

CAPITAL OUT-TURN 2016/17

REPORT SUMMARY

This Appendix whilst detailing the Capital Out-turn for 2016/17 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 £6.3 million from 2016/17 to 2017/18 be noted.
- b) The financing of the Programme for 2016/17 be noted.
- c) The Programme for 2017/18 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 2016/17 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 2016/17

- 3.1 The Capital Programme 2016/17 was considered by Cabinet on 22 February 2016 and approved by Council on 3 March 2016. The Programme is based on the Wirral Plan priorities, Government Grant announcements 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 year. The last monitoring report, for Quarter 3, was considered by Cabinet on 20 February 2017. 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 2017/18 along with the supporting funding. This continues to deliver one-off Treasury Management savings through a reduced need to borrow in 2016/17.

CAPITAL OUT-TURN

- 3.4 The capital spend for the year was £25.3 million compared to the Revised Programme of £30.7 million which was reported in February 2017 (Quarter 3). This is summarised in Table 1.
- 3.5 The out-turn includes the Formula Capital schemes delegated to schools, the expenditure for which is only realised at the end of the financial year.

Table 1 : Capital Programme 2016/17

Spend	Original Approval	Revised December	Actual Out-turn
Themes	£000	£000	£000
Business	19,424	12,531	10,999
Environment	15,547	7,281	6,311
People	24,648	10,922	7,942
Total Programme	59,619	30,734	25,252

The “Original Approval” is a combination of the Capital Strategy, amendments following the 2015/16 final accounts and Government Grant announcement / amendments notified by June 2016.

- 3.6 Cabinet approved amendments totalling £28.8 million to the originally approved programme, as reflected in the position for Quarter 3. Since then a further £6.3 million has been identified to be deferred until 2017/18. A number of schemes are proceeding ahead of schedule and have been brought forward from 2017/18. These are indicated by negative values.

Table 2 : Significant variations identified since Quarter 3

Scheme	£000
Business	
Building refurbishment to increase occupancy	-122
Demolish former Rock Ferry High School	-143
Bridges	288
Transport for Growth/Integrated Transport	878
Dock Bridges replacement	443
Growth Fund	300
Business Investment Grants	151
Other variations	142
Total	1,937

Scheme	£000
Environment	
Cemetery Extensions and Improvements	260
Flaybrick Cemetery	-100
West Kirby Marine Lake - integrated accommodation	-164
CCTV cameras and other equipment	100
Aids/adaptations and Disabled Facilities Grant	351
Restore empty homes	278
Other variations	185
Total	910
People	
Pensby Wood remodelling	165
Citizen and Provider Portal/Integrated IT	944
Assistive Technology	615
Community Intermediate Care	100
Extra Care Housing	600
School condition allocation	784
Stanley Special School	-128
School remodelling (Primary Places)	325
Other variations	85
Total	3,490
Overall total	6,337

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 2017/18. 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 **Business**

IT expenditure of £1.9 million was mainly focused on the Targeted Operating Environment with expenditure on new servers, equipment and migrating from Windows 2003 to Windows 2008/2012. In addition to this there was a small amount of expenditure on computers and equipment relating to the final phase of the IT roll out.

In order to release sites for disposal, work at Acre Lane and Manor Drive was progressed. The latter included the commitment to provide a new facility for the pony club. Both sites have now been sold with the first instalment of the proceeds for Manor Drive (£2.34 million) received in the year.

£1.2 million was spent on works to increase building occupancy have taken place at Wallasey Town Hall and Bebington Civic Centre. The refurbishment of the Treasury Building to provide modern fit for purpose accommodation is progressing well and is approaching 70% completion. The refurbished accommodation will bring together all the Authority's IT staff.

The demolition of the former Rock Ferry High School proceeded ahead of schedule. Once complete this will enable the site to be disposed of and / or redeveloped.

Investment into highways was in excess of £4.2 million. The Department for Transport (DfT) highway maintenance allocation was supplemented from with a further £0.5 million for maintenance improvement schemes on unclassified and residential roads. The programme for the year resulted in the completion of 39 resurfacing schemes, 16 footway reconstruction schemes and 25 other schemes relating to the Principal and Non-Principal Classified road network.

The significant scheme as part of the Sustainable Transport Enhancement Programme (STEP) was the East Float access improvement work.

With the technical approval procedures completed work started on site to replace the Dock Bridges. The large value equipment orders (i.e. hydraulic cylinders for moving the bridges) have been being placed. Over £2 million being spent and primarily funded from Government Grants.

3.8.2 Environment

Over £0.7 million was spent on improving facilities at parks. New fit for purpose accommodation and facilities have been completed at Ashton Park whilst at Warren Farm full refurbishment of the main building is nearing completion. Further works at Cleveland Street and Ivy Farm are on hold pending the outcome of the Leisure and Culture Services review.

The re-roofing work at Bidston Tennis and Sports Centre has been completed along with works at West Kirby Marine Lake. In respect of the Oval Sports Centre the development works, including the fitness suite and the catering facilities continue to progress. With over £2 million invested the various improvements have seen a sustained increase in membership of the Council invigor8 scheme as numbers using the facilities continue to increase.

The site at Flaybrick Cemetery is on the national Heritage at Risk Register. Works to consolidate and stabilise the surviving fabric of the Flaybrick chapels have been completed at a cost of £0.3 million with grant assistance from Historic England.

The main coast protection scheme is the construction of new flood defences at West Kirby to significantly reduce flood risk to 140 properties. However, the business case had to be resubmitted to the Environment Agency in March 2017 which has delayed the scheme until 2017/18.

£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 Home Improvement project, on which £0.6 million has been spent, provides a continuation of both financial assistance and intervention to remedy poor housing conditions in the private sector, including serious disrepair/hazards, poor or no heating provision, low market demand and bringing long term empty properties back into productive use.

10 schemes, at a cost of £0.6 million, have been committed under the New House Building programme. Two have been completed and two are near completion. 125 units will be delivered, exceeding the original target of 100. The remaining schemes are subject to final agreements being compiled by Legal.

3.8.3 People

The Wirral Youth Zone (The Hive), supported by £1.9 million from the Council, officially opened on 8 April and is a purpose built facility for young people aged 8-19, and up to 25 for those with disabilities. After just 2 months opening it has over 4,000 registered members.

Government Grants essentially fund investment in schools and is subject to 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. With over £5.5 million invested during 2016/17 the key projects are detailed in the following paragraphs.

At Mersey Park Primary School funding was provided to extend 2 undersized classrooms and provide a resource/group room. The design was more creative moving away from the traditional build to complement the existing Victorian features. The design has received positive comments from parent, staff, public and professional people. It has also enabled pupils to be taught in a modern and well-spaced out class-base.

Liscard Primary School has a new roof to overcome many awkward shapes and valleys. Although the design features are not in the original slate material because of high costs the materials used complements its surroundings and is a proven material that has sustainability and blends in with the age of the building.

3 Children Centre Hubs have been re-modelled to modernise each facility and to create improved access, reception area's and various meeting/group rooms to create a uniformed 'brand identity' for Children Services. They are now fully operational and to capacity and are a great success.

The Observatory School receives pupils who have social, emotional and mental health problems. Existing classrooms were re-modelled to improve usage. One mobile classroom was removed, the other refurbished and the playground extended. Internal re-modelling took place to provide a further internal teaching space and resource/group room including new changing facilities for activities. New acoustic panelling was installed in the main hall which has dramatically improved noise reduction in the hall.

At Stanley Special School additional classrooms and medical facilities have been provided.

As part of the commitment to transform the provision of day services, £0.3 million has been invested in the provision of enhanced facilities.

The provision of extra care / specialised housing remains the subject of ongoing consultation and negotiation and therefore the funding has been further re-profiled.

CAPITAL FINANCING

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

Table 3 : Capital Financing 2016/17

Resources	Original Approval	Revised December	Actual Out-turn
	£000	£000	£000
Unsupported Borrowing	20,970	7,239	7,175
Grants	22,703	16,814	11,795
Capital Receipts	14,762	6,564	5,951
Revenue and Reserves	1,184	117	331
Total Resources	59,619	30,734	25,252

3.10 The re-profiling referred to earlier has seen the schemes and associated funding deferred until 2017/18.

CAPITAL RECEIPTS

3.11 Table 4 shows the movements in the Capital Receipts Reserve during 2016/17. Receipts for the year totalled £3.5 million with £5.5 million held at 31 March 2017.

- 3.12 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2019 can be used to support Transformation. This has been reflected in the Capital Programme for 2017/18 onwards. Receipts prior to the 1 April 2016 are not eligible to be used to fund Transformation.
- 3.13 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 2016	8,047
Add : Receipts during the year	3,462
Less : Used to part fund the Capital Programme	-5,951
Balance as at 31 March 2017	5,558

- 3.14 Of this balance £3.0 million is available to fund the Transformation Programme and £2.5 million to fund the ongoing Capital Programme

4.0 FINANCIAL IMPLICATIONS

- 4.1 The capital spend for the year amounted to £25.2 million. This was funded from borrowing of £7.2 million, Government Grants of £11.8 million, capital receipts of £5.9 million and revenue/reserves £0.3 million.
- 4.2 The re-profiling of schemes from 2016/17 to 2017/18 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 2016/17. 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 2016/17.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet – Out-turn 2014/15	13 July 20125
Cabinet – Out-turn 2015/16	18 July 2016
Cabinet – Budget 2016/17	22 February 2016
Council – Budget 2016/17	3 March 2016
Cabinet – Capital Monitoring 2016/17	Quarterly reports