

REPORT TO: Cabinet

DATE: 8 July 2010

SUBJECT: Capital Outturn 2009/2010

WARDS AFFECTED: All

REPORT OF: John Farrell
Interim Head of Corporate Finance & Information Services

Alan Moore
Strategic Director Communities

Charlie Barker
Strategic Director Social Care & Wellbeing

Peter Morgan
Strategic Director of Children's Services

CONTACT OFFICER: Mike Martin – Strategic Finance Manager
Ext. 3506

EXEMPT/ CONFIDENTIAL: No

<p>PURPOSE/SUMMARY:</p> <p>To provide Members with details of the Council's overall capital spending in 2009/10.</p>
<p>REASON WHY DECISION REQUIRED:</p> <p>As part of the budget monitoring procedures for the Council's Capital Programme.</p>
<p>RECOMMENDATION (S):</p> <p>Cabinet is asked to note the contents of this report.</p>

KEY DECISION: No

FORWARD PLAN: Not appropriate.

IMPLEMENTATION DATE: Following the call-in period after Cabinet on the 8 July 2010.

ALTERNATIVE OPTIONS: Not applicable.

IMPLICATIONS:

Budget/Policy Framework: Not appropriate.

Financial: There are no additional financial implications as a result of this report.

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: Not appropriate

Risk Assessment: Not appropriate

Asset Management: Not appropriate

CONSULTATION UNDERTAKEN/VIEWS

ALL DEPARTMENTS WERE CONSULTED IN THE PREPARATION OF THIS REPORT

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None

BACKGROUND:

1. This report gives details of the Council's overall capital spending in 2009/2010 and reasons for major variations in expenditure on individual schemes.
2. **2009/2010 Expenditure**
 - 2.1. The Authority's capital expenditure for the year was £74.098m, comprising £62.262m in respect of the service based Capital Programme and £11.836m for Government Funded and Other Programmes. A summary is attached at Annex A.
 - 2.2. The service based Capital Programme, £62.262m, shows a net rephasing of expenditure of £8.615m (12.15%) when compared to the revised estimate of £70.877m. Members are asked to note that the term rephasing is used in the context of the capital programme as, generally, "underspendings" on projects in a given financial year represent unexpected delays in works and therefore expenditure will usually slip into subsequent years. On the other hand "overspendings" can represent actual cost increases that need to be met from available capital, and potentially revenue, resources or delays in the generation of capital receipts planned to fund the scheme.
 - 2.3. The main reasons explaining the major variations on the 2009/2010 capital programme are detailed below:
 - a) **Children's Services (Rephasing of £3.548m)**
 - i) **Devolved Formula Capital Schemes (£0.503m).** This funding is devolved to schools, which have a three-year time period in which to utilise the money. Members will recall that schools were given 40% of their 2010/11 DFC allowance in 2009/10 as part of the fiscal stimulus introduced by Government. Many schemes are already planned to take place in the summer holidays and some schools will make contributions to major schemes planned within the financial year.
 - ii) **Play Naturally (£0.221m).** The Crosby Coastal Park Play Area scheme has recently started on site with the balance of funding, with the exception of retention, expended within the financial year. The Playbus for Parenting 2000 is due for delivery in June/July after which the balance of the allocated funding will be expended.

- iii) **Primary Capital Programme (£0.375m).** All eleven schemes are progressing well with the majority on site and completion is expected by summer 2010. The scheme at Our Lady of Walsingham has been delayed whilst decisions were made on the capacity of the single-sited school but this is now due to start on site in August. The major rebuild scheme at Aintree Davenhill is making good progress after a delayed start and is due for completion by December 2010.
- iv) **14 – 19 Diploma Rooms (£1.29m).** A total of nineteen schemes are being progressed under this programme with five completed, eight on site and the remaining six due to start on site during the summer holiday period. All funding, with the exception of retentions, will be expended within the financial year.
- v) **Early Years and Childcare Grant (£0.895m).** The bidding process, by nursery providers in the private, independent and voluntary sector, for grant funding has been completed and allocations have been finalised. All schemes will be progressed and monitored over the next few months and it is anticipated that the balance of funding will be expended by 31 March 2011.

b) Leisure and Tourism (Rephasing of £2.505m).

- i) **Maghull Leisure Centre (£0.324m).** Slippage on the scheme has occurred for a number of reasons. Information is still awaited from the main contractor in support of the final account and monies are being retained until this is made available. The demolition of the former Deyes Lane pool was deferred until 2010/11 to allow this work to be carried out in conjunction with Children's Services on the redevelopment of the site. Finally, signage and minor external works to the Leisure Centre are still to be addressed.
- ii) **Southport Sports Park (£0.382m).** This project is subject to a bid to the Football Foundation and has been linked by them to the Building Schools for the Future programme. The scheme can only progress once a decision on the bid is received from the Football Foundation.

- iii) **Botanic Gardens Museum, Roof and Lift (£0.375m).** This scheme is closely linked to the Southport Cultural Centre project and, as reported previously, work was put on hold pending progress on the Cultural Centre scheme. Now that the Cultural Centre is a 'live' scheme, consideration will be given as to how best to utilise the Botanic Gardens Museum buildings. Indeed, any alternative use will still require capital funding to put the building in an appropriate condition. A bid to the Heritage Lottery Fund is being considered.
- iv) **Southport Crematorium Flue Gas Filtration Work (£0.760m).** This scheme is now substantially complete and payment will be released as soon as the accounts are finalised.

c) Regeneration (Rephasing of £1.078m)

- i) **South Sefton Investment Centre (£0.101m)**

The final retention payment was due at the end of the Defect Correction period, which ended in December 2009. The capital programme allowed for this expenditure to be defrayed during 2009/10. However, the defect correction certificate was not issued until April 2010, due to some issues with the heating system within the building. This has delayed the release of retention until 2010/11.
- ii) **Stepclever Property Project (£0.170m)**

The underspend on this project in 2009/10 is as a result of delays in being able to bring forward projects suitable for the development as incubation business space. These delays are due to the continued recession in the development industry, in particular projects requiring financial support from the banks. Confidence appears now to be returning to the industry and there are now a number of projects that are being brought forward for approval during 2010/11 that should enable the programmed expenditure to be brought back on target.
- iii) **Older Persons Housing Strategy (£0.300m)**

This scheme meets the Council's commitment to increasing the "Extra Care" housing provision. Apart from one scheme coming to fruition during 2009/10 (accounting for up to £200k), the majority of the budget line has not spent due to anticipated partnership schemes taking longer to come on stream. The provision has therefore been slipped to 2011/12, as it is considered unlikely to spend during 2010/11.

d) Technical Services (Rephasing of £0.940m).

- i) **Integrated Transport Programme (£0.766m).** The slippage in 2009/10 was due to spend profile changes, where works planned for 2009/10 will now be delivered in 2010/11, in respect of a number of schemes including:- Pear Tree junction; Southport Parking Signage; UTC upgrades; and Local Safety Small schemes.

2.4 In addition to the above service based capital expenditure, the capital programme also includes a number of Central Government funded programmes, which are managed by independent partnership boards. In 2009/10, total capital expenditure of £11.836m was incurred in respect of The Safer and Stronger Communities Fund (£0.080m) and Housing Market Renewal (£11.756m).

3. 2010/2011 Capital Programme

The Strategic Asset Management Group will continue to closely monitor the programme with a view to ensuring that both a high level of in year capital spend is achieved and that NO capital resources are lost.

4. Recommendations

Cabinet is asked to note the contents of this report.

ANNEX A

Summary of Capital Expenditure 2009/2010

<u>Service Based Programme</u>	<u>Revised</u>	<u>Actual</u>	<u>Rephasing</u>
	£'000	£'000	£'000
Children's Services	31,433.35	27,885.30	3,548.05
Corporate Services	7,040.00	7,482.78	-442.78
Environmental	1,032.01	637.04	394.97
Health and Social Care	4,317.47	3,900.46	417.01
Housing - HRA	178.04	0.32	177.72
Leisure and Tourism	10,907.21	8,401.87	2,505.34
Regeneration	6,348.64	5,271.05	1,077.59
Technical Services	8,620.62	7,680.87	939.75
Capitalisation – Maintenance Projects	1,000.00	1,002.46	-2.46
Total Service Based Capital Expenditure	<u>70,877.34</u>	<u>62,262.15</u>	<u>8,615.19</u>
<u>Government Funded & Other Programmes</u>			
Government Funded Programmes		11,835.61	
Total Capital Expenditure		<u>74,097.76</u>	