

CABINET

16 JANUARY 2014

SUBJECT	CAPITAL MONITORING 2013/14 MONTH 8 (NOVEMBER 2013)
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report sets out the capital position for 2013/14 at Month 8 (November 2013) and actions to minimise risk.

2 RECOMMENDATIONS

- 2.1 That Cabinet is asked to note:

- a) the spend to date at Month 8 of £16.1 million, with 66.6% of the financial year having elapsed.

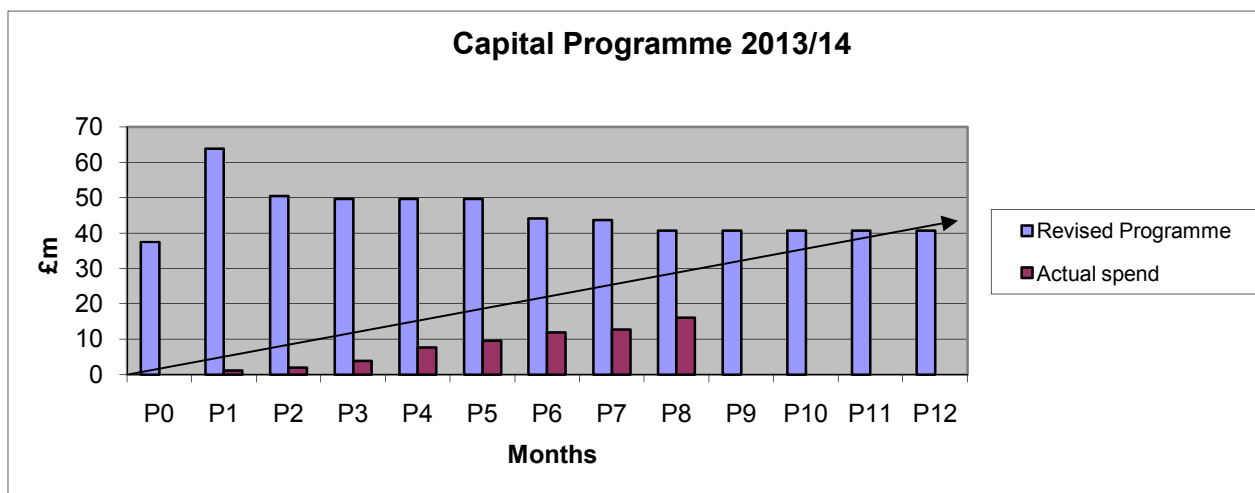
- 2.2 That Cabinet is asked to agree:

- a) the revised Capital Programme of £40.7 million (Table 1 at 4.1);
- b) the re-profiling of a number of schemes into 2014/15, totalling £2.955 million,

3 OVERALL POSITION AT PERIOD 8 (NOVEMBER 2013)

- 3.1 The projected capital forecast for the year, at Month 8 shows a potential outturn of no overspend or underspend.

Chart 1: Capital Programme spend below line of best fit



4 ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2013/14

4.1 The Programme for 2013/14 is subject to change. Period 8 reflects the Programme agreed by this Cabinet on 10 December amended for the additional re-profiling.

Table 1: Capital Programme 2013/14 at Period 8 (November) £000's

	Capital strategy	Changes approved by Cabinet	Re-profiling to be approved	Other changes to be noted or approved	Revised Capital Programme
Invest to save	1,400	-400	0	-600	400
Bids to release assets	1,053	1,404	0	0	2,457
People – Adults	11,025	-9,125	-400	600	2,100
People – CYP	10,286	1,233	0	0	11,519
Places – Regeneration	5,979	5,162	-2,555	0	8,586
Places – Environment	7,196	6,084	0	0	13,280
Trans & Res – Finance	210	0	0	0	210
Trans & Res - Asset Mgt	315	1,844	0	0	2,159
Total expenditure	37,464	6,202	-2,955	0	40,711

4.2 A summary of the significant variations to be approved or noted by Cabinet for Period 8 is set out in Table 2. The £0.6 million “Other Changes” represents the decision to combine the two Integrated IT systems (Children and Adults) into one scheme

Table 2: Requests to vary the 2013/14 programme £000's

	Changes to be approved or noted	Explanation (A) Policy (B) Items previously deferred (C) Additional funding (D) Re-profiling (E) Reduced requirement
People – Regeneration	-1,200 -580 -775	Residual Clearance Programme - Now anticipated that this will continue until 2016/17 partly due to difficulty in predicting accurately when the rights to purchase can be obtained. (D) New Brighton – Original tenders resulted in scheme estimates approximately 50% greater than the programme approval. Scheme has been redesigned with tenders anticipated in January and scheme completion May 2014.(D) Maritime Business Park - The Council has agreed to purchase a site for the supplier park. In conveyancing with completion expected early January. The site will then be cleared early next year ready for redevelopment to commence once a preferred developer has been appointed. (D)
People - Adults	-400	Projections for the Integrated IT scheme indicates further re-profiling is necessary with contractor payments now commencing in December (D)
Significant variations	-2,955	

4.3 There has been no change to the Government's capitalisation directions. The qualifying criteria to 'capitalise' statutory redundancy costs prevent the Council from applying in 2013/14.

5 PHASING OF THE PLAN – THE USE OF GATES

5.1 Officers are implementing a system (Concerto) that will show how schemes in the Capital Programme are progressing. Instead of only having two scheme measures, being 'start' and 'completed', this will enable information on the progress of a scheme. Table 3 gives examples the Gates for the Capital Receipts programme.

Table 3: example of five Gates for Capital Receipts

Gate	Activity by Quarters
Conceptual Stage	Identification of potential disposal
Approval Stage	Agreement in principle by Asset Group
Delivery Stage	Approval to disposal and method of disposal
Finished Stage	Agreement to final terms
Closure Stage	Legal completion and receipt of monies

- 5.2 The benefit of the system is that each scheme will be planned across the year(s) and progress can be tracked. Furthermore, all the schemes can be 'collated so we will have a predicted phasing for the whole Capital Programme over three years.
- 5.3 Having this information will enable us to intervene where schemes are slipping, navigate around 'choke points' where everything is happening at once and better plan the funding of the Programme. For example, historically, the Council has always carried a high level of capital receipts, to cover risk, rather than using them.

6 ACTUAL SPEND TO DATE – IS THE PROGRAMME 'ON PLAN'?

- 6.1 Until the Concerto system is fully developed we will continue to use the general measure of progress. The actual capital expenditure at Period 8 is £16.1 million with 66.6% of the financial year having elapsed.

Table 4: Spend to date November (8/12 = 66.6%)

	Spend to date		Comments on variation RAG
	£000	%	
Invest to save	0	0	Green -acceptable
Bids to release assets	251	10	Green -acceptable
People - Adults	0	0	Green -acceptable
People - Children & Yg People	5,650	49	Green -acceptable
Places - Regeneration	2,600	30	Green -acceptable
Places - Environment	6,350	48	Green -acceptable
Trans & Res - Finance	55	26	Green -acceptable
Trans & Res - Asset Mgt	1,145	53	Green -acceptable
Total expenditure	16,051	40	

6.2 People – Adults

With regard to the Learning Disabilities Extra Care Housing scheme (£0.4 million), procurement has now been completed and the successful providers agreed.

6.3 Places – Regeneration

The expenditure on Disabled Facilities Grants is currently £1.3 million below the Programme budget. Additional staffing resources are now in place to ensure that the remaining budget is committed by the end of the financial year.

Cabinet on 7 November 2013 approved 2 grants from the Regional Growth Fund totalling £0.710 million. As based upon delivery of the schemes by the grant recipients this expenditure has yet to be incurred.

Table 5: Projected Outturn compared to Revised Budget £000's

	Revised Budget	Projected Outturn	Variation
Invest to save	400	400	0
Bids to release assets	2,457	2,457	0
People - Adults	2,100	2,100	0
People - Children & Yg People	11,519	11,519	0
Places - Regeneration	8,586	8,586	0
Places - Environment	13,280	13,280	0
Trans & Res -Finance	210	210	0
Trans & Res - Asst Mgt	2,159	2,159	0
Total Expenditure	40,711	40,711	0

7 FINANCING OF THE CAPITAL PROGRAMME

7.1 Table 6 summarises the financing sources and changes made to Period 8. The major changes proposed, since the Capital Programme was approved in March 2013 are:

- the use of unsupported borrowing to finance slippage and new schemes;
- the use of grant funding not required in 2012/13 which will fund the associated slippage in expenditure; and
- to deploy spare capital receipts.

Table 6: Revised Capital Programme Financing 2013/14 £000's

Capital Programme Financing	Capital Strategy	Changes approved by Cabinet	Budget changes to be approved by Cabinet	Revised 2013/14 Programme
Unsupported Borrowing	7,920	7,503	-1,445	13,978
Capital Receipts	3,121	858	-315	3,664
Revenue and Reserves	888	743	0	1,631
Grant – Education	8,786	1,768	0	10,554
Grant – Integrated Transport	1,136	-79	0	1,057
Grant – Local Sus Transport	695	631	0	1,326
Grant – Local Transport Plan	2,864	522	0	3,386
Grants – Other	12,054	-5,744	-1,195	5,115
Total Financing	37,464	6,202	-2,955	40,711

8 PROJECTED LONGER TERM CAPITAL PROGRAMME

8.1 Funding for the forecast 2013/14 to 2015/16 capital programme is shown in Table 7.

Table 7: Capital Programme Financing 2013/14 to 2015/16 £000's

Capital Programme Financing	2013/14 Revised Estimate	2014/15 Revised Estimate	2015/16 Original Estimate	Total Programme
Unsupported Borrowing	13,978	8,355	1,300	23,633
Capital Receipts	3,664	4,086	1,000	8,750
Reserve Reserves	1,631	290	0	1,921
Grant – Education	10,554	8,957	357	19,868
Grant – Integrated Transport	1,057	1,294	0	2,351
Grant – Local Sus Transport	1,326	676	0	2,002
Grant – Local Transport Plan	3,386	3,235	0	6,621
Grants – Other	5,115	12,287	0	17,402
Total Financing	40,711	39,180	2,657	82,548

8.2 Two amendments have been made to the 2014/15 Programme. The school remodelling programme has been reduced by £0.607 million to reflect the proposed new bid in the 2014/17 Capital Programme. Devolved Formula Capital grant of £0.678 million has been issued in 2013/14, however it is planned to incur the associated expenditure into 2014/15.

9 SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

9.1 The cost of £1 million of Prudential Borrowing would result in additional revenue financing costs of £100,000 per annum in the following year. As part of the Capital Strategy 2013/14 to 2015/16 the Council has included an element of prudential borrowing. At Period 8 there is a sum of £23.6 million of new unsupported borrowing included over the next three years, which will result in approximately £2.3 million of additional revenue costs detailed at Table 8, if there is no change in strategy.

Table 8: Unsupported Borrowing Forecasts & Revenue costs £000's

	2013/14	2014/15	2015/16	2016/17	TOTAL
New Unsupported borrowing	13,978	8,355	1,300	-	
Cumulative		22,333	23,633	23,633	23,633
Cumulative Annual Revenue repayment costs		1,542	2,233	2,363	

However, the Unsupported Borrowing has to be divided into that for which there is planned support – a spend to save scheme – and the truly unsupported schemes.

Table 9: Analysis of Unsupported Borrowing

	2013/14	2014/15	2015/16	TOTAL
Spend to save	5,057	820	300	6,177
Other borrowing	8,921	7,535	1,000	17,456

10 CAPITAL RECEIPTS POSITION

10.1 The Council has worked with the Local Government Association (LGA) to review the Council's Assets - a report was presented to Cabinet on November 7. This highlighted the Council could realise £20 million from asset disposals including Acre lane, former Rock Ferry High School and Manor Drive, Upton some of which has already been accounted for in Table 10. These projections are being reviewed during December / January to inform the future Capital Programme.

10.2 The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. The Capital Receipts Reserve at 1 April 2013 contained £8.1 million of receipts. The table assumes the proposed spend, set out at 4.1 is agreed.

Table 10: Projected capital receipts position – funding requirement £000's

	2013/14	2014/15	2015/16
Capital Receipts Reserve	8,100	6,236	9,600
In - Receipts Assumption	1,800	7,450	N/A
Out - Funding assumption	-3,664	-4,086	-1,000
Closing Balance	6,236	9,600	8,600

10.3 At the end of November the Council had received £1.638 million of usable capital receipts which are detailed in Annex 4.

11 RELEVANT RISKS

11.1 The possible failure to deliver the Capital Programme will be mitigated by the fortnightly review by a senior group of officers, charged with improving performance.

11.2 The generation of capital receipts could well be influenced by factors outside the authority's control e.g. ecological issues.

11.3 Capacity shortfalls are being addressed through the development of closer working with the Local Government Association (LGA) and Local Partnerships.

12 OTHER OPTIONS CONSIDERED

12.1 No other options have been considered.

13 CONSULTATION

13.1 No consultation has been carried out in relation to this report.

14 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

14.1 As yet, there are no implications for voluntary, community or faith groups.

15 RESOURCE IMPLICATIONS

15.1 The whole report is about significant resource implications. A previous Treasury Management report to Cabinet provides details of an estimated underspend of £0.8 million in respect of borrowing.

16 LEGAL IMPLICATIONS

16.1 There are no legal implications arising directly from this report.

17 EQUALITIES IMPLICATIONS

17.1 An Equality impact assessment is not attached as there are none.

18 CARBON REDUCTION IMPLICATIONS

18.1 There are no carbon reduction implications arising directly from this monitoring report.

19 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

19.1 There are no planning and community safety implications arising directly from this monitoring report.

20 REASONS FOR RECOMMENDATIONS

20.1 Regular monitoring and reporting of the capital programme will enable decisions to be taken faster which may produce revenue benefits and will improve financial control of the Programme.

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SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports, from September 2012, are being submitted monthly. Capital programme submitted to Council	5 March 2013

ANNEXES

Annex 1 Capital monitoring and reporting timetable 2013/14
Annex 2 Revised Capital programme and funding source
Annex 3 Deferred unsupported capital schemes
Annex 4 Capital Receipts

Annex 1 CAPITAL MONITORING & REPORTING TIMETABLE 2013/14

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Reports Available For The Executive Strategy Group	Reports Available For Cabinet
			Monthly	Monthly
1	April	May 8	May 28	June 13
2	May	Jun 7	June 18	July 11
3	June	Jul 5	Aug 20	Sept 5
4	July	Aug 7	Sept 24	Oct 10
5	August	Sept 6	Sept 24	Oct 10
6	September	Oct 7	Oct 22	Nov 7
7	October	Nov 7	Dec 2	Dec 18
8	November	Dec 6	Jan 19	Feb 4
9	December	Jan 8	Feb 1	Feb 17
10	January	Feb 7	Feb 25	Mar 13
11	February	Mar 7	TBC	TBC
12	Outturn (Provisional)	TBC	TBC	TBC

ANNEX 2 PROPOSED CAPITAL PROGRAMME AND FUNDING CABINET DECEMBER 2013

Department	Total Programme	Borrowing	Receipts	Revenue / Reserves	Grants	Total Funding
Invest to save or core efficiency						
Replace Integrated Childrens System	-	-				-
Energy schemes	400	400			-	400
Invest to save or core efficiency Total	400	400	-	-	-	400
Bids that release redundant council assets						
Demolish Stanley Special	275	275			-	275
Demolish Bebington Town Hall and Liscard Municipal	378	378			-	378
Demolish former Rock Ferry High	400	400			-	400
Strategic Asset Review	457	457			-	457
Fund to assist land assembly and re-sale	947		947		-	947
Bids that release redundant council assets Total	2,457	1,510	947	-	-	2,457
Transformation & Resources Finance						
West Kirby and Heswall OSSs	210			210	-	210
Transformation & Resources Finance Total	210	-		210	-	210
Transformation & Resources Asset Management						
The Priory	420	25			395	420
Rock Ferry Centre	456			456	-	456
Cultural Services Assets	-	-			-	-
Arrowe Park Changing Pavilion	300	300			-	300
West Kirby Concourse Roof	159	159			-	159
Wallasey Town Hall	810	810			-	810
Liscard Hall	14			14	-	14
Transformation & Resources Asset Management Total	2,159	1,294	-	470	395	2,159
People - Children & Young People						
Children's Centres	25				25	25
Aiming Higher for Disabled Children	390				390	390
Condition/Modernisation	3,997			21	3,976	3,997
Family Support Scheme	60	60			-	60
Formula Capital Grant	1,235			42	1,193	1,235
Schools- Access Initiative	165				165	165

Woodchurch One School Pathfinder	144	33		8	103	144
Birkenhead High Girls Academy	602			69	533	602
Private Finance Initiative	55			-	55	55
Pensby Primary School	2,515			85	2,430	2,515
School Meals Uptake	138				138	138
Co-Location Fund	89				89	89
SEN and Disabilities	-				-	-
Vehicle Procurement	18			18	-	18
Park Primary	180				180	180
Rosclare Childrens Hotel	1			1	-	1
Early Years access	78				78	78
Youth Capital	160	98			62	160
School remodelling and additional classrooms	586	300			286	586
Somerville primary school mobile replacement	450	200			250	450
Wirral Youth Zone	147	30	-		117	147
Funding for 2 year olds	484				484	484
People - Children & Young People Total	11,519	721	-	244	10,554	11,519
People – Adults						
Transformation of Day Service	500				500	500
Integrated IT	1,200	200			1,000	1,200
LD Extra Care Housing	400	400			-	400
People – Adults Total	2,100	600	-	-	1,500	2,100
Places – Environment						
Congestion	178	5		12	161	178
Road Safety	498	83			415	498
Air Quality	611	245			366	611
Local Sustainable Transport	1,287				1,287	1,287
Transportation	344	34			310	344
Street Lighting	429	229			200	429
Bridges	1,291	491			800	1,291
Highways Maintenance	3,222	836			2,386	3,222
Additional Highways Maintenance Funding	-				-	-
Asset Management	84				84	84
Coast Protection	220	186			34	220
Wheelie Bin Buyout	1,600	1,600			-	1,600

Parks Plant and Equipment	1,267		1,267		-	1,267
Parks vehicles replacement	440		440		-	440
Park depot rationalisation	-				-	-
Landican Cemetery	82	82			-	82
Birkenhead Park Restoration Fees	97	97			-	97
Hoylake Golf Course	30	30			-	30
Park Outdoor Gyms	167				167	167
Reeds Lane Play Area	61				61	61
Eastham Country Park	36				36	36
Royden Park	20				20	20
Floral Pavilion Stage & Orchestra Pit	37	37			-	37
Cemetery Improvements	-				-	-
Birkenhead Tennis Courts	-				-	-
West Kirby/Guinea Gap	1,230	1,000			230	1,230
Leisure Equipment	49			49	-	49
Places - Environment Total	13,280	4,955	1,707	61	6,557	13,280
Places – Regeneration						
Think Big Investment Fund	434	434			-	434
Clearance	999	365	245	47	342	999
Home improvement	1,122	573	390	159	-	1,122
Disabled Facilities - Adaptations	3,533	1,904			1,629	3,533
Improvement for sale grants	380			380	-	380
Cosy Homes Heating	369	119	250		-	369
Empty Property Interventions	334	121	125	60	28	334
New Brighton	582	582			-	582
Maritime Business Park	400	400			-	400
Other Regional Growth Fund Schemes	433				433	433
Places - Regeneration Total	8,586	4,498	1,010	646	2,432	8,586
Grand Total	40,711	13,978	3,664	1,631	21,438	40,711

Annex 3

Deferred Unsupported

Summary

	2013/14 £000	2014/15 £000	2015/16 £000	Totals £000
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP	680	700	0	1,380
Law, HR & Asset Management	1,025	1,500	1,500	4,025
Regeneration	2,080	1,250	0	3,330
Technical Services	2,405	2,119	0	4,524
Total	6,190	5,569	1,500	13,259

Detail

Invest to save or core efficiency

	0	0	0	0
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Bids that release redundant council assets

	0	0	0	0
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DASS

	0	0	0	0
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Finance

	0	0	0	0
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CYP

Schools Development Programme

Woodchurch Rd primary Foundn 2 classrooms	80	700	0	780
Woodslee Primary School ***	600	0	0	600
	680	700	0	1,380

Law, HR & Asset Management

Cultural Services Assets ***	1,000	1,500	1500	4,000
The Priory	25	0	0	25
	1,025	1,500	1500	4,025

Regeneration

Think Big Investment Fund	300	300	0	600
Improvements to Stock ***	950	950	0	1,900
Wirral Healthy Homes	105	0	0	105
Empty Property Interventions ***	125	0	0	125
Hoylake	600	0	0	600
	2,080	1,250	0	3,330

Technical Services

Street Lighting	200	0	0	200
Bridges	250	0	0	250
Capitalised Highways Maintenance	1,000	1,000	0	2,000
Coast Protection	47	55	0	102

Parks, Cultural Services and Roads

Arrowe Park changing facilities ***	500	800	0	1,300
Birkenhead tennis court	90	7	0	97
Cemetery infrastructure and landscaping	50	50	0	100
Birkenhead Park drainage	238	57	0	295
Frankby cemetery extension	30	150	0	180
	2,405	2,119	0	4,524

Less schemes now approved

(3,045)	(207)		(3,252)
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Funding type:

Unsupported Borrowing	3,145	5,362	1,500	10,007
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*** Represents schemes now included in the Capital Programme.

Annex 4

USEABLE CAPITAL RECEIPTS AS AT 30 NOVEMBER 2013

	£000
6, The Grove, Wallasey	11
Land at the Carrs	12
Bridge Walks	15
Stringhey Road Car Park	19
Print Unit Equipment	30
Junction 1 Bidston Retail Park	32
Turntable Building	58
Bromborough Social Centre	75
Thurstaston Rangers Cottage	310
M53 Compensation	159
Rake Lane Depot	48
57 New Chester Road	45
Poulton Primary	35
501 Leasowe Road	11
Former Cole St. Primary School	179
Land at Meadow Lane / St. Pauls Road.	44
Land at Church St. /King St.	22
Land at St. Pauls Rd., Seacombe	49
Site of 9,13 and 15 Brighton Street.	11
	1,165
Right to buy proceeds (Magenta Living & BBCHA)	473
Total usable receipts	1,638