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**Report to:** Cabinet  
Council

**Date of Meeting:** 23 June 2016  
14 July 2016

**Subject:** Capital Programme Capital Allocations 2016/17

**Report of:** Head of Corporate Resources

**Wards Affected:** All

**Is this a Key Decision?** Yes

**Is it included in the Forward Plan?** No –  
Rule 27 Applied

**Exempt/Confidential** No

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### **Purpose/Summary**

To provide Members with details of the 2016/2017 Capital Allocations received to date and to consider their use in the development of a new starts programme for 2016/2017. The report outlines £5.245m of new investments from the Single Capital Pot which are aimed to improve the facilities and services to residents throughout Sefton.

### **Recommendation(s)**

**Cabinet** is recommended to:

- i) Note the 2016/2017 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 2016/2017 Single Capital Pot as outlined in Appendix A
- iii) Request Council to approve for inclusion within the Capital Investment Plan the capital scheme to be funded from Prudential Borrowing as outlined in Appendix B
- iv) Request Council to approve for inclusion within the Capital Investment Plan the self-funded capital schemes as outlined in Appendix C
- v) it be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by the Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because it was not known at what point specific schemes would be ready to progress to approval stage.

**Council** is requested to give approval to the inclusion with the Capital Investment Plan of:

- i) the capital schemes to be funded from the 2016/2017 Single Capital Pot as

outlined in Appendix A of the report;

- ii) the capital scheme to be funded from Prudential Borrowing as outlined in Appendix B of the report; and
- iii) the self-funded capital schemes as outlined in Appendix C of the report.

**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 2015/2016 Capital Investment Plan, inform Members of the 2016/2017 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**

The capital expenditure will not result in additional unbudgeted revenue costs.

**(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>

**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 by Sefton. 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 Resources is the author of the report (FD 4194/16)  
The Head of Regulation and Compliance has been consulted and has no comments on the report. (LD 3477/16)

**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 2015/2016 Capital Investment Plan and provides details of the Government Capital Allocations that have been notified to date for 2016/2017 with a view to the Members considering the use of the non-ringfenced allocations in the development of a new starts programme for 2016/2017.

## 2. Capital Investment Plan 2015/2016

- 2.1 Schemes to be funded from the Single Capital Pot Allocations for 2015/2016 were approved as follows:

	<b>2015/2016</b>
	<b>£m</b>
<b>Non ring-fenced grant allocations 2015/2016</b>	<b>10.254</b>
Funding b/f from 2014/2015	0.089
Resources committed from previous approvals	(0.353)
<b>Total Grant Funding</b>	<b>9.990</b>
Capital Receipts	3.000
<b>Total Resources Available</b>	<b>12.990</b>
Schemes approved by Council - Pre-allocated Schemes	5.297
Schemes approved by Council – Emergency & Health & Safety	1.800
Schemes approved by Council – High Priority / Invest to Save or Leverage	1.100
Schemes approved by Council – High Priority	4.615
<b>Total SCP schemes approved</b>	<b>12.812</b>

## 3. Government Capital Allocations 2016/2017

- 3.1 It should be noted that for 2016/2017 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 2016/2017. The 2015/2016 figures, where applicable, are shown for comparison. All allocations are non-ring fenced, with the exception of Devolved Formula Capital.

<b>Description of Allocation</b>	<b>2015/2016 £'000</b>	<b>2016/2017 £'000</b>	<b>Variation £'000</b>
Children's Services – Devolved Formula Capital ( <b>ring-fenced</b> )	446	411	-35
Children's Services – Basic Need	1,571	1,650	79
Children's Services – Capital Maintenance / School Condition Allocation	2,078	1,842	-236
<b>Total Department for Education</b>	<b>4,095</b>	<b>3,903</b>	<b>-192</b>

Description of Allocation	2015/2016	2016/2017 £'000	Variation £'000
<i>Continued</i>			
Disabled Facilities Grant	1,959	0	-1,959
<b>Total Housing</b>	<b>1,959</b>	<b>0</b>	<b>-1,959</b>
Department of Health Capital Grant	849	0	-849
<b>Total Department for Health</b>	<b>849</b>	<b>0</b>	<b>-849</b>
Highways Maintenance	2,895	2,631	-264
Integrated Transport Block	902	1,173	271
Pothole Grant	0	155	155
Highways maintenance Incentive Fund	0	162	162
<b>Total Transportation</b>	<b>3,797</b>	<b>4,121</b>	<b>324</b>
<b>Total Allocations</b>	<b>10,700</b>	<b>8,024</b>	<b>-2,676</b>

3.3 It should be noted that both the Disabled Facilities Grant (DFG) and the Department of Health Capital Grant are now allocated to the Better Care Fund. As such any funding allocation will be jointly developed and agreed with the relevant partners.

#### 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 £8.024m have been received for 2016/2017.

4.2 The Strategic Capital Investment Group (SCIG) has met in recent months in order 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 2016/2017. This work was undertaken 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 (£0.411m 2016/17)** – 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 (£4.121m 2016/2017)** – These are funds which are non-ring-fenced by Government however, in accordance with previous years' protocols, are it is proposed that they are utilised for the original suggested purpose. The reasons for this approach 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 the Combined Authority. These funds are allocated to deliver a programme of work, the detail of which will be agreed by the Cabinet Member (see Appendix A).

- **Other Single Capital Pot bids – High Priority / Invest to Save or Leverage Schemes and High Priority Schemes (£0.713m 2016/17)** - capital bids that, if approved, will draw upon the single capital pot (see appendix A)
- **Fully funded schemes** – those that rely upon Prudential Borrowing but have an income stream that will fund the borrowing costs (see Appendix B)
- **Fully grant funded** – schemes that do not make any call upon the single capital pot (see Appendix C).

4.3 In order to allow as many schemes as possible to progress, it is proposed to augment capital allocations by utilising capital receipts already anticipated in the 2016/2017 financial year to the total value of £1.5m.

4.4 Any underspend on the above schemes will be returned to the Single Capital Pot

4.5 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 Prudential Borrowing Scheme**

5.1 The scheme outlined in Appendix B will cost £1.3m in 2016/2017, £0.485m will be funded by reserve and £0.815m will be funded by prudential borrowing and therefore does not require any support from the Single Capital Pot, the borrowing costs being funded by a levy on services. This was considered by SCIG and is now being put forward for approval by Cabinet and Council for inclusion in the Capital Investment Plan.

## **6 Funded Scheme**

6.1 The schemes outlined in Appendix C will cost £1.150m in 2016/2017. This will be funded by reserve or external grant and does not require any support from the Single Capital Pot. The schemes were considered by SCIG and are now being put forward for approval by Cabinet for inclusion in the Capital Investment Plan.

**APPENDIX A**

<b>BID NUMBER</b>	<b>Funding required 2016/2017 £</b>	<b>Funding required 2017/2018 £</b>	<b>Scheme name</b>	<b>Scheme description</b>	<b>Applicant Service</b>
<b><i>RINGFENCED CAPITAL ALLOCATIONS</i></b>					
1	411,000		Devolved Formula Capital – Ringfenced resource	Capital grant given directly to schools to spend	Schools and Families
	<b>411,000</b>	<b>0</b>			
<b><i>PRE ALLOCATED</i></b>					
2	1,173,000		Local Transport Plan, Integrated Transport Block Capital Programme	Various transport network improvements.	Locality Services – Commissioned (Highways & Infrastructure)
3	2,631,000		Local Transport Plan, Highway Maintenance Block Capital Programme	To undertake capital maintenance of the Highway Network	Locality Services – Commissioned (Highways & Infrastructure)
N/A	155,000		Pothole Grant	To undertake capital maintenance of the Highway Network	Locality Services – Commissioned (Highways & Infrastructure)
N/A	162,000		Highways maintenance Incentive Fund	To undertake capital maintenance of the Highway Network	Locality Services – Commissioned (Highways & Infrastructure)
	<b>4,121,000</b>	<b>0</b>			
<b><i>SINGLE POT BIDS –EMERGENCY / HEALTH &amp; SAFETY RECOMMENDED</i></b>					
4	500,000		Highway Maintenance Street Lighting Structural Programme	Replace/repair unsafe street lighting columns	Locality Services – Commissioned (Highways & Infrastructure)
5	213,000		New sub-station at Meols Cop High School	To supply sub-station due to capacity currently 138kVA but 170kVA is required.	Schools and Families
	<b>713,000</b>	<b>0</b>			
<b>TOTAL</b>	<b>5,245,000</b>	<b>0</b>			

**APPENDIX B**

<b>BID NUMBER</b>	<b>Funding required 2016/2017 £</b>	<b>Funding required 2017/2018 &amp; Future Years £</b>	<b>Scheme name</b>	<b>Scheme description</b>	<b>Funding Source</b>
<b><i>Self financed</i></b>					
33	815,000	0	Thornton Garden of Rest	To replace three cremators.	Prudential borrowing to be funded from a levy on services
<b>TOTAL</b>	<b>815,000</b>	<b>0</b>			



**APPENDIX C**

<b>BID NUMBER</b>	<b>Funding required 2016/2017 £</b>	<b>Funding required 2017/2018 &amp; Future Years £</b>	<b>Scheme name</b>	<b>Scheme description</b>	<b>Funding Source</b>
<b><i>Fully Grant funded</i></b>					
20	50,000	0	Coast Protection Works to deposit Rubble between Hall Road and Alt Training Bank.	To deposit rock armour within the section eroded by storms to secure the area. 5 year programme.	Contamination Clearance Reserve.
N/A	835,000	0	Regional Coastal Monitoring Programme	The collection of data to support the Shoreline Management Plan and sustainable coastal management decisions across North West England	Environment Agency
N/A	30,000	0	Natural Flood Risk Management	Study to identify opportunities to slow the flow/sustainable drainage systems across Merseyside, to prioritise options and develop schemes for delivery.	Environment Agency
N/A	120,000	0	The Pool and Nile Watercourses	Investigation into two watercourses in Southport leading to programme of works for improvement, de-culverting and update of flood risk.	Environment Agency
N/A	60,000	0	Crosby Marine Lake to Formby Point Strategic Delivery Programme	Develop a PAR and delivery programme for this strategy. Particular focus on Crosby seafront where the hard defences are nearing the end of their life.	Environment Agency

**APPENDIX C**

N/A	25,000	0	River Alt Training Bank	Option appraisal for the repair of the bank that has breached in recent months.	Environment Agency
N/A	30,000	0	Seaforth & Litherland Strategic Flood Risk Management Project	Development of a long term strategy and delivery programme for the reduction in flood risk to Seaforth and Litherland	Environment Agency
<b>TOTAL</b>	<b>1,150,000</b>	<b>0</b>			