

REPORT TO: Executive Board

DATE: 14 July 2022

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Leader

SUBJECT: 2022.23 to 2024.25 Capital Programme

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 Council approved the capital programme for 2022/23 on 2 March 2022. Since then new capital grant allocations have been received and slippage to capital projects for 2021/22 has been rolled forward to 2022/23. The purpose of this report is to bring all the separate elements together and report on the Council's total planned capital programme expenditure and associated funding over the next three years.

2.0 RECOMMENDED: That:

- (i) Council be recommended to approve the updated capital programme for 2022-25, including forecast spend and funding, as set out in Table 1 and Table 2;**
- (ii) The Operational Director Finance in liaison with the portfolio holder Transportation, finalise the detailed implementation programme of Highways and Transportation schemes to be delivered in 2022/23;**

3.0 SUPPORTING INFORMATION

3.1 The 2022/25 Capital Strategy Statement was approved by Council on 02 March 2022. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It summarised the expected capital spend over the medium term and the sources of funding available.

3.2 At the time of writing the Capital Strategy Statement estimates of capital allocations at that time were known to be subject to variations. This report updates the latest position, which includes confirmed and indicative capital grant allocations for 2022/23 and future years.

3.3 The capital programme is subject to regular review and monitoring reports are presented 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 presents the planned Capital Programme for 2022/23 onwards based on current information for approved schemes, funding available and slippage of scheme expenditure from 2021/22. 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 2022/23 to 2024/25

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
People Directorate				
Asset Management Data (CAD's)	5.9	-	-	5.9
Schools Capital Repairs	1,448.9	-	-	1,448.9
Asbestos Management	29.5	-	-	29.5
Schools Access Initiative	61.7	-	-	61.7
Basic Need Projects	278.6	-	-	278.6
Early Education for 2 year olds	0.4	-	-	0.4
Fairfield Primary remodelling	20.0	282.6	20.0	322.6
Kitchen Gas Safety	1.1	-	-	1.1
Small Capital Works – Schools	124.1	-	-	124.1
SEMH Free School	78.5	232.4	-	310.9
Cavendish School extension	442.6	23.3	-	465.9
High Need Provision unallocated	1,771.9	1,552.4	-	3,324.3
Grants – Disabled Facilities	671.1	600.0	600.0	1,871.1
Stair Lifts	323.5	270.0	270.0	863.5
Joint Funding RSL Adaptations	270.0	270.0	270.0	810.0
ALD Bungalows	199.0	-	-	199.0
Madelaine McKenna Care Home	89.0	-	-	89.0
Purchase of 2 adapted properties	358.0	-	-	358.0
Millbrow Care Home	1,316.0	-	-	1,316.0
St Lukes Care Home	233.7	-	-	233.7
St Patricks Care Home	1.6	-	-	1.6
Care Home Refurbishment	0.0	1,300.0	1,300.0	2,600.0
People Directorate Total	7,725.1	4,530.7	2,460.0	14,715.8
Enterprise, Community & Resources Directorate				
Stadium Minor Works	37.1	30.0	30.0	97.1
Open Spaces Schemes	984.6	600.0	600.0	2,184.6
Upton Improvements	13.0	-	-	13.0
Brookvale Pitch Refurbishment	70.4	-	-	70.4
Leisure Centre	8,580.6	10,000.0	3,000.0	21,580.6
Children's Playground Equipment	79.9	65.0	65.0	209.9
Landfill Tax Credit Schemes	340.0	340.0	340.0	1,020.0
Crow Wood Park Play Area	39.3	-	-	39.3
Runcorn Town Park	556.1	300.0	300.0	1,156.1
Widnes Crematorium Replacement Cremator	200.0	-	-	200.0
Spike Island / Wigg Island	1,988.3	-	-	1,988.3
Litter Bins	20.0	20.0	20.0	60.0
IT Rolling Programme	700.0	700.0	700.0	2,100.0
3MG	164.0	-	-	164.0
Murdishaw redevelopment	31.0	-	-	31.0

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Equality Act Improvement Works	425.4	300.0	300.0	1,025.4
Widnes Market Refurbishment	5.8	-	-	5.8
Broseley House	21.3	-	-	21.3
Solar Farm Extension	10.9	-	-	10.9
Foundary Lane Residential Area	2,116.7	2,116.7	-	4,233.4
Kingsway Learning Centre Improved Facilities	35.9	-	-	35.9
Halton Lea TCF	500.6	-	-	500.6
Property Improvements	212.6	200.0	200.0	612.6
Astmoor Regen	13.8	-	-	13.8
Woodend, Unit 10 Catalyst	500.0	-	-	500.0
St. Paul's Mews	500.0	-	-	500.0
Runcorn Town Centre Dev	2,089.2	-	-	2,089.2
Runcorn Station Quarter	529.7	-	-	529.7
Bridge & Highways Maintenance	1,024.5	-	-	1,024.5
Highway Challenge Fund Part 1 & Part 2 - unallocated	1,289.8	-	-	1,289.8
Pot Hole & Flood Resistance	1,104.1	-	-	1,104.1
KRN Highways Maintenance - additional	1,054.2	-	-	1,054.2
Integrated Transport	755.9	-	-	755.9
CRSTS funded Schemes	3,670.0	-	-	3,670.0
Street Lighting - Structural Maintenance	853.3	200.0	200.0	1,253.3
Street Lighting - Upgrades	2,530.1	-	-	2,530.1
SUD Green Cycle / Walk Corridors	197.0	-	-	197.0
EATF - Hough Green, Greenoaks & Widnes Town Centre Connectivity	30.7	-	-	30.7
EATF - Cycle Storage Provision	11.0	-	-	11.0
EATF - Runcorn Busway	1,545.8	-	-	1,545.8
Runcorn Busway Pre Dev	755.8	-	-	755.8
East Runcorn Connectivity	5,568.7	-	-	5,568.7
Risk Management	495.5	120.0	120.0	735.5
Fleet Replacements	5,759.6	1,207.0	1,147.0	8,113.6
Silver Jubilee Bridge - Major Maintenance Scheme	320.5	-	-	320.5
Silver Jubilee Bridge - Lighting	468.8	-	-	468.8
Mersey Gateway Land Acquisition	1,003.7	-	-	1,003.7
Mersey Gateway Crossings Board	40.2	-	-	40.2
Enterprise, Community & Resources Directorate Total	49,245.4	16,198.7	7,022.0	72,466.1
Total Capital Programme	56,970.5	20,729.4	9,482.0	87,181.9

- 3.5 The Council receives one principal source of funding from Government, City Region Sustainable Transport Settlement (CRSTS). This is received from Liverpool City Region Combined Authority (LCRCA), as the co-ordinating body. This replaces the previous two principal sources of formula based capital funding from Government to improve local transport conditions, namely Integrated Transport Block (ITB) used to fund small transport improvements and Highways Maintenance Block (HM) used to maintain the highway, associated structures and covering works such as resurfacing, bridge maintenance and street lighting.
- 3.6 A detailed implementation programme of local capital projects which will be undertaken using CRSTS allocations has not yet been finalised for 2022/23. This is a result in a delay of finalising funding allocations. A detailed programme will be set over the coming months and the full allocation will be spent or fully committed by the end of the financial year.

Funding the Programme

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

Table 2 Capital Programme Funding 2022/23 to 2024/25

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Specific & General Grants	28,369.9	6,380.7	2,460.0	37,210.6
External Contributions	4,176.0	1,206.0	1,206.0	6,588.0
Borrowing	20,909.2	11,073.7	2,747.0	34,729.9
Revenue Contributions	86.2	-	-	86.2
Capital Receipts	3,429.2	2,069.0	3,069.0	8,567.2
Total Funding	56,970.5	20,729.4	9,482.0	87,181.9

- 3.8 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.
- 3.9 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.
- 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.

Table 3 Capital Receipts

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Balance B/F	1,061.2	5,496.4	8,927.4
In-Year Anticipated Receipts	16,075.5	5,500.0	3,075.0
Receipts Utilised	-11,640.3	-2,069.0	-3,069.0
Balance C/F	5,496.4	8,927.4	8,933.4

The in-year anticipated receipts includes anticipated receipts for the disposal of all the remaining land at HBC Fields (with corresponding repayment of grant liability) and Mersey Gateway handback sites. If any disposals do not materialise this will reduce the balance of capital receipts available to use on capital projects.

4.0 POLICY IMPLICATIONS

4.1 None

5.0 FINANCIAL IMPLICATIONS

5.1 The financial implications are as set out within the report.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children & Young People in Halton**

6.2 **Employment, Learning & Skills in Halton**

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 Halton's Urban Renewal

There are no direct implications, however, the capital programme support the delivery and achievement of all the Council's priorities. The capital programme will also support to ongoing implementation of the Council's Climate Change Strategy.

7.0 RISK ANALYSIS

- 7.1 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.
- 7.2 Many grants which fund capital expenditure 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.
- 7.3 The capital programme is heavily funded from prudential borrowing; of total capital expenditure, £35m or 40% will come from future and existing borrowings. 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.
- 7.4 There is a cashflow risk to capital schemes funded from future capital receipts, the cost to the Council of the short to medium term cashflow impact needs to be recognised at the start of each scheme.
- 7.5 Regular monitoring and reporting of spending against the capital programme will seek to mitigate the above risks.
- 7.6 Balance of capital receipts is below the Council minimum value of £3m at 31 March 2022 but forecast to increase over the medium term. Use of future capital receipts should be monitored against this target to ensure annual standing items within the capital programme remain affordable.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 There are no equality and diversity issues.

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

- 9.1 None under the meaning of the Act.