

WIRRAL COUNCIL

CABINET - 20 JUNE 2007

REPORT OF THE DIRECTOR OF FINANCE

CAPITAL OUT-TURN AND DETERMINATIONS 2006/07

1. EXECUTIVE SUMMARY

- 1.1. This report informs Members of the capital out-turn for 2006/07 and the resources used to fund the programme. 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 2006/07 financial year.

2. CAPITAL PROGRAMME 2006/07

- 2.1 The capital programme for 2006/09 was submitted to Cabinet on 1 December 2005 when the base programme together with a priority list of schemes was approved. This priority ranking was based upon the appraisal criteria that link the Capital Strategy to the Corporate Plan.
- 2.2 Cabinet on 20 February 2006 agreed to additional prudential borrowing for Invest-To-Save schemes in respect of the Oval Sports Centre, Building Energy Management and Cultural Services Energy Management. The revised programme was confirmed as part of the budget at Council on 1 March 2006.
- 2.3 Under the Disposal of Playing Field Regulations capital receipts from the sale of sites including playing fields must identify that element in respect of the playing field area and recycle that sum into improvements in other sports facilities used by schools. As a result of the disposal of sites £1,457,000 was available and Cabinet on 27 April 2006 agreed a report on the usage.
- 2.4 The Executive Board on 19 June 2006 agreed the 2006/07 Property Maintenance programme with £250,000 vired to the main programme for a scheme at Wallasey South Annexe. The same meeting approved the procurement of an Integrated Children's IT System to provide an electronic case record system that meets Department for Education and Skills (DfES) specifications, a tender for which was accepted by the Executive Board on 7 September 2006.
- 2.5 Cabinet on 19 October 2006 and Council on the 30 October 2006 agreed to the Regeneration Department bringing forward from 2007/08 to 2006/07 up to £3 million to sustain the progress on delivering the Housing Market Renewal Initiative.
- 2.6 Executive Board on 11 January 2007 and 8 February 2007 agreed to increase the Regeneration programme in respect of the Mersey Waterfront Regional

Park scheme by £539,000. This followed the receipt of additional grant funding.

3. CAPITAL OUT-TURN

3.1. The capital expenditure for the year on the accruals basis amounted to £65.0 million. This compared to the base programme of £73.4 million and the latest revised programme of £73.7 million reported at the beginning of April. This is summarised in the following table :-

Programme	Base £000	Revised £000	Actual £000
Adult Social Services	3,188	1,485	482
Children & Young People	18,803	18,900	17,155
Corporate Services	4,555	4,674	3,030
Regeneration	34,553	35,447	31,655
Technical Services	12,251	13,193	12,793
Former H R Account	0	0	(78)
Total expenditure	73,350	73,699	65,037

3.2. Adult Social Services

3.2.1 The progress of the prudential borrowing schemes is to be the subject of a further report by the Director of Adult Social Services to Cabinet. The three main areas of adult accommodation, older peoples accommodation and Girtrell Court are at the planning stage and the programme and resources are now included in 2007/08.

3.2.2 The Dale Farm scheme including revisions to the costs, and details of the funding were reported to Cabinet on 15 March 2007. Consequently the scheme is programmed to start in July being incorporated in the 2007/08 programme.

3.3. Children & Young People

3.3.1. The main variations were reported by the Director to the Children's Services & Lifelong Learning Overview and Scrutiny Committee on 12 March 2007. Since then greater progress was made in the area of Children's Centres whilst the final reported spend on Formula Capital fell below earlier expectations.

3.3.2. The national scheme to develop Children's Centres has seen Wirral receive significant allocations of grant with £4 million spent in 2006/07 as the targets for schemes are being met and construction work is on site at seven locations.

3.3.3. One element of the programme is the Formula Capital allocated to schools. The implementation of individual projects is managed jointly by the school and the Council and comprises a large number of essentially smaller value schemes. With the timing of the schemes largely down to schools the levels of actual spend can vary from the initial projections and the final spend of £3.8

million was below the £4.8 million expected. The remaining schemes, and resources, have been carried forward to 2007/08.

3.3.4 The complexities in delivering the Invest-to-Save schemes were identified early in 2006/07 which resulted in most of the £1.4 million re-allocated to 2007/08 along with the borrowing requirements. As previously reported slippage occurred in respect of the teaching accommodation at West Kirby Grammar School and the works to specialist colleges. The efficiencies achievable from undertaking the computers for pupils initiative as a one year rather than two year programme has seen the initiative included for 2007/08. The schemes and associated grant funding have therefore slipped.

3.4. Corporate Services

3.4.1 In terms of property maintenance the use of the available resources was maximised. With the costs for the heating system at Wallasey South Annexe being less than was allocated the resources were available to support maintenance commitments at Leasowe Millennium Centre and Vale Park.

3.4.2 Progress on the 1 Business project was dependent upon the implementation of the outstanding elements and negotiations with the contractor. As reported to Cabinet recently the project is continuing to 2007/08 (£0.7 million). Similarly the programmed schemes in respect of the West Kirby coast, the Hoylake Golf Resort and the Archive and Records Management facility have been the subject of reports to Cabinet with the remaining spend of £0.6 million is to be incurred in 2007/08.

3.4.3 Applications for Business Rates support were below the programmed allocation with a £0.2 million underspend reported. From 2007/08 this scheme is within the Regeneration capital programme.

3.5. Regeneration

3.5.1 The acceleration of the programme of spend, and associated grant, at Birkenhead Park saw activity brought forward from 2007/08 such that the main restoration works are nearing completion with only some separate improvement works to be undertaken in 2007/08.

3.5.2 The major refurbishment scheme at the Oval Sports Centre together with the energy efficiency scheme, the works to the changing accommodation / grandstand and additional pitches are being undertaken during 2007 to maximise the benefits and reduce the loss of income through the closure of the facilities.

3.5.3 In terms of Regeneration the receipt of additional grant from English Partnerships meant that the bringing forward of the Housing Market Renewal Initiative referred to in Section 2.5 was not required to sustain the programme.

3.5.4 The Council successfully obtained additional grant to support the delivery of the Mersey Waterfront Regional Park as per Section 2.6. Earlier in the financial

year the Objective 1 and Single Regeneration Budget programmes and associated funding were re-allocated across 2006/07 and 2007/08. With good progress made a higher level of spend, matched by grant, was achieved than the revised projections for 2006/07.

3.6. Technical Services

3.6.1 The progress on the delivery of the Local Transport Programme schemes has been regularly reported to Members. With consultation regarding the programme for Bidston Viaduct deferring the scheme the opportunity was taken to recycle the resource into minor schemes with a corresponding adjustment to take place in 2007/08.

3.6.2 As part of the preparations for the successful staging of the British Open Golf Championship highways, and related, improvements were made to the surrounding areas. This included the works to Market Street, Hoylake with Phase 1A complete, although contractual issues remain to be resolved, and Phase 1B set to complete during 2007/08. Consequently the resources of £0.5 million were carried forward to 2007/08.

3.6.3 The Invest-to-Save energy efficiency programme included an element for installing Building Energy Management Systems as part of a three year programme. Works continue although around £0.2 million of the planned programme has been rescheduled into Phase 2 for implementation in 2007/08.

3.7. Housing Revenue Account

3.7.1 The resolution and completion of outstanding items in respect of the former Council housing stock identified costs incurred as being liabilities of Wirral Partnership Homes. All capital spend in respect of Council housing has to be met through the ring-fenced Major Repairs Reserve and so it was required to be adjusted through the Council accounts and the Major Repairs Reserve.

4. CAPITAL FINANCING

4.1 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	Base £000	Revised £000	Actual £000
Borrowing	26,106	23,366	18,103
Grant	39,202	42,421	42,900
Revenue & Other	228	947	1,058
HRA – Repairs Reserve	0	0	(77)
Capital Receipts	6,500	6,965	3,054
Total resources	72,036	73,699	65,037

4.1.1 Within the programme schemes funded by borrowing, grant or reserves which slipped into 2007/08 similarly saw the resources carried forward. The opportunities offered by the receipt of additional grants, particularly for housing initiatives, and the benefits from cash flow management meant the requirement to use capital receipts was reduced from the earlier expectations.

4.2. Use of Borrowing

4.2.1 The Local Government Act 2003 introduced a new system of capital finance effective from 1 April 2004 that replaced the previous system of borrowing determined by the issue of Credit Approvals, with a system governed by local affordability and prudence.

4.2.2. During 2006/07 £12 million was actually borrowed over the longer-term to provide the support for the capital programme. The amount referred to in the table at 4.1 represents the underlying need to borrow which by prudent management of the cash flow can sometimes result in a reduction in the amount actually borrowed as was the case in 2006/07.

4.3. Use of Grants

4.3.1 In financing its 2006/07 capital expenditure the Authority applied £42.90 million which has been, or is expected to be, reimbursed by other parties through grants such as those for schools within Children & Young People and for Housing Market Renewal and special initiatives within Regeneration.

4.4. Expenditure Financed From Reserves and Revenue Accounts

4.4.1 The Authority applied £1.06 million of reserves and revenue to finance the 2006/07 capital expenditure. Additionally there was an adjustment to the ring-fenced Housing Revenue Account Major Repairs Reserve as referred to in Section 3.7.1.

4.5. Use of Usable Capital Receipts

4.5.1 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 financing its 2006/07 capital expenditure the Authority applied £3.05 million of its usable capital receipts.

4.6. Minimum Revenue Provision

4.6.1 In 2006/07 the Authority made payments from the General Fund revenue account of £6.10 million as provision for the repayment of external debt.

4.6.2 These sums are not less than the amount required by the Local Government Act 2003 and subsequent amendments in respect of the Local Government (Capital Finance and Accounting) Amendment Regulations 2006.

5. STAFFING IMPLICATIONS

5.1. There are no specific implications arising out of this report.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

6.1. There are no specific implications arising out of this report.

7. LOCAL AGENDA 21 STATEMENT

7.1. There are no specific implications arising out of this report.

8. PLANNING IMPLICATIONS

8.1. There are no specific implications arising out of this report.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are no specific implications arising out of this report.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are no specific implications arising out of this report.

11. BACKGROUND PAPERS

11.1. Local Government Act 2003 and subsequent amendments.

11.2. Local Government (Capital Finance and Accounting) Amendment Regulations 2004.

12. RECOMMENDATIONS

That

(1) the report regarding the capital out-turn and financing for 2006/07 be noted; and

(2) the formal Capital Determinations be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE