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**Report to:** Cabinet  
Council

**Date of Meeting:** 28 February 2013  
28 February 2013

**Subject:** Capital Programme 2012/13 and Capital Allocations 2013/14

**Report of:** Head of Corporate Finance & ICT

**Wards Affected:** All

**Is this a Key Decision?** Yes

**Is it included in the Forward Plan?**

Yes

**Exempt/Confidential**

No

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### **Purpose/Summary**

To provide Members with details of the 2013/14 Capital Allocations received to date and to consider their use in the development of a new starts programme for 2013/14.

### **Recommendation(s)**

Council is recommended to:

- i) Note the revised Capital Programme for 2012/13;
- ii) Approve for inclusion within the Capital Programme the allocation of £203,150 Short Break for Disabled Children resources in 2012/13 as outlined in paragraph 2.6;
- iii) Approve for inclusion within the Capital Programme the allocation of the additional £377,730 Disabled Facilities Grant in 2012/13 as outlined in paragraph 2.7;
- iv) Approve for inclusion within the Capital Programme the allocation of £427,970 Funding Early Education for Two Year Olds from Lower Income Households in 2012/13 as outlined in paragraph 2.8;
- v) Approve the inclusion in the Capital Programme of a grant of £727k in respect of the Flood and Coastal Erosion Risk Management as outlined in paragraph 2.9;
- vi) Approve the inclusion in the Capital Programme of refurbishing existing pitches, and providing new pitches, at the Gypsy and Traveller site at Red Rose Park as outlined in paragraph 2.10;
- vii) Approve the inclusion in the Capital Programme of works to alleviate fuel poverty in relation to the Sefton Affordable Warmth workers, as outlined in paragraph 2.11;
- viii) Note the 2013/14 capital allocations received to date;
- ix) Approve for inclusion within the Capital Programme the Capital Priorities Fund from reserves as outlined in paragraph 4, of which part will be allocated as additional funding to the High Street Innovation Fund (HSIF) revenue funding already received; and
- x) Note the changes to the Capital Finance System as outlined in paragraph 5.

### How does the decision contribute to the Council's Corporate Objectives?

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

#### Reasons for the Recommendation:

To inform Members of the 2013/14 Capital Allocations received to date and to allow Members to consider how these allocations should be utilised. Also to seek approval for the use of both an additional allocation of Short Breaks for Disabled Children, Disabled Facilities Grant, and Early Education Funding for Two Year Olds from Lower Income Households in 2012/13.

#### What will it cost and how will it be financed?

##### (A) Revenue Costs

For any additional capital expenditure, a full evaluation of the revenue running costs will need to be undertaken.

##### (B) Capital Costs

All allocations included in this report are capital grants.

#### Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<b>Legal</b>		
<b>Human Resources</b>		
<b>Equality</b>		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

**Impact on Service Delivery:****What consultations have taken place on the proposals and when?**

The Head of Corporate Finance (FD2152/13) and Head of Corporate Legal Services (LD1468/13) have been consulted and any comments have been incorporated into the report.

**Are there any other options available for consideration?**

The options available to Members for the use of non ring-fenced capital grant allocations are included in the body of the report.

**Implementation Date for the Decision**

After Council.

**Contact Officer:** Jeff Kenah

**Tel:** 0151 934 4104

**Email:** [Jeff.kenah@sefton.gov.uk](mailto:Jeff.kenah@sefton.gov.uk)

**Background Papers:**

None.

## **1. Introduction/Background**

- 1.1 This report updates the 2012/13 Capital Programme and provides details of some additional allocations recently received for the current year. Details are also provided of the Government Capital Allocations that have been notified to date for 2013/14 with a view to the Cabinet beginning to consider the use of the non-ringfenced allocations in the development of a new starts programme for 2013/14.

## **2. Revised Capital Programme 2012/13**

- 2.1 The revised Capital Programme is attached at **Annex A**.
- 2.2 The level of prudential borrowing currently required for the capital programme is £5.6m for 2013/14. This comprises £259k for Childrens Services, £873k for Corporate Resources, £789k for Leisure, £884k for Regeneration, £1,802 for Technical Services, and £1,000k for Repairs and Maintenance Capitalisation.
- 2.3 Cabinet on 24 May and Council on 5 July 2012 approved the utilisation of Single Capital Pot Allocations for 2012/13. At this time £536,250 of Department for Education Capital Maintenance Grant and £807,910 of Adult's Personal Social Services remained unallocated to specific schemes.
- 2.4 Cabinet received a report on 13 December 2012 where approval was given to allocate funds and include schemes in the Capital Programme at a total cost of £536,250, fully funded from the Capital Maintenance Grant 2012/2013. This was approved by Council on 24 January 2013, and has now been included within the Capital Programme at Annex A. Cabinet are advised that there are no revenue implications relating to these schemes.
- 2.5 The £807,910 Adult's Personal Social Services Grant 2012/13 has been retained to support the transformation of Adult Social Services, including service remodelling and systems development. Details will be submitted following the approval of the 2 year financial plan.
- 2.6 In September 2012 the Department of Education announced £40m of additional funding for short breaks. The funding is intended to help local authorities and their health partners to create better access to short break provision by providing new equipment, adaptations and facilities for disabled children and young people. Sefton's share of this allocation is £203,153. This grant is non-ringfenced, and may be used for any capital purpose, but it is intended to help local authorities and their health partners to create better access to short break provision.
- 2.7 The Department for Communities and Local Government announced in December 2012 £40m of additional funding for Disabled Facilities Grants for Local Authorities in 2012/13. The aim is to help more people with disabilities to access the aids and adaptations they require to live independently at home. Sefton's share of this allocation is £377,732. This will be used in 2012/13 to replace revenue funding for DFG's within the same year. This will allow the revenue saving to support one-off revenue costs in future years.

- 2.8 The Department for Education announced in December 2012 £100m of additional funding for Funding Early Education for Two Year Olds from Lower Income Households. The aim is to support implementation of early education for two year olds. Sefton's share of this allocation is £427,970. This grant is non-ringfenced and may be used for any capital purpose, but it is intended to support implementation of early education for two year olds.
- 2.9 In February 2013 the Environment Agency announced a grant of £727k in respect of flood erosion and risk management. This is the sum which can be spent in 2013/14 and which is claimed once expenditure has been defrayed.
- 2.10 On 14 February Cabinet accepted the grant offer of £308,020, made under the Homes and Communities Gypsy and Traveller Fund, to refurbish the existing pitches and to provide four new pitches at the Gypsy and Traveller site at Red Rose Park, Broad Lane, Formby. Match funding from revenue of £15,000 was also agreed. Approval of this item will allow it to be included within the Capital Programme.
- 2.11 On 11 January a grant of £44k was allocated to deliver fuel poverty alleviation to Sefton residents in relation to the Sefton Affordable Warmth workers. Works carried out will be predominantly central heating and insulation works. Approval of this item will allow it to be included within the Capital Programme.

### 3. Government Capital Allocations 2013/14

- 3.1 It should be noted that for 2013/14 a single capital pot will be in operation. This means that all non-ring-fenced grants will initially be held centrally, and bids will need to be made in order to secure funds for capital projects. A detailed report on how this operates is contained elsewhere on today's agenda.
- 3.2 The table below itemises those capital allocations that have been received for 2013/14. The 2012/13 figures, where applicable, are shown for comparison, including the additional funding as noted in paragraphs 2.6 to 2.8 above. All allocations are non-ringfenced, with the exception of Devolved Formula Capital.

Description of Allocation	2012/13 £'000	2013/14 £'000	Variation £'000
Children's Services – Devolved Formula Capital ( <b>ring-fenced</b> )	450	TBC	
Children's Services – Basic Need	781	TBC	
Children's Services – Capital Maintenance	2,417	TBC	
Children's Services – Short Breaks	203	TBC	
Early Education for Two year Olds	428	TBC	
<b>Total Children's Services</b>	<b>4,279</b>		
Disabled Facilities Grant	1,954	TBC	
<b>Total Housing</b>	<b>1,954</b>		
Department of Health Capital Grant	808	820	+12
<b>Total Social Services</b>	<b>808</b>	<b>820</b>	<b>+12</b>

Highways Maintenance	2,536	2,355	-181
Integrated Transport Block (indicative)	981	965	-16
Additional Highway Maintenance	0	426	+426
<b>Total Transportation</b>	<b>3,517</b>	<b>3,746</b>	<b>+229</b>
<b>Total Allocations</b>	<b>10,558</b>	<b>4,566</b>	<b>+239</b>

**TBC – not yet notified, although early indications are that the Disabled Facilities Grant will be little changed from 2012/13.**

#### **4. Additional capital funding**

4.1 As part of the formal Government response to the Portas review a number of Portas Pilots were announced, at the same time a new package was announced by Ministers. This included a multi-million pound High Street Innovation Fund (HSIF) which was kick started by £10 million of public sector funding focused on bringing empty shops back into use. Sefton received £100,000 from the HSIF.

At Cabinet on the 14<sup>th</sup> of February it was agreed that the £100,000 be allocated to the four Towns that created Town Teams in a bid to secure funding from the Portas initiative (Crosby, Waterloo, Southport, Maghull).

4.2 It is proposed to offer other town centres and shopping parades throughout the Borough the same level of support. The Revenue Budget 2013/14 and Two Year budget plan, elsewhere on today's agenda, includes a proposal to finance an additional £1m of capital spend using funding from reserves, which will fund a variety of schemes. More detail on this will be put before Cabinet on 28 March 2013, but part of this funding will be earmarked as part of the initiative to regenerate the high street.

4.3 The Capital Priorities Fund of £1m will, in part, be used to supplement town centre initiatives, as well as investment in local economies, supplying youth employment, and supporting Council priorities.

#### **5. Change to Capital Finance Regulations**

5.1 On 8 January 2013 the Department for Communities and Local Government (DCLG) issued a consultation paper regarding the proposed amendments to the capital finance regulations relating to equal pay claims. Over the past few years, many authorities have become liable for large back payments in relation to pay inequalities.

5.2 DCLG allowed authorities to apply for "capitalisation directions" allowing such costs to be treated as capital expenditure. This enabled authorities to meet such costs by borrowing, or by using capital receipts. However, due to the impact of capitalisation on public indebtedness, the Government now wishes as far as possible to avoid this approach.

- 5.3 The proposal is to allow local authorities to use capital receipts from sales raised from 2012/13 to fund outstanding equal pay claims, removing the ability to borrow to fund claims. The proposed change would also allow local authorities to charge to revenue when the payment is made, rather than in the period that the liability is identified.