

**CAPITAL OUT-TURN 2015/16**

**REPORT SUMMARY**

This Appendix whilst detailing the Capital Out-turn for 2015/16 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.

**RECOMMENDATIONS**

- a) The additional re-profiling of £8.8 million from 2015/16 to 2016/17 be noted.
- b) The financing of the Programme for 2015/16 be noted.
- c) The Programme for 2016/17 and beyond be kept under review to ensure it is realistic and deliverable.

**SUPPORTING INFORMATION**

**1.0 REASONS FOR RECOMMENDATIONS**

- 1.1 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 2015/16 financial year.

**2.0 OTHER OPTIONS CONSIDERED**

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

**3.0 BACKGROUND INFORMATION**

**MONITORING 2015/16**

- 3.1 The Capital Programme 2015/16 was considered by Cabinet on 10 February 2015 and approved by Council on 24 February 2015. The Programme is partly dictated by Government grant announcements, the Council's priorities and scheme affordability. It was highlighted that the Council's Revenue Budget position limited the scope for unsupported capital expenditure.
- 3.2 Cabinet received regular updates in respect of capital monitoring throughout the financial year. The last monitoring report, for Month 9, was considered by Cabinet on 22 February 2016. Since then work has been on-going in order to conclude the accounts for the financial year.
- 3.3 During the year the Programme was regularly reviewed in order to re-profile the Programme which resulted in schemes being deferred to 2016/17 along with the supporting funding. This continues to deliver one-off Treasury Management savings through a reduced need to borrow in 2015/16.

## CAPITAL OUT-TURN

- 3.4 The capital spend for the year was £36.1 million compared to the Revised Programme of £46.9 million which was reported in February (Month 9). This is summarised in Table 1.
- 3.5 The out-turn includes 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 2015/16**

<b>Spend</b>	<b>Original Approval</b>	<b>Revised December</b>	<b>Actual Out-turn</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Transformation & Resources	10,556	7,298	5,675
Families – Children	8,517	10,804	7,688
Families – Adults	8,263	2,877	1,263
Families – Sport & Rec	1,865	2,464	1,819
Reg & Env– Env & Regulation	12,633	11,544	10,498
Reg & Env – Hsg & Comm Safety	6,412	5,428	3,758
Reg & Env – Regeneration	1,808	6,502	5,447
<b>Total Programme</b>	<b>50,054</b>	<b>46,917</b>	<b>36,148</b>

- 3.6 Cabinet had approved amendments totalling £3.1 million to the originally approved programme, as reflected in the position for Month 9. Since then Directorates have identified £8.8 million of planned scheme expenditure to be deferred until 2016/17. A number of schemes are proceeding ahead of schedule and have been brought forward from 2016/17. These are indicated by negative values.

**Table 2 : Significant slippage identified since Month 9**

<b>Scheme</b>	<b>£000</b>
<b>Transformation &amp; Resources</b>	
IT. development	1,500
Building refurbishment to increase occupancy (progressing ahead of schedule)	-202
Park depot rationalisation	252
Energy efficiency Initiatives	218
Transport fleet including gritters and landrover (completed ahead of schedule)	-105
CCTV cameras and other equipment	100

<b>Scheme</b>	<b>£000</b>
<b>Families &amp; Wellbeing – Children</b>	
School Place Planning	1,617
Condition/Modernisation	1,028
Basic needs	1,096
Youth capital	149
Somerville School mobile replacement	101
Wirral Youth Zone -The Hive	-500
Family support scheme	137
<b>Families &amp; Wellbeing – Adults</b>	
Citizen and Provider Portal	617
Transformation of day services	156
<b>Families &amp; Wellbeing – Sport and Recreation</b>	
Sports Centres - West Kirby Concourse / Guinea Gap	192
<b>Environment and Regulation</b>	
Transport for Growth	216
Allotments	121
Parks vehicles replacement	117
<b>Housing and Community Safety</b>	
Clearance	119
Improvement for sale grants	180
New house building programme	1,001
<b>Regeneration</b>	
Regional Growth Fund / Business Investment Grants	675
<b>Total</b>	<b>8,785</b>

3.7 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 2016/17. The most significant are referred to in Section 3.6. 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.

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

#### 3.8.1 Transformation and Resources

As part of an ongoing programme £2.2 million has been spent on refurbishing a significant number of Council properties which will lead to their more efficient use. Work relating to the North Annexe is on hold depending on the outcome of the office rationalisation review;

In order to release sites for disposal work at Acre Lane and Manor drive has been ongoing. The latter includes the commitment to provide a new facility for the pony club.

The review of Parks and Open Spaces has been completed. This together with the outcome of the Residents Survey will inform the level of capital expenditure required.

The IT. development programme is focused on modernising the Council's IT capability. The move to Windows 7 and upgrading of equipment is complete although there may be some residual costs. Further work includes upgrading servers and the Council e-mail system which is currently in progress and the development and location of a data centre to provide enhanced coverage and reduce IT system and data risks.

### 3.8.2 Families and Wellbeing - Children

With work on the Onside Youth Zone project now underway the first payment has been made. Completion of the "Hive" will be according to schedule with the facility opening in February 2017.

This includes investment in Schools which is essentially funded by Government Grant with this funding the subject of annual announcements. All works are undertaken with 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.

Some of the major works completed or started during the year are:

Fender Primary School – completion of 2 classroom and resource extension.

Elleray Park Special School – a new four classroom extension and welfare facility were completed in October 2015.

Devonshire Park– a range of projects were undertaken to support the increase in pupil numbers.

Stanley Special – work underway to provide additional classrooms and medical facilities.

### 3.8.3 Families and Wellbeing - Adults

As part of the commitment to transform the provision of the day services £0.5 million has been invested in the provision of enhanced facilities.

Integrated I.T. – software development, equipment for self-assessments, extension of Liquid logic and support for hospital discharges now planned for 2016/17.

#### 3.8.4 Families and Wellbeing – Sport and Recreation

The new fitness suite at Guinea Gap increases in usage. Membership at West Kirby Leisure Centre has increased following the improvements to the fitness suite there. £1.4 million has been invested at the 2 centres during the year.

Work has commenced to develop integrated accommodation at West Kirby Marine Lake.

#### 3.8.5 Regeneration and Environment – Environment and Regulation

Installation of the LED street lighting commenced in mid-August and substantially completed in March 2016. The £3.2 million outlay produces a return on the investment through the delivery of revenue savings.

The DfT highway maintenance allocation of £2.8 million was supplemented from with a further £500,000 for maintenance improvement schemes on unclassified and residential roads. The programme for the year resulted in the completion of 20 resurfacing schemes and one footway scheme on the Principal road network, 19 schemes on the Non-Principal Classified road network and 150 schemes on the Unclassified Road network.

The main bridge schemes were the refurbishment of the Bidston Bypass North Bridge and the replacement of the two Dock bridges (A554 Tower Road 'A' and 'C' bridges). For the two dock bridges significant site investigation works were carried out to determine the extent of buried structures and obstructions which may affect the design and construction of the new bridges.

13 schemes were carried out as part of the Integrated Transport Block as well as two significant schemes as part of the Sustainable Transport Enhancement Programme (STEP) at the Croft Retail Corridor and West Float Access for Wirral Waters.

The main coast protection scheme is the construction of new flood defences at West Kirby to significantly reduce flood risk to 140 properties. Completion of the scheme is expected in September 2016.

#### 3.8.6 Regeneration and Environment – Housing and Community Safety

£1.7 million of grant aid has been provided for the provision of essential aids and adaptations giving disabled people better freedom of movement in and around their homes.

The new house building programme has commenced with £0.5m invested during the year.

### 3.8.7 Regeneration and Environment – Regeneration

Over £5.2 million Regional Growth Fund and Business Investment Grants have been allocated which are helping to create jobs and encourage growth.

### **CAPITAL FINANCING**

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

**Table 3 : Capital Financing 2015/16**

<b>Resources</b>	<b>Original Approval</b>	<b>Revised December</b>	<b>Actual Out-turn</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unsupported Borrowing	19,090	14,964	14,220
Grants	17,734	22,760	18,571
Capital Receipts	12,693	8,621	2,928
Revenue and Reserves	537	572	429
<b>Total Resources</b>	<b>50,054</b>	<b>46,917</b>	<b>36,148</b>

3.10 The re-profiling referred to earlier has seen the schemes and associated funding deferred until 2016/17.

### **CAPITAL RECEIPTS**

3.11 The Capital Programme is reliant on the Council generating capital receipts to provide funding and the receipts during the year totalled £2.7 million.

3.12 Table 4 shows the movements in the Reserve during 2015/16 with £8.0 million held at 31 March 2016. This will be used in funding the 2016/17 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**

	<b>£000</b>
<b>Balance as at 1 April 2015</b>	<b>8,278</b>
Add : Receipts during the year	2,697
Less : Used to part fund the Capital Programme	-2,928
<b>Balance as at 31 March 2016</b>	<b>8,047</b>

3.13 The Council is currently negotiating with the prospective developers of Acre Lane and the Manor Drive sites. A decision has yet to be taken regarding the former Rock Ferry High School site.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The capital spend for the year amounted to £36.1 million. This was funded from borrowing of £14.2 million, Government Grants of £18.6 million, capital receipts of £2.9 million and revenue/reserves £0.4 million.
- 4.2 The re-profiling of schemes from 2015/16 to 2016/17 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.

#### **5.0 LEGAL IMPLICATIONS**

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

#### **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

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

#### **7.0 RELEVANT RISKS**

- 7.1 There are none associated with this report which provides a summary of the spend and financing of the Capital Programme in 2015/16. The Programme has been monitored throughout the year and by reports to Cabinet.

#### **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 This is an end of year report. Consultation takes places as part of considering the capital programme and over the planning and implementation of the specific schemes within the Programme.

#### **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.

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## REFERENCE MATERIAL

CIPFA Code Of Practice On Local Authority Accounting In The UK 2015/16.  
Local Government Act 2003 and subsequent amendments.  
Local Government (Capital Finance and Accounting) Regulations 2008.  
Accounts and Audit (England) Regulations 2015.

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Budget 2015/18	10 February 2015
Council – Budget 2015/18	24 February 2015
Cabinet – Budget 2016/17	22 February 2016
Council – Budget 2016/17	3 March 2016
Cabinet – Capital Monitoring 2015/16	Quarterly reports