

WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT	CAPITAL OUT-TURN AND FINANCING 2011/12
WARD/S AFFECTED	ALL
REPORT OF	ACTING CHIEF FINANCE OFFICER
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 This report informs Cabinet of the capital out-turn for 2011/12 and the resources used to fund the programme as required under Part IV of the Local Government and Housing Act 1989.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Capital Programme 2011/15 was approved by Council on 13 December 2010 and, updated, and, confirmed as part of the Budget 2011/12 by Council on 1 March 2011. Other than the impact of decisions by Council / Cabinet the revisions relate to re-profiling and slippage resulting in both the spend and resources being deferred from 2011/12 to future years.

COUNCIL / CABINET DECISIONS

- 2.2. On 17 March 2011 the Local Transport Capital Funding and the Integrated Transport Block (ITB) Programme 2011/12 were approved by Cabinet.
- 2.3 On 13 October 2011 Cabinet acknowledged that the Department for Communities and Local Government (DCLG) had permitted the capitalisation of up to £4 million of statutory redundancy costs. This was added to the programmes of Finance (£3 million) and Children (£1 million).
- 2.4 On 3 November 2011 Cabinet approved an update to the Children's which added schemes as well as amending the previously approved allocations.
- 2.5 On 24 November 2011 Cabinet noted that Wirral Council the allocation of £2.7 million of grant to help with Housing Market Renewal Areas affected by the removal of the previous HMRI funding.
- 2.6 On 8 December 2011 Cabinet approved the Capital Programme and Financing 2012/15. This report also contained variations to the current programme as well as setting out the plans for capital expenditure over the next three years. This was updated as part of the Estimates 2012/13 approved by Council on 1 March 2012.

- 2.7 On 2 February 2012 Cabinet approved use of £0.2 million of additional funding from Merseytravel, for road safety schemes across the borough.
- 2.8 On 15 March 2012 Cabinet noted the award of £0.2 million from the Homes and Communities Agency which would support a £0.6 million scheme to bring long term empty properties brought back into use.

CAPITAL OUT-TURN

- 2.9 The actual spend for the year on an accruals basis amounted to £46.6 million. This compared to the Original Programme of £49.3 million and was in line with the latest forecasted spend. The Revised Approval included all additions prior to departments reviewing the profiling of these schemes. This is summarised as:-

Spend	Original Programme £000	Revised Approval £000	Actual Out-turn £000
Adult Social Services	1,154	2,943	928
Children & Young People	25,889	31,958	22,091
Finance	1,000	7,671	4,164
Law, HR and Asset Mgt	8,163	8,280	2,930
Regeneration, Hsg & Planning	5,181	17,069	7,105
Technical Services	7,872	12,568	9,396
Total programme	49,259	80,489	46,614

CAPITAL FINANCING

- 2.10 When setting the annual programme 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 Programme £000	Revised Approval £000	Actual Out-turn £000
Borrowing	15,905	33,364	17,584
Capital Receipts	3,000	3,000	3,000
Revenue, Reserve, Cont	300	2,393	1,664
Grant - Education	23,441	21,256	13,604
Grants - Housing	0	6,369	3,149
Grants - Transport	4,250	6,363	4,715
Grants - Social Services	1,013	2,943	921
Grant - Other	1,350	4,801	1,977
Total resources	49,259	80,489	46,614

RE-PROFILING OF THE PROGRAMME AND FINANCING

- 2.11 For schemes funded re-profiled, deferred or slipped into 2012/13 the resources were similarly carried forward. This included the impact from the receipt of additional grants, particularly for housing and regeneration initiatives and an adjustment of £0.1 million to the Technical Services programme to bring it in line with anticipated expenditure in 2012/13. Further details are included within the progress updates for each department.

Programme from 2011/12 to 2012/13	£000	See section
Adult Social Services	2,015	2.12
Children & Young People	9,867	2.13
Finance	3,507	2.14
Law, HR and Asset Management	5,350	2.15
Regeneration, Housing & Planning	9,964	2.16
Technical Services	3,286	2.17
Total programme / funding	33,989	

PROGRESS ON THE PROGRAMME

2.12 Adult Social Services

- 2.12.1 The Extra Care Housing facility at the former Mendel Lodge site was completed March 2011. The final instalment was paid in 2011/12.
- 2.12.2 A new grant replaced the Information Management, Mental Health Single Capital and Social Care Single Capital allocations. To support three key areas (Personalisation, Reform and Efficiency) with priorities including innovative alternatives to residential care and service re-design to the care infrastructure – supporting the community based approach. Consequently this, and related grant schemes, will be programmed for 2012/13 to support the day care and reform transformation projects.

2.13 Children & Young People

- 2.13.1 The Primary Capital Programme (PCP) scheme to rebuild Pensby Primary School incurred spend of over £5 million in the year and was handed over in May 2012. Phase 2 involving the Stanley Special School will start on site upon demolition of the current Primary school with the new school expected to be completed by June 2013.
- 2.13.2 The £1.8 million Cathcart Street Primary School scheme is nearing completion, with external works completed in May. The out of hours and holiday club and the co-located Children's Centre activities have now been transferred to the new locations. The Woodlands Primary School works are due for completion in early July 2012 whilst the Overchurch Infant School scheme is on site and due for completion in mid-October 2012.

2.13.3 A number of schemes are undertaken in conjunction with schools for modernisation and improvements where the time-scales are determined by the schools so are often re-profiled for the holiday periods. In these instances the programme and funding are both re-profiled.

2.13.4 The Birkenhead High School for Girls Academy is the major scheme in the programme at £12 million and is progressing well. The 6th Form block, science, art and technology faculties have been handed back to the school and have been well received by pupils and staff.

2.14 **Finance**

2.14.1 The allocation of £3.5 million for IT investment is dependent upon agreement, and progression, of the office accommodation strategy and has therefore been carried into future years.

2.14.2 The Statutory Redundancy Costs element of the Early Voluntary Retirement / Voluntary Severance scheme which amounted to almost £4 million, including the Children's element, have been treated as capital spending in 2011/12 in accord with the formal approval from the Government.

2.15 **Law, HR & Asset Management**

2.15.1 The Landican Crematorium Mercury Abatement building works programme has now been completed. In respect of heritage assets the Williamson Art Gallery and Birkenhead Priory schemes have now commenced on site and are expected to complete in November and September respectively. The Cultural Services assets programme has been reviewed with the works being re-profiled for 2012/13.

2.15.2 There is £3 million included within the programme for the works to Council buildings. This includes the Bebington Civic Centre, which is subject to further discussions, and the Rock Ferry Centre, where work is expected to begin in August. These have been deferred to 2012/13 along with the schemes for Wallasey Town Hall and Annexes.

2.16 **Regeneration, Housing & Planning**

2.16.1 The major area relates to Improvements to Housing for which additional Government funding was successfully obtained during the year to complete the works within the Housing Market Renewal area. The programme continues, with over £5 million committed, and will continue into future years as the acquisitions, clearance and subsequent re-development progresses.

2.16.2 The commitment in respect of Disabled Facilities Grants is approaching £3 million. However the actual spend is determined by both the processing and progression of applications and then the subsequent undertaking of the scheme by the applicants.

2.16.3 The programme contains a number of initiatives to support healthy homes for which the schemes are kept under review and for which the funding has been carried forward into 2012/13.

2.17 Technical Services

2.17.1 Works on the Bidston Viaduct are fully complete and a final payment will be made in the first quarter of 2012/13. Whilst other bridge works, including the docklands and Leasowe Road are progressing well the works, and associated funding, will now be required in 2012/13.

FINANCING OF THE SPEND

2.18 Use of Borrowing

2.18.1 With the return from investments diminishing the Treasury Management activities have seen investments maturing with the money used to temporarily reduce the need to borrow and maximise the benefits offered by the market conditions. Consequently £5 million was actually borrowed over the longer-term to provide the support for the capital programme and realised savings as detailed in the Treasury Management Annual Report 2011/12..The amount referred to in the table represents the underlying need to borrow and this can be different from the amount actually borrowed.

2.19 Use of Grants

2.19.1 In 2011/12 £24.3 million of grants which have been, or are expected to be received by the authority have been used to finance the capital spending. This includes specific schemes funded by grant such as the Birkenhead Girls Academy as well as support for Housing Market Renewal, adaptations and other initiatives within Regeneration, Housing & Planning.

2.20 Expenditure Financed From Reserves and Revenue Accounts

2.20.1 £1.7 million of reserves and revenue were used to finance the 2011/12 capital expenditure.

2.21 Use of Usable Capital Receipts

2.21.1 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 2011/12 £3 million of usable capital receipts were applied.

2.22 Minimum Revenue Provision (MRP)

2.22.1 In 2011/12 payments from the General Fund revenue account of £9.4 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 MRP. In terms of the MRP Policy Cabinet on the 21 February 2011 agreed that for 2011/12 the Council would adopt the Regulatory method for supported borrowing and the asset life methodology for unsupported borrowing and the sum provided complies with this policy.

3.0 RELEVANT RISKS

3.1 There are none associated with this report which provides a summary of the spend and financing of the capital programme in 2011/12. The programme is monitored throughout the year and is incorporated within the Performance and Financial Review reports presented to Cabinet each quarter.

4.0 OTHER OPTIONS CONSIDERED

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

5.0 CONSULTATION

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

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report. These would be considered when planning and implementing specific schemes.

7.0 RESOURCE IMPLICATIONS

7.1 The capital spend for the year on the accruals basis amounted to £46.6 million. This was funded from borrowing of £17.6 million, government grants of £24.3 million, reserves and revenue contributions of £1.7 million and useable capital receipts of £3 million.

7.2 There are no IT or staffing implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

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

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications directly from this report which covers the overall programme and funding for the financial year. An Equality impact assessment (EIA) is not required. Equalities implications are considered in reports progressing schemes within the programme.

10.0 CARBON REDUCTION IMPLICATIONS

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

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 The capital out-turn and financing, including the re-profiling and slippage, from 2011/12 to 2012/13, be agreed.

12.2 The financing of the programme and formal Capital Determinations be agreed.

13.0 REASONS FOR RECOMMENDATIONS

13.1 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 2011/12.

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REFERENCE MATERIAL

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

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Capital Programme 2011/15	9 December 2010
Cabinet - Capital Programme 2011/15	21 February 2011
Cabinet - Capital Out-turn 2010/11	23 June 2011
Cabinet - Capital Programme 2012/15	8 December 2011