

Report to:	Cabinet	Date of Meeting:	25 July 2019
Subject:	Revenue & Capital Budget Update - Capital Outturn 2018/19		
Report of:	Head of Corporate Resources	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform Cabinet of the capital outturn position in relation to the 2018/19 financial year.

Recommendation(s):

1. Note the capital outturn of £22.961m for the financial year 2019/20
2. To note the successful delivery of a number of schemes as set out in section 3 that have supported the delivery of the core purpose
3. To note that through investment in both ICT and building infrastructure the capital programme has enabled the delivery of significant savings that will contribute to the delivery of the medium term financial plan; and
4. To note that previously approved grant funded schemes totalling £16.642m will have the funding carried forward into 2019/20

Reasons for the Recommendation(s):

The production of a capital outturn report is a key feature of effective financial management and will allow Members to make informed decisions that will support service delivery and medium term financial sustainability.

Alternative Options Considered and Rejected: (including any Risk Implications)

There are no other options available.

What will it cost and how will it be financed?

(A) Revenue Costs

All revenue implications are detailed within the report

(B) Capital Costs

All capital implications are detailed within the report

Implications of the Proposals:

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

Resource Implications (Financial, IT, Staffing and Assets):
None
Legal Implications:
None
Equality Implications:
None

Contribution to the Council's Core Purpose:

<u>Protect the most vulnerable:</u> The capital programme will enable the Council to seek to protect the most vulnerable within available resources.
<u>Facilitate confident and resilient communities:</u> The capital programme delivers schemes working with partners and communities to reduce reliance on public services.
<u>Commission, broker and provide core services:</u> The capital programme facilitates the capital infrastructure that delivers to Council's core services such as education, adults and children's social care transport infrastructure, regeneration activities, environmental, cultural and leisure services.
<u>Place – leadership and influencer:</u> The capital programme demonstrates leadership by engagement, consultation, listening and considering feedback in the implementation of capital schemes.
<u>Drivers of change and reform:</u> The capital programme demonstrates the Council leading in driving change to continuously improve the Borough.
<u>Facilitate sustainable economic prosperity:</u> The capital programme delivers capital projects that ensure the Borough of Sefton maintains and expands the infrastructure that delivers economic growth. It demonstrates the Council's approach to investing in infrastructure to achieve economic prosperity.
<u>Greater income for social investment:</u> The capital programme facilitates schemes of a commercial nature that may generate profit that can be reinvested into delivering social purposes.
<u>Cleaner Greener:</u>

The capital programme delivers the capital assets that maintain the green spaces and environment of the Borough.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources is the author of the report (FD 5709/19)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD4833/19).

(B) External Consultations

N/A

Implementation Date for the Decision

Following the expiry of the “call-in” period for Minutes of the Cabinet Meeting

Contact Officers: Stephan Van Arendsen

Tel: 0151 934 4082

Email: Stephan.VanArendsen@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers for inspection

1. Introduction

1.1 This report details the capital outturn position for the 2018/19 Capital Programme.

2. Capital Outturn

2.1 The approved capital budget for 2018/19 was £35.925m against which capital expenditure of £19.463m has been incurred at the year end. This has resulted in an reprofiling of £16.462m into 2019/20. A service by service breakdown is shown in the following table and from this it can be seen that the major variations are within Highways and Public Protection, Children's Services and Adults Social Care in respect of Disabled Facilities Grant, predominantly for reasons that are beyond the Councils control.

Service	Full Year Budget 2018/19	Actual Outturn Exp 2018/19	Reprofiling to 2019/20
	£m	£m	£m
Corporate Resources	5.353	5.333	0.020
Highways and Public Protection	13.246	6.789	6.457
Locality Services Provision	2.530	1.393	1.137
Economic Growth and Housing	1.727	1.302	0.425
Health & Wellbeing	0.065	0.045	0.020
Children's Services	5.710	2.543	3.167
Communities	1.100	0.205	0.895
Older People IT Integration	0.123	0.99	0.024
Adult Social Care (Disabled Facilities Grant)	6.071	1.754	4.317
Total Capital Programme	35.925	19.463	16.462

2.2 The capital outturn of £19.463m was slightly less than the forecast reported to Cabinet in February 2019. This reduction was mainly due to re-phasing delivery of the M58 Junction 1 improvements into the new financial year.

2.3 In addition to the core programme, capital expenditure totalling £3.498m was incurred by the Council in support of the Framework for Change programme (for example on Locality Hubs and ICT Transformation) and capitalisation of Highways expenditure. Total capital expenditure in 2018/19, including the above projects was therefore £22.961m.

2.4 The financing of the 2018/19 capital expenditure is outlined in the following table:

	Expenditure £m
Government Grant	12.398
Borrowing	5.824
Section 106	0.290
Contributions	0.453
Revenue Contribution	0.828
Capital Receipt	3.168
TOTAL	22.961

3 Programme Delivery 2018/19

3.1 As would be expected with a capital programme of this size, the investment that has been incurred during the year has led to both the development and improvement of the council's infrastructure, supporting the delivery of key outcomes as set out in the Framework for Change programme and enabled the delivery of significant savings. The key schemes that have been delivered in year are detailed below as follows:-

3.2 Corporate Resources

- £3.1m was incurred on the Council's ICT transformation project. This project has fundamentally transformed both a significant part of the Council's ICT infrastructure and also the end user experience. Through this project the number of applications / servers has reduced and Windows 10, Office 365 and SharePoint have been implemented across the Council. In addition to this, the majority of end user devices have been "refreshed" to support more agile working. This project facilitated the delivery of savings within the Framework for Change programme and major cost reduction in the Council's new 5 year ICT contract.
- £1.661m was incurred on upgrading some of the Council's corporate buildings to accommodate the introduction of locality and agile working and to take advantage of the end of leases held by the Council. This involved the upgrade of facilities at Magdalen House and the establishment of community hubs at Meadows Leisure Centre, Aintree Youth Centre, Netherton Activity Centre and Southport Town Hall. This work facilitated the £1m per year saving from the vacating of Merton House and the delivery of the savings from the new localities model.

3.3 Highways and Public Protection

- £2.0m was incurred on carriageway maintenance. This includes 55,662m² of carriageway resurfacing and 41,282m² of carriageway that was treated with micro surfacing.
- £1.416m was incurred on M58 junction 1 improvements and A565 North Key Corridor improvements.
- £0.426m was incurred on street lighting. 397 columns of varying types have been installed and 567 LED lanterns have been replaced or renewed.
- Flood Defence (CERMS) incurred £0.528m through monitoring and analysing coastal change along the north-west coast. Crosby Coastal Defences incurred £0.217m on preparatory work for the development of a business case including selecting options, undertaking environmental surveys and preparation of reports.

3.4 Locality Services Provision

- £1.388m was spent on 3 refuse vehicles, 11 vans, 2 skip loader lorries, plus ride on mowers, top dressers and tractors.

3.5 Children's Services

- Norwood Primary School: completion of an extra form entry providing 210 places over a 5-year period to 2023. Works completed include 2 form education facilities (including 6 new classrooms), new hall, kitchen extension, support facilities and groundwork improvements.
- St Luke's Primary School: completion of a programme of education improvements including new classroom, hall extension and support facilities.
- Linaker Primary School: completion of an improvement and remodelling scheme including reorganisation of the Children's Centre, conversion of three classrooms, nursery space, dining hall and associated support facilities.

3.6 Economic Growth and Housing

- Expenditure of £1.123m was incurred on the Southport Pier refurbishment (£1.4m was spent in 2017/18). Phase 3 of 4 is now complete and incorporates steelwork repairs, construction of two kiosks for food and beverage concessions, refurbishment of the pavilion incorporating new toilets, bar, kitchen and redesigned food outlet, repair and replacement of a third of the pier timber deck, replacement of mechanical, electrical, drainage services and new lighting.

3.7 Adult Social Care (Disabled Facilities Grant)

- 270 disabled facilities grant adaptations in client homes were completed and 289 new grant applications were approved.

4 Key Explanations of Full Year Outturn Variance 2018/19

4.1 As detailed earlier in the report a number of grant funded schemes will be rephased into 2019/20. A summary of the schemes that will continue into the next financial year is provided below and will maximise the funding that is available to the Council and the delivery of key outcomes.

Highways and Public Protection

4.2 The variance within Highways and Public Protection (£6.457m) was due to:

- The M58 J1 improvements (£3.915m); and
- A565 Route Management (£0.645m).

4.3 The reason for the re-phasing is due to a delay in commencing works following the time taken to secure the necessary land, with discussions with landowners being

protracted. The CPO for the land was made in Highways England's name rather than the Council's, hence the delay.

- 4.4 In addition re-phasing of £0.53m of Coastal Erosion Risk Monitoring (CERMS) expenditure into 2019/20 occurred following a review of the scheme which is heavily weather dependent.

Locality Services Provision

- 4.5 The variation on Locality Services Provision (£1.137m) was a result of deferring the Green Sefton vehicle replacement programme by a year as the existing stock are in good working order.

Adult Social Care (Disabled Facilities Grant)

- 4.6 A full review of the DFG programme has been undertaken and will result in investment of £4.7m in 2019/20 with a further £6.3m in 2020/21. This covers both the core DFG programme plus the wider social care capital programme.

Children's Services

- 4.7 The Children's Services variation (£3.167m) is due to a number of schemes experiencing reprofiling that will lead to the grant funding being carried forward into 2019/20. Details of these delays, which have resulted in a "greater than" £50k carry forward, are provided in the table below.

SCHEME	£	Reason for Variation
Norwood Primary School Remodelling	633,548	The scheme is now completed with an underspend.
Kitchen Canopy Replacement	58,530	This scheme is no longer required; funding will be transferred to Redgate Primary School kitchen refurbishment (see paragraphs 3.7 and 3.8).
Emergency Schemes	87,496	The balance is to be transferred to the Schools Maintenance Programme in 2019/20.
Linaker Primary School Asbestos Removal	60,720	This scheme was to be carried out as part of a larger scheme at Linaker to increase capacity. The increase in capacity is no longer required so this scheme will be programmed to commence late in 2019/20 or early 2020/21.
St Luke's CE Resource Hall Extension	116,049	Phase 1 of the scheme is now complete and phase 2 will be completed in 2019/20.
Forefield Infants new toilet block	115,034	Work packages were changed during the scheme and will be completed in 2019/20.
Linaker Primary School additional 1 form class entry	141,978	£0.558m was spent in 2018/19 and the scheme will be completed in 2019/20.
Healthy Pupils Fund	164,000	The funding has been passed to Public Health. The panel to assess bids was set up in February 2019 so that schemes can be assessed and funding spent in 2019/20.

Hudson Primary School Heating Ducts	142,478	The scheme has been delayed due to the discovery of asbestos. The original scheme was budgeted at £0.15m but the estimate was later revised to £0.3m. Tenders received suggest the final cost could be £0.910m. Other funding sources are being investigated (see paragraph 4.7).
Netherton Moss Primary School Kitchen Refurbishment	50,000	The scheme started in 2017/18 in anticipation of Litherland Moss becoming an academy. A rewire of Netherton Moss is likely to be required (see paragraph 4.7) and the kitchen refurbishment will be included in the new scheme.
Planned maintenance	571,337	This balance will be re-programmed to fund the Hudson Primary School Heating Duct scheme, the rewire of Netherton Moss, and Redgate Primary School Kitchen Refurbishment (see paragraph 4.7). The remaining funding will be targeted at priority maintenance projects in 2019/20 and 2020/21.
Linacre Primary School classroom refurbishment	54,561	Scheme complete awaiting final accounts from contractor.
Linaker Primary School increased capacity	53,438	Size of scheme was reduced and balance will be transferred to Planned Maintenance.
Fees for remodelling 3 schools	85,000	Balance relates to schemes at Great Crosby, Litherland Moss, and Norwood Primary.
TOTAL	2,334,169	

4.8 Of the total above, £0.918m relates to completed schemes and therefore the grant funding can be transferred to other schemes. In addition, a review of schemes “less than” £50k which are not included within the table above, has resulted in an additional £0.123m being available for re-allocation.

4.9 As noted above, there are three major schemes that require additional funding, to which these balances will be transferred, as follows:

- Hudson Primary School Heating Ducts – indicative cost £0.910m
- Netherton Moss Rewire – agreed cost £0.526m
- Redgate Primary School Rewire / Kitchen – agreed cost £0.363m.

These virements from grant funding will be the subject of the appropriate cabinet member decision as per Financial Procedure Rules.

4.10 The carry forward requests contained in this section represent committed funds against schemes that have previously been approved by Members.

5 Conclusion

- 5.1 The capital programme continues to be a key element of the Council's approach to meeting its core purpose. During the year expenditure has directly contributed to the delivery of key service priorities and services to residents and communities. The programme has also enabled the delivery of significant savings that have been included within the Council's three-year Medium Term Financial Plan through the Framework for Change programme. This investment will continue into 2019/20.