



Cabinet Supplemental Agenda

Date:	Thursday, 23 June 2011
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

3. **FINANCIAL OUT-TURN 2010/11 (Pages 1 - 16)**
4. **CAPITAL OUT-TURN AND FINANCING 2010/11 (Pages 17 - 24)**

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WIRRAL COUNCIL

CABINET

23 JUNE 2011

SUBJECT	FINANCIAL OUT-TURN 2010/11
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 A full review of the financial accounts for 2010/11 has now been completed. This report provides a comparison of the out-turn against the estimate for 2010/11 and an analysis of the major variations together with details of the amounts held in reserves and provisions at 31 March 2011.

1.2 In respect of the General Fund the main headlines are:-

- a) For 2010/11 there was an overspend of £5.3 million, which arose in the areas of Adult Social Services, Children's Services and Technical Services. This was largely offset by 'one-off' savings within the areas of Treasury Management and Housing Benefit. Net this was a £0.3 million overspend.
- b) The level of balances at 31 March 2011 increased by £1 million. The release of a further £5.7 million from reserves being used to meet the requirement to include £4.4 million of Early Voluntary Retirement / Voluntary Severance Scheme to be spent in 2011/12 in the 2010/11 accounts and to meet the net overspend.
- c) The Councils provisions and reserves at 31 March 2011 were £15 million higher than a year earlier. This being due to the requirement to provide for the £8.7 million of Early Voluntary Retirement / Voluntary Severance payments due in 2011.12, the Community Fund grant of £4.4 million required for future years and a £3 million increase in schools balances.

2.0 RECOMMENDATIONS

- 2.1 That the revenue out-turn for 2010/11 be agreed.
- 2.2 That the provisions and reserves be agreed.

3.0 REASONS FOR RECOMMENDATIONS

3.1 Local authorities have to produce an annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of that period. The Accounts must comply with the Code of Practice on Local Authority Accounting and Reporting Standards and the full Statement is approved by Audit & Risk Management Committee on behalf of the Council. This report informs Cabinet of the key elements.

4.0 BACKGROUND AND KEY ISSUES

General Fund Revenue Accounts 2010/11

4.1 The table compares estimated expenditure with the actual position for 2010/11. The final out-turn includes contributions to and from reserves and other accounting adjustments which are required in order to comply with the prescribed guidance, the Code of Practice on Local Authority Accounting and Reporting Standards.

4.2 An element of the variations results from the required adjustments and includes those due to the treatment of capital that are offset by a corresponding entry within the Treasury Management accounts. Similarly with any re-allocations of central support service and administrative buildings charges there is no overall impact upon the total Council expenditure. The variations detailed in section 4.4 exclude these adjustments and reflect the departmental issues as reported to Cabinet throughout the year.

	Current Estimate £000	Final Out-turn £000	Variation £000
Adult Social Services	83,104	94,483	11,379
Children & Young People	79,113	82,319	3,206
Schools	308	308	0
Corporate Services	29,488	30,773	1,285
Finance	28,465	16,419	(12,046)
Law, HR and Asset Management	17,966	18,624	658
Technical Services	62,355	66,811	4,456
Merseytravel	27,344	27,344	0
Local Pay Review	956	718	(238)
EVR / VS Scheme	4,048	In above	(4,048)
Contribution from balances	-6,519	-11,171	(4,652)
TOTAL EXPENDITURE	326,628	326,628	0
INCOME			
Revenue Support Grant	20,016	20,016	0
Area Based Grant	37,570	37,662	92
National Non Domestic Rate	137,844	137,844	0
Council Tax Income	131,198	131,198	0
TOTAL INCOME	326,628	326,720	92

	Current Estimate £000	Final Out-turn £000	Variation £000
STATEMENT OF BALANCES			
Balance as at 1 April 2010	13,758	13,758	0
Contribution to General Fund Budget	(6,519)	(11,171)	(4,652)
Contribution from Other Reserves	6,832	12,479	5,647
Balance as at 31 March 2011	<u>14,071</u>	<u>15,066</u>	<u>995</u>

4.3 Contribution from other Reserves

4.3.1 At the time of setting the Budget 2011/12 the expected contributions were £6.8 million. They now include the a further £0.9 million from the Insurance Fund following the completion of the Fund accounts and £4.7 million for the release of the no longer required Connexions Pension Reserve..

	£000
Connexions Pension Reserve	4,700
Insurance Fund	4,347
Housing Benefit	2,200
Other	<u>1,232</u>
Total Contributions from Other Reserves	12,479

4.4 Analysis of Main Variations

4.4.1 After excluding the required accounting adjustments outlined earlier the departmental variations were;-

Department	Overspend £000	Underspend £000
Adult Social Services	3,300	-
Children & Young People	1,421	-
Corporate Services	-	162
Finance	-	4,495
Law, HR & Asset Management	-	342
Technical Services	531	-
Overall Underspend	5,252	4,999

The overspends reported within the departments during 2010/11 have largely been offset by the 'one-off' savings within Treasury Management and Housing Benefit.

4.4.2 The main departmental variations were :-

	Overspend £000	Underspend £000
Adult Social Services		
Community Care	1,520	-
Transport	1,310	-
Provider Services	500	-

Children & Young People		
Independent Residential Care	2,250	-
Foster care, adoptions and lodgings	1,430	-
Staffing and re-allocation of grants	-	2,140
Corporate Services		
No significant variations	-	-
Finance		
Bad Debts Provision	1,537	-
Housing Benefit Grant and Payments	-	2,756
Treasury Mgt - Capital Financing	-	2,022
Treasury Mgt - Investment Income	-	1,005
Law, HR & Asset Management		
Costs of democracy including Audit Fees	-	349
Technical Services		
Car Parking including income shortfall	375	-
Planning and Development Control	409	-
Austerity / Administration measures	-	254

4.5 Adult Social Services

4.5.1 The department throughout the year reported pressures within the budgets for Community Care, transport and provider services. Whilst this was reported as reducing to around £3.5 million the final position was £3.3 million after taking into account specific cost reduction measures.

4.5.2 A contributing factor to this overspend has been the increasing number of older people with critical and substantial needs entering the service, a pressure of £1.5 million. Within the provider services inflationary pressures and a shortfall in income contributed towards the overspend. Transport overspent through difficulties within Special Education Needs, Looked After Children and Adult and an underachievement of savings of £0.6 million. A report elsewhere on this agenda updates Cabinet on the transport service.

4.5.3 A number of efficiencies were implemented during the year that have been reflected in the outturn position.

4.6 Children & Young People

4.6.1 Whilst significant financial pressures were reported through out the year within residential care and foster care placements the department was projecting these to total around £1.8 million. The final figure for the year being £1.4 million.

4.6.2 The provision of care services for children is a volatile area of the budget. However, independent residential placements increased beyond that anticipated with the number of placements for the year exceeding the target and budget for 2010/11. The budgets for fostering, adoption and lodgings have come under similar pressure.

4.6.3 As with previous years the department increased the savings required from staffing and vacancy control and wherever possible grant funding was re-aligned in order to meet the Council priorities and help reduce the overspend

4.7 Corporate Services

4.7.1 During the year financial monitoring reports highlighted no variations.

4.8 Finance

4.8.1 Within Treasury Management the close and active management of the cash flow together with higher than projected balances during the year enabled internal resources to be used in lieu of borrowing for capital purposes. This with the beneficial timing of new borrowing saved £2 million on capital financing costs. This same active management helped to achieve a surplus of £1 million on investment income. The Treasury Management Annual Report is on this agenda.

4.8.2 Improvements in respect of the administration and payment of Housing and Council Tax benefit to eligible recipients have continued to realise savings. This has in part been achieved through the use of a number of service access points, working with partners and improved processing technology. This approach continues to offer the potential for further savings in future years.

4.8.3 As in the preceding two years the difficult financial climate is having an impact upon the ability of individuals to meet their financial obligations. In recognition of this the sums outstanding and due to the Council are at increased risk of not being met and this has required an increase in the provision for bad debts.

4.9 Law, HR and Asset Management

4.9.1 During the year the pressures arose from a shortfall of income from managed properties but savings on the costs of democracy and particularly audit fees more than compensated for pressures in other areas.

4.10 Technical Services

4.10.1 Monitoring reports throughout the year identified difficulties meeting the income targets in respect of car parking operations and planning and development fees through the effects of the recession. The department found savings of £0.3 million from austerity / administration measures to partially offset the shortfalls in income.

4.10.2 Due to adverse weather conditions Cabinet on 17 March 2011 agreed to an additional £0.4 million allocation for winter maintenance of which £0.3 million was actually used.

4.11 Local Pay Review

4.11.1 The liability to the Council to meet the on-going costs of the implementation of the harmonisation and local pay review is being back-dated to 1 April 2007. The exercise is now expected to conclude during the 2011/12 financial year. In accordance with Accounting Standards, money has been set-aside in the 2010/11 accounts to meet potential costs.

4.12 Early Voluntary Retirement/Voluntary Severance Scheme

4.12.1 In Autumn 2010 the Early Voluntary Retirement / Voluntary Severance Scheme commenced which will result in over 1,100 individuals leaving the Council by July 2011. The total cost of the severance payments is £21.6 million. With this process having been largely completed, and the dates for the individuals agreed, the Council are required to identify funding for this in the 2010/11 accounts.

4.12.2 The severance costs incurred in 2010/11 of £12.9 million are being funded from a combination of General Fund balances, the Efficiency Investment Fund, Capital (through a directive for the statutory redundancy element) and savings on posts where staff left before 31 March 2011.

4.12.3 The severance costs to be incurred in 2011/12 of £8.7 million are required to be included in the 2010/11 accounts and a provision has been established to cover these payments. This has required the funding from balances set aside in 2011/12 to be brought forward to 2010/11. A bid has been submitted to the Government to seek to capitalise the statutory redundancy element. If this is successful then the amount of the directive would effectively release a comparable sum to balances.

4.13 Statement of Balances

4.13.1 At 1 April 2010 the balances were £13.7 million. When Council agreed the budget for 2011/12 the projections were for £14.1 million at 31 March 2011 and the preceding sections detail how the final figure of £15.1 million has arisen. An updated Budget Projections for 2012/15 report will be presented to Cabinet on 21 July 2011.

4.14 Collection Fund

4.14.1 The income to the Fund was £212 million with expenditure of £211.1 million:-

	£000
Wirral Precept	131,197
Police Precept	15,309
Fire and civil Defence Precept	6,781
Business Rates	56,976
Adjustment to provision	866
	<u>211,129</u>

4.14.2 The surplus for the year of £0.9 million results in a Collection Fund surplus of £1 million at 31 March 2011. In accordance with revised accounting practice the Wirral share of the surplus is included within the Comprehensive Income and Expenditure Statement of the Authority.

4.15 Provisions and Reserves

4.15.1. At 31 March 2011 the following provisions for bad debts were made within the General Fund:-

	£000
Sundry Debtors	6,488
Community Charge Summons Costs	592
Housing Benefit	<u>6,108</u>
Total	<u>13,188</u>

4.15.2 At 31 March 2011 the following provision was made for bad debts within the Collection Fund:-

	£000
Council Tax	7,820

4.15.3 In accordance with revised accounting practice, the Authority shows within its own accounts the element of Council bad debt and provision relating to its share of the total debt. Business Rates are now accounted for on an agency basis. There is therefore no provision for this in the Council accounts.

4.15.4 In addition to providing for bad debts the Council maintains provisions and reserves which are amounts set-aside to meet identified possible future liabilities. These are analysed in the Appendix.

4.16 Insurance Fund

4.16.1 The Insurance Fund contributed a total of £4.3 million to the General Fund balance during the year. The combined balance of the Insurance Fund and Reserve has decreased by £2.8 million to £15.3 million at 31 March 2011. The Insurance Fund Annual Report is on the agenda for this meeting.

4.17 School Balances

4.17.1 Under the Education Reform Act 1988 all primary, secondary, special and nursery schools now manage delegated budgets. At 31 March 2011 the balances held totalled £11.7 million which can only be used for schools' purposes and are not, therefore, available to support general Council expenditure.

5.0 RELEVANT RISKS

5.1 There are none associated with this report which provides a summary of the Council's financial affairs for 2010/11 and the balances at 31 March 2011. The financial position is monitored throughout the year and is within the Financial and Performance Review reports presented to Cabinet each quarter.

6.0 OTHER OPTIONS CONSIDERED

6.1 No other options were considered. There is a legal requirement to publish the Council financial accounts at the end of each financial year.

7.0 CONSULTATION

7.1 This is an end of year report. Consultation takes places as part of the planning and implementation of the specific schemes within the Council Budget.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising directly from this report. These would be considered as part of the planning and implementation of the specific schemes.

9.0 RESOURCE IMPLICATIONS

9.1 The financial implications are within the Executive Summary and are detailed throughout this report.

9.2 There are no staffing implications arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There is a legal requirement to publish the Statement of Accounts each year. This report provides an extract related to the revenue accounts and related balances, including sums held in reserves and provisions.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no direct implications as this report covers the overall financial affairs for the financial year.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no direct implications arising from this report. These will be included within reports to Cabinet on individual schemes and included within the annual Carbon Budget report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no direct planning implications arising from this report.

FNCE/157/11

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REFERENCE MATERIAL

Code of Practice on Local Authority Accounting in the UK – SORP 2010.
Capital Finance and Accounting Regulations 2009.
Accounts and Audit Regulations 2003.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Estimates 2010/11	22 February 2010
Cabinet - Revenue Out-turn 2009/10	24 June 2010
Cabinet - Budget 2011/12	21 February 2011

APPENDIX

GENERAL FUND PROVISIONS AS AT 31 MARCH 2011

	£000
Early Voluntary Retirement/Voluntary Severance	8,748
Working Neighbourhoods Fund	4,582
Housing Benefit	2,953
Community Fund Community Asset Transfer	690
Planned Preventative Maintenance Provision	254
Energy Conservation	230
Empty Property	189
Match Funding	167
Highway Works	150
Strategic Change Programme	150
Local Area Agreement Network Support	134
Local Development Framework	127
Merseyside Information Service	119
Other	519
	<u>19,012</u>

Early Voluntary Retirement/Voluntary Severance

This is to cover the cost of severance payments being made to those individuals who are leaving the Council during April to July 2011.

Working Neighbourhoods Fund

There a number of contractual commitments to schemes that the Working Neighbourhoods Fund supports. The provision contains the sums identified for the delivery of schemes to reduce worklessness, increase apprenticeships and award grants.

Housing Benefit

The Council is able to claim subsidy for a substantial proportion of Housing and Council Tax Benefit payments made to eligible claimants. This involves the submission of annual claims to the Department for Work and Pensions (DWP) that are subject to audit by the Audit Commission.

There are a number of outstanding claims issues requiring final settlement with the DWP. Changes in the interpretation of legislation and subsidy arrangements may require adjustments to be made to prior years. The Council reserves the right to challenge the reasonableness of any calculations in respect of claw-back.

Community Fund Community Asset Transfer

The Community Fund grant has been allocated by Wirral Partnership Homes. The transfers of Moreton Community Centre, Heswall Hall and Victoria Hall are all committed to take place and this is for those costs that the Council is now due to pay.

Planned Preventative Maintenance Provision

Provision for works at play areas, golf courses, footpaths and sports centres.

Energy Conservation

The acquisition of an automated metering system was committed in 2010/11 and this covers the funding of this purchase.

Empty Property

This is for the Council contribution to HOUSED improvements in Craven Street.

Match Funding

This is required to match a series of commitments including artistic and cultural developments, golf events and the Hoylake and West Kirby improvement plan.

Highways Works

This is a contingency for the writing-off of irrecoverable debts that include rechargeable works, road reinstatements and outstanding debtors to the Operational Services Division.

Strategic Change Programme

The IT supporting the delivery of the programme is presently being reviewed and this relates to the computer system to help deliver the Strategic Change Programme.

Local Area Agreement (LAA) Network Support

This relates to sums set aside to fund the development of the Local Area Agreement. It will be used to support both Council and voluntary network activities.

Local Development Framework

This is the sum remaining for the implementation of a number of studies approved by Cabinet on 15 March 2007 and have been programmed over forthcoming years.

Merseyside Information Service

To cover the provisional costs arising from the winding up of this organisation. This will be used when the accounts for the services have been finalised.

GENERAL FUND RESERVES AS AT 31 MARCH 2011

	£000
Housing Benefit	12,155
School Balances	11,733
Working Neighbourhoods Fund	10,302
Debt Restructuring and Financing	7,941
Schools Harmonisation	5,881
Minimum Revenue Provision	4,400
Community Fund Community Asset Transfer	3,721
Local Pay Review	2,758
IT/Intranet	2,383
One Stop Shop / Libraries IT Network	1,784
Supporting People Programme	1,551
Schools Capital Schemes	1,368
Group Repair	992
Strategic Asset Review	808
Home Adaptations	566
Cosy Homes Insulation	531
Merseyside Information Service Termination Costs	500
Planned Preventative Maintenance Libraries	486
Match Funding	477
Heritage Fund	420
Schools Automatic Meter Readers	415
Regeneration Schemes Fund	388
Schools Contingency	370
West Wirral Schemes	332
Local Area Agreement Reward	331
Property Maintenance Disabled Access	311
Energy Investment – Street Lighting	310
Primary Care Trust – Physical Activities	300
Sports Centre contingency	300
Schools Service IT	294
Schools Summer Term	280
Homelessness Prevention	276
Seaside Town Strategy	200
Other	<u>5,857</u>
Total Reserves	<u>80,721</u>

Housing Benefit

There is an ongoing issue relating to the previous Housing Benefit Supporting People arrangements, the potential claw-back of subsidy against recent years and sums set-aside for the further development of the integrating the supporting IT systems.

Schools Balances

These reserves are earmarked for use purely by the schools. The balance consists of: -

	£000
Schools underspending	12,496
Schools overspending	<u>(763)</u>
Net Schools balances	<u>11,733</u>

Debt Restructuring and Financing

To cover the premiums associated with the early repayment of debt, future interest rate increases and costs associated with the termination of leases.

Working Neighbourhoods Fund

Working Wirral resources are used to commission activity to deliver the Investment Strategy priorities of tackling worklessness, improving skills levels and increasing enterprise, business growth and investment. The reserve represents the sums identified for the delivery of the programme which covers a number of years.

Schools Harmonisation

To fund the potential costs associated with implementing Phase 2 of the local pay review which relates to those employees within schools.

Minimum Revenue Provision (MRP)

The Capital Finance and Accounting Regulations 2008 introduced new methods for calculating the MRP. The reserve has been established to offset any resultant increase in costs.

Community Fund Community Asset Transfer

The Community Fund grant has been allocated by Wirral Partnership Homes and this is the balance of the grant to implement the Community Fund Asset Transfer. The funding is to be used by 31 March 2012.

Local Pay Review

The amount identified, and set-aside, to fund the costs of implementing proposals to harmonise and simplify working arrangements as well as meeting the requirements arising from the implementation of equal pay legislation.

IT/Intranet

For the expansion and development of ICT services in the implementation of the programme agreed as part of the IT Strategy.

Supporting People Programme

Permission has been granted from the Department for Communities and Local Government to retain any administration and specific programme grant for use in future years. This reserve is to be spent on a number of initiatives to support people in need to live in their own homes.

One Stop Shop / Libraries IT Network

To develop the Information Technology systems within the One Stop Shops and libraries as part of the provision of a more integrated service.

Schools Capital Schemes

The reserve was set aside for the delivery and completion of capital schemes within schools.

Group Repair

This sum relates primarily to funding towards the 'Triangles Property Renovation Scheme'. Residents and landlords also contribute to the cost of the works, with the balance being utilised to support future renovation schemes.

Strategic Asset Review

Reserve established to support the implementation of the review and includes funding for Guinea Gap and capacity building activities.

Home Adaptations

To facilitate a programme of minor adaptations to improve standards of living.

Cosy Homes Insulation

To facilitate a programme of insulation in homes through out Wirral.

Merseyside Information Service

This has been created to cover any further potential costs from the winding up of this organisation. It will be used when the accounts for the services have been finalised.

Planned Preventative Maintenance Libraries

Fund held to complete a programme of planned preventative maintenance at a number of the areas libraries.

Matching Fund

The aim is to provide funds for any special initiatives that may arise involving grants, which will need to be matched by the Authority.

Heritage Fund

To provide funding for individuals, associations and communities to enhance the recording, preservation and protection of the urban, maritime and rural heritage of Wirral.

Schools Automatic Meter Readers

Reserve established to cover the running costs of installation and maintenance of automatic meter readers in Wirral schools. This initiative to introduce meters over a three year period to assist schools in the implementation of the Carbon Reduction Commitment.

Regeneration Schemes Fund

For the costs associated with any externally funded and grant supported schemes within regeneration that in the future, when completed, require additional funding.

Schools Contingency

Created to cover formula errors that would have been unknown at the time schools budgets were set. Such adjustments may result in an additional budget being allocated from this reserve.

West Wirral Schemes

To support regeneration schemes in West Kirby and Hoylake. The reserve is to be used as match funding for any capital schemes developed in the future.

Local Area Agreement Reward

To fund agreed allocations of performance grant held by Wirral Council acting as the LAA accountable body. These will be paid to LAA partners in accordance with grant conditions.

Property Maintenance Disabled Access

To fund to a number of changes to Council buildings to improve access.

Energy Investment – Street Lighting

This sum relates to policy option to pilot the implementation of an energy efficient Street Lighting Programme due to be implemented.

Primary Care Trust – Physical Activities

Funding from the primary care trust for health related schemes. These will take place in Council sports centres and be organised by Sport Development.

Sports Centre Contingency

To assist in developing the programme for youth participation in sporting activities.

Schools Service IT

The service is fully funded from schools contributions and this reserve supports the service in the event of changing demands for IT services from schools.

Schools Summer Term

To cover the cost of advisory teachers in the summer term in the event of schools not deciding to purchase services.

Homelessness Prevention

The fund is used to offer loans to prevent repossessions and evictions.

Seaside Town Development

The Area Forums have developed a programme of work that will occur in 2011/12 based on utilising a Government Grant, and will be funded from the reserve.

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WIRRAL COUNCIL

CABINET

23 JUNE 2011

SUBJECT	CAPITAL OUT-TURN AND FINANCING 2010/11
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Cabinet of the capital out-turn for 2010/11 and the resources used to fund the programme as required under Part IV of the Local Government and Housing Act 1989.

2.0 RECOMMENDATIONS

- 2.1 That the capital out-turn and financing, including the variations and slippage from 2010/11 to 2011/12, be agreed.
- 2.2 That the financing of the programme and formal Capital Determinations be agreed.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 Under Part IV of the Local Government and Housing Act 1989, the Authority is required to make a number of formal Determinations in respect of its capital expenditure and financing and this report includes those for the 2010/11 financial year.

4.0 BACKGROUND AND KEY ISSUES

CAPITAL PROGRAMME

- 4.1. The Capital Programme 2009/13 was approved by Council on 14 December 2009 and confirmed as part of the budget for 2010/11 by Council on 1 March 2010. Other than the impact of decisions by Council / Cabinet the revisions relate to slippage resulting in both the spend and resources being slipped.

COUNCIL / CABINET DECISIONS

- 4.2 On 24 June 2010 the Capital Outturn and Determinations report was approved which included the slippage into 2010/11 capital programme.
- 4.3. The Local Transport Plan Capital Programme for 2010/11 was approved on 14 January 2010 and the Housing Investment Programme for 2010/11 was approved on 27 May 2010 subject to the outcome of Government announcements regarding grant funding.

- 4.4 On 24 June 2010 the Reductions in Government Grants to Local Authorities in 2010/11 included references to a reduction in the Transport Grant, the Housing Market Renewal Grant and Local Area Agreement Reward Grant. Revised programmes were subsequently approved on 22 July 2010 and 14 October 2010 for the Local Transport Plan and Housing Investment Programmes taking into account the reduction in grants. The Schools Capital Programme for 2010/11 was reported to the July meeting.
- 4.5 On 4 November 2010 a virement of the former Regeneration Department capital schemes to departments now providing the services was approved.
- 4.6 On 9 December 2010 consideration was given to the Capital Programme and Financing for 2011/15. This was approved by Council on 13 December 2010. On 21 February 2011 Cabinet received an up-dated report on the Capital Programme and Financing which was approved by Council on 1 March 2011.

CAPITAL OUT-TURN

- 4.7 The capital spend for the year on the accruals basis amounted to £59 million. This compared to the Original Programme of £78 million which was the Forecast within the update in February. This is summarised as:-

Spend	Original Approval £000	Forecast February £000	Actual Out-turn £000
Adult Social Services	471	1,856	897
Children & Young People	43,527	35,155	27,377
Corporate Services	2,050	17,530	17,554
Finance	1,500	6,349	269
Law, HR and Asset Mgt	100	3,283	2,373
Regeneration	19,802	n/a	n/a
Technical Services	11,145	13,622	10,526
Total programme	78,595	77,795	58,996

CAPITAL FINANCING

- 4.8 When setting the annual programme account is taken of potential slippage and an element of 'over-programming' is built into the programme. At the end of the year the following resources were used to finance the expenditure and formal approval of the actual resources used is required:-

Resources	Original Approval £000	Forecast Mar £000	Actual Out-turn £000
Borrowing	14,340	23,624	11,675
Grant – Education	41,300	29,210	26,899
Grant – HMRI	7,485	9,956	5,294
Grant – LTP	4,243	3,233	3,193
Grant – Other	7,877	7,905	8,491
Revenue/Reserves	350	867	444
Capital Receipts	3,000	3,000	3,000
Total resources	78,595	77,795	58,996

PROGRESS ON THE PROGRAMME

4.9 Adult Social Services

4.9.1 The main scheme is the Extra Care Housing facility at the former Mendell Lodge site which was completed in March 2011. The second and final payment of this grant funded scheme £0.8 million will be made in 2011/12.

4.9.2 The Consultation exercise led to an assessment of Day Care Services. It is anticipated that there will be requirements to develop the centres which could potentially be funded from the Mental Health and Social Care Single Capital allocations held including the use of grants held from previous years.

4.10 Children & Young People

4.10.1 The 2010/11 programme includes previously approved schemes, as well as the slippage identified in the Capital Outturn report approved at Cabinet on the 24 June 2010 and 2 September 2010. The opportunity was also taken to re-profile major capital projects inline with revised expected completion dates, most notably the Pensby Primary/Stanley Special School project via the Primary Capital Programme and Birkenhead High School for Girls Academy.

4.10.2 The Government continued to scrutinise the resources available for 2010/11 and reductions in a number of grants led to programme revisions including Harnessing Technology (£586,000), SEN / 14-19 (£660,000 in 2011/12) and Sure Start and Early Years (£820,000).

4.10.3 On 5 July 2010 a major review of the Building Schools for the Future programme was announced by the Government. Wirral's One School Pathfinder project at Woodchurch High was unaffected, and all phases of the scheme are complete. Birkenhead High School for Girls Academy's Final Business Case was approved on 9 February 2011 with Academy funding of £11.7 million secured. The scheme spend was re-profiled following the pausing of the programme and legal issues with the Academy sponsor prior to the Final Business Case being submitted. As a result £10 million was re-profiled over 2011/14 with works due to complete in October 2013.

4.10.4 The Primary Capital Programme is progressing well with the new Park Primary School completed and handed over to the Authority in March. This enabled the disposal of the former Poulton Primary School building. Work on site at Pensby Primary School has commenced and is expected to be completed in March 2012. The scheme, and resources, seeing £3 million slipped to 2011/12. The second phase of the project to co-locate Stanley Special School will then commence, this is due for completion in March 2013.

4.10.5 The Primary Surplus Places scheme did not progressed as forecast due to uncertainties relating to scheme funding at Cathcart Primary. The Primary Places scheme involves refurbishment and reconfiguration works to 3 schools in order to accommodate pupils from Cole Street Primary which is due to close in July. Funding has been slipped into 2011/12, where work will be undertaken on the Woodlands Primary, Christchurch C.E. Primary, Birkenhead and Woodchurch Road Primary Schools.

4.10.6 The School Access Initiative scheme continues to support the strategic programme for accessibility and projects range from small scale adaptations for specific pupil needs through to large scale adaptations and contributions to major capital schemes. A number of Primary schools have been identified as requiring works. However this will not commence until the School's summer holidays due to health and safety reasons. Unspent 2010/11 funding will therefore be slipped into the 2011/12 programme.

4.10.7 The projected outturn for PFI reflects the accounting movement of schemes which should be classed as PFI rather than Modernisation, which will provide greater transparency to reflect scheme arrangements.

4.10.8 The Family Support Scheme is the continuation of a previous programme of investment in schemes to support looked after children in gaining placement in a safe and secure environment, avoiding more expensive alternative accommodation. With delays in an adaptation to a house occupied by a foster carer the funding has slipped into 2011/12.

4.11 Corporate Services

4.11.1 Progress continues in delivering support for businesses through the Think Big Investment Fund, with slippage of £0.2 million of approved grant support being paid in 2011/12. The Destination West Kirby and the Wirral Country Park schemes remain in the programme as grant funding continues to be sought and this slippage reflected within the programme.

4.11.2 .Progress has been made towards delivering the Mersey Heartlands New Growth Point scheme. The 2010/11 Capital Programme reflecting the slippage of 2009/10 funding less the transfer of £270,000 to Technical Services to support transport modelling.

4.11.3 The Government reduction to the National Housing Market Renewal Programme saw the allocation to Wirral further reduced taking the 2010/11 grant allocation down from £9.1 million to £7.4 million of which £5.9 million related to capital. The Regional Housing Pot allocation of £2.4 million for 2010/11 reduced significantly from the 2009/10 allocation of £5.2 million which is in line with the allocations to other Local Authorities. The majority of this latter funding used as match funding to HMR funding. In February 2011 £2.1 million of additional grant income was received from the Homes and Community Agency (HCA) providing additional funds for the Clearance programme.

4.11.4 The programme also includes £3.4 million for the capitalisation of the statutory redundancy element of the Early Voluntary Retirement / Voluntary Severance Scheme costs following the approval of the Secretary of State to classify these revenue costs as capital for 2010/11. In the updated Forecast this was shown under the Finance Department section of the programme.

4.12 Finance

4.12.1 The Asset Review - IT investment programme was deferred pending consideration of the options for office accommodation. Council on 1 March 2011 confirmed that the future year programmes has been re-profiled and the 2010/11 allocation has similarly been carried forward to 211/12.

4.12.2 The capitalisation of the £3.4 million of statutory redundancy costs has since been included under Corporate Services (see 4.11.4).

4.13 Law, HR & Asset Management

4.13.1 The Landican Crematorium Mercury Abatement building works programme was re-profiled to reflect the actual start date of September 2010. and the scheme is progressing as expected.

4.13.2 The Williamson Art Gallery scheme commenced in Spring 2011 with £1.2 million of the scheme, and funding, re-profiled to 2011/12 whilst the works at Birkenhead Priory are part funded by the Heritage Lottery Fund. Discussions are also taking place with the Chester Diocese over site issues.

4.14 Technical Services

4.14.1 The programme was reduced by £1 million to reflect the reduction in Government grant. The substantial bridges allocation meant that works to the value of £2 million originally scheduled for 2010/11 will now take place in 2011/12. The M53 junction 3 scheme, which is the largest within the programme is nearing completion as scheduled.

4.14.2 In terms of the Cultural Services schemes the drainage works to reduce closures at Hoylake Golf Course were undertaken and the extension of Landican Cemetery was completed. The upgrading of the changing facilities at Guinea Gap in being funded from the Government grant allocated to support swimming initiatives.

FINANCING OF THE SPEND

4.15 For schemes funded by borrowing, grant or reserves which were delayed, deferred or slipped into 2010/11 the resources were similarly carried forward. The opportunities offered by the receipt of additional grants, particularly for housing and regeneration initiatives, together with the benefits from cash flow management meant the need to borrow reduced from earlier expectations.

4.16 Use of Borrowing

4.16.1 With the return from investments diminishing as investments matured the money was used to temporarily reduce the need to borrow and maximise the benefits offered by the market conditions. £10 million was actually borrowed over the longer-term to provide the support for the capital programme. The amount referred to in the table represents the underlying need to borrow and this can be different from the amount actually borrowed.

4.17 Use of Grants

4.17.1 £43.9 million of grants which have been, or are expected to be, reimbursed by other parties have been used to finance the capital spending. This includes grants Woodchurch High School, Birkenhead Academy and Park Primary School within Children & Young People and support for Housing Market Renewal, adaptations and other initiatives within Corporate Services.

4.18 Expenditure Financed From Reserves and Revenue Accounts

4.18.1 £0.4 million of reserves and revenue were used to finance the 2010/11 capital expenditure.

4.19 Use of Usable Capital Receipts

4.19.1 The generation of capital receipts through the sale of assets is used to fund the programme and this income offers flexibility in the timing of its use. In 2010/11 £3 million of usable capital receipts were applied.

4.20 Minimum Revenue Provision (MRP)

4.20.1 In 2010/11 payments from the General Fund revenue account of £9.6 million were made as provision for the repayment of external debt. The Local Authorities (Capital Financing and Accounting) Regulations 2008 set the rules governing debt redemption and the Minimum Revenue Provision (MRP). In terms of the MRP policy Cabinet on the 22 February 2010 agreed that for 2010/11 the Council would adopt the Regulatory method for supported borrowing and the asset life methodology for unsupported borrowing. The sum provided in 2010/11 meets this policy.

5.0 RELEVANT RISKS

5.1 There are none associated with this report which provides a summary of the spend and financing of the capital programme in 2010/11. The programme is monitored throughout the year and is incorporated within the Financial and Performance Review reports presented to Cabinet each quarter.

6.0 OTHER OPTIONS CONSIDERED

6.1 No other options were considered. There is a legal requirement to publish the capital spend and financing at the end of the financial year.

7.0 CONSULTATION

7.1 This is an end of year report. Consultation takes place as part of considering the capital programme and over the planning and implementation of the specific schemes within the programme.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising directly from this report. These would be considered when planning and implementing specific schemes within the programme.

9.0 RESOURCE IMPLICATIONS

9.1 The capital spend for the year on the accruals basis amounted to £59 million. This was funded from borrowing of £11.7 million, government grants of £43.9 million, reserves and revenue contributions of £0.4 million and useable capital receipts of £3 million.

9.2 There are no staffing implications arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There is a legal requirement to publish a report on the capital spend and financing at the end of each financial year.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no direct implications. This report covers the overall programme and its funding for the financial year.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no direct implications arising from this report. These are included in reports to Cabinet on individual schemes and in the Carbon Budget report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no direct planning implications arising from this report.

FNCE/158/11

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REFERENCE MATERIAL

Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Capital Programme 2010/13	21 February 2011
Cabinet – Capital Out-turn 2009/10	24 June 2010
Cabinet – Capital Programme 2011/15	9 December 2010
Cabinet – Capital Programme 2011/15	21 February 2011

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