

CAPITAL OUT-TURN 2017/18

REPORT SUMMARY

This Appendix details the Capital Out-turn for 2017/18, the resources used to fund the Programme and provides a review of the progress of the delivery of the agreed Capital Programme.

RECOMMENDATIONS

- a) The additional re-profiling of £10.3 million from 2017/18 to 2018/19 be noted.
- b) The financing of the Programme for 2017/18 be noted.
- c) The Programme for 2018/19 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 2017/18 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 2017/18

- 3.1 The Capital Programme 2017/18 was considered by Cabinet on 20 February 2017 and approved by Council on 6 March 2017. 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 2018. 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 2018/19 along with the supporting funding. This continued to deliver one-off Treasury Management savings through a reduced need to borrow in 2017/18.

CAPITAL OUT-TURN

- 3.4 The capital expenditure for the year was £46.9 million compared to the Revised Programme of £59.4 million which was reported in February 2018 (Quarter 3). This is summarised in Table 1.
- 3.5 Included in the out-turn are the Formula Capital schemes delegated to schools.

Table 1: Capital Programme 2017/18

Spend	Capital Strategy	Revised December	Actual Out-turn
Themes	£000	£000	£000
Business	32,760	34,323	26,946
Environment	16,769	5,375	4,547
People	12,250	7,123	6,333
Transformation	15,740	12,550	9,027
Total Programme	77,519	59,371	46,853

- 3.6 Cabinet has previously approved amendments totalling £18.1 million to the originally approved programme, as reflected in the position for Quarter 3. Since then a further £10.3 million has been identified to be deferred until 2018/19. There is a reduced requirement of £3.2 million for transformation schemes that were to be funded by the flexible use of capital receipts.

Table 2: Significant variations (> £.0.2 million) identified since Quarter 3

Scheme	£000
Business - re-profiling	
Bridges	-707
Dock bridges replacement	-610
Transport for Growth	-2,168
Sustainable Transport Enhancement Programme (STEP)	-702
Street lighting and LED replacement	-349
Fund to assist land assembly and re-sale	-246
Data centre	-339
Business Investment Fund	-551
Investment in properties	-1,156
Wirral Waters Investment Fund	-205
Other minor variations	-344
	-7,377

Scheme	£000
Environment - re-profiling	
Cemetery Extensions and Improvements	-226
Soft play areas in leisure centres	-410
Flood alleviation	-244
Other minor variations	52
	-828
People - re-profiling	
Pensby Wood remodelling	-310
Primary Places	-742
Family support	-157
Formula capital expenditure	362
Other minor variations	57
	-790
Transformation	
Children's services - re-profiling	-330
Other transformation schemes - reduced requirement	-3,193
	-3,523
Overall total variation	-12,518

3.7 The schemes which have been re-profiled to 2018/19, as highlighted in paragraph 3.6. has delivered in-year revenue savings of £0.110 million in respect of a reduced cost of borrowing.

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

3.8.1 **Business**

In order to create efficiency savings £1.4 million was spent on works to increase building occupancy. The most significant schemes have taken place at Wallasey Town Hall and Bebington Civic Centre/Town Hall including the re-location to West Kirby Concourse.

The refurbishment of the Treasury Building to provide modern fit for purpose accommodation is progressing well and is approaching completion. The refurbished accommodation will bring together all the Authority's IT staff.

Investment into highways was in excess of £4.6 million. The majority of the expenditure was incurred on 10 non principal roads (£0.45 million), 14 principal roads (£0.83 million), 29 unclassified roads (£1.18 million) and 33 Transport for Growth schemes (£0.83 million). Most works related to asphaltting, surface dressing and reconstruction.

The 2 most significant schemes as part of the Sustainable Transport Enhancement Programme (STEP) were access improvements to the East Float (£0.26 million) and the Croft retail park (£0.24 million).

The highways maintenance contract is ending this coming October. The maintenance work of £2.1 million is being re-profiled into 2018/19.

Work is complete on the Dock Bridges replacement and the bridge re-opened at the end of June.

The purchase of the Europa Building (£8.8 million) is the first that forms part of the Strategic Acquisition Programme that supports the key economic goals and aspirations of the Council as set out in the Strategic Regeneration Framework and Wirral Growth Plan.

Work is continuing on the cyber security/windows 10 rollout project (£0.9 million spent in 2017/18) with the additional security features enabling increased security against threats including cyber-attacks.

Approximately £1.1 million was spent on mitigating the risk of having 2 data centres within the Treasury Building. One of these has now been located to Merseytravel.

3.8.2 Environment

The majority of the works required at the Transport Museum have been completed this year. These were the creation of a new entrance hall, reception area, shop, café and kitchen alongside improved museum display areas. Upon completion the facility will be fully DDA compliant.

£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 £0.5 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.

A government grant received as part of the LCR Empty Homes Programme funded 2 schemes which were both completed in 2017/18 - the Old Court House and the Ark (£0.350 million).

Works continued (£0.3 million) with the Parks Rationalisation Programme, including addressing health and safety concerns to address issues such as traffic and pedestrian zones at Cleveland Street Transport Depot, providing new fit for purpose compliant welfare accommodation at Ashton Park and Arrowse Park depots and improved security at Ivy Farm.

3.8.3 People

Government Grants funded almost 90% of the investment in schools in 2017/18 and is subject to future 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 £4.8 million invested during 2016/17 some of the key projects are detailed in the following paragraphs.

Meadowside Special School: Construction of new hydrotherapy pool and changing facilities. The design is fully accessible for all pupils and includes new boiler plant room, showers, medical rooms, improved heating system, improved lighting and new internal and external windows. The project has been completed and the new hydrotherapy pool will be ready to use in July 2018 after full commissioning.

Town Lane Infants: This completed project is part of our pupil place planning and includes the expansion of the building and internal modernisation. New classrooms have been constructed with new toilets, resource areas, early year's provision, improved heating and lighting, external access and play areas.

Elleray Park Special School: This scheme has provided new classrooms and internal re-configuration. It has also enhanced the existing flat roof system and ensures the building has many years of protected life for our SEN pupils. The work was completed before the start of the winter months.

Heygarth Primary School: This project is part of the pupil place planning strategy that links in to area regeneration. The project is now on site and due for completion in October 2018. It provides the school with two additional classrooms, internal re-configuration to two areas within the school, new resource spaces and improved outdoor space.

Woodchurch Road Primary School: The main roof structure was found to be causing problems with water ingress in various areas. As a consequence the roof has been fully renewed.

Work is continuing to remodel Pensby Wood with a further £0.9 million spent in 2017-18. Completion of the project will ensure the long term investment and sustainability for the provision of this specialised service.

CAPITAL FINANCING

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

Table 3: Capital Financing 2017/18

Resources	Capital Strategy	Revised December	Actual Out-turn
	£000	£000	£000
Borrowing	35,121	24,649	18,138
Capital Receipts	17,677	13,802	10,418
Grants	20,571	19,444	17,763
Business Rates	4,000	550	345
Revenue and Reserves	150	926	189
Total Resources	77,519	59,371	46,853

3.10 The re-profiling referred to earlier has seen the schemes and associated funding deferred until 2018/19.

CAPITAL RECEIPTS

3.11 Table 4 shows the movements in the Capital Receipts Reserve during 2017/18. Receipts for the year totalled £6.532 million with £1.672 million available at 31 March 2018.

3.12 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support transformation of services that results in efficiencies. This has been reflected in the Capital Programme for 2017/18 onwards.

Table 4: Capital Receipts Reserve

	£000
Balance as at 1 April 2017	5,558
Add : Receipts during the year	6,532
Less : Used to part fund the Capital Programme	-1,391
Less : Flexible use of receipts to fund transformation schemes	-9,027
Balance as at 31 March 2018	1,672

3.13 Of this balance £0.966 million is available to fund the Transformation Programme and £0.706 million to fund the ongoing Capital Programme

4.0 FINANCIAL IMPLICATIONS

4.1 The capital expenditure for the year amounted to £46.853 million. This was funded from borrowing of £18.138 million, Government Grants of £17.763 million, capital receipts of £10.418 million, ring-fenced business rates of £0.345 million and revenue/reserves £0.189 million.

4.2 The re-profiling of schemes from 2017/18 to 2018/19 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 expenditure and financing of the Capital Programme in 2017/18. 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.

REPORT AUTHOR: Reg Huyton
Principal Accountant
Telephone 0151 666 3415
Email reghuyton@wirral.gov.uk

REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting In the UK 2017/18.
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 2015
Cabinet - Out-turn 2015/16	18 July 2016
Cabinet - Out-turn 2016/17	26 June 2017
Cabinet – Budget 2017/18	20 February 2017
Council – Budget 2017/18	6 March 2017
Cabinet – Capital Monitoring 2017/18	Quarterly reports