
Report to: Cabinet
Council

Date of Meeting: 27 February 2014
6 March 2014

Subject: Capital Programme 2013/14 and Capital Allocations 2014/15

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

Purpose/Summary

To provide Members with details of the 2014/2015 Capital Allocations received to date and to consider their use in the development of a new starts programme for 2014/2015.

Recommendation(s)

Cabinet is recommended to:

- (1) Note the 2014/2015 capital allocations received to date, as set out in paragraph 3.2;
- (2) Approve for inclusion within the Capital Investment Plan the Capital schemes to be Self financed as outlined in Appendix B;
- (3) Request Council to approve for inclusion within the Capital Investment Plan the Capital schemes to be funded from the 2014/2015 Single Capital Pot as outlined in Appendix A;
- (4) Requests Council to approve for inclusion in within the Capital Investment Plan the Property Intervention Fund 2014/2015 allocation of £500,000 to be funded from Capital Receipts as outlined in paragraph 5; and
- (5) Agree that Sefton act as lead Authority for the Port Access Scheme included in Appendix B.

Council is recommended to:

- (1) Approve for inclusion within the Capital Investment Plan the Capital schemes to be funded from the 2014/2015 Single Capital Pot as outlined in Appendix A, and
- (2) Approve for inclusion in within the Capital Investment Plan the Property Intervention Fund 2014/2015 allocation of £500,000 to be funded from Capital Receipts 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 update Members on the 2013/2014 Capital Investment Plan, inform Members of the 2014/15 Capital Allocations received to date and to allow Members to consider how these allocations should be utilised. Also to seek approval for schemes that are self financed.

What will it cost and how will it be financed?

(A) Revenue Costs

For any additional capital expenditure no additional unbudgeted revenue costs will occur.

(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:

Legal		
Human Resources		
Equality		
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:

The new schemes to be approved will enable more cost effective services to be provided.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 2815/14) and Head of Corporate Legal Services (LD 2121/14) 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 Cabinet and Council.

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Background Papers:

None.

1. Introduction/Background

1.1 This report updates the 2013/2014 Capital Investment Plan and provides details of the Government Capital Allocations that have been notified to date for 2014/2015 with a view to the Cabinet considering the use of the non-ringfenced allocations in the development of a new starts programme for 2014/2015.

2. Revised Capital Investment Plan 2013/2014

2.1 The level of prudential borrowing currently required for the Capital Investment Plan is £5.14m for 2013/2014. This comprises £1.54m for Street Scene, £1.51m for Health & Wellbeing, £0.51m for Investment, Programme & Infrastructure, £0.58m for other schemes and £1m for Repairs and Maintenance Capitalisation.

2.2 Schemes to be funded from the Single Capital Pot Allocations for 2013/2014 were approved as follows:

	2013/2014 £m
Non ring-fenced grant allocations 2013/2014	9.509
Schemes approved by Council 14/05/2013 - Pre-allocated and High Priority Schemes	8.251
Schemes approved by Council 5/09/2013 – Schemes at Stanley High & Litherland Moss Schools	0.400
Schemes approved by Council 21/11/2013 - Leisure Centres Energy Efficiency Schemes	0.139
Total SCP schemes approved	8.790
Unallocated Balance	0.719

The unallocated balance has been added to the 2014/2015 Single Capital Pot Allocations as detailed in Paragraph 4 below.

3. Government Capital Allocations 2014/2015

3.1 It should be noted that for 2014/2015 a single capital pot will again 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.

3.2 The table below itemises those capital allocations that have been received for 2014/2015. The 2013/2014 figures, where applicable, are shown for comparison. All allocations are non-ringfenced, with the exception of Devolved Formula Capital.

Description of Allocation	2013/2014 £'000	2014/2015 £'000	Variation £'000
Children's Services – Devolved Formula Capital (ring-fenced)	447	440	-7
Children's Services – Basic Need	1,040	1,040	0
Children's Services – Capital Maintenance	2,322	2,290	-32
Universal Infant Free School Meals	0	396	+396

Total Department for Education	3,809	4,166	+357
Disabled Facilities Grant	1,581	1,628	+47
Total Housing	1,581	1,628	+47
Department of Health Capital Grant	820	837	+17
Total Department for Health	820	837	+17
Highways Maintenance	2,355	2,130	-225
Integrated Transport Block	965	1,398	+433
Additional Highway Maintenance	426	219	-207
Total Transportation	3,746	3,747	+1
Total Allocations	9,956	10,378	+422

4. Capital Strategy – Single Capital Pot Approvals

4.1 A revised Capital Allocation Framework and Capital Strategy was approved by Cabinet and Council on 28 February 2013. This outlined the use of a single capital pot into which all non-ring-fenced funds will be placed, and for which bids must be made in order to secure funding for capital schemes. As can be noted in paragraph 3.2, grant allocations of £10.378m have been received for 2014/2015. The capital allocation of Children’s Services Devolved Formula Capital of £0.440m is ring-fenced, and must be spent in line with terms of the grant offer, leaving £9.938m for the single capital pot. There is also the £0.719m uncommitted balance of Single Capital Pot from the 2013/2014 allocations.

4.2 The Strategic Capital Investment Group (SCIG) met on 12th December 2013 and 27th January 2014. The purpose of these meetings was to review and assess bids received for capital funding from the single capital pot in order to recommend to Cabinet and Council a Capital Investment Plan for 2014/2015. As part of this process an initial ‘gateway assessment’ of bids was undertaken by a Capital Investment Bids Panel consisting of the Council’s Service Directors. This panel offered suggestions to SCIG as to the assessment of bids considered within the framework of the Capital Allocation Framework and Capital Strategy. The capital bids have been classified into five distinct groups as follows (the approved bids by group is included within **Appendix A**):

- **Ring-Fenced (£0.440m 2014/2015)** – These are funds which are ring-fenced by Government and therefore must be used for the purpose for which they were issued. This relate to Schools’ Devolved Formula Capital.
- **Pre allocated (£5.771m 2014/2015)** – These are funds which are non-ring-fenced by Government; however following an internal review are considered appropriate to the original suggested purpose. Therefore they have been “internally ring-fenced” to be used in the spirit in which they were given. The reasons for this include contractual obligations, the potential for clawback, and reduced funding levels in future years. These schemes include the Local Transport Plan, funding which is administered by Merseyside Integrated Transport Authority (MITA). However, these funds are allocated to deliver a programme of work, the detail of which would be agreed by the Cabinet Member.

- **Single Capital Pot bids – Emergency/Health & Safety Requirements (£1.788m 2014/2015)** – capital bids that are recommended as a priority against this pot.
- **Single Capital Pot bids – High Priority / Invest to Save or Leverage Schemes (£1.480m 2014/2015 and £0.310m in 2015/2016)** - capital bids that, if approved, will draw upon the single capital pot.
- **Single Capital Pot bids – High Priority Schemes (£2.856m 2014/2015)** - capital bids that, if approved, will draw upon the single capital pot.

4.3 In order to allow all schemes identified as a high priority to progress, it is proposed to augment capital allocations by utilising capital receipts already received and anticipated in the 2014/2015 financial year to the total value of £2m (£1m from 2013/2014 that has already been received and £1m is anticipated for 2014/2015). Given the moratorium on asset disposals has not yet been lifted, the timing of receipts in 2014/2015 remains uncertain. Due to this, officers will report to SCIG in April 2014 with a prioritised programme of work. These schemes will only start once the capital receipt is confirmed.

4.4 The allocation of grant funding and capital receipts is summarised in the following table (and see Appendix A):

	2014/2015 £m
Non-ring-fenced grant 2014/2015 (para 4.1)	9.938
Funding c/fwd from 2013/2014 (para 2.3)	0.719
TOTAL GRANT FUNDING	10.657
CAPITAL RECEIPTS	2.000
TOTAL RESOURCES	12.657
Resources committed from previous approvals	(0.812)
Pre allocated	(5.771)
Single capital pot bids – recommended Emergency / Health & Safety	(1.788)
Single capital pot bids – recommended High Priority / Invest to Save or Leverage	(1.480)
Single capital pot bids – recommended High Priority Schemes	(2.856)
TOTAL ALLOCATED	(12.707)
OVERCOMMITMENT	(0.050)

4.5 An underspend on any scheme will be returned to the Single Capital Pot. A small overcommitment of £0.050m is anticipated within the Capital Investment Plan for

2014/2015. It is anticipated that this will be accommodated within the year due to slippage of expenditure across the programme.

- 4.6 It should be noted that the most advantageous use of the Council's grant funding, both ring-fenced and non-ring-fenced, will be made, to ensure that the Council's priorities are achieved.

5 Property Intervention Fund

- 5.1 Members will recall that Council on 16th December 2010 established a £500,000 Strategic Asset Management Property Intervention Fund provision within the Capital Programme to be funded and maintained from capital receipts derived from asset disposals. It was agreed that this fund would be maintained each year by top slicing further capital receipts at the end of each financial year and that if asset receipts are not generated then the fund would not be topped up.
- 5.2 Sufficient capital receipts have now been received in 2013/2014 to top up the Property Intervention Fund in 2014/2015 by £500,000 and it is therefore recommended that this allocation be added to the 2014/2015 Capital Investment Plan.
- 5.3 Council have delegated the management responsibility of this fund to the Director of Built Environment in conjunction with the Head of Corporate Finance & ICT.

6 Self Financing Schemes

- 6.1 The schemes outlined in Appendix B totalling £2.957m in 2014/2015 have capital resources available to fund them and therefore do not require any support from the Single Capital Pot. They were all considered by SCIG and are now being put forward for approval by Cabinet for inclusion in the Capital Investment Plan. These schemes are detailed in **Appendix B**. Members will recall that Council on 21 November 2013 gave delegated authority to Cabinet to approve self financing schemes.

APPENDIX A

BID NUMBER	Funding required 2014/2015 £	Funding required 2015/2016 £	Scheme name	Scheme description	Applicant Department
<i>RINGFENCED CAPITAL ALLOCATIONS</i>					
1	440,253		Devolved Formula Capital – Ringfenced resource	Capital grant given directly to schools to spend	Learning & Support Services
	440,253				
<i>PRE ALLOCATED</i>					
2	1,627,932		Disabled Facility Grants	To support expenditure of £2.2m on issuing Disabled Facility Grants	Strategic Housing (IPI)
3	1,398,000		Local Transport Plan, Integrated Transport Block Capital Programme	Various transport network improvements.	Investment Programmes & Infrastructure
4	2,349,000		Local Transport Plan, Highway Maintenance Block Capital Programme	To undertake capital maintenance of the Highway Network	Investment Programmes & Infrastructure
5	396,280		Universal Infant Free School Meals	To introduce free school meals to children in reception, yr 1 & yr 2.	Learning & Support Services
	5,771,212				
<i>SINGLE POT BIDS –EMERGENCY / HEALTH & SAFETY RECOMMENDED</i>					
6	1,068,000		School General Maintenance Schemes - 2014/15	14 projects at 13 schools ie boiler replacements, window / door replacements & re-roofing projects	Learning & Support Services
7	650,000	43,000	Corporate Essential Maintenance Fund	To undertake essential maintenance to non school buildings	Investment Programmes & Infrastructure

8	70,000		Churchtown Library Demolition	To undertake the safe demolition of Churchtown Library	Leisure Services - Health & Wellbeing
	1,788,000	43,000			
SINGLE POT BIDS – HIGH PRIORITY / INVEST TO SAVE OR LEVERAGE SCHEMES					
9	141,000		Transport Feasibility Works		Investment Programmes & Infrastructure
10	250,000		Vine House	Gap funding for the refurbishment of Vine House	Strategic Housing (IPI)
11	618,000		Merefield School additional post 16 classroom base accommodation	To provide 6 th form students with purpose built accommodation	Learning & Support Services
12	161,000		LSTF Extension Funding	To match fund a bid for LSTF grant	Investment Programmes & Infrastructure
13	310,000	310,000	Replacement of Pay & Display Machines	To replace machines with latest models. Additional £280k to be funded from Prudential Borrowing via revenue budget	Investment Programmes & Infrastructure
	1,480,000	310,000			
HIGH PRIORITY SCHEMES					
14	800,000		Litherland Moss Refurbishment Phase One	To refurbish the Administration & Kitchen Block	Learning & Support Services
15	396,000		ASD Bases at Secondary & Primary Provision	To develop 2 new resourced provisions	Learning & Support Services
16	480,000		Increase in Crosby Primary Schools Capacity	To address the current shortage of appropriate school places in the Crosby area	Learning & Support Services
17	45,000		Kew Woods Primary Feasibility Study	To establish the cost of increasing the current school by a half form entry	Learning & Support Services
18	35,000		KS1/Foundation Observation & Assessment Centre	To refurbish existing accommodation	Learning & Support Services
19	600,000		Presfield School South	To open a Special School	Learning & Support Services

				on the Former Good Shepherd Site	
20	500,000		Street Lighting Structural Programme	Replacement & Treatment of decaying street lighting columns	Investment Programmes & Infrastructure
TOTAL	2,856,000	0			
GRAND TOTAL	12,335,465	353,000			

APPENDIX B

BID NUMBER	Funding required 2014/2015 £	Funding required 2015/2016 & Future Years £	Scheme name	Scheme description	Funding Source
SELF FINANCED SCHEMES					
21	1,042,000	2,168,000	Vehicle & Plant Replacement Programme	To replace Vehicles & Plant as required by Departments.	Prudential Borrowing financed from Department Revenue Budgets
22	100,000		Funding Circle	Local Authority Lending Programme to Businesses	Treasury Reserves
23	1,300,000		Business Growth Grants	For the Delivery of a Business Growth Grants Programme in Sefton	Regional Growth Funding via Liverpool City Region LEP
24	28,793		Inspection of Former Formby Gas Works Site	To determine if contaminants are present at the site	DEFRA Grant
25	186,000		Ainsdale Hope Centre; Partial Demolition	To demolish the former school sports hall and dining block	The Local Authority's Closed Schools Reserve Account
26	385,000		Liverpool City Region Port Access	Assessment of long term highway improvement scheme	Merseytravel, Local Authority & Dept for Transport contributions
TOTAL	3,041,793	2,168,000			