2.10. The Spending Review 2019, published on 4 September 2019, contained a number of announcements relating to local government. The Provisional Local Government Finance Settlement for 2020/21, announced on 20 December 2019, gave more detail on the impact of these announcements on Sefton (see paragraphs 4.3 to 4.13). However, the Spending Review only covered 2020/21 and a further Spending Review will be required in 2020 to cover future years. In addition, there were two significant changes to local government funding that were expected to be introduced from April 2020 relating to a Fair Funding Review and

the introduction of 75% Business Rates Retention for all local authorities which have not progressed as intended and as a result will not be in place for 2020/21. Based on government advice these will be developed for 2021/22 and beyond and will therefore have an impact on years two and three of the Medium-Term Financial Plan. These are explained below:

Fair Funding Review:

- 2.11. The Government is currently undertaking a funding review to determine the means of allocating funding across local authorities. Funding allocations for local authorities, as determined in the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. The methodology behind the relative needs assessment was introduced over ten years ago, and data used in the formulae has not been updated since the introduction of the 50% business rates retention system in 2013/14.
- 2.12. The Government wants to introduce a simpler and more transparent methodology reflecting a small number of cost drivers. One key cost driver, as previously, will be population. Sefton's relative population has declined compared to England as a whole since the methodology was last updated. Therefore, this element is likely to have a negative impact on the Council's overall funding position.
- 2.13. The Government has continued to consult with local authorities as well as be influenced by discussions within a number of joint working groups between the Ministry of Housing, Communities and Local Government and the Local Government Association. Sefton has, and will continue to, respond to any consultations to try to influence the final methodology.

Business Rates Retention:

- 2.14. Sefton's Business Rates baseline was last set in 2013/14. Sefton's retained rates income is forecast to be above its funding baseline for 2019/20, so the Council is expecting to achieve a gain from Business Rate retention. As part of the Liverpool City Region 100% Business Rates Pilot Agreement the Council has retained a 99% share of growth in Business Rates since April 2017.
- 2.15. As part of the Fair Funding Review, the Business Rates baseline will be re-assessed and changed. Therefore, the benefit of these gains is expected to be lost going forward.
- 2.16. Also, nationally the proportion of Business Rates retained by local authorities will increase from 50% to 75%. It is expected that pilot authorities will also move to 75% retention so a lower proportion (74%) of any future growth will be retained by the Council.
- 2.17. As stated, these two changes, in addition to the comprehensive Spending Review, have now been deferred to April 2021 at the earliest. Whilst this will allow time for the remaining decisions over the design of the reforms to be made, it means more uncertainty about the future funding arrangements for the Council beyond 2020/21. In addition, the eagerly awaited publication of the Adult Social Care Green Paper, which was to be published "at the first opportunity in 2019" has still not materialised and there is no indication of when it will be, although this was referenced in the recent Queens Speech.

- 2.18. This scenario means that medium term financial planning for the next three years is incredibly difficult and does not support sustainable financial management nor service planning. The recent financial settlement provides the Council of confirmation of the funding that will be available in the next financial year, but due to the apparent one off nature of this funding (a number of large one off grants underpinning the Council's most critical services continue to be received as opposed to sustainable funding), no visibility or understanding of the changes that will come through the spending review, fair funding review or review of business rates retention and the significant political uncertainty and impact of Brexit on the nation's economy, developing a reasonable estimate of the Council's financial envelope for the latter two years of the MTFP isn't possible.
- 2.19. As previously referenced, the implications of this on the Council cannot be underestimated. The Council has an excellent record with regard to financial management over the last 10 years that has required it to meet a budget shortfall of £233m. This has been predicated on medium term financial planning and setting multi-year budgets that enable effective planning of service delivery and the inevitable transformation activity. The approach by central government to local government finances due to the national political agenda, Brexit and the lack of progress on key financial reforms leaves local government and Sefton in a vulnerable position as this medium-term planning is not possible.
- 2.20. This position is reflected in the Chancellor of the Exchequer stating publicly in September 2019 that a new 'economic decade' is now upon us and that services will be resourced appropriately on the back of a new fiscal agenda and set of rules. On face value this should be encouraging for local government with the end of the decade long austerity programme and the potential for real term increases to government funding being experienced. This view however is tempered by a number of commentators stating that the economic forecast under a range of scenarios, and taking into account Brexit, will result in less scope for investment in public services and the likelihood that further cuts to funding are inevitable. This only further increases the uncertainty.
- 2.21. As a result of these factors, it will be important that the Council continues to engage in the reforms of local government finance both individually and as part of the Liverpool City Region. This will help the assumptions in the MTFP to be continually refined over the next 12 months and inform the budget proposals that will come through between 2021/22 and 2022/23.

3. Sefton's local factors and approach to sustainable financial planning

- 3.1. Sefton, like many local authorities, has found the last ten years challenging in terms of the national funding conditions outlined above and the significant and growing pressures across a range of council services. The Council has a proven track record of effectively managing its finances, meeting its financial objectives and delivering financial sustainability, however this is becoming increasingly difficult. In the Council's recent Local Government Association Peer Review the approach to sustainable financial management was a key strength in the management of the overall Council.

- 3.2. In 2010, Central Government imposed significant reductions in local government financial support. Rather than this being a short-term restriction in spending, the austerity programme has extended into a ten-year long period of severe budget reductions. For Sefton, this has resulted in a funding gap of £233m needing to be met by the end of 2019/20, with a direct loss of 51% of government funding. This reduction equates to £722 per Sefton household.
- 3.3. Central government policy has, unsurprisingly, seriously challenged the ability of the Council to provide essential services to the community and its most vulnerable residents. Demand for adults and children's services has rapidly increased over recent years as reflected in the National Audit Office study. No sustainable additional resource has been provided by Government, although there has been some one-off grant to help to mitigate some of the cuts to core funding. Service budgets have seen significant reductions and as a result there have been major changes in service provision; however, the Council has continually strived to ensure that essential services that safeguard the most vulnerable residents are protected and prioritised in addition to ensuring that financial sustainability is maintained.

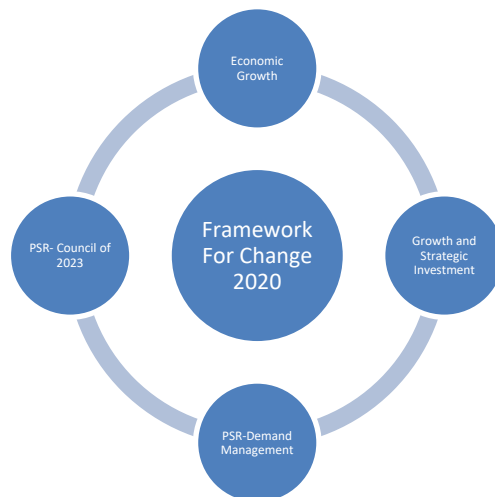
Sefton Council 2030 Vision- Framework for Change 2020 and delivering Financial Sustainability

Framework for Change 2017

- 3.4. When the Council set its three-year budget for the period 2017/18 to 2019/20 it recognised that a transformational approach was required to both existing service delivery and the role of the Council in order to deliver the £64m budget shortfall that existed and financial sustainability. As a result, the Council established its Framework for Change programme that comprised the following four workstreams/ pillars: -
- Public Sector Reform - Working together to deliver affordable services which achieve the best possible outcomes for our communities
 - Economic Growth - Creating more and better jobs for local people
 - Strategic Investment - Investing wisely and creatively to make and save money, grow faster and enable our communities to thrive; and
 - Service Options- 'making every pound count'
- 3.5. This programme has not only helped the Council support the delivery of the Borough's 2030 Vision and its own objectives as set out in its Core Purpose, but it has also successfully enabled the Council to set and deliver balanced budgets in each of the three years. In light of the severity of the budget shortfall that has faced the Council during this time and the increased demand for council services, e.g. Children's Social Care, that has arisen from the national austerity programme this represents a notable achievement.
- 3.6. In moving into the next three-year budget cycle of 2020/21 to 2022/23, it is proposed that the Framework for Change programme evolves further and continues to be used as the Council's delivery vehicle in order support the delivery of the 2030 vision, the Core Purpose and to deliver financial sustainability.

Framework for Change 2020

- 3.7. In developing the Framework for Change 2020 programme there are a number of key characteristics that will be taken from the previous programme that will be used to ensure successful delivery. These include: -
- Full engagement of Executive Members in the development of the programme and key projects in order to provide advice, guidance and understanding of the needs and aspirations of local people and communities;
 - Ensuring that the Council's established and successful communication, consultation and engagement protocols in respect of residents, businesses, partners, trade unions and staff continue to be followed;
 - Ensuring that a One Council approach is taken to each element of the programme;
 - Commencing activity at the earliest possible stage in order to deliver the benefits required to support the delivery of the Core Purpose, achieve the best possible outcomes and deliver financial sustainability;
 - Providing Leadership to the programme from the Council's Executive Leadership Team and Strategic Leadership Board; and
 - Ensuring that the programme remains dynamic, flexible and that accountability for delivery is clearly defined.
- 3.8. As stated, the previous Framework for Change programme was built on four workstreams / pillars and it is proposed that these will form the cornerstone of the new programme, namely Public Sector Reform, Growth and Strategic Investment and Economic Growth. This is shown diagrammatically as follows:



- 3.9. As discussed in this budget report, the Council is setting a one-year budget for 2020/21. This reflects the uncertainty that exists in terms of future years' budget allocations and the lack of any meaningful information on which budget and service delivery decisions can be made by members beyond this point. It is anticipated that this information will come through over the course of 2020, therefore the Framework for Change programme needs to be developed on the principles of ensuring that the right issues are being addressed in each pillar, i.e. 'what are the right things to do to deliver the Core Purpose', that these activities

can be 'dialled up or down' depending on the financial position the Council faces in order to deliver sustainability and that the programme commences from this point in order to ensure that sufficient design, engagement/consultation and lead in time exists for proposals.

Public Sector Reform

- 3.10. Within the new Public Sector Reform pillar, 2 projects are proposed. These are: -
- Council of 2023; and
 - Demand Management

Council of 2023

- 3.11. As Sefton looks to 2023 and beyond it will face another period of unprecedented change. The Council like the rest of Local Government during this time, will be faced with changes to its statutory responsibilities, how it is expected to interface and partner with Health and other public bodies, the needs of its residents and communities and the financial framework within which it is to operate.
- 3.12. This outlook is further complicated by the current national political environment including the impact of the UK's exit from the European Union- not due to the direct implications, which could be significant but will not be possible to evaluate for some time, but by the impact that this is having on central government resources that are required to develop and consult on key issues, e.g. the Adult Social Care (ASC) Green Paper and a comprehensive spending review expected in 2020. This presents the Council with significantly higher risk in terms of its policy, performance and financial planning.
- 3.13. This proposed project will therefore take account of the successful work to date in delivering the partnership 2030 Vision and the Council's Core Purpose. This will further enable the Council to define what it will do and how (within the budget available), what outcomes are expected, how these will be measured, what resources will be allocated and where it will focus its influence. This will ensure a clear correlation between the policy objectives of the Council and its budget / resource allocation process.
- 3.14. As such this proposed project will ensure that: -
- All of the Council's resources are aligned and prioritised in order to support the delivery of the 2030 Vision and Core Purpose;
 - The Council delivers a balanced and sustainable budget;
 - The Council has the required leadership, management and workforce capability and capacity in order to deliver the Core Purpose and required programme of change;
 - New ways of working are developed to improve outcomes for local people, deliver priority outcomes and improve efficiency and effectiveness;
 - The Council builds on the One Council ethos in order to embed its defined culture, values and behaviours that are required to deliver the 2030 Vision and Core Purpose; and
 - The Council will work in partnership with key stakeholders to deliver the 2030 Vision

3.15. Specifically, this project will have four workstreams.

Workstream 1- Service Inputs and New Operating models

3.16. All of the Council's services / teams / commissioned activity will be aligned to priority outcomes and performance objectives will be defined. This will be done within the financial budget of the Council. It is recognised that in order to meet the requirements of the Council and its residents and the financial environment that is faced, that a rigorous prioritisation of resources will be required. The Council has undertaken this exercise successfully over the last 10 years and focussed on 'do not touch/invest', 'review and consider doing differently' or 'cease'. It is proposed that this methodology is refreshed and utilised once more.

3.17. Having defined 'what' the Council will deliver and commission within the financial envelope available, the Council's demand management, Growth and Strategic Investment programmes will set out how they will meet their requirements and provide / commission quality services at lower cost, reduce the demand for statutory Council Services, delivery priority schemes and generate new income streams. As part of this, there will inevitably be the requirement to develop new operating models, new ways of working and structures. This project will support the development of these models when the business requirements are defined by Members and senior officers.

3.18. Similarly, all other services that are not currently within the demand management project or directly engaged with the Growth and Strategic Investment programmes will be reviewed and new operating models explored in order to deliver agreed objectives at a reduced cost. These services include: -

- Corporate Resources;
- Strategic Support;
- Highways and Public Protection; and,
- Economic Growth and Housing

Workstream 2- New Ways of Working and Taking Advantage of Technology

3.19. The way in which all large organisations operate continues to change at a rapid pace as a result of technology advancements, new ways of working and customer expectations in a modern world. The Council will need to define how it will take advantage of these new opportunities in order to improve the customer experience, the delivery and commissioning of services and operate at a reduced cost. This project will therefore build on the investment made in staff, new operating models, buildings and ICT over the last three years with a view to maximising the return on this investment (through improved delivery and reduced cost) and identify new proposals that can meet these same objectives.

3.20. Specific activities will include: -

- a) Improving the customer experience- the Council will introduce a new Customer Relationship Management (CRM) system in May 2020. This will allow improved engagement between the Council and its residents, and enhanced access to

Council services and information at a reduced cost. This transformation will be mindful of accessibility and will be enabled by the implementation of a refreshed website, an 'integrated front door' approach and the introduction of new technology such as Artificial Intelligence and Robotics to support and enhance the customer journey.

- b) Transformed service delivery – with the support IOT (Internet of Things) technology and data analytics, the Council will also seek to implement Intelligence informed service delivery that enables a more responsive delivery of services, a reduction in duplication, waste and the generation of efficiency improvements. Examples that will be evaluated and then implemented following consultation include predictive maintenance and repairs planning, smart bins and gulley cleaning and drains. In addition, the Council will implement assistive technology within Adults Social Care where appropriate, to promote independence and wellbeing, inform commissioning decisions and enabling place-based working by integrating information for children, families and adults. All of these developments will complement a targeted review of data in key service areas, e.g. Adult Social Care and Children's Social Care, in order that informed decision making is enabled.
- c) Transactional and Business Process Review- as an extension of the customer experience work, a review of a number of key transactional and business processes will be undertaken to determine if they can be changed to improve the customer experience, delivered more efficiently or whether technology can help provide a quicker and more cost-effective service.
- d) Corporate Buildings and the next stage of ICT Transformation - following the success of the initial office accommodation works in relation to working in communities, Southport Town Hall and Magdalen House, a further comprehensive review of the Council's corporate buildings will take place to ensure the footprint aligns with business requirements. This review will define the future use of Magdalen House, St Peters House, St Anne's House, for example. This will be in addition to the next phase of the ICT Transformation programme that will review several other back office services and functions, e.g. telephony, post and print.

Workstream 3- Workforce Development

- 3.21. The Council continues to face a scenario of constant change and transformation. Change has taken place as a result of new operating models being developed, new ways of working, the role of the Council and its employees, and the financial pressure faced. The Council has an excellent track record of managing these issues in a pro-active, sensitive and collaborative way in what is a challenging and uncertain environment for staff at all levels.
- 3.22. Workforce Development will therefore continue to have a crucial role in equipping members, employees and, where necessary, partners with relevant skills and knowledge in order to meet the requirements of the Council as it moves to 2023 and beyond.
- 3.23. In addition to refreshing the existing workforce development plan, this workstream will also seek to re-enforce and further embed the culture, values and behaviours

of the Council and integrate these into the workforce and develop the appropriate feedback processes in order to develop a continual improvement cycle.

3.24. In order to ensure that workforce development activity (including Organisation Development activity) continues to support staff and is fit for purpose a number of key principles will be implemented:

- That the workforce at all levels has the appropriate skills, knowledge and flexibility to help the Council to successfully deliver its objectives;
- That the Council's culture, behaviours and values are reinforced and reflect the Core Purpose in everything that is done;
- That the composition of the workforce reflects the capability to deliver the Core Purpose with future proofing; and
- That appropriate Organisation Design, training and other interventions are in place.

3.25. In order to achieve these objectives, the following will take place:

- a) Consideration will be given to the Council's culture, and how best to embed values and behaviours in conjunction with the One Council Champions, considering the staff survey, which took place in 2019;
- b) The Workforce Development plan will be refreshed to reflect the Council's move to 2023 and to ensure that it is appropriately delivered to contribute to the delivery of the Core Purpose;
- c) The development of a mandatory Corporate Induction Programme that focuses on culture, behaviours, values and Sefton's One Council ethos;
- d) A review of the Council's Performance and Development Review / Appraisal process will be undertaken to support performance management and workforce development;
- e) Succession Planning and Talent Management Planning is considered at service level identifying gaps and issues. This includes maximising the apprenticeship levy (where possible) for both new and existing staff; and
- f) The One Council Champion activity and ethos will be strengthened.

Workstream 4- Organisation design across the Council

3.26. In order to support the delivery of the Council's objectives, it will be necessary to ensure that a number of key principles are in place: -

- Where does strategic and operational leadership and management sit within the organisation?
- What are the roles and responsibilities of senior management in the Council and where are the opportunities for improvement, modernisation and reduced cost?
- What organisation design principles should be in place across the Council as the Council moves to 2023 and how will this influence resource allocation and a reduction in the cost base of the Council as required?
- Are services equipped to deliver their strategic priorities, are they structured efficiently and what opportunities exist to do this at a reduced cost? and,

- The alignment of services with all corporate services will be the subject of review to ensure that the delivery of services is as efficient and effective as possible, and any duplication is removed.

3.27. In order to meet these objectives, the following will be, or have recently been, undertaken: -

- a) The roles of the Executive Leadership Team in providing strategic leadership to the Council have been defined - this was recently completed and reported via Cabinet and Council. Likewise, the roles of Strategic Leadership Board members who provide strategic and operational leadership and management to the Council and their services will also be defined and disseminated throughout the Council and partner organisations;
- b) A Senior Management development plan will equip managers to deliver the Council's objectives. These resources will be aligned to the delivery of strategic objectives with leadership and management responsibilities set out;
- c) With regard to organisation design principles, the following will be developed; clear direction on leadership and management principles including span of control, ensure professional expertise is held in the right place and adds value to the delivery of services, ensure that all activity is aligned to the Core Purpose and strategic objectives of the Council, seek to develop flexibility within the workforce and across services to support the delivery of strategic objectives, identify opportunities for centralisation of functions, delivery of efficiencies and succession planning. This review will also support the services within demand management and will result in reduced cost through structural reviews, reduced costs through improved commissioning of services and a review of how services are delivered; and
- d) The roles and functions of all corporate services will be defined, and a review will be undertaken to ensure that they and the resources required to fulfil the business requirements sit within corporate services and are delivered as efficiently and effectively as possible. This will result in improved performance and a removal of duplication.

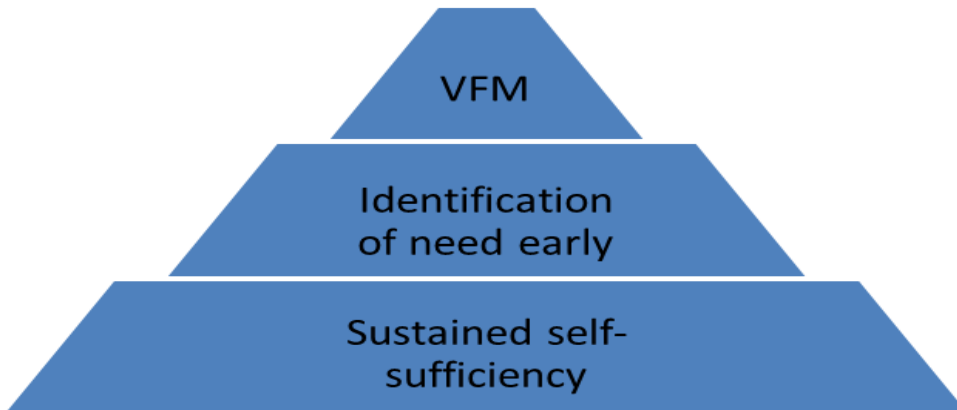
Demand Management

3.28. Demand led budgets across the Council (for example Adult Social Care, Children's Social Care, Public Health, Home to School Transport) amount to over £100m of the Council's budget. The 2019/20 budget has included additional contributions to these areas of around £8m which reflects an ever-increasing demand.

3.29. Due to the size, complexity and demand for these services, a continual review must be undertaken to ensure that the cost base for these services reduces, an early intervention and prevention programme is embedded, and residents are supported in 'moving down the system' so as to reduce the demand for Council services and particularly those at the acute end.

3.30. The move to locality-based working with an emphasis on early intervention and prevention aims to reduce demand by identifying need much earlier and working with partners to build resilience and to require public services less. This work is starting to be embedded within communities and is a success story from Framework for Change 2017. This will be built on in the next three years and will

lead to improved outcomes and financial benefits in future years. This is illustrated in the following diagram:



- 3.31. To develop the demand management programme within the next three years and reduce the demand-led budgets previously set out requires a focus on the next cohort of service users that may require Council services and to look at innovative ways to support resilience using a partnership approach. This will require a detailed focus on why people are entering services and what can be done to prevent this in the future. Where a service is provided the Council needs to ensure this is achieving value for money and promoting future resilience.
- 3.32. This will be done through:
- Safely and sustainably managing and reducing demand for Council services over the next three years;
 - Being clear about what the Council defines as “demand led” systems;
 - Focussing on:
 - Early Intervention and Prevention
 - The need and review of activity
 - Strong market engagement, development and management
 - Eligibility policies.
 - Developing links and alignment with other elements of programme, with a real focus on ‘community and personal resilience’ and reducing the need for Council services;
 - Developing a comprehensive performance management framework that includes a comparison with statistical partners and neighbours; and
 - Ensuring that the Council considers the connectivity with partner agencies and their impact on our system, e.g. health.
- 3.33. This will be a dedicated project across a number of services with immediate, short, medium and long term workstreams. A summary of these is provided below:

Workstream 1- Localities - further embedding early intervention and prevention

3.34. The aims of this workstream are: -

- a) To develop the next phase of the Localities model;
- b) Review the process for the delivery of Early Help;
- c) To conduct a systematic review of all core systems and process in the locality model and confirm outcomes and efficiencies that offer the opportunity to reduce our own 'created demand';
- d) Intervention and Prevention - conduct a review of the older youth offending cohort; and
- e) Further develop the principles of specialised vs generic roles that support community engagement and placed based services.

Workstream 2- Children's Social Care – Delivering the Children's Plan

3.35. The aims of this workstream are: -

- a) To deliver the agreed Children's and Young People's Plan 2020-2025;
- b) A further drive to increase the number of Foster carers will take place in order to provide care and support to children and young people and improve outcomes;
- c) A review of the provider market will be undertaken in order to improve commissioning, reduce cost and explore the role of the Council in the market;
- d) Further emphasis will be placed on Early Intervention and Prevention as part of the Localities Model;
- e) A review of Social Worker Practice will be undertaken;
- f) A review of Integrated Commissioning across the Sefton Partnership will be undertaken; and
- g) An intelligence led review of current and forecast demand will be undertaken in order to improve service planning and reduce future financial risk

Workstream 3- Adults' Social Care

3.36. The aims of this workstream are: -

- a) To reduce demand in the community including falls prevention, increased provision of Extra Care Housing Places and supporting carers;
- b) Introduce an Independence at Home Strategy to reduce demand at the 'ASC front door';
- c) Work will commence to reduce demand from people once they are in receipt of care and support, and the use of assisted technology and personal budgets will be reviewed to support this;
- d) Review the operational Form and Function of Social Work in line with the Strategic Vision for the service for the next three to five years;
- e) Undertake a review of the supply chain, the strategic approach to commissioning care and support for vulnerable adults; and
- f) Undertake a review of all income arrangements, systems and processes with a view to ensuring that all funding due to the Council is received.

Workstream 4- Streetscene

3.37. This workstream will be focussed on two areas: -

- a) Street Cleansing- Reducing the cost of street cleansing by reducing the amount of litter discarded by the public and refuse dumped in rear entries. This will be

based upon reducing waste arisings, education and where appropriate enforcement to prevent fly tipping, etc; and

- b) Refuse Collection –A review of the methods by which household waste is collected will be undertaken in order to improve efficiency, reduce cost, encourage recycling and reduce waste arisings.

Workstream 5- Education Excellence

3.38. The aims of this workstream are: -

- a) To conduct a comprehensive review of the Home to School Transport function;
- b) To support the work in respect of education excellence;
- c) To engage in and support the review of the provision of Secondary School Education; and
- d) Training and Skills-work will be undertaken to determine how the Community Learning service and partners can support young people post 19 to re-enter education to gain basic skills and to retrain adults who need to help gain employment.

Workstream 6- Special Educational Needs and Disability (SEND)

3.39. The key elements of this workstream are: -

- a) Priority will be to deliver the SEND Improvement Plan;
- b) Reduce new entrants to the service through a restructure of the Inclusion Service to support inclusion in schools for pupils with SEND and promote early identification and support. Offer Autism Kite Mark and training for all schools to develop autism friendly schools and work with schools to build parental confidence in mainstream settings;
- c) Review the delivery model for the service through a review of specialist places to reduce dependence on specialist independent schools which are costly and support pupils being able to attend a local school and support inclusion;
- d) Review assessment process to reduce the need for high needs funding support without an Education, Health and Care Plan including links into Locality teams at an early stage; and
- e) Review educational pathways to ensure children and young people with SEND are prepared for adulthood.

Economic Growth and Strategic Investment

3.40. At the start of the Framework for Change 2017 programme it was acknowledged that during the three-year period work would be undertaken in order to develop the Economic Growth and Strategic Investment pillars in order to get to a position whereby these would move from inception to delivery stage.

3.41. During the last three years this programme has been successfully developed in conjunction with Executive members and a range of priority projects have been identified and will form the basis of the Growth and Strategic Investment programme. A number of these projects have been approved by Council in recent months and the remainder will come through to members for approval in accordance with the Council's agreed governance arrangements that are set out in the constitution and the capital strategy.

- 3.42. This programme will directly support economic growth and development within the Borough, creating new jobs and businesses and enhanced productivity. It will also directly benefit the Council by reducing / removing subsidies, creating net new revenue streams and Council Tax and Business Rates receipts.
- 3.43. The Programme will be delivered within a set of themes which include:
- Town Centre Regeneration for example the potential Southport Town deal;
 - Large Employment Sites;
 - Strategic Transport Schemes;
 - Coast Access Gateways;
 - Industry sector development;
 - Housing;
 - Employment and Skills; and
 - Investment
- 3.44. The Programme will also include “Invest to Save” schemes whereby capital investment directly reduces or removes a service cost to the Council.
- 3.45. The Programme is underpinned by a number of strategic initiatives which include:
- The Asset Management and Disposal Policy and the continuation of the asset maximisation project from Framework for Change 2017;
 - Strategies such as the Sefton Economic Assessment and Strategy and the Sefton Coast Plan;
 - LCR CA Single Investment Fund;
 - The Liverpool City Region Local Industrial Strategy

Programme Governance

- 3.46. As with the current Framework for Change programme it will be important that the governance arrangements in place are robust, transparent, enable effective decision making and support staff, residents and communities. The following core principles will therefore be in place for Framework for Change 2020: -
- A balanced, deliverable and sustainable annual budget will be set with clear milestones and deliverables linked to financial performance. Those budgets that are to be reduced will be clearly identified in advance of the financial year or will be reported via the monthly financial monitoring process;
 - Activity within Framework for Change 2020 will be prioritised and sequenced to reflect the needs and aspirations of local people and communities and also to deliver financial sustainability;
 - Where financial variations arise during the year, compensating savings will be identified and delivered to ensure sustainability;
 - Regular monthly reporting of financial performance to Cabinet and, where appropriate, Council will take place;
 - Subsequent reports will be provided to Overview and Scrutiny Committee and the key financial risks within the programme and the annual budget will be included on the Council’s Corporate Risk Register which is considered at each meeting of Audit and Governance Committee;
 - The Senior Officer Programme Board led by the Chief Executive and the Council’s s151 officer will continue to operate and will set, monitor and report

on the delivery of agreed projects. This will include the maintenance and review of a programme risk register which will include all key financial issues;

- Each workstream / pillar will be led by an Executive Director who will ensure that appropriate financial resources are in place to develop the programme and that appropriate capacity and skills are deployed to each project to ensure rigour of development and appropriate due diligence is carried out;
- A project sponsor that is a senior officer will lead each project and will be responsible for all aspects of delivery and financial performance;
- Each project will have a Full Business Case, including detailed risk analysis in addition to a delivery plan; and,
- Each project sponsor will ensure that they make available the appropriate skills and capacity to support delivery.

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

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

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

Cost of Change

3.49. To deliver the Framework for Change 2020, the Council will need to incur expenditure to support delivery. At present, it is estimated that a sum of £3.0m should be provided for this purpose. It is proposed to fund this sum from the following sources:

	£'m
Transforming Sefton Earmarked Reserve - Revenue	1.5
Capital Receipts – Asset Maximisation Project	1.5
Total	3.0

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

3.51. In addition, the Council's Redundancy Reserve has now been fully utilised in delivering staffing changes as part of the Framework for Change 2017. To support the Framework for Change 2020 programme, it is estimated that a sum of £2.0m is required to replenish the Redundancy Reserve. Following a review of the

Environmental Warranty Reserve it is now considered appropriate to release £2.0m from the Reserve and transfer this into the Redundancy Reserve.

4. Budget Plan 2020/21 – 2022/23

4.1 As discussed previously within the report, 2020/21 is the first year of the Council's new three-year financial strategy period. Cabinet, on 7 November 2019, approved an updated Medium-Term Financial Plan (MTFP) for this period, including the assumptions made.

4.2 As part of this budget setting cycle, each key element of the MTFP has been reviewed, namely: -

- The implications of the Provisional Local Government Finance Settlement for 2020/21;
- All MTFP assumptions including existing service budget pressures; and,
- Non-recurring savings.

The following sections of the report detail each of these aspects in turn.

Local Government Finance Settlement

4.3 In approaching and updating the Council's MTFP, a key component each year is the financial settlement that is made by the Secretary of State. In reviewing this, there are three areas that the Council is particularly interested in; namely:

- Confirmation or otherwise of the level of financial support that will be received by the Council;
- To what extent any solutions are offered by central government to specific issues that affect not only Sefton but all local authorities e.g. funding for the increased costs associated with Adults and Children's Social Care; and,
- What opportunities are available to local authorities to raise additional income.

4.4 The Provisional Local Government Finance Settlement for 2020/21 was announced on 20 December 2020. This confirmed a number of funding announcements made in the 2019 Spending Review and these are detailed from paragraph 4.6.

4.5 As previously mentioned, this Settlement is for one year only, and as such makes it extremely difficult to forecast the funding the Council is likely to receive in 2021/22 and 2022/23.

Social Care Grants

4.6 In 2019/20, the Government provided £410m of Social Care Grant funding which was distributed using the Adult Social Care Relative Needs Formula. Sefton's allocation was £2.605m. In addition, the Government provided £240m through a Winter Pressures Grant, with Sefton receiving £1.525m. As outlined in paragraph 2.2, it was unknown whether these were just short-term additional funding. The Spending Review and subsequent financial settlement have confirmed that this funding would continue to be paid in 2020/21 (although the Winter Pressures Grant would be rolled into the Improved Better Care Fund).

- 4.7 The Spending Review announced that an additional £1,000m of Social Care Grant would be paid to local authorities in 2020/21. Of this, the Government proposes to distribute £850m using the Adult Social Care Relative Needs Formula, with the remaining £150m being distributed on a different basis aimed at providing more funding to those authorities with lower council tax bases who cannot raise as much through the Adult Social Care Precept. Sefton's allocation is **£6.710m**.
- 4.8 Council on 23 January 2020 approved changes to the Senior Management structure relating to social care. The additional costs (£0.149m) will be funded from the Social Care Grant. These costs are included in the Other Changes figure in paragraph 4.27.
- 4.9 In addition, local authorities have been given the power raise Council Tax by a further 2% on top of the core principle as an Adult Social Care Precept. The Government expect that local authorities will use this power in full, having announced that this will raise a further £500m nationally. This is discussed further in section 7.
- 4.10 Also, the NHS contribution to adult social care through the Better Care Fund will increase by 3.4 per cent in real terms. It is **estimated** that this will increase the contribution to Sefton by about **£0.600m**.

Public Health Grant

- 4.11 The Spending Review announced a real terms increase in the Public Health Grant. It is **estimated** that this will increase Sefton's grant by about **£0.550m**. It should be noted that Sefton's grant has reduced by nearly £3.600m since 2015/16.

New Homes Bonus

- 4.12 The Government will continue to make payments of New Homes Bonus in 2020/21. This will be for legacy payments relating to allocations in the previous three years plus new one-off allocations for 2020/21. Sefton's legacy payments from previous years will reduce by £0.750m to £0.114m as the 2016/17 allocation drops out. Due to net housing growth being above the baseline set by Government, Sefton will receive an allocation relating to 2020/21 (£0.268m). It is assumed that this funding for 2020/21 will not continue into 2021/22.

Business Rate Retention - Levy Account Surplus

- 4.13 In 2019/20 the Government distributed £180m of the Levy Account surplus back to local authorities. Sefton's allocation was **£0.980m**. This was one-off funding that isn't being made available in 2020/21.

Housing Benefit / Council Tax Admin Subsidy

- 4.14 In recent years the amount of subsidy received by the Council to help fund the administration costs of Housing Benefits and the Council Tax Reduction Scheme has been reducing year on year. It is anticipated that this reduction will continue in future years with an **estimated** reduction of **£0.100m** per year.

Settlement Funding Assessment / Business Rates Baseline

- 4.15 The Settlement Funding Assessment / Business Rates Baseline will increase in line with the increase in the Business Rates multiplier. It is estimated that this will

result in **£0.796m** of additional funding in 2020/21 (net of required increases in bad debt provisions) with a further increase of **£1.438m** in 2021/22.

Implications for 2021/22 and 2022/23

- 4.16 Given the outcome of the Spending Review 2019, and the central government narrative around a 'new economic decade', it is assumed that nationally there will be no reductions in local government funding nationally in 2021/22 or 2022/23 (although there remains concern over the overall funding that will be available for public services due to the fiscal landscape). As a result, it is therefore assumed that all grants will continue into future years, indeed government have announced that the additional social care grant will continue for the duration of this Parliament. However, as mentioned in paragraphs 2.4 to 2.10, there are major reviews of the way local government is financed that could have a significant impact on the funding of the Council and, given Sefton's relative decline in population, even if the funding envelope for local government is maintained at current levels, the Council may see a reduction in funding of £9.000m. Whilst it would be hoped that protections are put in place, and the Local Government Association has called for no Council to see a reduction in funding, it is considered prudent to assume this **£9.000m** reduction will take place across the two years, however this estimate will inevitably change with the position potentially being better or more much more adverse. This is the key estimate that will influence the funding available to the Council and as further information becomes available, Members will be updated immediately.

Schools and High Needs Funding

- 4.17 Nationally, the schools' budget will rise by £2.6 billion in 2020/21, £4.8 billion in 2021/22 and £7.1 billion in 2022/23, compared to 2019/20 funding levels. In addition to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions.
- 4.18 In addition, the government announced over £700m more in 2020/21 compared to 2019/20 funding levels to support children and young people with special educational needs.
- 4.19 The funding of Sefton schools and High Needs are discussed further in section 10.

Key MTFP Updated Assumptions

- 4.20 Within this MTFP, there are a number of key assumptions that will impact upon the funding gap facing the Council in the period 2020/21 to 2022/23 as well as a number of other budget changes. These are set out as follows:

Resources to fund pay awards, increases in the pension future service rate, specific contracts and potential price increases from care providers

- 4.21 In line with previous MTFPs, the Council makes provision for the estimated costs of annual increases in pay, pensions etc. Provisions for these items total **£6.500m** per year.

Levy Increases

- 4.22 The Council is required to pay levies to various bodies, the largest two of which are the Liverpool City Region Combined Authority (for Transport) and the Merseyside Recycling and Waste Authority. Sefton has received notification of provisional figures for 2020/21 which indicates £0.625m will be required to fund increases in the levies. These figures will be confirmed at Budget Council. A provision has been included for the potential costs of increases in these levies in 2021/22 and 2022/23 (£0.700m per year).

Existing Service Budget Pressures

- 4.23 The Budget Monitoring reports for 2019/20 (as at the end of December 2019) are indicating significant ongoing budget pressures in two service areas:

- Children's Social Care – current forecast of **£2.000m** relating to the costs of Looked After Children (excluding one-off costs in 2019/20).
- Education Excellence – current forecast of **£0.200m** relating to Home to School Transport.

In addition, the increase in pay budgets due to pay awards and pension increases, after allowing for fees and charges increases for traded services, is **£0.400m** greater than the provision built into the 2019/20 budget. The net surplus budget for Housing Benefits also needs to be reduced due to the reduction in the amounts paid by the Council and the associated loss of subsidy (**£0.250m**).

- 4.24 It is considered prudent to build these costs into the 2020/21 budget as these pressures will continue into future years.

Non-Delivery of 2019/20 Budget Savings

- 4.25 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

- PSR1 – Acute Wrap Around - as reported, the Children's Social Care budget is under significant pressure – It is therefore not possible to achieve the savings on the Looked After Children budget.

- PSR10 – Commissioning - A number of reviews of procurement activity have not identified suitable opportunities to generate the savings assumed.

4.26 It is considered prudent to delete these savings from the 2020/21 budget as they will not be achieved.

Other Changes

4.27 A number of other changes have been built into the MTFP for 2020/21, including the estimated additional costs of replacing part of the fleet of vehicles used for Cleansing, additional senior management costs (see paragraph 4.8) and reflecting the increased net costs of holding elections following the cessation of a grant previously received to support the service.

Non-Recurring Savings

4.28 A number of savings built into the 2019/20 budget were only achievable for a limited period and therefore need to be removed from the 2020/21 budget (**£4.629m** in total). These include:

- Treasury Management savings following the review of policy – reduction of £1.000m in 2020/21 with further reductions of £0.200m in 2021/22 and 2022/23.
- Highways Maintenance – additional capitalisation of £1.283m;
- Council Tax Surplus of £0.996m; and,
- In 2019/20 the Investment Strategy budget was reduced by £0.400m as a one-off saving to reflect the first phase of growth and strategic investment schemes moving from development to delivery. In 2020/21 £0.200m will be added back into this budget with £0.200m now considered to be a permanent saving. This additional sum will be used to support any financial risk within the Council's regeneration and commercial activity as included in the Growth and Strategic Investment Programme. The same previously agreed delegation will apply to this.

Updated MTFP 2020/21 to 2022/23

4.29 Based upon the revisions relating to Government funding and the updated MTFP assumptions it is now estimated that the funding shortfall between 2020/21 and 2022/23 will be **£31.975m**, before any Council Tax decisions are made, and any additional service delivery options are considered. A detailed analysis is shown below:

	2020/21	2021/22	2022/23
	£'m	£'m	£'m
Government Funding:			
- Social Care Grant	-6.710	0.000	0.000
- NHS Contribution to BCF	-0.600	0.000	0.000
- Public Health Grant	-0.550	0.000	0.000
- New Homes Bonus	0.482	0.268	0.000
- Business Rate Retention - Levy Account Surplus	0.980	0.000	0.000

- Housing Benefit / Council Tax Admin Subsidy	0.100	0.100	0.100
- Settlement Funding Assessment / Business Rates Baseline	-0.796	-1.438	0.000
- General Government Funding	0.000	4.500	4.500
	-7.094	3.430	4.600
Key MTFP updated assumptions:			
- Provision for Pay Inflation	3.800	3.800	3.800
- Provision for Pension Increases	0.600	0.600	0.600
- Provision for Inflation on Contracts	0.100	0.100	0.100
- Assumed increase in Care Provider costs re. Adult Social Care	2.000	2.000	2.000
- Levy increases	0.625	0.700	0.700
- Existing service budget pressures	2.850	0.000	0.000
- Non-Delivery of 2019/20 budget savings	0.950	0.000	0.000
- Other Changes	1.085	0.000	0.000
	12.010	7.200	7.200
Non-Recurring Savings	4.229	0.200	0.200
Revised MTFP Funding Gap	9.145	10.830	12.000
Total MTFP Funding Gap			31.975

5. Budget Options

5.1 A number of options have been identified that can be used to mitigate part of the MTFP Funding Gap:

2020 Local Government Pension Scheme Valuation

5.2 Merseyside Pension Fund and their actuaries are currently finalising the valuation of the Fund that will impact on contributions that the Council will need to pay for the 2020/21 to 2022/23 period. Indications are that the financial position of the Fund has significantly improved since the previous valuation. Officers from the Council have been engaged with the Pension Fund over the last two years to ensure this will result in a significant saving, with payments relating to the deficit on Sefton's element of the Fund forecast to reduce compared to previous years. The current estimate is that the saving to the Council will be **£6.840m** across the three years.

5.3 In addition, the Merseyside Pension Fund has offered the Council the opportunity to prepay (in April 2020) a proportion of the total expected contributions for the three-year valuation period at a discount. The Council has previously taken a similar opportunity at the start of the last two valuation periods. Officers have discussed the proposal with both the Merseyside Pension Fund and the Council's external auditors. It is proposed that the Council makes this upfront payment (currently estimated to be £43.500m) and this will be funded by borrowing, which will be fully repaid within the three-year period. The borrowing limits within the Prudential Indicators report (and Capital Strategy and Treasury Management Policy and Strategy reports) have been updated to reflect the additional need to borrow. In order to fund the initial borrowing costs, the Council will need to

temporarily use the Transforming Sefton Earmarked Reserve in 2020/21 (up to £0.700m). The Reserve will be repaid from savings made in 2021/22 and 2022/23 as a result of the upfront payment. After allowing for borrowing costs, and the repayment of the reserve, the estimated net saving will be £1.000m in 2022/23. These estimated savings haven't yet been included within the MTFP as discussions are still to be finalised.

Provision for Pay Inflation and Pension Increases

- 5.4 The MTFP includes provision for pay awards in future years as well as the increase in the employer pension contribution rate for the Local Government Pension Scheme. The figures provided for include all Council staff. However, a number of employees are within services that either trade or generate significant levels of external income. Therefore, as in 2019/20, pay inflation and pension increases within these services will be funded from income generated rather than through the Council's central provisions. This will reduce the central provision requirement by **£0.550m** per year.

Service options agreed by Budget Council in February 2019

- 5.5 Service Budget Options agreed at last year's Budget Council delivered £2.269m of savings in 2019/20. Some of the savings were only for a part year. The full year effect of these will deliver an additional **£0.444m** in 2020/21 and 2021/22.

6. Additions to the Budget

Additional Staffing in Children's Social Care / Special Educational Needs and Disabilities (SEND)

- 6.1 As stated in paragraph 4.4, the pressure on the Children's Social Care budget from increases in the number of Looked After Children remains significant. Additional staffing is considered necessary to support the service (**£0.230m**). In addition, there are current pressures within the SEND service. It is considered necessary to provide some short-term staffing resources in 2020/21 to alleviate these pressures (**£0.400m**).

Adult Social Care Budget Increase

- 6.2 As outlined in paragraph 3.5, the NHS contribution to adult social care through the Better Care Fund will increase by 3.4 per cent in real terms. It is estimated that this will increase the contribution to Sefton by about £0.600m. It is proposed to passport any increase to Adult Social Care (estimated at **£0.600m**).

Public Health Budget Increase

- 6.3 As outlined in paragraph 3.6, the Spending Review announced a real terms increase in the Public Health Grant. It is estimated that this will increase Sefton's grant by about £0.550m. It is proposed to passport any increase to Public Health to offset any increases in costs and new burdens (estimated at **£0.550m**).

High Needs and Secondary Schools

- 6.4 Section 10 discuss the current financial pressures being experienced in the High Needs budget and within Secondary Schools. The Government has consulted on introducing legislation so that negative reserves relating to High Needs cannot be funded from the Council's General Fund. However, given the pressures on Secondary Schools, and the potential to be left with negative balances, it is

considered prudent to make contributions to a reserve across the next three years (£0.750m per year).

General Fund Balances

- 6.5 The Council has maintained a relatively stable level of General Fund Balances in recent years, equating to 3.5% of the Council's net revenue budget. However, as the latest CIPFA resilience index has identified, Sefton has a level of General Fund Balances that would place it at a high level of risk in terms of financial stress. From the CIPFA analysis it is suggested that a minimum reserves level of 5.5% would be appropriate for the Council, taking into account normal and local risks. The Robustness Report on today's agenda discusses this further. It is therefore considered prudent to increase balances across the three-year MTFP period so that they equate to 5.5% of the net revenue budget by 2022/23 (£1.500m per year).

7. Additional Funding

Council Tax Increases

- 7.1 The Spending Review assumed a 2% Core Referendum Principle for illustrative purposes. The Government, as part of the Local Government Finance Settlement, has confirmed the Council Tax Referendum Principle of 2% for 2020/21. A 1.99% increase for Sefton (to ensure the Council wouldn't breach the principle) would generate £2.653m in 2020/21.
- 7.2 As mentioned in paragraph 3.4, local authorities have been given the power to raise Council Tax by a further 2% on top of the core principle as an Adult Social Care Precept. This would generate an additional £2.666m in 2020/21.
- 7.3 A decision on the level of Council Tax is made by Budget Council each year. The 2019/20 Band C Council Tax is £1,395.82. It should be noted that as part of the Settlement the Government assumes local authorities will raise Council Tax by the maximum amount when calculating an individual authority's Spending Power and this will directly influence future years funding allocations.

Council Tax Base / Empty Homes Discounts and Premiums

- 7.4 The Council Tax Base is set by Council in January each year. It reflects changes in the number of properties and the value of exemptions and discounts. Council on 23 January 2020 set the Council Tax Base for 2020/21 at 84,904.4, including the impact of changes to discounts and premiums on empty homes. This increases the Council Tax Requirement by **£1.298m**. For forecasting purposes, it is assumed that there will be growth in the Tax Base for additional properties in 2021/22 and 2022/23 that would generate **£0.500m** per year.

8. Updated Budget Plan 2020/21 to 2022/23

- 8.1 Based upon the potential budget options, additions and funding it is now estimated that the funding shortfall between 2020/21 and 2022/23 will be £24.373m, before any Council Tax decisions are made, and any further service delivery options are considered. A detailed analysis is shown below:

	2020/21	2021/22	2022/23
	£'m	£'m	£'m
Revised MTFP Funding Gap	9.145	10.830	12.000
Budget Options:			
- 2020 Local Government Pension Scheme Valuation	-5.640	-0.600	-0.600
- Provision for Pay Inflation and Pension Increases	-0.550	-0.550	-0.550
- Service options agreed by Budget Council in February 2019	-0.368	-0.076	0.000
	-6.558	-1.226	-1.150
Additions to the Budget:			
- Additional Staffing in Children's Social Care / Special Educational Needs and Disabilities (SEND)	0.630	-0.400	0.000
- ASC Budget Increase	0.600	0.000	0.000
- Public Health Budget Increase	0.550	0.000	0.000
- Additional provision to reflect potential financial pressures re. Secondary Schools	0.750	0.000	0.000
- Phased Increase in General Fund Balances	1.500	0.000	0.000
	4.030	-0.400	0.000
Additional Funding:			
Council Tax – Core increase	TBC	TBC	TBC
Adult Social Care Precept	TBC	TBC	TBC
Council Tax Base	-1.298	-0.500	-0.500
	-1.298	-0.500	-0.500
Revised MTFP Funding Gap – excluding Council Tax	5.319	8.704	10.350
Total MTFP Funding Gap			24.373

9. Budget 2020/21 – Specific Issues

Charges Relating to External / Levying Bodies

9.1 The Council is required to pay charges relating to levies from external bodies. The expected payments for 2020/21 and their impact on Sefton's budget compared to 2019/20 is shown in the table below: -

<u>Levying Body</u>	<u>2019/20</u>	<u>2020/21</u>	<u>Change</u>
	£	£	£
Liverpool City Region (LCR) Combined Authority - Transport Levy	18,490,000	TBC	TBC

Waste Disposal Authority	15,442,157	TBC	TBC
Environment Agency	157,430	TBC	TBC
Inshore Fisheries & Conservation Authority	66,723	TBC	TBC
Port Health Authority	27,000	TBC	TBC
	34,183,310	TBC	TBC

The approved 2020/21 figures will be reported at Budget Council.

Proposed Overall Council Tax increase

9.2 The proposed total increase in the Sefton Council Tax for 2020/21 will be reported to Budget Council following any recommendation from Cabinet.

10. Dedicated Schools Grants (DSG) 2020/21

10.1 The Dedicated Schools Grant (DSG) is a ringfenced grant from the Department for Education (DfE) to fund education provision. It is made up of four main funding blocks:

- Schools – Mainstream schools and academies;
- Central School Services – Funding for centrally (Council) retained services, including school admissions;
- Early Years – Universal and additional entitlement for three and four-year olds; two-year old entitlement; and funding for maintained nursery schools; and
- High Needs – Funding for the education of pupils with an identified special educational need and who will often be subject to an Education, Health and Care Plan (EHCP).

10.2 In September 2019 the Government announced three years of extra funding for Schools and High Needs worth £7.1 billion. This has been split across the years as follows: £2.6bn in 2020/21; £2.2bn in 2021/22 and £2.3bn in 2022/23. In 2020/21 the funding includes £780m growth funding specifically allocated to High Needs, leaving £1.8bn for mainstream schools.

10.3 In October 2019 additional funding was announced for Early Years provision, with an increased national funding allocation of £66m in 2020/21.

10.4 The 2020/21 Dedicated Schools Grant settlement was announced on 19th December 2019. The 2020/21 National DSG allocation for Sefton of £214.412m is set out in the table below and includes intra-block transfers which are explained in more detail within the High Needs section (starting at paragraph 10.12).

Block	2019/20 Revised allocation (July 2019)	2020/21 Initial allocation	Increase / Decrease (-)
	£m	£m	£m
Schools Block (incl. Academies)	158.185	163.904	5.719

Central School Services Block	1.271	1.150	-0.121
Early Years Block	16.731	17.015	0.284
High Needs Block	28.490	32.343	3.853
Summary totals	204.677	214.412	9.735

Schools Block

- 10.5 The national funding calculation for 2020/21 has seen an increase in Sefton's School Block of £5.719m compared to 2019/20. This figure includes:
- Additional funding for an increase in year-on-year pupil numbers from October 2018 to 2019 (+113.5 pupil increase equating to £0.558m);
 - An increase in funding towards pupil growth in the classroom which might occur during the academic year;
 - Small changes in Business Rates (£0.368m); and
 - The balance is based on additional per pupil funding for schools (£4.793m) – per pupil minimum funding levels have increased for both Primary (£3,500 to £3,750) and Secondary schools (£4,800 to £5,000).
- 10.6 The DfE are committed to implementing the National Schools Funding Formula model (NFF) across all local authorities from 2021/22, however for 2020/21 local areas can retain their local formula if they choose to do so. Following consultation with Sefton Headteachers during the autumn, the decision has been made to implement a 'hybrid' formula model in 2020/21, pitched somewhere between the previous local Sefton model and the NFF. This "half-way house" will help to minimise any funding changes that may have affected individual schools with a move straight to the NFF. It is possible to do this and guarantee all schools a minimum funding increase per pupil, due to the additional Government funding being made available to schools in 2020/21.

School Deficit Balances

- 10.7 Sefton maintained primary schools have an overall forecast surplus balance at the end of 2019/20 of £6.7m.
- 10.8 The six maintained secondary schools are forecast to have a combined 2019/20 forecast deficit balance of £1.6m. Four schools are reporting deficit balances and they will be required to each apply to the Council to operate a Licensed Deficit Budget in 2020/21. The applications will need to be submitted alongside robust budget recovery plans which in the first instance demonstrate how the annual budget will be brought back into balance in 2020/21 and in future years' how any accumulated deficit balance will be repaid to the Council. Licensed deficit budgets must be signed off by the Council's Section 151 Officer and Statutory Director of Children's Services (DCS).

Central School Services Block

- 10.9 The Central School Services Block (CSSB) is funding given to cover ongoing historic and centrally retained DSG services, such as: the running of the Professional Development Centre; Grounds Maintenance for former closed

schools; Free School Meals checking; School Licences; School admissions; and former Education Services Grant (ESG) which funded the education statutory duties of the Local Authority. This block is funded on a per pupil basis by the DfE, and Local Authorities were advised in 2018/19 that this funding would gradually be reduced in future settlements for its historic commitments. As part of the 2020/21 funding, 10% of the historic cost funding has been reduced. This has reduced Sefton's CSSB funding by £0.121m from £1.271m to £1.150m. An analysis of the 2020/21 central budgets is shown below and these have been formally agreed at Schools' Forum on 13 January 2020:

- Contribution to combined services expenditure - **£0.166m**
- Co-ordinated admissions scheme - **£0.137m**
- School Licences - **£0.193m** as announced by the DfE in December 2019
- Servicing of the Schools Forum - **£0.062m**
- Former ESG retained funding, which transferred to the DSG from Council funding in April 2017, to contribute towards the costs of the Council's ongoing statutory duties for all schools - **£0.592m**

10.10 In addition to the statutory duties covered by the former ESG funding across all schools (above), Sefton Schools' Forum has approved charges for maintained schools regarding ongoing statutory functions which the Council performs on their behalf. This was formally agreed at Schools' Forum on 13 January 2020 for 2020/21 and is expected to recover around £0.520m of statutory costs.

Early Years Block

10.11 Early Years has seen very little change in funding over the last three years. However, in October, the DfE announced an increase to Early Years funding of £66m nationally in 2020/21. Sefton will receive an extra £0.08 per hour on the national base rates paid for the 2-Year-old offer and 3 to 4-Year-old childcare provision. This additional funding alongside a review of the annual contingency budget contained within the Early Years allocation, has made it possible to increase the base hourly rate payable to providers in 2020/21 by £0.10 per hour from £4.90 per hour to £5 per hour for 2-Year-old provision; and from £4.00 per hour to £4.10 per hour for the 3-4-year-old provision. Maintained Nursery Schools will also continue to receive a ringfenced subsidy to ensure their financial stability. This was due to end in August 2020 but will now continue to the end of the 2020/21 financial year. In addition, funding will continue to be made available from the Disability Access Funding and Early Years Pupil Premium, which sees no change from 2019/20.

High Needs Block

10.12 The National High Needs Block formula funding allocation to Local Authorities is increasing by £780m in 2020/21 compared to the 2019/20 baseline. Sefton's share of the additional funding is £3.853m.

10.13 Sefton Schools Forum has agreed to the continuation for an additional year of intra-block funding decisions made in 2019/20, note these decisions maintain the previous funding baseline and do not represent an increase in 2020/21:

- The transfer of 0.5% (£0.824m) from the Schools Block to the High Needs Block, targeting funding towards supporting the most inclusive schools; and
- A transfer from the Early Years Block to the High Needs Block of £200k to support additional provision for 0 to 4-year olds.

10.14 Sefton's High Needs budget is facing severe cost pressure and is currently forecast to overspend by £4.5m. Annual expenditure in Sefton on provision for children and young people with special educational needs and disabilities has risen by £7.3m (20%) since 2013/14. Over the same period High Needs funding has only increased by £2.3m (9%). The 2014 SEND reforms, while rightly raising expectations and extending support from birth to 25 years, did not come with sufficient increases in funding to reflect the increased cohort and complexity of children and young people; significantly local authorities were never funded to meet their expanded duties towards 19-25-year olds.

10.15 The estimated deficit on the high needs block will be held on the Council's Balance Sheet. The DfE do not expect the Local Authority's General Fund to cover accumulated deficits, however the external auditors and CIPFA are still to confirm their interpretation of treatment in the year-end accounts.

10.16 The DfE require all local authorities who report a deficit in excess of 1% of their overall DSG annual allocation to submit a recovery plan to the department which sets out how going forward the budget will be brought back into a balanced position and re-pay the accumulative deficit. In Sefton 1% of the 2019/20 DSG allocation is £2.047m and therefore a recovery plan – showing how a new sustainable approach to the provision of SEND will be introduced that can meet the needs of children and young people, whilst living within its means – will need to be submitted by the end of June 2020. At present work is being undertaken that will lead to a new resource allocation system being developed and implemented for 2020/21. This will result in a sustainable budget being set and will form the basis of the recovery plan submission.

11. Other Government Grant Notifications 2020/21

11.1 The Government have announced grant notifications for 2020/21 in the areas identified below. Should any further information be supplied on other grants, this will be included in a separate update to Cabinet / Council.

Independent Living Fund

11.2 The indicative allocation for the 2020/21 Independent Living Fund grant has yet to be announced. The 2019/20 allocation was £2.107m. It is proposed that the 2020/21 allocation will continue to be allocated to appropriate Adult Social Care budgets.

Lead Local Flood Authorities Grant

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

This funding was previously supplemented by a separate section 31 grant which made good the Government's commitment to protect the level of funding in real terms throughout the previous Parliament. It is yet to be announced whether the section 31 grant element of the funding will continue in 2020/21. Sefton's Grant was £0.011m in 2019/20. It is proposed that if this grant continues to be paid in 2020/21 it continues to be allocated to the appropriate Flood Defence budget.

Flexible Homelessness Support Grant

- 11.4 The indicative allocation for the 2020/21 Flexible Homelessness Support Grant has yet to be announced. The 2019/20 allocation was £0.206m. It is proposed that the 2020/21 allocation will continue to be allocated to appropriate Homelessness budgets.

12. Summary of Budget Proposals for 2020/21

- 12.1 As a result of the information contained within this report the bridging of the 2020/21 funding gap is shown as follows:

	2020/21
	£'m
Revised MTFP Funding Gap	9.145
Potential Budget Options	-6.558
Potential Additions to the Budget	4.030
Potential Additional Funding	-1.298
Revised MTFP Funding Gap – excluding Council Tax	5.319
Council Tax – Core increase (TBC%)	TBC
Adult Social Care Precept (TBC%)	TBC

A summary of the budget for 2020/21 is shown at Appendix B (note that for illustrative purposes this assumes a Council Tax increase of 3.99% in 2020/21).

13. Precepts

a. Police & Crime Commissioner and Fire & Rescue Precepts

The Police and Crime Commissioner is due to set a budget / precept for 2020/21 on 21 February 2020. The Fire and Rescue Authority is due to set its budget / precept for 2020/21 on 27 February 2020.

	Precept			Band C		
	2019/20	2020/21	Change	2019/20	2020/21	Change
	£	£	£	£	£	%
Police	16,981,090	TBC	TBC	179.53	TBC	TBC
Fire	6,628,654	TBC	TBC	70.08	TBC	TBC

The approved 2020/21 figures will be reported at Budget Council.

b. LCR Mayoral Precept

To be able to deliver the Mayor's key priorities in 2020/21 a Mayoral Precept is levied on Council Taxpayers across the region, with no increase in the Band C charge approved at the Authority's meeting on 24 January 2020.

	Precept			Band C		
	2019/20	2020/21	Change	2019/20	2020/21	Change
	£	£	£	£	£	%
Mayoral	1,597,463	TBC	TBC	16.89	16.89	0.00

The approved 2020/21 figures will be reported at Budget Council.

c. Parishes

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

	Precept			Band C		
	2019/20	2020/21	Change	2019/20	2020/21	Change
	£	£	£	£	£	%
Aintree Village	114,100	TBC	TBC	49.07	TBC	TBC
Formby	91,032	TBC	TBC	8.85	TBC	TBC
Hightown	5,460	TBC	TBC	5.57	TBC	TBC
Ince Blundell	2,009	TBC	TBC	10.68	TBC	TBC
Little Altcar	3,326	TBC	TBC	8.85	TBC	TBC
Lydiate	156,606	TBC	TBC	67.40	TBC	TBC
Maghull	652,974	TBC	TBC	87.32	TBC	TBC
Melling	35,000	TBC	TBC	30.84	TBC	TBC
Sefton	7,000	TBC	TBC	25.96	TBC	TBC
Thornton	5,000	TBC	TBC	5.77	TBC	TBC
	1,072,507	TBC				

The approved 2020/21 figures will be reported at Budget Council.

14. Recommended Council Tax for 2020/21

Council are recommended to approve the Budget for 2020/21, as set out in the main report.

The recommended overall Band C Council Tax to be raised for 2020/21 (excluding Parish Precepts) is as follows: -

	2019/20	2020/21	Increase
	£	£	%
Sefton	1,395.82	TBC	TBC
Police & Crime Commissioner	179.53	TBC	TBC
Fire & Rescue Authority	70.08	TBC	TBC
Mayoral Precept	16.89	TBC	TBC
	1,662.32	TBC	TBC

The recommended Council Tax for 2020/21 will be reported to Budget Council

15. Capital Programme 2020/21 to 2021/22

- 15.1 As part of Central Government's austerity programme the capital grants previously available to local authorities have reduced year on year. As a result, the previous flexibility afforded to councils to establish a single capital pot from which capital and investment decisions could be made has been eliminated.
- 15.2 Previously a 'single capital pot' would have facilitated councils making informed decisions in respect of: -
- Capital investment in core services e.g. schools, transport and adult social care;
 - Strategic ICT investment that would facilitate performance and efficiency improvements;
 - A planned maintenance programme across the Council that would not only ensure statutory compliance, but also asset development;
 - Investment in strategic initiatives that would enable service transformation; and
 - Strategic investment that would support economic growth and investment within the Borough.
- 15.3 The two remaining significant grant allocations received by the Council are in respect of schools and transport. Due to the funding conditions, these grants will be utilised within the relevant services and these are shown at Appendix D, in addition to the proposed use of the Better Care Fund and all other schemes in the Capital Programme.
- 15.4 The Council, as demonstrated within its strategic investment and economic growth pillars of the Framework for Change programme, has an ambitious range of projects that it would like to take forward, in addition to supporting its current asset and service development projects. As the Council does not have access to an unlimited budget, nor does it have an in-house team that could work through each project, an element of prioritisation will always be required. This will continue to be the subject of Member decision making.
- 15.5 If the Council wishes to approve projects as part of an Investment Programme, it will need to either secure external funding, borrow the appropriate funding or generate capital receipts. As previously reported to Members, the Council can

consider external borrowing and would do so where a demonstrable financial return can be generated from a project that will meet the associated borrowing costs.

- 15.6 Cabinet and Council have recently approved the first phase of projects as part of the Investment Programme. Four projects totalling £5.993m were approved (including £0.998m to be spent in 2019/20), funded by external contributions from the Liverpool City Region Combined Authority. In addition, Council approved an Invest to Save project, funded by prudential borrowing, and additions to the traditional Capital Programme, funded from capital receipts. The overall Capital Programme, including these schemes, is shown at Appendix D.

List of Appendices

- A Individual School Budgets 2020/21
- B Draft Council Budget Summary 2020/21
- C Fees and Charges 2020/21
- D Capital Programme 2020/21 - 2021/22