

CABINET

13 JULY 2015

SUBJECT	CAPITAL OUT-TURN 2014/15
WARD/S AFFECTED	ALL
REPORT OF	ACTING SECTION 151 OFFICER
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report whilst detailing the Capital Out-turn for 2014/15 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 2014/15**

- 2.1 The Capital Programme 2014/17 was considered by Cabinet on 12 February 2014 and approved by Council on 25 February 2014. 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 Cabinet received regular updates in respect of Capital Monitoring throughout the financial year. The last monitoring report, for Month 10, was considered by Cabinet on 12 March 2015. Since then work has been on-going in order to conclude the accounts for the financial year.
- 2.3 During the year the Programme was regularly reviewed with a fuller mid-year review in order to re-profile the Programme which resulted in schemes being deferred to 2015/16 along with the supporting funding. This delivered one-off Treasury Management savings through a reduced need to borrow in 2014/15.

CAPITAL OUT-TURN

- 2.4 The capital spend for the year on the accruals basis amounted to £32.5 million compared to the Revised Programme of £39.5 million which was reported in January (Month 10). This is summarised in Table 1.
- 2.5 The estimate for January was amended to include the Formula Capital schemes that are delegated to the schools, the expenditure for which is only realised at the end of the financial year.

Table 1 : Capital Programme 2014/15

Spend	Original Approval	Revised January	Actual Out-turn
	£000	£000	£000
Universal & Infrastructure	5,827	3,147	3,643
Families – Children	10,998	8,405	8,400
Families – Adults	3,611	2,623	1,557
Families – Sport & Rec	1,000	2,157	1,122
Reg & Env– Env & Regulation	8,407	9,727	7,580
Reg & Env – Hsg & Comm Safety	5,707	4,057	2,812
Reg & Env – Regeneration	5,744	7,133	6,252
Transformation & Resources	4,000	2,500	1,096
Total Programme	45,294	39,749	32,462

- 2.6 Cabinet had approved amendments totalling £5.8 million to the originally approved programme, as reflected in the position for Month 10. Since then Directorates have identified a net £9.9 million of planned scheme expenditure to be deferred until 2015/16. This includes an additional £2.4 million of grant funding now available for Children’s condition, modernisation and basic need schemes. Some activity was brought forward from 2015/16 into 2014/15 and is indicated by negative values.

Table 2 : Significant slippage identified since Month 10

Scheme	£000
Universal & Infrastructure	
Building refurbishment to increase occupancy	-643
Fund to assist land assembly and resale	-113
Park depot rationalisation	670
Families & Wellbeing - Children	
Elleray Park Special School redevelopment	-100
School remodelling and additional classrooms	-550
Condition/Modernisation	1,864
Basic Need allocation	550
Youth Capital	149
Universal Free School Meals	209
Somerville Mobile Replacement	366
Families & Wellbeing – Adults	
Transformation of day service	615
Integrated I.T.	458
Families & Wellbeing – Sport & Recreation	
West Kirby/Guinea Gap/Europa Pools	824
Reg & Env– Environment & Regulation	
Active Travel	101
Highway Maintenance	146
Energy schemes (LED Street Lighting)	236
Parks vehicles replacement	617

Scheme	£000
Reg & Env – Housing & Community Safety	
LIFT programme	298
Clearance	519
Home Improvement	-378
Improvement for sale grants	180
New House Building Programme	520
Reg & Env – Regeneration	
Other Regional Growth Fund Schemes	876
LEP Regional Growth Fund Schemes	269
Transformation & Resources	
Information Technology development	1,404
Total of Significant Schemes	9,087

2.7 In reviewing the final spend for the year it is clear that whilst a number of schemes have progressed, there have been further schemes which have been re-profiled to 2015/16 and beyond as referred to in Section 2.3. This change in timing delivers in-year revenue savings in respect of Treasury Management costs for schemes that were reliant upon borrowing as the need to borrow is also deferred.

2.8 A summary of progress in the year within the Programme is as follows:-

2.8.1 Universal and Infrastructure

The roofing scheme at West Kirby Concourse was completed and a new changing pavilion built at Arrowe Park.

Works to refurbish Council buildings and increase occupancy progressed and included Wallasey Town Hall and Birkenhead Town Hall. Acre Lane staff were relocated and general works undertaken on the Cheshire Lines building.

At Cleveland Street Transport Depot works took place, and continue to refurbish existing buildings, to allow a phased move from various parks depots that will reduce revenue costs and/or produce a capital receipt.

Works on the new Salt Barn facility in Cleveland Street and the demolitions of Stanley Special School, Moreton Adult Unit and Fernleigh were completed.

2.8.2 Families and Wellbeing - Children

This includes investment in Schools which is essentially funded by Government Grant with announcements confirmed annually and just prior to the financial year. Works are undertaken in conjunction with the schools and mindful of the impact upon the service 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.

The new Foxfield School was completed (£1,072,000) and the major phase of works undertaken at Somerville Primary School (£984,000) completed.

Woodslee Primary School scheme (£550,000) commenced replacing nursery and creating a library/resource area.

Fender Primary School scheme to create two additional classrooms and internal remodelling (£600,000) commenced.

Works to classrooms at both Hoylake Holy Trinity School (£340,000) and Woodchurch Road. Primary School (£680,000) were completed.

Stanley Special School scheme (£750,000) to further develop two further classrooms and external remodelling to enable the school to receive additional pupils places to be ready for September 2016 was also begun.

Following announcements in late 2013 to introduce a new entitlement to free school meals for all pupils in years 1 and 2 £870,000 was invested towards meeting these requirements.

2.8.3 Families and Wellbeing - Adults

The Integrated I.T. Scheme (Liquidlogic) went live during September 2014. The next phase of the project sees the procurement and implementation of the additional modules relating to the citizen and provider portals which will support the delivery of some Care Act duties from April 2015.

With the Transformation of Day Services, and creation of the new company, ongoing the capital works were deferred until 2015/16.

The Extra Care Housing scheme was reprofiled to 2015/16 and to 2016/17.

2.8.4 Families and Wellbeing – Sport and Recreation

The new 3G football pitches at Guinea Gap opened in February and are proving a popular facility and although severe winter weather delayed some of the building work, the new fitness suite facility opened in March and is immensely popular.

West Kirby Concourse phase 1 works were undertaken during the year.

2.8.5 Regeneration and Environment – Environment and Regulation

The Authority continued to improve the highway network spending more than £2.5 million on highway structural maintenance schemes in 2014/15. There was also £0.5 million spent on bridges which included the completion of the Cottage Lane bridge strengthening works and the preparation works and technical report for the future Dock bridges scheme.

£0.5 million of Local Sustainable Transport Funding was used to improve access to key employment sites by providing infrastructure for pedestrians and cyclists on key corridors in East Wirral. This was further supplemented with £0.6 million from the Active Travel funding allocation. The most significant scheme was at Bolton Road.

£0.8 million was spent on road safety improvements such as traffic signals, speed cushions and puffins. Again, the most significant scheme was in Bolton Road (£0.37 million).

The planned investment in new vehicles, plant and equipment as part of the Parks and Countryside services modernisation project has continued with £0.8 million spent in 2014/15.

2.8.6 Regeneration and Environment – Housing and Community Safety

The support for the provision and re-provision of new housing through the clearance programme saw £1.8 million in total deferred to 2015/16.

Approximately half the Home improvement allocation was spent during the year, an improvement on what was anticipated mid-way through the year.

Disabled Facilities Grants/Aids and Adaptations 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. £2 million was spent in 2014/15.

2.8.7 Regeneration and Environment – Regeneration

Public realm improvements to New Brighton seafront to increase visitors and improve footfall for local businesses were completed in 2014/15. This included maintenance and traffic improvements outside the Floral Pavilion and to Victoria Parade.

The Regional Growth Fund (RGF) is a £2.6 billion fund operating across England from 2011/16. It supports projects and programmes that lever private sector investment to create economic growth and sustainable employment. 12 projects have been supported committing £4.9 million in RGF grant.

Using the Local Enterprise Partnership funding has enabled 35 projects to be supported. A total of £4.1 million has been expended to date.

2.8.8 Transformation and Resources

£1.1 million was spent on Information Technology which was less than the original projection of £2.5 million as reserves were used to fund £1.4 million of expenditure to save borrowing costs. With additional expenditure planned in 2015/16. £2.9 million has been carried forward to 2015/16.

CAPITAL FINANCING

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

Table 3 : Capital Financing 2014/15

Resources	Original Approval	Revised January	Actual Out-turn
	£000	£000	£000
Unsupported Borrowing	20,717	10,393	5,984
Grants	21,287	22,605	21,738
Capital Receipts	3,000	6,006	3,942
Revenue and Reserves	290	745	798
Total Resources	45,294	39,749	32,462

2.10 The re-profiling referred to earlier has seen the schemes and associated funding deferred until 2015/16.

CAPITAL RECEIPTS

2.11 The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. The receipts received during the year totalled £3.4 million which was in excess of the target of £2.5 million.

2.12 Table 4 shows the movements in the Reserve during 2014/15 with £8.3 million held at 31 March 2015. This will be used for funding the 2015/16 programme. The option of financing from borrowing has been curtailed as the revenue budget includes savings on loan financing. Instead the maximisation of capital receipts will be used, thereby reducing Capital Financing charges.

Table 4: Capital Receipts Reserve

	£000
Balance as at 1 April 2014	8,789
Add : Receipts during the year	3,431
Less : Used to part fund the Capital Programme	(3,942)
Balance as at 31 March 2015	8,278

2.13 Regarding progress in respect of the 3 possible major disposals, bids from various developers for the site at Acre Lane are currently being assessed. Preparatory work for the marketing of the Manor Drive site has commenced. Secretary of State approval is required before the Rock Ferry High School can be sold.

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 2014/15. 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 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 This report provides the end of year financial report which incorporates the actions agreed as part of the Revenue Monitoring reports presented to Cabinet throughout the 2014/15 financial year.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

8.0 RESOURCE IMPLICATIONS

8.1 The capital spend for the year amounted to £32.5 million. This was funded from borrowing of £6.0 million, Government Grants of £21.9 million, useable capital receipts of £3.9 million and revenue/reserves £0.8 million.

8.2 The re-profiling of schemes from 2014/15 to 2015/16, 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 within the revenue budget.

8.3 There are no staffing, IT or asset implications arising directly from this report.

9.0 LEGAL IMPLICATIONS

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

10.0 EQUALITIES IMPLICATIONS

10.1 There are no implications arising directly from this report which covers the overall programme and its funding for the financial year.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 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.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are no implications arising directly from this report.

13.0 RECOMMENDATIONS

- 13.1
- a) The additional re-profiling of £9.9 million from 2014/15 to 2015/16 be noted.
 - b) The financing of the Programme for 2014/15 be noted.
 - c) The Programme for 2015/16 and beyond be kept under review to ensure it is realistic and deliverable.

14.0 REASONS FOR RECOMMENDATIONS

14.1 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 2014/15 financial year.

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REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting In the UK 2014/15.
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 – Budget 2014/15	10 February 2014
Council – Budget 2014/15	24 February 2014
Cabinet – Capital Monitoring 2014/15	Monthly reports