

CABINET

7 JULY 2014

SUBJECT	CAPITAL OUT-TURN 2013/14
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report whilst detailing the Capital Out-turn for 2013/14 and the resources which were used to fund the Programme also provides a review of the progress of the delivery of the agreed Capital Programme.

2.0 BACKGROUND AND KEY ISSUES**MONITORING 2013/14**

- 2.1 The Capital Programme 2013/16 was considered by Cabinet on 18 February 2013 and formally approved by Council on 5 March 2013. The Programme is dictated by Government announcements on supported schemes and programmes and affordability. It was highlighted that the Council's Revenue Budget position limited the scope for unsupported capital expenditure.
- 2.2 Throughout the financial year Cabinet have received updates in respect of Capital Monitoring with these reports having been submitted monthly.
- 2.3 The last monitoring report, for Month 10, was considered by Cabinet on 13 March 2014. Since then work has been on-going in order to complete the accounts for the financial year. The timescales for completion mean that there could potentially be further changes until the meeting of the Cabinet and Members will be advised of any significant changes.

CAPITAL OUT-TURN

- 2.4 The capital spend for the year on the accruals basis amounted to £25.6 million compared to the Revised Programme of £35.9 million which was reported in the January (Period 10) monitor. This is summarised in Table 1.

Table 1 : Capital Programme 2013/14

Spend	Original Approval	Revised January	Actual Out-turn
	£000	£000	£000
Invest to save	1,400	400	396
Bids to release assets	1,053	1,404	361
People – Adults	11,025	1,700	655
People – Children / Schools	10,286	10,919	8,157
Places – Regeneration	5,979	6,761	4,866
Places – Environment	7,196	12,240	9,436
Transformation – Finance	210	210	260
Transformation – Asset Mgt	315	1,764	1,517
Public Health	0	484	0
Total Programme	37,464	35,882	25,648

- 2.5 Cabinet has previously approved various increases totalling £28.2 million to the originally approved programme (mainly the re-profiling of schemes from 2012/13) and the re-profiling of £29.8 million to 2014/15 which was reflected the position for the Month 10 monitor. Since then Directorates have identified that a further £10.9 million of schemes to be deferred until 2014/15, with the most significant items shown in the table.

Table 2 : Significant slippage identified since Month 10

Scheme	£000
Invest to Save	
Energy Schemes	197
Bids that release redundant Council assets	
Fund to assist land assembly and resale	936
People – Adults	
Transformation of day services	500
Integrated I.T.	673
People – Children / Schools	
Schools - Formula Capital	903
Schools - Condition/modernisation	1,017
Birkenhead High Girls Academy	472
Schools - Remodelling	586
Youth capital schemes	149
Aiming higher for disabled children	134
Places – Regeneration	
Clearance	321
Home improvements	707
Disabled Facilities Grants	126
Improvement for sale grants	200
Empty property intervention	128
Think Big Investment Fund	208
Regional Growth Fund	280

Places – Environment	
Bridges	186
Active Travel	306
Coast Protection	174
Parks – plant and equipment	100
Parks – vehicles	388
West Kirby / Guinea Gap Centres	1,000
Transformation & Resources Asset Management	
Arrowe Park changing pavilion	144
West Kirby Concourse Roof	144
Public Health	
Guinea Gap 3G football pitches	245
Concourse fitness suite	112
Wirral Way – widening and safety	117
Total of significant schemes	10,453

2.6 In reviewing the programme and the spend for the year it is clear that whilst a number of schemes have progressed, and indeed completed, there have been a significant number that were re-profiled to 2014/15 and beyond for a variety of reasons. This change in timing delivers in-year savings in respect of Treasury Management costs because for those schemes that were reliant upon borrowing then the need to borrow is also deferred.

2.7 A summary of the areas within the programme:-

2.7.1 Invest-To-Save

This included the Integrated Children's IT System which has become part of the work in replacing the Adults IT System and the project is progressing in line with the revised time-scales. As a consequence some £1.8 million will now be incurred in 2014/15.

2.7.2 Bids to release assets

Relates to the fund created to assist with the assembly of sites for disposal of £2 million. This has been allocated to meet the cost of the demolition of a number of sites including office accommodation at Bebington and Liscard as well as former School sites, including Rock Ferry High School, realising a reduction in the programme. Given various factors these have now been moved to 2014/15 at the earliest.

2.7.3 Adults

The Learning Disabilities Extra Care Housing Scheme procurement was completed in early 2014 and a delivery plan agreed. The Capital Programme has been amended to show the Council contribution towards this scheme, rather than the overall scheme which is primarily funded by the private sector thereby removing £9 million from the 2013/14 Programme.

The investment into Day Centres, is linked to the development of the Transformation of Day Services with the planned investment of £1.2 million re-programmed to 2014/15.deferred

2.7.4 Childrens

This area of the Programme includes investment in Schools which is essentially funded by Government Grant. The Government Grant announcements are confirmed annually and just prior to the financial year. The works to the buildings are undertaken in conjunction with the schools and mindful of the impact upon the service such works are largely arranged for completion outside of term-times. These factors impact upon the timing of the actual spend with frequent revisions to be accommodated. As a consequence 2013/14 saw £6.9 million of the £9.8 million Condition / Modernisation allocation, £2.2 million of the £2.5 million Formula Capital and the £0.7 million for School Re-Modelling deferred to 2014/15.

The year saw the completion of the Pensby Primary School, which was in advance of the planned time-table, and the Birkenhead Girls Academy will complete with some remedial works and the IT System being concluded in 2014/15

The Wirral Youth Zone scheme is an externally funded project to enhance youth facilities towards which the Council has allocated a £2 million contribution. At this stage the scheme is at the development stage, with the funding secured enabling this to be progressed, so the contribution will not be required until 2014/15, at the earliest.

2.7.5 Regeneration

The Council successfully obtained Regional Growth Fund grant and this investment into the offshore renewable energy sector. With applications being approved the companies are only paid upon defrayment wit the £2 million originally programmed for 2013/14 now to be incurred in 2014/15.

The New Brighton re-development continues with the Council allocation of £1 million to provide additional environmental improvements having been deferred from 2013/14.

In supporting housing accommodation the support for the provision and re-provision of new housing through the clearance programme saw £1.7 million of the £2.5 million allocation deferred to 2014/15. Support for the private sector housing continues through the Healthy Homes and Cosy Homes initiatives. The latter successfully delivered £0.3 million of investment.

Disabled Facilities Grants continue to be approved and the spend committed but the incurring of this spend is determined by the grant applicants which means that there will invariably be works approved but will not be completed until the following year. Whilst £2.2 million was spent a further £1.7 million was carried forward against this commitment.

2.7.6 Environment

Over £6.6 million was spent on the highways infrastructure including roads and bridges. The programme for 2014/15 has been reported to Cabinet and includes the additional Government funding of £0.5 million received late in 2013/14.

The changes to the financing of the wheelie-bins, at a cost of £0.9 million came in below budget, and enabled the Council to achieve permanent revenue savings from 2013/14.

The parks service has been supported by £1.3 million for new equipment which has enabled the planned efficiencies to be delivered in a safe manner. This will continue with the £0.9 million for vehicle replacements and the parks depot rationalisation which has now been subsumed within the wider depot rationalisation in 2014/15.

The Leisure Review identified the need for investment into the sports and leisure centres. This Review also resulted in other actions which are being developed and to ensure the investment into the West Kirby and Guinea Gap Centres achieves best effect this investment is now profiled for 2014/15 onwards.

2.7.7 Finance

The Council has embarked upon a substantial programme of investment into Information Technology which includes the Oracle System and is a key element in supporting the delivery of the Future Council project with some limited initial investment completed towards the conclusion of 2013/14.

2.7.8 Asset Management

With the development of the Asset Management Strategy and the Office Accommodation Strategy works have been undertaken on those buildings identified for retention in the longer term. At Wallasey Town Hall significant health and safety works have been completed, and are ongoing, which also support the use of the building as office accommodation. The Rock Ferry Centre has seen the successful integration of the One Stop Shop and Library facilities.

CAPITAL FINANCING

2.8 Table 3 details the resources used to finance the Capital Programme.

Table 3 : Capital Financing 2013/14

Resources	Original Approval	Revised January	Actual Out-turn
	£000	£000	£000
Borrowing	7,920	10,673	694
Grant - Education / Schools	8,786	9,954	7,797
Grant - Local Transport Plan	2,864	3,386	3,386
Grant - Sustainable Transport	676	1,326	1,379
Grant - Integrated Transport	1,155	837	1,136
Grant - Other	12,054	4,411	9,707
Revenue/Reserves	888	1,631	6
Capital Receipts	3,121	3,664	1,543
Total Resources	37,464	35,882	25,648

2.9 Whilst the re-profiling referred to earlier has been the scheme and associated funding deferred until 2014/15 the opportunity was also taken to utilise previously unapplied capital grants including those received for the Local Area Agreement and Local Public Service Agreement which enabled borrowing and the use of capital receipts to be reduced.. In respect of Reserves the schemes were funded from Capital Receipts thereby allowing the sums initially allocated to be transferred to the General Fund balance.

CAPITAL RECEIPTS

2.10 The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. The receipts received during the year totalled £2.3 million which was in excess of the target of £1.8 million.

2.11 Table 4 shows the movements in the Reserve during 2013/14 with £8.1 million held at 31 March 2014. This has been identified for use on funding key projects including the Information Technology investment (£4 million) and the Wirral Youth Zones (£2 million) as well as smaller projects in order to reduce the impact of the Capital Financing charges.

Table 4: Capital Receipts Reserve

	£ million
Balance as at 1 April 2013	8.1
Add : Receipts during the year	2.3
Less : Used to part fund the Capital Programme	(1.5)
Balance as at 31 March 2014	8.9

2.12 The Council worked with the Local Government Association (LGA) to review the Council's Assets as reported to Cabinet on 7 November 2013. This highlighted the Council could realise £20 million from asset disposals including Acre Lane, former Rock Ferry High School and Manor Drive, Upton. Based on the work of Lambert Smith Hampton it is expected that the disposals for Acre Lane and Rock Ferry will occur in 2014/15 and that for Manor Drive in 2015/16.

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 2013/14. The Programme has been monitored throughout the year and has been the subject of monthly reports to Cabinet.

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 over the planning and implementation of the specific schemes within the programme.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

7.0 RESOURCE IMPLICATIONS

7.1 The capital spend for the year on the accruals basis amounted to £25.6 million. This was funded from borrowing of £0.7 million, government grants of £23.4 million and useable capital receipts of £1.5 million.

7.2 The re-profiling of schemes from 2013/14 to 2014/15, and beyond, has seen the funding similarly re-profiled. This includes the planned borrowing which has been deferred and has contributed towards the in-year savings on Treasury Management activities.

7.3 There are no staffing, IT or asset 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 arising directly from this report which covers the overall programme and its funding for the financial year.

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
- a) The re-profiling of £10.9 million from 2013/14 to 2014/15 be noted.
 - b) The financing of the Programme for 2013/14 be noted.
 - c) The Programme for 2014/15 be rigorously reviewed to ensure that it is realistic and deliverable in order to minimise the ongoing need for the re-profiling of the agreed Programme.

13.0 REASONS FOR RECOMMENDATIONS

13.1 The Council is required to make a number of formal Determinations in respect of its capital expenditure and financing and this report includes those for the 2013/14 financial year.

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REFERENCE MATERIAL

CIPFA Code Of Practice On Local Authority Accounting In The UK 2013/14.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2011.

SUBJECT HISTORY

Council Meeting	Date
Cabinet – Out-turn 2012/13	18 February 2013
Cabinet – Budget 2013/14	5 March 2013
Council – Budget 2013/14	13 June 2013
Cabinet – Capital Monitoring 2013/14	Monthly reports