

Cabinet

Wednesday, 10th February, 2021, 6.00 pm

Accessible through Microsoft Teams and YouTube

Members of Council and the public who wish to watch the proceedings but not make any representations can access meetings by following the [You Tube channel link here.](#)

Important Information regarding COVID-19

In response to the current governance guidance surrounding the COVID-19 pandemic, this meeting will be held virtually.

Both members of Cabinet and members of Council not on the Cabinet must take part remotely via Microsoft TEAMS with the exception of the Chair and officers required to support the meeting from the Civic Centre.

Members of Council who are not members of Cabinet are permitted to register and speak at this meeting using Microsoft TEAMS. Please email democraticservices@southribble.gov.uk to register your intent to speak, ideally before 12pm on Monday, 8 February 2021.

Important information – members of the public

Due to the current situation surrounding COVID 19 we are unable to allow members of the public to speak at this meeting; these measures are temporary and will be reviewed as circumstances and current restrictions improve. However, written representations are being received and can read out at the meeting with a written response provided. To make representations on any of the items below, please email democraticservices@southribble.gov.uk no later than 12pm Monday 8 February 2021.

Agenda

- 1 **Apologies for Absence**
- 2 **Declarations of Interest**

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

3 Minutes of the Last Meeting

(Pages 5 - 10)

Minutes of the last meeting held on 20 January 2021 attached to be signed as a correct record.

4 Cabinet Forward Plan

(Pages 11 - 18)

Cabinet Forward Plan 1 February 2021 – 31 January 2022 attached for information.

ITEMS OF THE CABINET MEMBER (FINANCE, PROPERTY AND ASSETS) - INTRODUCED BY COUNCILLOR MATTHEW TOMLINSON

5 Draft Budget 2021/22 and Summary Position over the Medium Term

(Pages 19 - 44)

Report of the Deputy Director of Finance and Section 151 officer enclosed.

6 McKenzie Arms Development Procurement Strategy Update

(Pages 45 - 54)

Report of the Director of Commercial enclosed.

7 Provision of a Loan and Grant to facilitate a works project to the Hoole Village Memorial Hall

(Pages 55 - 58)

Report of the Director of Governance enclosed.

8 Exclusion of Press and Public

To consider the exclusion of the press and public for the following items of business on the ground that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

By Virtue of Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Condition:

Information is not exempt if it is required to be registered under-
The Companies Act 1985

The Friendly Societies Act 1974

The Friendly Societies Act 1992

The Industrial and Provident Societies Acts 1965 to 1978

The Building Societies Act 1986 (recorded in the public file of any building society, within the meaning of the Act)

The Charities Act 1993

Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

9 Approval for the contract award procedure and evaluation criteria for ICT hardware software and support

(Pages 59 - 64)

Report of the Director of Customer and Digital enclosed.

Gary Hall
Chief Executive

Electronic agendas sent to Members of the Cabinet Councillors Paul Foster (Chair), Michael Titherington (Vice-Chair), Aniela Bylinski Gelder, Bill Evans, and Matthew Tomlinson

The minutes of this meeting will be available on the internet at www.southribble.gov.uk

Forthcoming Meetings
6.00 pm Wednesday, 24 March 2021

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Minutes of	Cabinet
Meeting date	Wednesday, 20 January 2021
Members present::	Councillors Paul Foster (Chair), Michael Titherington (Vice-Chair), Aniela Bylinski Gelder, Bill Evans, Susan Jones and Matthew Tomlinson
Officers:	Gary Hall (Chief Executive), Jennifer Mullin (Director of Neighbourhoods and Development), Andrew Daniels (Shared Service Lead - Communications and Visitor Economy), Dave Whelan (Shared Services Lead - Legal & Deputy Monitoring Officer), Darren Cranshaw (Shared Services Lead - Democratic, Scrutiny & Electoral Services) and Clare Gornall (Democratic and Member Services Officer)
Other members and officers:	Councillors Alty, Bell, Bretherton, Clark, Chisholm, Forrest, Mary Green, Michael Green, Melia, Hancock, Hesketh, Martin, Mort, Lomax, Walton, Wooldridge, Sharples, Tomlinson, Mrs Smith, P Smith, Trafford and Yates.
Public:	0

175 Apologies for Absence

There were none.

176 Declarations of Interest

There were none.

177 Minutes of the Last Meeting

The Leader of the Council presented the minutes of the previous meeting held on 16 December 2020 for approval.

Arising from discussions Councillor Ogilvie requested that his query and Councillor Tomlinson's response in relation to Minute 174 - Worden Hall Project be included in the minutes, i.e. that once the tender scoring had been concluded, what would be the priority given two close options to either deliver on time but over budget or under budget and late; to which Councillor Tomlinson responded that staying within budget would be the priority.

Decision made (unanimously):-

That, subject to the inclusion of the above amendment, the minutes of the meeting held on 16 December 2021 be agreed as a correct record.

178 Cabinet Forward Plan

The Leader of the Council presented the Cabinet Forward Plan for the period 1 January 2021 – 31 December 2021. A discrepancy between the printed and published document was highlighted due to technical issues. It was clarified that at the top of page 16 the Details of the decision to be taken was the “River Ribble Strategy and Action Plan”.

Decision made (unanimously):-

That, subject to the amendment above, the Cabinet Forward Plan for the period 1 January 2021 – 31 December 2021 be noted.

179 Urgent Decision Taken Due to COVID-19 Pandemic

The Leader of the Council, Councillor Paul Foster, presented a report of the Shared Services Lead – Democratic, Scrutiny and Electoral Services detailing urgent decisions taken in accordance with the Council’s Constitution due to the COVID pandemic.

Councillor Foster advised members in attendance that there may be additional urgent decisions taken in the coming days regarding business grants following Cabinet concerns that the Government criteria is too restrictive. He also referred to concerns regarding digital exclusion of children without access to laptops during lockdown and the Cabinet was looking to address this.

Decision made (unanimously):-

That the report be noted.

180 Housing Assistance Policy Review

The Cabinet Member for Health, Wellbeing and Leisure presented a report of the Director of Communities which proposed amendments to the existing Assistance policy to reflect the findings of the 2019 Stock Condition survey.

The report explained the key findings of the survey after comparison with the previous stock condition survey which was carried out in 2012. The report sought approval of the amendments to the existing policy to ensure it addressed issues raised in the 2019 Stock Condition survey.

Arising from discussions on the report a comment was made regarding the Trustmark Scheme. The Director of Communities indicated that the Scheme was not being used in this instance, however the Council does encourage local traders to register.

Councillor Ogilvie enquired as to the percentage of properties in the Borough that were surveyed. The Director of Communities agreed to provide this information outside of the meeting.

Decision made (unanimously):-

That the amendments proposed in the report to the existing Housing Assistance policy be approved.

Reasons for decision

The current assistance policy does not provide any help for elderly residents who have a CAT1 Hazard but are not in receipt of a qualifying benefit. This along with affordability issues means residents who need the help cannot qualify for it. This has resulted in occupiers being left in the property with a hazard until such time as they are able to afford the work, or the council has to seek assistance from external funders which takes time and may not cover all the costs.

The Government's new Green Homes Grants scheme may not fully fund measures required which would mean that although qualifying an individual may not be able to have the work carried out. The scheme is split into 2 types of measures, primary and secondary, either measures do not include for boiler replacements only heating controls.

Alternative options considered and rejected

The Option of not doing anything and continuing with the existing policy has been considered and dismissed as the existing policy is out of date in the context of the new government schemes and does not meet the needs of the residents.

The new Green Homes Grants scheme launched by the government has been considered, however this will not address the CAT1 hazards under the Health and Housing Safety Rating guidance and therefore has been rejected.

181 Exclusion of Press and Public

Decision made (unanimously):-

That the press and public be excluded from the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972.

182 Future management of Leisure Centres

The Cabinet Member for Health, Wellbeing and Leisure presented a report of the Director of Communities bringing forward options on the future management of leisure centres in South Ribble.

Decision made (unanimously):-

1. That Cabinet recommends to Full Council that the future management of the Council's Leisure Centres be taken back to an in-house management arrangement. This will mean the Council decides not to extend its current leisure management contract with Serco Leisure Operating Ltd at the end of March 2021.
2. Subject to approval by Full Council on the above recommendation, officers will bring a further report to Cabinet as to how the proposed new in-house management

arrangement will operate. This will balance the requirement for the council to maintain influence over the borough's leisure services whilst ensuring the most financially efficient approach is undertaken.

3. That Cabinet requests that officers continue working with SERCO to finalise any compensation payable to Serco Leisure Operating Ltd with respect to loss of income in relation to the closure of the Leisure Centres and delegates that decision to the Cabinet Member for Health, Wellbeing and Leisure in consultation with the Section 151 Officer of the Council.

Reasons for decision

As per the report from the LGA in July 2020, culture and leisure has been among the parts of the economy worst hit by Covid-19. This has meant that councils throughout the country are having to review the current operating models for providing leisure services to residents.

As well as the effects of Covid-19, the current contract with Serco Leisure Operating Ltd is due to expire at the end of March 2021 and as such the council is required to review the approach to delivering leisure services.

Considerable work has been undertaken on looking at a variety of future options for the management of the council's leisure centres. This has included setting up alternative in-house delivery models or extending the existing contract with Serco Leisure Operating Ltd (SLOL) and then going through a tender exercise to outsource the management of leisure centres to a third party. The decision is a result of the work undertaken taking on board the current and future impact of the COVID crisis.

Alternative options considered and rejected

An initial options appraisal procured in March 2020 was considered by officers. The following options were considered:

- extending the existing contract with Serco Leisure Operating Ltd;
- retendering the leisure contract to the open market; or,
- to set up a delivery model whereby the council's leisure services would be delivered internally.

The options balanced the requirements for the council to ensure value for money and suitable potential transfer of risk whilst ensuring the council maintained sufficient control over the leisure services provided to its residents.

Chair

Date

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South Ribble Council – Forward Plan

For the Period: 1 February 2021 - 31 January 2022

This document gives 28 days' notice of 'key' and other major decisions which the Cabinet expect to take during the next four month period. It also gives notice of the decisions that are likely to be taken in private. The document is updated as required and is available to the public on the Council's website at www.southribble.gov.uk.

A 'Key' Decision is defined as any decision in relation to a Cabinet function which is likely:

- (a) To result in the Council incurring expenditure which is, or the making of savings which are significant. The financial threshold above which expenditure/savings become significant is set at £100,000. The financial threshold is applicable to both revenue and capital budgets; or
- (b) To be significant in terms of its effect on the communities living in an area comprising two or more Council wards.

As a matter of local choice, the Forward Plan also includes the details of any significant issues to be initially considered by the Cabinet and submitted to the Full Council for approval.

Under the Access to Information Procedure Rules set out in the Council's Constitution, a 'Key' Decision may not be taken, unless 28 days' notice have been given in this document.

The law and the Council's Constitution provide for urgent key decisions to be made, even though they have not been included in this document in accordance with General Exception and Special Urgency provisions, set out in Access to Information Procedure Rules.

The Cabinet is made up of the Leader, Deputy Leader and three other Cabinet Members with the following portfolios:

Leader of the Council (Strategy and Reform)	Councillor Paul Foster
Deputy Leader and Cabinet Member (Health and Wellbeing)	Councillor Mick Titherington
Cabinet Member (Communities, Social Justice and Wealth Building)	Councillor Aniela Bylinski Gelder
Cabinet Member (Finance, Property and Assets)	Councillor Matthew Tomlinson
Cabinet Member (Planning, Business Support and Regeneration)	Councillor Bill Evans

Whilst the majority of the Cabinet decisions listed in this Forward Plan will be open to the public to attend, there may be some decisions to be considered that contain confidential, commercially or personal information. The Forward Plan is a formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that some of the decisions listed in the Forward Plan will be held in private because the report will contain exempt information under Schedule 12A of the Local Government Act 1972, as set out below and that the public interest in withholding the information outweighs the public interest in disclosing it.:

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes –
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Copies of the Council's Constitution and agenda and minutes for all meetings of the Council may be accessed on the Council's website: www.southribble.gov.uk. If there are any queries, including objections to items being considered in private, please contact the Council on 01772 625309 or email clare.gornall@southribble.gov.uk.

Gary Hall
Chief Executive

Last updated: 02 February 2021

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
Future meetings where there is an intention to hold part of the meeting in private: Cabinet 10 February 2021 and 24 March 2021							
Leader of the Council and Cabinet Member (Strategy and Reform)							
Quarter 3 (October - December) Performance Monitoring Report 2020-21	Cabinet 24 Mar 2021	Leader of the Council and Cabinet Member (Strategy and Reform)		24 Mar 2021	Open		Report of the Chief Executive
Shared Services Events Team Review To approve proposals for a new structure for a shared events team.	Cabinet 24 Mar 2021	Leader of the Council and Cabinet Member (Strategy and Reform)		24 Mar 2021	Fully exempt The report contains information concerning the financial or business affairs of the Council.		Report of the Chief Executive

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
Staff Car Lease Scheme Introducing a car lease scheme for eligible staff in South Ribble and Chorley Councils	Cabinet 24 Mar 2021	Leader of the Council and Cabinet Member (Strategy and Reform)	Expenditure / Savings higher than £100,000	24 Mar 2021	Open		Report of the Deputy Chief Executive
Cabinet Member (Health and Wellbeing)							

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
<p>Sports Playing pitch hub To bring back the Playing pitch Hub project to Cabinet with an update on Planning and the Football foundation bid. To seek approval for the proposed procurement strategy for the project and gain authorisation to take the project through the procurement and construction phases</p>	<p>Cabinet 24 Mar 2021</p>	<p>Deputy Leader and Cabinet Member (Health and Wellbeing)</p>	<p>Expenditure / Savings higher than £100,000</p>	<p>24 Mar 2021</p>	<p>Open</p>		<p>Report of the Director of Communities</p>

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
River Ribble Strategy and Action plan To bring before Cabinet the proposed River Ribble Strategy and Action plan linked to the flood prevention scheme put forward by the Environment Agency	Cabinet 24 Mar 2021	Deputy Leader and Cabinet Member (Health and Wellbeing)	Expenditure / Savings higher than £100,000	24 Mar 2021	Open		Report of the Director of Communities
Cabinet Member (Finance, Property and Assets)							
Refurbishment of Playground at Haig Avenue, Leyland Report requesting permission to spend capital budget and award contract to preferred bidder	Cabinet 24 Mar 2021	Cabinet Member (Finance, Property and Assets)	Expenditure / Savings higher than £100,000	24 Mar 2021	Open		Report of the Director of Commercial

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
Budget Monitoring 2020-21 Quarter 3	Cabinet 24 Mar 2021	Cabinet Member (Finance, Property and Assets)	Expenditure / Savings higher than £100,000	24 Mar 2021	Open		Report of the Deputy Director of Finance and Deputy Section 151 Officer
Approval for the contract award procedure and evaluation criteria for ICT hardware software and support	Cabinet 10 Feb 2021	Cabinet Member (Finance, Property and Assets)		10 Feb 2021	Fully exempt The report contains information concerning the financial or business affairs of the Council.		Report of the Director of Customer and Digital
Draft Budget 2021/22 and Summary Position over the Medium Term To approve the Council's budget proposals for 2021/22	Cabinet 10 Feb 2021 Council 24 Feb 2021	Cabinet Member (Finance, Property and Assets)	Significant effect in 2 or more Council wards.	10 Feb 2021 24 Feb 2021	Open		Report of the Deputy Director of Finance and Deputy Section 151 Officer

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
McKenzie Arms Development Procurement Strategy Update	Cabinet 10 Feb 2021	Cabinet Member (Finance, Property and Assets)	Expenditure / Savings higher than £100,000	10 Feb 2021	Open		Report of the Director of Commercial
Provision of a Loan and Grant to facilitate a works project to the Hoole Village Memorial Hall	Cabinet 10 Feb 2021	Cabinet Member (Finance, Property and Assets)	Expenditure / Savings higher than £100,000	10 Feb 2021	Open		Report of the Director of Governance and Monitoring Officer
Cabinet Member (Planning, Business Support and Regeneration)							
Council Housing Delivery Programme	Cabinet 24 Mar 2021	Cabinet Member (Planning, Business Support and Regeneration)	Significant effect in 2 or more Council wards.	24 Mar 2021	Open	None	Report of the Director of Planning and Development

REPORT TO	ON	
Cabinet	10 February 2021	

TITLE	PORTFOLIO HOLDER	REPORT OF
Draft Budget 2021/22 and Summary Position over the Medium Term	Cabinet Member (Finance, Property and Assets)	Deputy Director of Finance (Section 151 Officer)

Is this report confidential?	No
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Purpose of the Report

1. To set out the budget position for 2021/22 including the forecast for the following two years to 2023/24 and also present the relevant proposals in respect of:
 - The use of forecast resources identified in 2021/22
 - Budget consultation

Recommendations

2. That members agree the contents of this report in order to start the budget consultation process and note the following proposed budget items, in particular:
 - A proposed freeze in council tax in 2021/22 with no proposed cuts to services
 - The forecast balanced budget for 2021/22 and the forecast budget position in 2022/23 and 2023/24
 - To note the impact of the challenges faced within the leisure centre industry and the subsequent budgetary impact on the council

Executive Summary

3. The budget forecast over the next 3 years have been updated to take account of the following:
 - A freeze on council tax in 2021/22.
 - There is a proposed 1.99% increase in council tax in 2022/23 and 2022/23 this will be revisited every year and will be dependent upon the outcome of the Government announcements regarding the Fair Funding Review and review of the business rates system.
 - Significant investment of over £1million in revenue budgets to support the delivery of corporate strategy priorities
 - Capital investments of over £62m in corporate priority projects
 - Strategies to reduce the budget deficit in the medium term

4. Consultation on the proposed budget for 2021/22 will commence following approval of the proposals by Cabinet. The consultation will invite responses from residents, partners, parish councils and other stakeholders. Results will be analysed and published in February for consideration as part of the council's final budget.

Corporate outcomes

5. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	✓	Thriving communities	✓
A fair local economy that works for everyone	✓	Good homes, green spaces, healthy places	✓

Funding

Spending Round 2020 and Provisional Local Government Finance Settlement

6. There continues to be uncertainty regarding the council's funding streams with the government announcing a one-year financial settlement for 2021/22 rather than the expected multi-year settlement. The Provisional Local Government Finance Settlement 2021/22 was published on 17 December 2020. The implications of this provisional settlement are outlined below.

Business Rates

7. The assumption for the 2021/22 budget is that Government funding will be in line with 2020/21, this includes the assumption that the council will once again be a member of the Lancashire Business Rates Pool. South Ribble Borough Council benefits from additional business rates income of approximately £1.5m from being in the pool. This is assumed to continue in 2021/22.
8. Forecasting levels of business rates beyond 2021/22 remains complicated due to uncertainty regarding the quantum of business rates that will remain when the system is reset. The date of this reset is still uncertain, the Government had forecast an implementation date of April 2022 and so it is assumed in the budget that reforms will take place then. The level of business rates retained by South Ribble Borough Council under the new system will also depend on the outcome of the fair funding review. This review will set new baseline funding allocations for all Local Authorities and aims to simplify the existing system and provide an up to date assessment of Authorities relative needs and resources. Until the government completes the fair funding review and the reset of business rates, the council will continue to have to work with considerable uncertainty in its budget planning.
9. To be prudent, the budget assumes over the medium-term that the council will lose the benefit from being in the pool and therefore reduce retained business rates income by £1.5m. Previous announcements from Government have mentioned a transitional period for implementing funding reforms. As such, the budget assumes a reduction in business rates income of £750k in 2022/23 and the full £1,500k by 2023/24.

New Homes Bonus

10. As expected, funding from New Home Bonus (NHB) is still assumed to discontinue in 2023/24 however it has been announced that the existing New Homes Bonus scheme will be maintained for a further year. Allocations included in the budget are as follows:

- 2021/22 – allocation £363k
- 2022/23 – allocation £93k

It should be noted these figures will be passed to the City Deal as per the original agreement.

11. The government is due to consult on reforms to the new home bonus shortly, with a view to implementing reform in 2022/23. It is expected that a replacement to new home bonus will be announced however nothing further is known as to how the scheme will operate and what additional levels of funding, if any, will be made available to the council. Again, this creates a significant degree of uncertainty for the council.

Council Tax

12. The Provisional Local Government Finance Settlement announced a council tax increase limit for district councils of up to 2% or £5 on a Band D equivalent in 2021/22. No announcement has been made regarding future years however it is assumed that the same principles will continue throughout the future three-year budget period.
13. The Provisional Local Government Finance Settlement publishes the Core Spending Power available to local authorities. This is the level of resources the Government assumes councils will have available and is predicated on all councils across the country increasing council tax up to the referendum limit of 2% (5% for authorities with social care responsibilities) year-on-year. As such, if the council were to increase council tax by less than that amount it will create a gap over the medium-term as to what funding the Government assumes the council will have and what funding it can actually generate. This is important for when the Government implements the changes following on from the Fair Funding Review. When setting the level of retained business rates for the council, the Government will assume the council enjoys a higher level of council tax to compensate for any potential fall in business rates.
14. The delays from the government in reforming council funding creates significant uncertainty however the impact of the Covid-19 pandemic on the borough's residents over the last year has been immense. On that basis, while noting the uncertainty in Government funding reforms, it is felt a freeze in Council Tax will best support residents of South Ribble Borough for 2021/22.

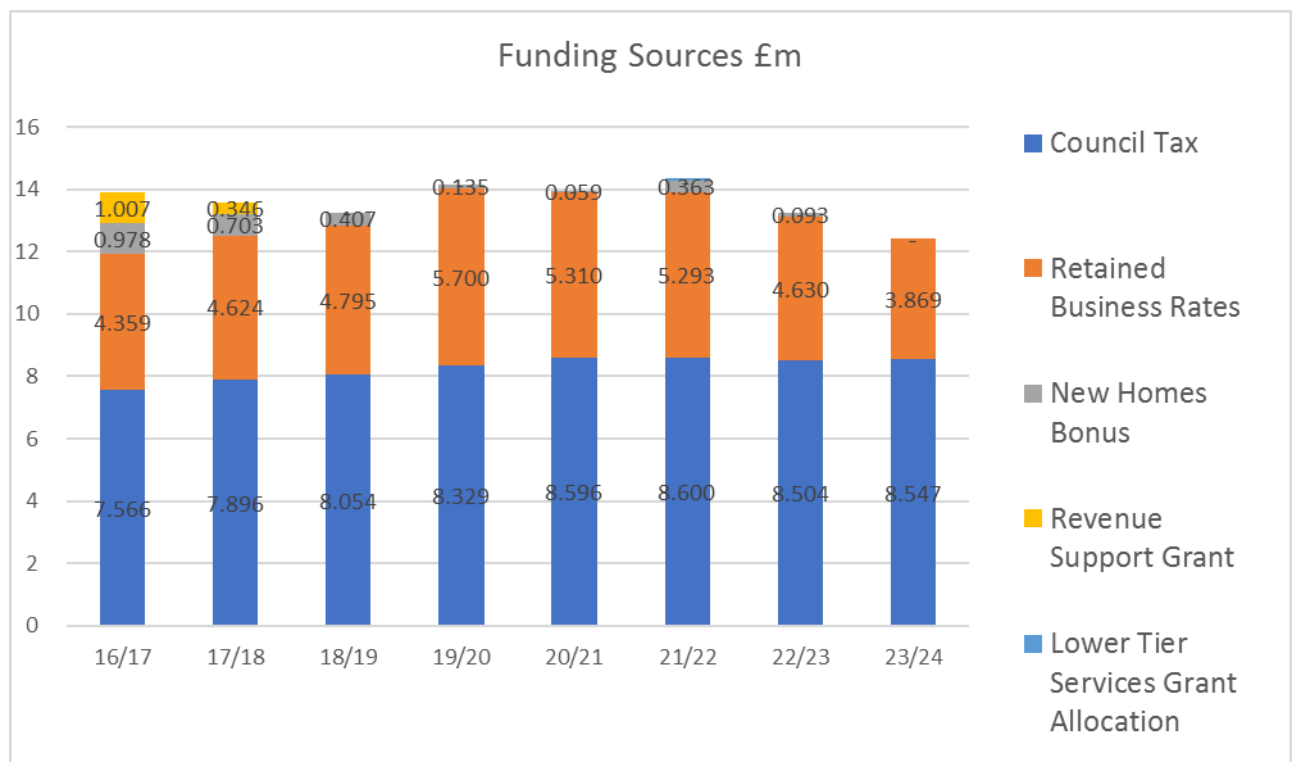
Lower Tier Services Grant

15. As introduced above, the Government calculates every year the council's core spending power that is a combination of the council's council tax income, business rates income and new homes bonus grant allocation. For 2021/22 the reduction in new homes bonus is not offset by the assumed additional income that the council will receive from increasing its council tax charges. As such the government has introduced

a one-off £100k grant to compensate the council in 2021/22 called the Lower Tier Services Grant. However as South Ribble Council pass much of its new homes bonus to City deal this actual constitutes an increase in funding retained. This is an unringfenced grant that has been included in the council's funding streams.

Covid-19 Funding

- During 2020/21 the council received numerous funding streams from Government to support businesses and residents during the pandemic. This included a £1.481m of unringfenced emergency funding to support the council through the immediate and long-term impacts of the pandemic. The provisional settlement also announced an additional £1.55 billion of unringfenced grant across all local government, of which South Ribble Council's allocation is £505k.



- The chart above outlines the forecast level of funding across the next three years in comparison to previous allocations. Retained business rates are forecast to reduce in 22/23 when the Fair Funding Review and reset are forecast to be implemented. This is a cautious but necessary assumption given the uncertainty surrounding the new system.

Expenditure

Pay Award

- The Government spending review announced a pay freeze in 2021/22 for the majority of public sector staff with a guaranteed a pay rise of at least £250 for all staff that earn less than £24,000 per year. These assumptions have been included in the pay budget for South Ribble Council in 2021/22 although these Government proposals are not yet agreed with public sector unions.

19. The spending review also announced that national living wage will rise from £8.72 to £8.91 an hour and will be extended to workers aged 23 and over from April 2021 This will not affect South Ribble Council's pay bands for 2021/22 as the council pays above this level already.
20. Looking further forward, the budget includes a 2% pay increase for all staff in 2022/23 and 2023/24. This assumption adds approximately £200k to the pay budget each financial year.

Pension

21. As part of a triennial pension review the Lancashire County Pension Fund announced an increase in employer pension contributions for 2020/21 to 2022/23 to meet the future costs of the scheme. The contributions have increased from 14.4% to 16.4% resulting in an increase in the council's contribution. The same contribution rate is assumed for 2023/24 although this will be reviewed when the new three-year review is undertaken.

Brexit and Covid-19

22. Concerns remain about the impact of the United Kingdom's withdrawal from the European Union (BREXIT). Much speculation continues around the likely financial effects of the final leave arrangements, but it is clear that the continued uncertainty has presented significant concerns across the country. The potential risks to the council include increases in inflation, a slowdown in the local economy affecting rental and property values and income from retained business rates and council tax. To date the council has received £52k of funding from Government for EU Exit Preparation.
23. The financial impact of Covid-19 has been outlined in the quarterly budget monitoring reports approved by Executive Cabinet throughout 2020/21. This includes:
 - Forecast reductions in council tax and business rates collection rates. The Government has provided grant support for this loss in income during 2020/21.
 - Government grant funding received to support various initiatives including support to businesses, providing additional homelessness and food support to residents and support for the track and trace systems.
 - Government support for the council's reductions in fees and charges in 2020/21 including reduced car parking income. This is forecast to continue in April to June 2021.
 - Reductions in rents at the council's investment properties.
24. As part of budget setting for 2021/22 and further forward the following assumptions have been made regarding Covid-19 and Brexit:

Income

- The impact on fees and charges will not be permanent and that income levels will return to pre-Covid levels including the council's major sources of income such as planning fees, car parking and garden waste subscriptions.

Expenditure

- Any expenditure relating to the council's compliance with the current or future Government's requirements relating to Brexit or Covid-19 will be met through existing budgets or grants from Government. This could include future grants to businesses, support to the homelessness or support to residents such as additional council tax support.
- There will be additional net expenditure incurred in 2021/22 relating to bringing the council's leisure services in-house. It is expected this cost will reduce over the medium-term. These figures are identified separately in this budget report and detailed below.

Budget Deficit

The council's total budget deficit is summarised in table 1 and is based upon the reductions in funding described above and the following key budget assumptions. It should be noted that some of the assumptions are still potentially subject to change that may impact positively or negatively on the budget.

Table 1: Total Budget Deficit

	2021/22	2022/23	2023/24
	£k	£k	£k
Council Tax	-8,600	-8,504	-8,547
Retained Business Rates	-5,293	-4,630	-3,869
Lower Tier Services Grant Allocation	-100	0	0
New Homes Bonus	-363	-93	0
TOTAL FUNDING	-14,356	-13,227	-12,416
NET EXPENDITURE	14,506	14,989	15,572
BUDGET DEFICIT	150	1,762	3,156

25. All deficits and savings identified in the table 1 and in the remainder of this report are cumulative. For example, the deficit of £3.156m in 2023/24 identified above is the result of a £1.762m deficit in 2022/23 and further budget pressures of £1.394m identified for 2023/24.

Table 2: Key Budget Assumptions

Key Assumptions	2021/22	2022/23	2023/24
Increase in Retained Business Rates through Growth	0%	0%	0%
Future Service Pension Rate	16.4%	16.4%	16.4%
Pension Fund Deficit Recovery	£0.072m	£0.075m	£0.075m
Additional Business Rates - Lancashire Pool 21/22 Transitional Business Rates Income 22/23	(£1.500m)	(£0.750m)	(£0.000m)
Reduction in Business Rates through Fair Funding Review and Business Rates Reforms	£0.000m	£0.750m	£1.500m
Pay Award (average)	0%	2%	2%

Balancing the Budget in 2021/22

26. Funding to South Ribble Council has remained relatively stable since 2016/17 in cash terms. However, there is significant uncertainty over the coming years given the potential Business Rates changes under the Fair Funding review. During this period, the council has continued to experience inflationary increases in staff and non-staff budgets. However, the council has been able to manage these cost increases within its existing budget and programme of savings.
27. The most significant change in assumptions for 2021/22 is around Leisure Services. While it is hoped the sector will recover there are significant uncertainties and as a result a prudent assumption has been made over likely costs in the medium term. This is further detailed later in this report.
28. The council has been successful in keeping its costs down whilst continuing to provide the high-quality services expected from its residents. The council will continue to achieve this by continually reviewing its budgets and contracts. Future savings forecast through the council's commitment to explore and invest in alternative delivery models, including sharing more services with Chorley Borough Council will aid in managing identified deficits.
29. The council will continue to invest within South Ribble to improve housing, provide employment opportunities as well as generate income and therefore make the council less reliant on the increasingly uncertain funding from Government.

Table 3: Balancing the Budget

	2021/22	2022/23	2023/24
TOTAL BUDGET DEFICIT	150	1,762	3,156
Efficiency Savings			
Shared Services	-288	-288	-288
Shared Services - Additional	-40	-120	-120
Shared Services – Phase 2 Forecast	0	-100	-100
Council Tax Increase – 0% 21/22 1.99% 22/23 & 23/24	0	-162	-324
Parking Income	-18	-18	-18
Staff Turnover	-150	-150	-150
NET DEFICIT / (SURPLUS)	-346	925	2,156

30. On 25th November 2020 Full Council approved the proposals for phase 2 of **shared services** with Chorley Borough Council, including a joint digital strategy, customer services operating model, shared leadership and management, and joint Chief Executive. This report built on the already successful implementation of phase 1 of expanded shared services between the two councils. The total forecast savings from the two phases of shared services are £288k in 2021/22 rising to £488k by 2023/24. Now that joint Directors at both councils are in place, service reviews will be undertaken at both councils with the possibility of other efficiencies being generated.
31. A report on **car parking charges** was taken to Council on 25th November 2020 following a review of provision and a wide consultation on how best to support local businesses and residents. A consequence of the changes is that the anticipated income from car parking will increase by £18k.
32. During any year, vacancies and other changes made within staffing structures create savings in staffing budgets. £150k is anticipated each year from **staffing turnover**.
33. The savings generated mean that even with a Council Tax freeze, there is a surplus budget projected in 2021/22. The application of the surplus is covered in more detail later in this report when discussing the management of leisure centres.

Investing in our priorities

34. In September 2021, the council reviewed and refreshed its Corporate Strategy in the light of Covid-19. Set out in the following pages are the areas of budget investment that the council will make in delivering its priorities and supporting the borough and its residents to achieve their full potential.

Investing in priorities

In 2020/21 the council has already allocated **£700k** of revenue investment to deliver corporate strategy priorities through projects and initiatives that create the right conditions and provide the opportunities for everyone in South Ribble to succeed and thrive in line with our four priorities. These investments will continue into the next financial year.

£117,000 to create a network of community hubs, providing services and support that meet the needs of local neighbourhoods

£60,000 to support vulnerable families and children by providing access to food during the school holidays over the next four years

£250,000 to support action on the green agenda including tree planting (in addition to A Tree for Every Resident), becoming a green employer by 2022 and car charging points as part of infrastructure improvements

£20,000 towards vital community transport in partnership with the third sector

£150,000 to develop a Credit Union that will enable access to safe and ethical banking options for all residents

£50,000 to undertake work to plan for an Extra Care scheme that will provide high quality accommodation to meet the future needs of the residents from across the borough

£50,000 to support access to advice services and information by working in partnership with the Citizens Advice Bureau

This is in addition to **£16m** capital investment to deliver key schemes that will deliver exciting improvements to community assets such as Worden Hall, leisure facilities and affordable



**GOOD HOMES,
GREEN SPACES,
HEALTHY PLACES**



**AN EXEMPLARY
COUNCIL**

**A FAIR LOCAL
ECONOMY THAT
WORKS FOR
EVERYONE**



Looking ahead

This year will see further agreed investment in key programmes including:

£150,000 to deliver an extended programme of support for businesses beyond government grants to ensure that the council is doing as much as possible to help businesses get back on their feet

£150,000 to implement a plan to retain wealth and grow the local economy through a progressive procurement framework and social value policies

£50,000 to support positive mental health for young people through officer resource to deliver a programme of early intervention activity.

We also propose to allocate a further £3.6m to support a programme of improvements for residents and communities right across the borough including:

£625,000 to fund improvements to play areas and open spaces across the borough

£500,000 to deliver neighbourhood improvement projects including:

- Development of a nature reserve at Pickerings Farm
- Tidy up of community areas in Pope Lane area
- Improvements to Kingsfold Community Centre and playing fields
- More dog bins and relevant signage

£20,000 to provide a fund for technology and equipment to support children to access remote learning where there is a need

£2m to deliver affordable housing units – with the focus over the next year on undertaking feasibility work and developing a programme

£500,000 over the next two years to deliver a programme of improvements to community facilities to provide quality amenities for residents, encouraging positive mental and physical health as part of an active community



Medium Term Financial Planning

35. Despite the budget savings identified in this report, as outlined above there remain forecast budget deficits of £0.925m in 2022/23 and £2.156m in 2023/24. The council's medium term plan to meet the budget deficits is outlined below in Table 4.

Table 4: Medium Term Financial Plan

	2021/22	2022/23	2023/24
TOTAL BUDGET DEFICIT	-346	925	2,156
Future Savings		-925	-2,156
Contribution to Leisure Services Deficit	346		
NET DEFICIT / (SURPLUS)	0	0	0

36. A transformation programme will be developed to manage the changes the council needs to make to ensure it continues to deliver high quality services while maintaining a balanced budget. While this will include many different aspects, such as organisational change and development, set out below are the main strands of the strategy that could generate savings and income over the medium-term.

Council Tax

37. The Provisional Local Government Finance Settlement outlines the Core Spending Power available to local authorities. This is the level of resources the Government assumes councils will have available and is predicated on all councils across the country increasing council tax up to the referendum limit of 2% (5% for authorities with social care responsibilities) year-on-year. As such, if the council were to increase council tax by a lower amount it is likely it will need to then bridge a larger gap between funding allocated to it, via business rates retention and the fair funding review, and funding required to deliver services in 2021/22 onwards.
38. South Ribble's Council Tax rate sits within the middle of other Lancashire authorities. There is a wide range of charges across Lancashire and the gap between South Ribble and the next authority (Hyndburn) is quite significant.

	Band D Equivalent 2020/21 £
Preston	320.75
Rosendale	279.57
Pendle	270.62
Hyndburn	266.77
South Ribble	223.24
West Lancs.	208.39
Wyre	204.74
Chorley	171.37
Fylde	165.39
Ribble Valley	155.69

39. This budget proposes to freeze South Ribble Council's share of council tax in 2021/22. Increases of 1.99% have been forecast for 2022/23 and 2023/24 however these will be reviewed annually and will be subject to the outcome of the delayed Government reforms to council funding expected in April 2022.
40. While a freeze in Council Tax increase does have implications for future year budgets, with the current overall budget position and amount of reserves that it is achievable. This will help support residents still suffering significant financial impacts as a result of Covid-19.

Future Savings

41. The level of future savings required to balance the budget will be largely dependent upon the outcome of the Fair Funding Review and Business Rates Review as well as the recovery of leisure services. Both the impact of this review and the date of implementation remain unknown but are forecast to reduce the council's funding by £1.5m by 2023/24
42. The council will continue to invest in its services to recognise additional income and efficiencies. Future opportunities, which will be included in the transformation programme, are:

- A **base budget review**, to ensure that service budgets are accurate and represent the true funding need within services.
- The **shared services relationship** with Chorley will continue to expand. In addition to the savings achieved through changes that have been already approved, the coming years will see the expansion of shared services into new areas, starting with ICT and Customer Services.
- A **programme of service reviews**, working with services to identify service savings and efficiencies.
- A **review of reserves** to ensure that reserves continue to be used in an effective manner to support good governance and service delivery.
- The Council is bringing forward a number of developments that will produce **additional income sources** in the medium term. Revenue models for these schemes will be developed in 2021/22 including for the Affordable Housing and Extra Care schemes. In addition, a review will be undertaken of the council's existing commercial portfolio to ensure that it delivers the most effective returns.

43. It is important to note that the plans that will be delivered through the transformation programme aim to ensure that the council manages its budget effectively and prudently. The full amount of savings may not need to be delivered; if the reductions in funding currently assumed are less the savings required will be reduced. This will be monitored and managed during the MTFS period.

Reserves

44. The council has ensured a prudent and affordable approach to delivering medium-term financial strategies. The council has set aside and increased the balances to several reserves as outlined in Table 5 below. The expected balances of these reserves are given in table 5 below.

Table 5: Forecast Reserve Balances

	2021/22
	£k
Borough Council Elections	-160
Borough Investment Acct	-4,256
Business Rates Retention	-3,094
Capital Funding	-330
City Deal	-1,851
Climate Change	-250
Credit Union	-150
Community Wealth Building	-150

Business Grants	-150
Mental Health for Young People	-50
Housing Needs Surveys	-40
Local Plans	-95
My Neighbourhoods	-67
Restructure Costs	-100
Transformation Fund	-163
Ring-fenced income	-289
Sports Dev income	-117
Covid Recovery Fund	-500
Income Equalisation Reserve	-150
General Reserve	-4,239
Total Reserves	-16,201

45. The majority of these reserves are necessary to mitigate the financial impact of the uncertainty the council faces such as the reforms to future funding levels and the impact of Brexit and Covid-19 on its residents and local businesses.
46. The council has set aside £3.1m to manage any one-off reductions in business rates such as unbudgeted changes to valuations or the implementation of future expected Government reforms.
47. The Council has set aside £150k for use as an Income Equalisation Reserve to cover any potential temporary reliefs and losses on investment income over the recovery period from Covid 19.
48. The council has set aside £4.2m in general funds, approximately 27% of the annual net expenditure budget, to manage future uncertainty in expenditure and income over the medium-term. The council has not budgeted to utilise this reserve to manage budget deficits however this will be reviewed as part of the council's continual budget management process.
49. Over the remainder of 20/21 reserves will be adjusted to reflect the likely outturn revenue position. This includes significant grant funds around Covid-19 and Business Rates which may need to be carried forward as a reserve. to cover future expenditure.

Borough Investment Account

50. The total reserve as forecast at 21/22 is £4.256m and this has been committed.

City Deal

51. As part of the City Deal arrangement the council receives £492k per annum for 10 years from LCC for community provision and to mitigate the significant financial risks that could impact on the deliverability of the City Deal. The reserve now stands at £1.851m. It is proposed this reserve is not committed until the future of the City Deal, and the financial risks, are better understood.

Transformation Fund

52. The transformation fund stands at £163k which has been committed to the delivery of the council's digital strategy, including the Civic Centre conference centre hearing loop and an upgrade to the IDOX system.

Repairs and Maintenance

53. The council has two main repairs and maintenance budgets:
- a £300k per annum revenue budget for the council's reactive and planned maintenance repairs and maintenance – this excludes leisure centres.
 - a £250k revenue contribution to reserves to meet larger maintenance needs included in the capital programme. This has been committed to clear the back log of maintenance at the council's leisure facilities. However, it is expected that this contribution can be released to help support the Leisure Centre deficit as detailed below.

Leisure Services

54. While the council's budget is balanced, one of the largest financial impacts on the council due to Covid-19 was the disruption caused to leisure services. Covid-19 has had a devastating impact on the operation of leisure centres. The income received during lockdown periods has reduced income to close to zero. Even in periods since March when centres have been open, restrictions have meant that income remained limited.
55. It is estimated that income to the centres, currently run by Serco Leisure Operating Limited through South Ribble Community Leisure Trust will be at 75% of normal levels for 2021/22. It is estimated that the leisure industry will take three years to recover to pre-Covid levels of usage and income.
56. This challenge has had a fundamental impact on leisure centre operators, with most needing significant support from the contracting councils to continue to operate. In South Ribble, the council has provided for £240k from Covid funding in 2020/21 to potentially support the Trust up to November 2020. In addition, a bid for £210k has been successful to the National Leisure Recovery Fund to provide for the period

December 2020 to March 2021. These payments are still subject to agreement with the leisure operator, and will only be paid where the council is obliged to pay.

57. An additional challenge for South Ribble is that the current contract ends at the end of the 2020/21 financial year. Undertaking a procurement exercise until the leisure operator market has recovered is unlikely to be successful. The operators in the market have faced unprecedented challenges over this financial year and would be unlikely to be able to take part in a bidding process. Those that may bid are very likely to be far more risk adverse and want the council to carry any risks for potential losses.
58. A proposal to bring the Leisure Services within the management of the council from April 2021 has been approved by the Cabinet and Council, with full proposals currently being developed. The rationale for bringing the management of the leisure centres into council control is that while there will be a financial impact, that financial impact would exist under any management model. The direct management will provide for greater control by the council to control costs and drive the recovery of the centres. These full proposals will consider which is the most appropriate management model to balance the risks and benefits of managing the centres directly.
59. The table below sets out the budgeted costs of running the leisure centres. This is based on the financial information on income and expenditure in the centres, with income at 75% of the normal levels, increasing to 90% in 2022/23 and 100% by the end of 2023/24. As a result, the expectation is a breakeven position by 24/25 and 23/24 will be the final transitional year to achieving this.

	2021/22	2022/23	2023/24
Income	-2,463,242	-2,985,341	-3,298,754
Reduction due to VAT	410,540	497,557	549,792
Adjusted Income	-2,052,701	-2,487,784	-2,748,962
Operational Expenditure	3,327,074	3,327,074	3,327,074
Net Operating Income	1,274,373	839,290	578,112
Recharges from SRBC to leisure centres	112,000	112,000	112,000
SRBC Existing Leisure Budget	-466,000	-466,000	-466,000
Net Council Support	-354,000	-354,000	-354,000
Net Council Reserve Usage	920,373	485,290	224,112

60. It is important to note that a similar budgetary provision would need to be made regardless of the management model pursued. A prudent approach has been taken to the deficit levels and it is anticipated that it should be improved with effective management of the centres.
61. As the challenges faced by the leisure centres are of a temporary nature, it is appropriate to create one-off provisions to cover any potential deficit over the medium term financial strategy period.
62. Over the MTF period, there is £500k per year within the revenue budget, budgeted as a contribution to increase capital and repairs and maintenance reserves. It was expected these would be required to contribute to the Leisure Service in some form following the conclusion of the Leisure Contract. Over the three years this would total £1.5m and this combined with the 21/22 contribution of £346k will fund the £1.6m expected to be required over the period to 2023/24. As such it is proposed to use these funds to cover the deficit described above. Timing issues of releasing the funding will be mitigated by use of other reserves in 21/22 and 22/23 to be topped back up by these funds in 23/24.
63. Making use of the identified budget to fund the temporary deficit in leisure funding will not prevent the council from continuing to undertake the necessary work to support high quality leisure provision. The initial draft funding model for the leisure centres includes provision for repairs and maintenance, and there is already provision within the council's capital programme for work to leisure centres.

Covid Recovery Fund

64. During 2020/21, the council has played a significant part in leading the local response to Covid-19. This has included work around the community hub, business support and grants, enforcement and supporting the work of the Lancashire Resilience Forum. This work has been largely undertaken by council officers, while also maintaining council service provision and the delivery of the council's priorities.
65. The government has provided one-off grant funding to recognise the response requested from local government. A large part of the response has been delivered using existing council resources, bringing in additional capacity where needed. This means that the council is likely to have an underspend in its general fund budget at the end of 2020/21.
66. The level of underspend generated from the use of existing council resources in the Covid response will be confirmed through the quarter three and outturn monitoring reports presented to Cabinet. However, it is likely to be at least £500k.
67. It is proposed that a Covid Recovery Fund should be created from that underspend to support the borough's recovery from Covid-19. The recovery fund would be available to provide funding to support:

- Business support, advice and grant programmes as our businesses recover from Covid.
 - Economic development and recovery planning
 - Community support programmes and funding
 - Support for other Covid-recovery, including the recovery of other council functions
68. The allocation of the fund will be approved as necessary by Cabinet or the relevant Executive Member.

Capital Programme

69. This report has dealt with the Council's revenue budget. Implicit in the investment programme set out above, however, are financial implications for the capital programme. The latest three-year Capital Programme can be found in appendix G1 and G2 attached. The council has an ambitious capital programme with over £62m budgeted to be invested over the MTFs period. As detailed above a further £3.6m is proposed to be added to the programme as a result of this report. This will be reported to budget council in an updated capital programme.

Implications of report

70. Some of figures outlined in the report are estimates and based on assumptions that are likely to change. These include external risks such as changes to Government funding arrangements, changes to interest rates and national and local economic changes. In addition, the council faces internal risks such as the risks of delivering transformational change including the expansion of shared services.
71. The risks are dealt with through managing prudent levels of reserves, continually monitoring government announcements, monitoring current and future economic projections and by making prudent budget assumptions.

Comments of the Statutory Finance Officer

72. The financial implications of the above report are all contained in the report but to clarify all proposals are funded and can be accommodated within the 2021/22 budget. It should be noted that the report does contain several assumptions on some future budget elements and also what the final outturn position will be for 2020/21.

Comments of the Monitoring Officer

73. There are no concerns with this report from a Monitoring Officer perspective.

Background documents

There are no background papers to this report

Appendices

Appendix G1 and G2 Capital Programme and Capital Strategy

James Thomson

Deputy Director of Finance (and Section 151 Officer)

Report Author:	Email:		Date:
Neil Halton (Principal Management Accountant)	Neil.halton@southribble.gov.uk		8 th January 2021

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Scheme Name	20/21	21/22	22/23	23/24	Total 2020-24
Good homes, green spaces and healthy places					
Green Infrastructure					
Green Infrastructure unallocated	-	189	200	200	589
Green Link - Penwortham Holme to Howick	100	150	-	-	250
Green Link - Shruggs Wood	61	-	-	-	61
Leyland Loop	91	100	-	-	191
Total Green Infrastructure	252	439	200	200	1,091
Worden Park					
Arboretum landscaping	30	-	-	-	30
Craft Units Windows and Security Grills	40	-	-	-	40
Farmyard Cottages Windows and rendering	50	-	-	-	50
Farmyard Cottages - Heating	50	-	-	-	50
Ice House front façade	10	-	-	-	10
North Lodge	4	-	-	-	4
Overflow Car Park	120	-	-	-	120
Sewerage pumping station and sceptic tanks	20	20	-	-	40
Shaw Brook weirs and banking	-	-	40	-	40
Shaw Wood footpaths	-	-	33	-	33
Walled garden pot house - replace the building frame and base walls	-	50	50	-	100
Worden Park fountain	-	80	-	-	80
Worden Park infrastructure and landscaping	-	120	200	112	432
Worden Hall refurbishment	120	1,450	600	-	2,170
Total Worden Park	444	1,720	923	112	3,199
Other Parks and Open Spaces					
Hurst Grange Park drainage	-	25	-	-	25
Hurst Grange Coach House Phase 2	300	433	-	-	733
Hurst Grange Park Paths	-	40	-	-	40
Open Spaces - Bent Lane	68	-	-	-	68
Open Spaces - Balcarres Green	26	-	-	-	26
Other Parks - Footpaths (Fossdale Moss, Priory, Valley Road)	-	45	-	-	45
Playground - Worden Park	50	-	-	-	50
Playground - Leadale Green	35	-	-	-	35
Playground - Seven Stars	175	-	-	-	175
Playground - Haig Avenue	-	175	-	-	175
Playground - Hurst Grange	190	35	-	-	225

Scheme Name	20/21	21/22	22/23	23/24	Total 2020-24
Playground - Bellis Way	49	10	-	-	59
Playground - Bent Lane	-	175	-	-	175
Tarn Wood, Penwortham	31	-	-	-	31
A tree for every resident	35	53	48	-	136
Withy Grove Park	-	-	60	-	60
Total Other Parks & Open Space	959	991	108	-	2,058
Sports and Leisure					
King George V Playing Fields, Higher Walton	50	-	-	-	50
King George V Playing Fields, Higher Walton Additional works	-	-	25	-	25
Leisure Facility	12	-	-	18,988	19,000
Leisure Centre refurbishments	-	500	1,600	-	2,100
Lostock Hall Football Facility (St Gerard's)	90	-	-	-	90
Sport Pitch Hub	70	3,200	-	-	3,270
Total Sports and Leisure	222	3,700	1,625	18,988	24,535
Housing					
Affordable Housing - former McKenzie Arms, Bamber Bridge	100	1,700	453	-	2,253
Affordable Housing - Pearson House, Station Road, Bamber Bridge	588	-	-	-	588
Disabled Facilities Grants	750	1,027	682	682	3,141
Empty Homes grants	-	39	-	-	39
Extra Care scheme	-	200	6,000	3,800	10,000
Next Steps Accom - Purchase 2 houses	140	-	-	-	140
Private Sector home improvement grants	6	98	98	98	300
Total Housing	1,584	3,064	7,233	4,580	16,461
Good homes, green spaces and healthy places	3,461	9,913	10,090	23,880	47,344
A fair economy that works for everyone					
Car Park resurfacing, Ryefield Avenue, Penwortham	-	40	-	-	40
Church Road, Bamber Bridge	-	40	-	-	40
Land Acquisition Croston Road	30	-	-	-	30
Leyland Train Station Ticket Office	15	45	-	-	60
Masterplanning & Regen - Leyland	750	2,000	-	-	2,750
Masterplanning & Regen - Penwortham	50	-	2,000	-	2,050
New Longton Regeneration	-	75	-	-	75
A fair economy that works for everyone	845	2,200	2,000	-	5,045

Scheme Name	20/21	21/22	22/23	23/24	Total 2020-24
Thriving communities					
Hoole Village Hall Grant	200	-	-	-	200
St Mary's, Penwortham - Churchyard wall repairs	40	100	-	-	140
Thriving communities	240	100	-	-	340
An exemplary council					
IT Programme					
IT Unallocated Funding	-	262	200	200	662
Capita Software Upgrade (c/f)	5	-	-	-	5
Civic Centre conference centre hearing loop	-	35	-	-	35
HFX Upgrade (c/f)	4	-	-	-	4
Idox (c/f)	147	-	-	-	147
Single Sign On and Calendar Integration	33	-	-	-	33
Members tablet refresh	52	-	-	-	52
Mobile phone upgrade	12	-	-	-	12
Front to Back Office Automation	17	-	-	-	17
Help Desk System	-	5	-	-	5
Tablet refresh (agile working)	-	35	-	-	35
Total IT Programme	269	337	200	200	1,006
Other non-ICT projects					
Corporate Buildings Unallocated	100	150	200	200	650
Corporate Buildings - Civic Centre	40	50	50	50	190
Civic Centre emergency lighting	9	-	-	-	9
Civic Centre Dementia Garden	12	-	-	-	12
Civic Centre LED Lighting	45	-	-	-	45
Civic Centre New Entrance	-	150	-	-	150
Civic Centre Solar Panels	31	-	-	-	31
Civic Centre 3rd Floor	-	50	-	-	50
Polling Booths	22	-	-	-	22
Vehicles and Plant replacement programme	1,530	2,189	490	54	4,263
An exemplary council	2,056	2,926	940	504	6,426

Scheme Name	20/21	21/22	22/23	23/24	Total 2020-24
New Schemes for the MTFs					
Good homes, green spaces and healthy places					
Open Spaces - Mounsey Road	-	50	-	-	50
Playground - The Holme, Bamber Bridge	-	175	50	-	225
Playground - Moss Side Village Green	-	125	50	-	175
Playground - Birch Avenue, Penwortham	-	75	-	-	75
Playground - Margaret Road, Penwortham	-	-	100	-	100
Sumpter House	-	-	2,000	-	2,000
Thriving communities					
Kingsfold Community Centre Improvements	-	-	150	-	150
Neighbourhood Improvements	-	-	350	-	350
Leisure Local	-	250	250	-	500
Total New Schemes					
	-	675	2,950	-	3,625
Grand Total					
	6,602	15,814	15,980	24,384	62,780

Capital Financing

Appendix G2

Funding Sources and Schemes they are applied to	20/21	21/22	22/23	23/24	Total 2020-24
Grants					
DFG	750	1,027	682	682	3,141
Lottery - Hurst Grange Coach House	300	213	-	-	513
Towns Fund - Leyland Masterplan	750	-	-	-	750
Next Steps Accommodation	70	-	-	-	70
Contributions					
External Contributions - Playground Bellis Way £29k, Hurst Grange Coach House £30k, Kingsfold CC £75k, Extra Care £3m	29	30	3,075	-	3,134
Section 106 Affordable Housing - Station Road, McKenzie Arms, Extra Care	758	1,700	2,453	-	4,912
Section 106 Other (not aff hsg) - Various parks and open spaces projects	1,087	355	73	-	1,515
CIL - Green Link Penwortham Holme to Howick	100	150	-	-	250
Reserves					
Borough Investment - Hoole Village Hall and Worden Hall	320	1,450	600	-	2,370
Capital Funding *	2,168	1,321	-	-	3,488
My Neighbourhoods - Dementia Garden	2	-	-	-	2
Repairs and Maintenance - Leisure Centre Refurbishments	-	500	-	-	500
Transformation - IT projects	269	146	-	-	415
Borrowing *					
	-	8,922	9,096	23,702	41,720
Total	6,602	15,814	15,980	24,384	62,780

* The Capital Funding Reserve will be called upon first to fund schemes that do not have alternative funding sources. Borrowing is assumed once the reserve is fully utilised.

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REPORT TO	ON
Cabinet	10 February 2021

TITLE	PORTFOLO HOLDER	REPORT OF
McKenzie Arms Development Procurement Strategy Update	Cabinet (Finance, and Assets) Member Property	Director of Commercial

Is this report confidential?	No
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Purpose of the Report

1. To update the proposed procurement strategy for appointment of a Contractor to deliver the McKenzie Arms development.

Recommendations

2. Cabinet approves the procurement strategy to appoint a contractor through an OJEU compliant framework to ensure the appointed contractor is experienced in delivering modular, passivhaus developments.
3. Cabinet to approve the delegation of Contract Award to the Cabinet Member (Finance, Property and Assets).

Reasons for recommendations

4. To allow the progression of the development that will deliver a passivhaus compliant build.

Other options considered and rejected

5. The Council could tender the works via an open procurement route, however due to the specialised nature of delivering passivhaus accredited housing it is advised that an OJEU compliant framework that allows appointment of Contractors who are experienced in delivering modular passivhaus schemes will de-risk this element of the development delivery.

Corporate outcomes

6. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	✓	Thriving communities	✓
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A fair local economy that works for everyone		Good homes, green spaces, healthy places	✓

Background to the report

7. In September 2020 a report was taken to Cabinet that confirmed a request from the Cabinet to undertake an open procurement route evaluated based on cost, quality and social value for the appointment of a Contractor to deliver the scheme.
8. The Architect who progressed the design to allow a planning application to be approved has been retained to progress the design to allow a tender package to be prepared and priced by the Contractor. To date the design has been progressed to RIBA Stage 3, and incorporates the following key attributes:
 - MHCLG’s Nationally Described Space Standards and meet optional standard Part M4(2) of Building Regulations in future proofing the homes through incorporating accessible and adaptable standards
 - Enhanced energy efficiency measures using air source heat pumps
 - Modern methods of construction, using Structured Insulated Panels (SIPs) as the main building frame which allows for reduced energy costs for future residents and reduced installation time on-site
 - Modelled to achieve Passivhaus Standard which provides a high level of comfort for occupants whilst using very little energy for heating and cooling enabling reduced energy bills
 - Modelling has been undertaken using the PHPP which confirms that it is possible for each of the dwellings to reach Passivhaus Standard.
9. Since the September 2020 Cabinet meeting, progress has been made to appoint some external project management and quantity surveying support to assist South Ribble to deliver the scheme. This appointment has been undertaken via a waiver to ensure the delivery programme is maintained. Appointment has been made to Gosling Construction Services (GCS) a Leyland based consultancy firm. As part of their appointment GCS were to undertake a critical review of the most appropriate procurement strategy and advise the Council on the most appropriate approach.
10. This report sets out this review and the recommended Contractor procurement strategy.

Procurement Strategy

11. The proposed procurement strategy has given full consideration of the Councils objectives for the scheme:

- Commencement of site works by third quarter 2021
 - Completion of works summer 2022
 - Management of the project within the approved budget of £2,217,000, this includes cost expenditure to date and design requirements to meet Passivhaus standards
 - Consideration of enhancements to achieve a Passivhaus accreditation, but as a minimum, a design which represents the very highest quality in terms of environmental outcomes
 - The use of modern methods of construction to support the targeted environmental standards and deliver construction efficiencies on site
 - A procurement route which delivers the key outcomes and is compliant with the Councils Contract Procedure Rules.
- 12.** The key drivers are challenged in a number of different ways, such challenges being potentially mitigated by the selected procurement route. Whilst no procurement option will guarantee to address all of the potential challenges in full, selection will be guided by those which are considered to be of most importance.
- 13.** The currently identified key challenges are considered to be:
- Securing a Contractor with the expertise and capacity to design, manufacture and deliver a modular building
 - Securing a Contractor with the expertise to deliver the Passivhaus / environmentally enhanced standard
 - The inflated housing and construction market putting pressure on available resource, pressurising the programme and potentially increasing prices
 - The status of the design to support the selected procurement route and the time taken to develop the design to the required stage
 - Ensuring that the design is robust enough such that the requirements of Passivhaus accreditation are met in full
 - Addressing any pre-commencement issues such as Party Wall, Tree Removal, Overage Rights and funding
- 14.** Prior to considering the procurement route for the appointment of a Contractor, it is important to first consider the procurement of the design and the Passivhaus accreditation. It is understood that the Architectural design has been prepared in accordance with the 'Passive House Planning Package' (PHPP) which ensures the design is compliant with the stringent requirements of the standard.
- 15.** The design has already been developed to RIBA Stage 3 and is cognisant of modular construction as being the optimum choice to achieve the Passivhaus accreditation. A

modular build relies heavily on design input from the manufacturer/contractor and it therefore follows that the detailed design should be developed by the specialist.

16. It is recommended that the design is developed to a Stage 3 + which would include:

- A developed Architectural scope/specification document, which would accurately reflect and described the enhanced requirements to achieve the Passivhaus accreditation
- A developed MEP scope/specification document, which would accurately reflect and describe the enhanced requirements to achieve the Passivhaus accreditation.

17. It is acknowledged that the selected Contractor procurement method will need to be:

- OJEU compliant
- Be compliant with the Councils Procurement Rules
- Deliver against the key project objectives
- Address the challenges highlighted previously in this report.
- Provide social value to the Council.

18. The procurement strategies considered are set out below;

- **Traditional:** design developed to RIBA Stage 4 by the technical team and open tenders invited based on a Bill of Quantities or Approximate Quantities.

Advantages	Disadvantages
Greater control over design and variations to the scope	Longer procurement period and later start on site
More straightforward appraisal of prices due to consistency of tender documentation	Reliance on accuracy of contract documents
Control over product selection and finish	Lose the opportunity for early Contractor / specialist engagement and added value
	Council retain majority of design risk
	Contractor bears no design risk
	Risk of achieving the Passivhaus accreditation remains with SRC

Recommendation: not considered the optimum procurement solution for the scheme, due to the length of time in procurement and the requirement to involve the specialist in the development of the modular design.

- **Design & Build:** Employers Requirements / Specification documents developed by the technical team and open tenders invited based on a Contract Sum Analysis and Contractor design

Advantages	Disadvantages
Greater risk transfer to the Contractor, including the requirement to achieve the Passivhaus certification	Variations to the scope more difficult to value and can be more costly
Cost and time certainty	Appraisal of tenders can be more difficult if the documentation is not robust, potential for greater derogation
Quicker start on site	Potential cost inflation due to the increased risk profile assumed by the Contractor
Early Contractor engagement and support with regard to the development of the modular construction requirements	
Less Client side admin requirements	
More focussed responsibility for the Client team	

Recommendation: that a Contractor be appointed on the basis of a Design and Build contract, allowing the specialist design to be developed, a more straightforward tender process and an earlier commencement on site.

19. Other possibilities considered and discounted:

- **Target cost:** lack of cost control.

20. Consideration also needs to be given on whether a single stage or two stage tender process should be used. The ideal option would be to issue tenders on the basis of single stage appointment, obtaining a fixed price from the market at the earliest opportunity and allowing the Stage 4 design to progress prior to site works commencing. Whilst this is the aspiration, it is acknowledged that the market preference, in order to de-risk projects from the Contractor side, is to seek appointment on a 2-stage basis and develop the price on an 'open book' basis. It is proposed that the market be tested through Expressions of Interest based on a single stage design and build tender approach and prepare for the need to flex the approach to a 2-stage tender if the market dictates this.

- 21.** Given the type of project, the volatility in the market, the probability that appropriate resource exists within the locality and the specialist nature of the modular construction, an open tender via the chest is not the recommended route for the selection of a tender cohort and an appropriate framework is proposed. The suitability and capacity of the frameworks would need to be interrogated swiftly and the team be prepared to flex the approach to an open tender if a suitable framework partner could not be found. It is recommended that one of the specialist modular house-building frameworks is utilised. The framework to be used will be dependent on the outcome of the Expression of Interest review and the framework that can provide terms that a favourable to the Council.
- 22.** The contractors tendering under the framework would be subject to a rigorous evaluation process using the Most Economically Advantageous Tender (MEAT) assessment process. The assessment process will be as follows:
- 60% Cost - The tenderer with the lowest cost would be awarded the full 60% cost score. Other bids would be awarded a percentage score pro-rata to this using the following formula: $\text{Total Lowest Bid Cost} / \text{Total Individual Bid Cost} \times 50$ (rounded to two decimal places)
 - 40% Quality – specific questions aimed at establishing the ability to deliver to the required quality, social value, health and safety and environmental outcomes on the scheme.
- 23.** It is recognised that demonstrating and delivering social value and monitoring environmental impacts is a key element of the Contractor appointment, it is therefore proposed that as part of the quality submission the contractor will be requested to demonstrate the following:

Please provide your quantifiable social value commitments to this project including full detail as to how they will be implemented, managed, and monitored to ensure successfully delivered. Please also include your reporting methods which will clearly demonstrate the social value generated against this project.

Please include as a minimum but not limited to:

- The percentage of local subcontractors and suppliers that will benefit from this project;
- The volume of employment, apprenticeships, work opportunities/placements and training opportunities/ upskilling for local people (particularly those in the local community) that will be generated from this project;
- Career workshops / talks and school visits;
- Community support; includes any work carried out in the local community which is outside the scope of contractual obligations;
- Social value initiatives the Bidder propose to bring into the project

Note: 'Local' is defined to be within a 37mile radius of the site.

24. The environmental benefit will be agreed through a series of key performance indicators such as waste diverted from landfill.
25. The recommended procurement strategy for the appointment of a contractor to the deliver the McKenzie Arms development is summarised below.

Delivery Approach	Tender Approach	Tendering Platform
Design and Build	Single Stage (building in flexibility to allow two -stage if the market dictates this approach)	Framework. Chosen framework to include contractors who specialise in modular and passivhaus build.

Programme

26. The tendering programme has been developed to allow a commencement on site in July 2021. The key activities and milestones are set out below:

Activity	Milestone
Develop design and tender documentation	05 March 2021
Tendering Period	16 April 2021
Tender Review and Recommendations	30 April 2021
Develop detailed Design with appointed Contractor	09 July 2021
Commence Construction on site	26 July 2021
Works Completion	25 March 2022

Risk

27. See table below

		High	
		Medium	
		Low	
Risk	RAG Rating (Likelihood)	RAG Rating (Impact)	Management Action
Failure to secure a Contractor	Medium	High	Early engagement through an appropriate framework and the issue of EOI's to assess interest
Failure to secure a Contractor with the appropriate skillset	Medium	High	Approach pre qualified suppliers through an appropriate framework
Programme pressures due to inflated nature of the market	High	Medium	Early Contractor engagement and development of a detailed and transparent programme
Cost pressures due to inflated nature of the market	High	High	Early engagement with the market will establish a budget, early Contractor engagement will allow any Value Engineering opportunities to be explored and incorporated into the scheme
Failure to prepare robust tender documents which accurately reflect the Clients requirements	Low	High	Early appointment of a PM / QS to ensure robust interrogation and challenge of the contract documents prior to issue
Failure to accurately reflect the requirements of the Passivhaus standards it the scope	Medium	High	Early appointment of a Passivhaus designer to interrogate the design prior to issue
Party Wall issues	Medium	Medium	Early appointment of a party wall surveyor to establish the impact and progress any required notices
Off site production time	Medium	Medium	Early Contractor appointment and progression of a Stage 4 design to allow manufacture to commence
Payment for materials off site, contractor insolvency	Medium	High	Either agree no payment for materials off site or enter into an appropriate vesting agreement
Failure to maintain progress on site	Medium	High	Early appointment of a PM to ensure progress is monitored and reported regularly and any warning flags highlighted and addressed
Failure to manage quality on site	Medium	High	Early appointment of a PM to ensure quality is monitored and reported regularly and any warning flags highlighted and addressed

Air quality implications

- 28.** The proposed development site is located within an identified Air Quality Management Area (AQMA) but also presents a sustainable location close to Bamber Bridge centre offering existing alternative transport links.
- 29.** Air Quality has been a material consideration throughout the planning process and an air quality assessment undertaken through consultation with the Councils Environmental Health department. Measures have been agreed through the planning process to address air quality concerns supported by Environmental Health.

Comments of the Statutory Finance Officer

30. The proposed procurement route is to utilise an OJEU compliant framework, seeking fixed price bids on a single stage Design & Build basis.

This offers a number of benefits;

- Targets specialised contractors
- Secures early appointment of a contractor
- Mitigates financial risk for the Council

31. The project will be managed via an External Project Manager who has undertaken to ensure compliance with the Council’s Contract Procedure Rules.

32. This scheme is included in the Capital Programme, and once received, tenders will be assessed against the available budget.

Comments of the Monitoring Officer

33. The proposed procurement strategy is compliant with both legislation and the Council’s contract procedure rules. The report acknowledges that the proposal departs from the cabinet decision of September last year but provides detailed and cogent reasons for doing so, referencing the benefits of the strategy and compliance with desired council outcomes.

34. The proposed scoring split 60:40 cost:quality is appropriate given the proposal to use specialist contractors for the delivering of the passivehaus scheme.

35. It should also be noted that social benefit and environmental impact are specifically referenced in the quality element and will be scored as part of the assessment of the bid.

Background documents

There are no background papers to this report.

Appendices

n/a

Mark Lester
 Director of Commercial Services

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	REPORT TO	On
	CABINET	10 February 2021

Title	Portfolio Holder	Report of
Provision of a Loan and Grant to facilitate a works project to the Hoole Village Memorial Hall	Cabinet Member (Finance, Property and Assets)	Director of Governance

Is this report confidential?	No
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Purpose of the Report

1. To request approval to release funds by way of a loan, charge and a grant to the Trustees of Hoole Village Memorial Hall to enable them to progress and complete their works project to the premises.

The execution of the loan, grant and legal charge is undertaken by the Director of Governance

Recommendations

2. To approve the granting of the loan of £150,000.00 and a Grant of £50,000.00 to the Trustees of the Hoole Village Memorial Hall.
3. To approve that the Council's interests are protected by way of a facility agreement and legal charge and a separate grant agreement.
4. To approve the execution of the loan agreement, legal charge and grant agreement by the Director of Governance.

Reasons for recommendations

5. The village hall trustees had previously approached the Council requesting financial support for the project to address their estimated funding shortfall, for the provision of a works project to the Village Hall.

A budget of £200,000 has been included in the Budget and Medium-Term Financial Strategy for this project. A due diligence process has been undertaken with regard to the provision of a loan. In order to protect the Council's interest in the granting of the loan and Grant it is necessary to enter into certain documents with the Trust. The required agreements are a facility agreement which details the terms of the loan, a

grant agreement which details the terms of the grant and a legal charge which secures the granting of the loan against the Hoole Village Memorial Hall.

Other options considered and rejected

6. The council could of course have chosen to do nothing in this regard. However, it was not considered that this was in the best interests of the residents of Much Hoole.

Corporate outcomes

7. The report relates to the following corporate priorities:

An exemplary council		Thriving communities	X
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

Background to the report

8. Following earlier approval in principle by Council (on the 26th February 2020) for a loan to the Village Hall, the business plan projections provided by the Trust have been reviewed to assess affordability.
9. Hoole Village Memorial Hall is a registered charity and as such, the annual accounts have been submitted to the Charity Commission. The community-run facility has made a profit in the last three years for which accounts have been assessed.
10. The current facility is run down and needs significant investment. There has been investment already in the re-siting of the Scouting Building to the Village Hall Site and repairs to the roof to allow the building to remain operational.
11. The new facility is designed to be a multipurpose space, able to accommodate a number of different groups and therefore maximize usage and also to be more energy efficient.
12. The loan would be secured via a charge on the property with the Trustees entering into a legally binding facility agreement which determines the terms of the loan and a grant agreement detailing the relevant terms on which the grant is to be given.

Proposals

13. It is proposed to provide a loan to the Trustees of the Hoole Village Memorial Hall in the sum of £150,000.00 and a Grant in the sum of £50,000.00

14. The Council will require the Trustees to enter into a facility agreement, protected by way of legal charge and a grant agreement.

Risk

15. The risk of the Council is being mitigated by the requirement of the facility agreement which will be protected by way of a legal charge over the property. The facility agreement requires the Trustees to provide evidence of works undertaken at certain stages throughout the process of development. This will ensure that the loan is used for the purposes it is provided.
16. The Grant Agreement will require the Trustees to provide updates regarding the delivery and success of the project and spending of the grant monies

Equality and diversity

17. None

Comments of the Statutory Finance Officer

18. The budget for this grant and loan award are within the capital programme. The repayment of the loan will be collected annually and offset the costs of the Council facilitating this amount.

Comments of the Monitoring Officer

19. The purpose of the report is to seek authority to enter into appropriate legal documentation designed to protect the council's interests. As such there are no concerns from a Monitoring Officer perspective.

There are no Background documents

There are no Appendices

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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