

**REPORT TO:** Executive Board

**DATE:** 27 June 2013

**REPORTING OFFICER:** Operational Director - Finance

**SUBJECT:** 2013/14 to 2015/16 Capital Programme

**WARD(S):** Borough-wide

**PORTFOLIO:** Resources

## **1.0 PURPOSE OF REPORT**

1.1 Various reports were brought to the Board around the start of the financial year seeking approval for planned expenditure on specific capital schemes, in relation to the overall capital programme approved by Council on 6<sup>th</sup> March 2013. The purpose of this report is to bring all the separate elements together and report on the Council's total forecast capital programme expenditure and associated funding over the next three years.

**2.0 RECOMMENDED: That the Council's capital programme for 2013-16 including forecast spend and funding, be noted.**

## **3.0 SUPPORTING INFORMATION**

3.1 The capital strategy covering the period 2013/14 to 2015/16 was approved by the Board on 29<sup>th</sup> November 2012, as part of the Medium Term Financial Strategy. It summarised the expected capital spend over the medium term and the sources of funding available.

3.2 The overall capital programme for 2013/14 to 2015/16 was approved by Council on 6<sup>th</sup> March 2013. Estimates of capital allocations at that time were known to be still subject to variations. This report updates the latest position, which includes confirmed and indicative capital grant allocations for 2013/14 and future years.

3.3 The capital programme is subject to regular review and monitoring reports are presented to the Board on a quarterly basis. Information is presented to show the actual spend incurred to date and how this compares to the capital allocation for the year. A forecast is provided to indicate if the capital programme will be utilised in full during the year or if there is any expected slippage to capital schemes.

## Planned Capital Programme Expenditure

3.4 Table 1 below gives an indicative Capital Programme for 2013/14 onwards based on current information for approved schemes, funding and slippage of schemes from 2012/13. The capital programme is subject to continuous change as new resources and projects are identified, and will be updated throughout the year as revisions are approved by Council.

**Table 1 Planned Capital Programme Expenditure 2013/14- 2015/16**

	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000
<b>Children &amp; Enterprise Directorate</b>				
Asset Management Data	5	0	0	5
Fire Compartmentation	20	0	0	20
Capital Repairs	1,135	0	0	1,135
Asbestos Management	10	0	0	10
Schools Access Initiative	100	0	0	100
Education Programme (General)	78	0	0	78
Short Breaks for Disabled Children	242	0	0	242
Basic Need Projects	2,802	0	0	2,802
School Modernisation Projects	893	0	0	893
Early Education for 2 Year Olds	356	0	0	356
Wade Deacon (BSF)	792	0	0	792
Wade Deacon ICT (BSF)	1,132	0	0	1,132
The Grange ICT (BSF)	1,132	0	0	1,132
The Grange (BSF)	1,350	0	0	1,350
Castlefields Regeneration	826	0	0	826
3MG	5,695	0	0	5,695
Widnes Waterfront	488	0	0	488
The Hive	214	0	0	214
Decontamination of Land	155	0	0	155
Queens Arms Demolition	69	0	0	69
Halton Bus Transport – Bus Park	71	0	0	71
Former Fairfield High Site – Demolition	450	0	0	450
Disability Discrimination Act/Disabled Access	150	300	300	750
<b>Directorate Total</b>	<b>18,165</b>	<b>300</b>	<b>300</b>	<b>18,765</b>
<b>Policy &amp; Resources Directorate</b>				
ICT Rolling Programme	1,100	1,100	1,100	3,300
Fleet Renewals Programme	950	300	300	1,550
LTP – Bridge Maintenance	500	500	0	1,000
LTP – Highways Maintenance	1,815	1,316	0	3,131
LTP – Integrated Transport	560	855	0	1,415

	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000
LTP – Network Management & Street Lighting	165	165	0	330
Silver Jubilee Bridge	2,460	2,029	4,990	9,479
Street Lighting – Structural Maintenance	105	200	200	505
Surface Water Management	214	0	0	214
Risk Management	117	120	120	357
Mid-Mersey Local Sustainable Transport – Infrastructure	150	270	0	420
Early Land Acquisition – Mersey Gateway	23,046	5,505	1,469	30,020
Mersey Gateway Development Costs	3,500	0	0	3,500
<b>Directorate Total</b>	<b>34,682</b>	<b>12,360</b>	<b>8,179</b>	<b>55,221</b>
<b>Communities Directorate</b>				
Stadium Minor Works	30	30	30	90
Children's Playground Equipment	81	65	65	211
Arley Drive Play Area	66	0	0	66
Crow Wood Play Area	13	0	0	13
Open Spaces Scheme	51	0	0	51
Runcorn Cemetery Extension	9	0	0	9
Cremators Widnes Crematorium	350	0	0	350
Gas Powered Bus Works	30	0	0	30
Landfill Tax Credit Schemes	340	340	340	1,020
Litter Bins	20	20	20	60
Disabled Facilities Grant	858	0	0	858
RSL Adaptations	210	0	0	210
Choice Based Lettings	7	0	0	7
Bungalows at Halton Lodge	462	0	0	462
Bredon Respite Unit	10	0	0	10
Section 256 Grant	126	0	0	126
Community Capacity Grant	343	351	0	694
<b>Directorate Total</b>	<b>3,006</b>	<b>806</b>	<b>455</b>	<b>4,267</b>
<b>Total Capital Programme</b>	<b>55,853</b>	<b>13,466</b>	<b>8,934</b>	<b>78,253</b>

## Funding the Programme

3.5 Table 2 below summarises how the capital programme will be funded.

**Table 2 Capital Programme Funding 2013/14 to 2015/16**

	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>Total £'000</b>
Specific & General Grants	16,095	5,216	4,990	26,301
External Contributions	461	576	306	1,343
Borrowing	32,532	5,505	1,469	39,506
Revenue Contributions	1,462	300	300	2,062
Capital Receipts	5,303	1,869	1,869	9,041
<b>Total Funding</b>	<b>55,853</b>	<b>13,466</b>	<b>8,934</b>	<b>78,253</b>

3.6 The Council will continue to seek and secure further additional external resources to reduce on-going revenue implications and enhance the capital programme. For example, through Section 106 agreements.

3.7 There are a number of capital grants where funding details have not yet been provided by Government Departments for 2014/15 and 2015/16, these will be updated in the programme when indication of funding allocations are received.

3.8 Revenue contributions have been set aside to fund capital repairs for schools and to assist with funding the rolling fleet replacement programme.

3.9 Borrowings undertaken to support the capital programme are undertaken in line with the Prudential Code and Council's Treasury Management Strategy. This ensures that external borrowings are affordable and within prudent and sustainable levels. Borrowings to fund the capital programme over the three years will be repayable in future years from either Government grant, forecast capital receipts or funded from future revenue streams.

3.10 Prudential borrowing remains an option to fund future capital schemes, but the financing costs as a result of the borrowing will need to be found from savings within the revenue budget.

### Capital Receipts

3.11 Available capital receipts are used to fund the capital programme. Sales from the disposal of surplus land and buildings may only be used to fund capital expenditure. These funds cannot be used to fund revenue expenditure, with the exception of up to 4% of the proceeds of the sale of capital assets being allowable to fund the revenue cost of disposing of an asset.

- 3.12 Estimates of capital receipts over the medium term are based on forecast land and building sales. Given the current subdued state of the property market and with no expected sign of recovery over the term of the capital programme, a cautious approach needs to be followed and as such there are no funds available for new capital starts unless external funding is generated to finance the cost.
- 3.13 Table 3 below shows the expected balance of capital receipts over the next three years. The Council attempts to maintain a minimum value of £3m of retained receipts towards funding the capital programme. However, the table shows that the balance of capital receipts for each of the next three years is forecast to fall below this level. This emphasises the need for a prudent approach with future proposed capital schemes having to be fully funded.

**Table 3 Capital Receipts**

	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>
Balance B/F	1,351	1,173	2,904
In-Year Anticipated Receipts	5,125	3,600	1,000
Receipts Utilised	-5,303	-1,869	-1,869
<b>Balance C/F</b>	<b>1,173</b>	<b>2,904</b>	<b>2,035</b>

#### **4.0 POLICY IMPLICATIONS**

- 4.1 None

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 5.1 The capital programme supports the delivery and achievement of all the Council's priorities.

#### **6.0 RISK ANALYSIS**

- 6.1 There is a risk that slippage to the capital programme, could result in increases to the cost of delivering schemes. Additional revenue costs could be incurred if the schemes are not delivered in time.
- 6.2 The capital programme is heavily funded from grants, many of which come with conditions to how funding can be used and outcome targets for when the asset is brought into use. Deviation against these conditions may result in requests for clawback to the funding from approving bodies. Risks exist in schemes funded from prudential borrowing. It is important to recognise on undertaking borrowing that a clear plan exists which identifies how the principal and interest will be re-paid on the borrowing end date.
- 6.3 The current economic climate poses a risk to the availability of capital receipts from forecast land and building sales.

6.4 Regular monitoring and reporting of spending against the capital programme will seek to mitigate the above risks.

**7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 There are no equality and diversity issues.

**8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

8.1 None under the meaning of the Act.