

WIRRAL COUNCIL

CABINET

29 NOVEMBER 2012

SUBJECT	CAPITAL PROGRAMME REVIEW
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report proposes that a number of schemes within the Council Capital Programme be reduced or removed following a review of the Programme and, in particular, those schemes funded from unsupported borrowing. The reduction in borrowing requirements will deliver revenue savings in 2013/14 and subsequent years.

2.0 BACKGROUND AND KEY ISSUES

SETTING OF THE CAPITAL PROGRAMME

- 2.1 The Council Capital Programme covers a three year period and is subject to an annual review. The Programme and Financing for 2012/15 was presented to Cabinet on 8 December 2011 and agreed by Council on 12 December 2011. This was then updated as part of the setting of the 2012/13 Budget by Cabinet on 21 February 2012 and Council on 1 March 2012.
- 2.2 At each annual review consideration is given as to whether schemes should remain in the Programme and in recent t years a number have been removed either because supporting grant funding did not materialise, schemes did not meet the future needs of the Council or schemes has not progressed as planned so were removed with a further submission to be made when the requirements were clearer.

REVIEW OF THE PROGRAMME

- 2.3 As part of the revised Capital Monitoring arrangements the regular monthly report has identified the significant slippage that has occurred, and continues to occur, in the delivery of the agreed Programme. The Period 6 report (September 2012) presented to Cabinet on 8 November 2012 included reference to a future report on proposals to cease or reduce schemes arising from a review of the current Capital Programme.

- 2.4 The Appendix details the proposed reductions in the Capital Programme 2012/15 which have been proposed by Chief Officers and considered by Officer Groups (Executive Team, Budget and Capital Steering Groups) and can be summarised as:-

Table 1 : Reduction in the Capital Programme and Reductions in Funding

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
Programme Reduction	11,475	14,015	5,265	30,755
Funding				
Unsupported Financing	8,230	11,100	3,800	23,130
Invest-To-Save	2,275	400	0	2,675
Grant	970	2,515	1,465	4,950
Funding Reductions	11,475	14,015	5,265	30,755

3.0 RELEVANT RISKS

- 3.1 The changes to the Capital Programme result from a re-assessment of the requirements at this time. This releases revenue funding to help support the delivery of the Council Budget. Any removed schemes may be re-submitted for consideration for inclusion in the Programme in future years.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The options are to either retain the schemes in the Programme (and the associated financing costs in the Budget) or to remove the schemes and realise a more deliverable Programme (and associated financial benefits).

5.0 CONSULTATION

- 5.1 The proposals have been considered by, and reviewed by, Chief Officers at the Executive Team and by the officer Budget and Capital Steering Groups.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising directly out of this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 The Budget Projections 2013/14 – 2015/16 include increased capital financing requirements to fund the agreed Capital Programme. The reduction in Unsupported Borrowing will reduce the projected requirements.

Table 2 : Revenue Savings From Reductions In Unsupported Borrowing

	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000
Funding Reduction				
Unsupported Financing	8,230	11,100	2,900	0
Budget Projections				
Revenue savings		823	1,110	290

7.2 The changes to the Programme do remove Investment in IT and Asset schemes as these are areas that are subject to further review. This review could lead to revised proposals being submitted for consideration for inclusion in the future Programme.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 An Equality Impact assessment (EIA) is appended to this report. The recommendation is to reduce the programme to reflect known commitments and funding. Also included is the removal of schemes which have not commenced and these may be the subject of revised submissions for inclusion in the future Programme.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 One of the schemes that is recommended for removal from the Programme is the Solar Photovoltaic Project whilst further consideration of the proposal, and alternative options, is undertaken.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly out of this report.

12.0 RECOMMENDATION

12.1 That, it be recommended to Council that, the Capital Programme be amended to reflect the changes detailed in Section 2 of this report and this be incorporated within the Period 8 (November 2012) capital monitoring report.

13.0 REASONS FOR RECOMMENDATION

- 13.1 Variations to the Capital Programme have to be agreed by Council in accord with the Council Constitution. The retention of schemes in the Programme at the present levels, when this will not actually happen, results in the Council having to identify funding which will not be required and the removal effectively realises a financial benefit.

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SUBJECT HISTORY

Council Meeting	Date
Cabinet - Capital Programme and Financing 2012/15	8 December 2011
Council - Capital Programme and Financing 2012/15	12 December 2011
Cabinet – Estimates 2012/13	21 February 2012
Cabinet – Capital Monitoring reports are being presented to Cabinet for each month	

CAPITAL PROGRAMME REVIEW NOVEMBER 2012

APPENDIX

Suggested Scheme Reductions	Amount 2012/13 £000	Amount 2013/14 £000	Amount 2014/15 £000	Total Reduced £000	
PROGRAMME					
Children and Young People					
Family Support Scheme	100	0	0	100	Reduction from the £215k originally allocated to reflect requirements
Schools- Harness Technology	234	0	0	234	Scheme has been completed and this is the residual sum
Private Finance Initiative	110	0	0	110	Reduction from the £213k originally allocated to reflect requirements
Wirral Youth Zone (consultation)	100	0	0	100	Reduction from the £200k originally allocated to reflect requirements.
Wirral Youth Zone (scheme)	0	1,400	2,400	3,800	Report to Cabinet requiring a lesser Council contribution at this stage. The originally allocated £4.8m being reduced to £1m. The final scheme costs have yet to be determined.
Finance					
Asset Review – IT	3,000	2,000	0	5,000	Scheme deleted as proposals still to be determined. Will be re-submitted when way forward agreed.
Law, HR & Asset Management					
Microgeneration	50	0	0	50	Reduction from the £100k originally allocated based on requirements
Cultural Services Assets	1,297	0	0	1,297	Balance remaining as uncommitted after the contractual commitments have been funded

North and South Annexes	1,365	300	700	2,365	Scheme being re-visited and reviewed which will lead to a revised bid for inclusion in the Programme
Bebington Civic Centre	0	1,300	0	1,300	Scheme being re-visited and reviewed which will lead to a revised bid for inclusion in the Programme
Solar Photovoltaic Project	2,275	400	0	2,675	Reduction of £1.2m based on tenders received for scheme funded from Feed-In Tariff and energy savings. Cabinet agreed not to progress pending review of assets and whilst alternative options are pursued
Re-Phasing of Council Office Works (this is the removal of a 'balancing' item in the Programme'	-1,200	-1,200	0	-2,400	The Programme previously included £1.2m of reductions in 2012/13 and 2013/14 to 'balance' the Programme in advance of the review. The review removes this adjustment.
Energy Schemes	153	0	0	153	Delete as scheme became part of Wallasey Annexe scheme which is now under review
Regeneration, Housing & Planning					
West Wirral Schemes	206	0	0	206	No proposals to spend at this stage. If progressed will be the subject of a new bid for inclusion in the Programme
Housing Market Renewal Residual Programme	970	865	865	2,700	Effectively double-counted the scheme and grant funding between this and the Improvements To Stock programme
Disabled Facilities – Adaptations	2,124	0	0	2,124	Programme set at a manageable and deliverable £3 million for 2012/13. This represents the excess sum
Quarry Bank Affordable Housing	158	0	0	158	Scheme completed at reduced cost
Challenge Fund	450	0	0	450	Scheme completed at reduced cost

Destination West Kirby	0	1,250	0	1,250	Scheme included and reliant upon £0.75m grant which is not realisable
Wirral Country Park	0	1,600	1,300	2,900	Scheme included and reliant upon £1.5m grant which is not realisable
Power Solutions to Strategic Investment Areas	0	5,000	0	5,000	Not a local authority project and any Works will be undertaken by the private sector
Technical Services					
Maintenance – Bridges and Street Lighting	0	450	0	450	Slippage to 2013/14 agreed and to be priorities for programme within the LTP allocation
Integrated Transport Block	0	650	0	650	Slippage to 2013/14 agreed and to be priorities for programme within the LTP allocation – see Spending Freeze
Parks, Plant and Equipment	83	0	0	83	Reduction based upon tender savings
Programme Reduction	11,475	14,015	5,265	30,755	

FUNDING

Unsupported Financing	8,230	11,100	3,800	23,130	Funding to be found by the Council so reduction realises revenue savings
Invest-To-Save	2,275	400	0	2,675	For the Solar Photovoltaic Scheme the costs were to have been offset by the Feed-In Tariff and energy savings x
Grant	970	2,515	1,465	4,950	Comprise the double-counting of HMR grant and non-realisable grant so not a loss of grant funding
Funding Reduction	11,475	14,015	5,265	30,755	