
Report to: Cabinet
Council

Date of Meeting: 26 February 2015
5 March 2015

Subject: Capital Programme 2014/2015 and Capital Allocations 2015/2016

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 2015/2016 Capital Allocations received to date and to consider their use in the development of a new starts programme for 2015/2016. The report outlines £16.1m of new investments which are aimed to improve the facilities and services to residents throughout Sefton.

Recommendation(s)

Cabinet is recommended to:

- i) Note the 2015/2016 capital allocations received to date, see paragraph 3.2;
- ii) Request Council to approve for inclusion within the Capital Investment Plan the Capital schemes to be funded from the 2015/2016 Single Capital Pot as outlined in Appendix A and the Prudential Borrowing Scheme in Appendix B.
- iii) Approve the increase in the existing Capital Programme for business growth grants from £1.3m to £1.55m, to be met from external funding.

Council is recommended to give approval for inclusion within the Capital Investment Plan, the Capital schemes to be funded from the 2015/2016 Single Capital Pot as outlined in Appendix A and the Prudential Borrowing Scheme in Appendix B.

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 2014/2015 Capital Investment Plan, inform Members of the 2015/16 Capital Allocations received to date and to allow Members to consider how these allocations should be utilised. Also to seek approval for a scheme to be funded from Prudential Borrowing.

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 Capital Programme has been proposed to enhance the services provided through schools, day care, housing support and transport infrastructure. This will be to the benefit of residents and businesses across Sefton, as well as providing improvements in value for money in the delivery of services as part of modernisation of service delivery.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 3421/15) is the author of the report
The Head of Corporate Legal Services (LD 2713/15) has been consulted and has no comments on 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 2014/2015 Capital Investment Plan and provides details of the Government Capital Allocations that have been notified to date for 2015/2016 with a view to the Cabinet considering the use of the non-ringfenced allocations in the development of a new starts programme for 2015/2016.
- 1.2 The Council, having reviewed its two year financial plan, is now in a position to invest in the key areas which deliver against the priority services as outlined in previous report. A wide range of services will receive capital investment in the region of £16.1m over the coming eighteen months in addition to an already significant capital programme. Development of schools, including kitchen facilities will support the education and early years agenda and disabled facilities grant at a level significantly higher than the Government allocation will support the needs of the disabled and residents requiring housing adaptation support. The local economy will benefit from £3.8m of highways improvements in addition to the current investment on the Brooms Cross Scheme which will improve transport links. The report also highlights the £2.4m investment being made in modernising the facilities for adult social care and in particular the day care support which will be reconfigured to meet the changing needs of vulnerable adults in response to extensive consultation with the service users.

2. Revised Capital Investment Plan 2014/2015

- 2.1 The level of prudential borrowing currently required for the Capital Investment Plan is £4.5m for 2014/2015. This comprises £2.7m for Street Scene, £0.35m for Health & Wellbeing, £0.15m for Investment, Programme & Infrastructure, £0.3m for other schemes and £1m for Repairs and Maintenance Capitalisation.
- 2.2 Schemes to be funded from the Single Capital Pot Allocations for 2014/2015 were approved as follows:

	2014/2015 £m
Non ring-fenced grant allocations 2014/2015	9.938
Funding b/f from 2013/2014	0.719
Resources committed from previous approvals	(0.812)
Total Grant Funding	9.845
Capital Receipts	2.050
Total Resources Available	11.895
Schemes approved by Council 6/03/2014 - Pre-allocated Schemes	5.771
Schemes approved by Council 6/03/2014 – Emergency & Health & Safety	1.788
Schemes approved by Council 6/03/2014 – High Priority /	1.480

Invest to Save or Leverage	
Schemes approved by Council 6/03/2014 – High Priority	2.856
Total SCP schemes approved	11.895

3. Government Capital Allocations 2015/2016

- 3.1 It should be noted that for 2015/2016 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 2015/2016. The 2014/2015 figures, where applicable, are shown for comparison. All allocations are non-ringfenced, with the exception of Devolved Formula Capital.

Description of Allocation	2014/2015 £'000	2015/2016 £'000	Variation £'000
Children's Services – Devolved Formula Capital (ring-fenced)	440	446	+6
Children's Services – Basic Need	1,040	1,571	+531
Children's Services – Capital Maintenance / School Condition Allocation	2,290	2,078	-212
Universal Infant Free School Meals	396	0	-396
Total Department for Education	4,166	4,095	-71
Disabled Facilities Grant	1,628	1,959	+331
Total Housing	1,628	1,959	+331
Department of Health Capital Grant	837	849	+12
Total Department for Health	837	849	+12
Highways Maintenance	2,130	2,895	+765
Integrated Transport Block	1,398	902	-496
Additional Highway Maintenance	219	0	
Total Transportation	3,747	3,797	+50
Total Allocations	10,378	10,700	+322

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 £10.700m have been received for 2015/2016.
- 4.2 The Strategic Capital Investment Group (SCIG) met on 9th February 2015. The purpose of this meeting 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 2015/2016. 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 are included within **Appendix A**):

- **Ring-Fenced (£0.446 2015/16)** – These funds are ring-fenced by Government and therefore must be used for the purpose for which they were issued. These relate to Schools' Devolved Formula Capital.
- **Pre allocated (£5.297m 2015/2016)** – These are funds which are non-ring-fenced by Government however, in accordance with previous years' protocols, 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 (£1.8m 2015/2016)** – capital bids that are recommended as a priority against this pot.
- **Single Capital Pot bids – High Priority / Invest to Save or Leverage Schemes (£1.1m in 2015/2016)** - capital bids that, if approved, will draw upon the single capital pot.
- **Single Capital Pot bids – High Priority Schemes (£4.615m in 2015/2016 and £2.921m in 2016/2017)** - 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 2015/2016 financial year to the total value of £3m (£1m from 2014/2015 that has already been received and £2m is anticipated for 2015/2016).

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

	2015/2016 £m
Non-ring-fenced grant 2015/2016 (para 4.1)	10.254
TOTAL GRANT FUNDING	10.254
CAPITAL RECEIPTS	3.000
TOTAL RESOURCES	13.254
Resources committed from previous approvals	(0.353)
Pre allocated	(5.297)
Single capital pot bids – recommended Emergency / Health & Safety	(1.800)
Single capital pot bids –	(1.100)

recommended High Priority / Invest to Save or Leverage	
Single capital pot bids – recommended High Priority Schemes	(4.615)
TOTAL ALLOCATED	13.165
UNALLOCATED	0.089

4.5 Any underspend on any scheme will be returned to the Single Capital Pot

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 Invest to Save scheme

5.1 The scheme outlined in Appendix B totalling £1,505m in 2015/2016 will be funded by prudential borrowing and therefore do not require any support from the Single Capital Pot. This was considered by SCIG and is now being put forward for approval by Cabinet for inclusion in the Capital Investment Plan.

6. Regional Growth Funding

6.1. The current Capital Programme includes an allocation of £1.3m for the business growth grants which are externally funded through the Liverpool City Region Local Enterprise Partnership. The programme has several stated objectives including the creation of jobs and securing private sector investment within the Liverpool City Region. The Sefton component of these grants has been successful and is able to attract a further £0.25m, which will enable the delivery of more plans for growth. This additional £0.25m is fully externally funded and the completion date for project spend is 30th September 2015.

6.2. Cabinet are requested to increase the Capital Programme for this Project from £1.3m to £1.55m.

APPENDIX A

BID NUMBER	Funding required 2015/2016 £	Funding required 2016/2017 £	Scheme name	Scheme description	Applicant Department
<i>RINGFENCED CAPITAL ALLOCATIONS</i>					
1	445,875		Devolved Formula Capital – Ringfenced resource	Capital grant given directly to schools to spend	Learning & Support Services
	445,875	0			
<i>PRE ALLOCATED</i>					
1	1,500,000		Disabled Facility Grants	To support expenditure of £2.4m on issuing Disabled Facility Grants	Strategic Housing (IPI)
2	902,000		Local Transport Plan, Integrated Transport Block Capital Programme	Various transport network improvements.	Investment Programmes & Infrastructure
3	2,895,000		Local Transport Plan, Highway Maintenance Block Capital Programme	To undertake capital maintenance of the Highway Network	Investment Programmes & Infrastructure
	5,297,000	0			
<i>SINGLE POT BIDS –EMERGENCY / HEALTH & SAFETY RECOMMENDED</i>					
4	900,000		School General Maintenance Schemes - 2015/16	22 projects at 18 schools 15 Primary, 1 High school & 2 PRUs	Learning & Support Services
5	900,000		Corporate Essential Maintenance Fund	To undertake essential maintenance to non school buildings	Investment Programmes & Infrastructure
	1,800,000	0			
<i>SINGLE POT BIDS – HIGH PRIORITY / INVEST TO SAVE OR LEVERAGE SCHEMES</i>					
6	1,100,000		Highway Maintenance Preventative Treatments	To maintain highway network. Spend to Save scheme	Investment Programmes & Infrastructure
	1,100,000	0			

HIGH PRIORITY SCHEMES					
7	1,400,000	1,000,000	Adult Social Care Change Programme; Remodelling Day Centres	Works to remaining Day Centres following remodelling	Older People
8	1,000,000		Capitalisation of Highways and ICT expenditure	Capitalisation of Highways and ICT expenditure	IPI / Corporate Finance & ICT
9	500,000		Street Lighting Structural Programme	Replacement & Treatment of decaying street lighting columns	Investment Programmes & Infrastructure
10	80,000	300,000	Cooking kitchens at 2 schools a part of rolling programme	Alteration and refurbishment of kitchens at Thomas Grey and Ursuline Primary Schools	Learning & Support Services
11	85,000		Fees to develop schemes for future bids	Fees for remodelling & refurbishment of 3 schools schemes	Learning & Support Services
12	300,000	661,000	Kew Woods Primary School	Extension and Remodelling for an additional half form entry	Learning & Support Services
13	100,000	260,000	Norwood Primary School	Extension and Remodelling for an additional full form entry	Learning & Support Services
14	500,000	400,000	Great Crosby RC Primary School	Extension and Remodelling for an additional half form entry	Learning & Support Services
15	650,000	300,00	Litherland Moss Primary School	Admin block extension & kitchen & boiler hse replacement	Learning & Support Services
TOTAL	4,615,000	2,921,000			
GRAND TOTAL	13,257,875	2,921,000			

APPENDIX B

BID NUMBER	Funding required 2015/2016 £	Funding required 2016/2017 & Future Years £	Scheme name	Scheme description	Funding Source
<i>INVEST TO SAVE SCHEME</i>					
1	1,505,000		Leisure Centres – Invest to Save	Building & Infrastructure changes to Dunes Splashworld, Crosby Lakeside Adventure Centre and Meadows Leisure Centre	Prudential Borrowing funded by additional income achieved
TOTAL	1,505,000	0			