

WIRRAL COUNCIL

CABINET

5 NOVEMBER 2015

SUBJECT	CAPITAL MONITORING 2015/16 QUARTER 2 (TO SEPTEMBER 2015)
WARD/S AFFECTED	ALL
REPORT OF	ACTING SECTION 151 OFFICER
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

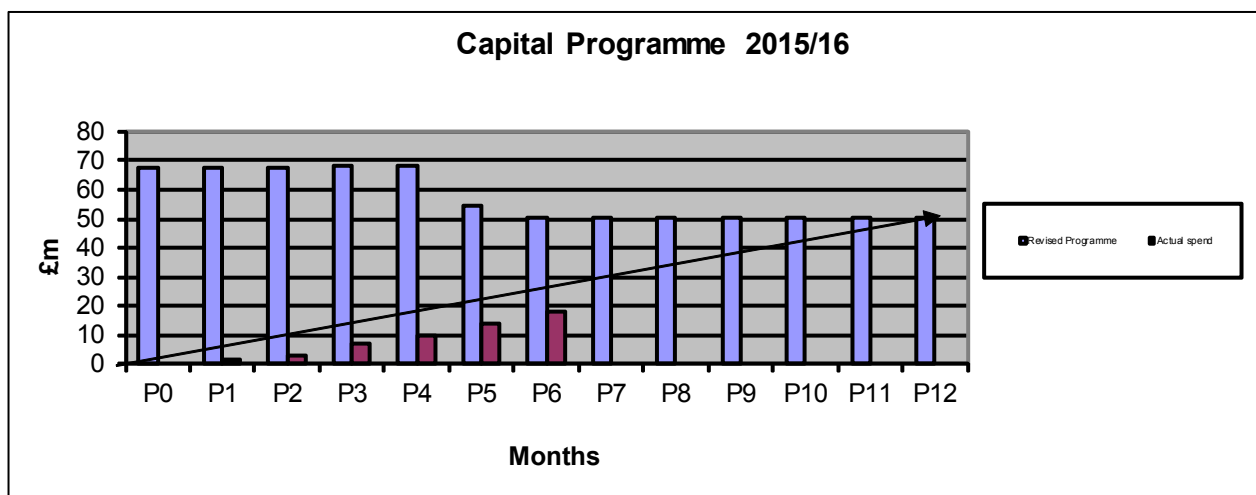
1 EXECUTIVE SUMMARY

1.1 This report provides an update on the progress in delivering the Capital Programme 2015/16 at the end of September 2015. The report recommends that Cabinet agrees the rephasing of the 2015/16 Capital Programme down to £50.2 million and reports expenditure to date of £18.2 million.

2 OVERALL POSITION AT END OF SEPTEMBER 2015

2.1 The actual spend against the Capital Programme is summarised in Table 1.

Chart 1: Capital Programme spend below line of best fit



3 ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2015/16

3.1 The Programme for 2015/16 is subject to change and reflects the Programme agreed by Cabinet on 10 February 2015 together with subsequent amendments. Broadly these reflect any re-profiling identified since the 2015/16 Budget Cabinet and changes regarding external financial support, primarily the latest grant notifications.

3.2 To aid the monitoring process, schemes are categorised against five gate points being Conception, Approval, Start Up, Delivery and Completion.

Table 1: Capital Programme 2015/16 at 30 September 2015

	Capital Strategy	Revisions Since Budget Cabinet	Revised Capital Programme	Actual Spend September 2015
	£000	£000	£000	£000
Universal & Infrastructure	8,956	-5,032	3,924	1,671
Families – Children	8,517	2,287	10,804	3,083
Families – Adults	8,263	-2,946	5,317	517
Families – Sport & Rec	1,865	810	2,675	1,164
R&E– Env & Regulation	12,633	-147	12,486	4,698
R&E– Hsg & Comm Safety	6,412	-984	5,428	1,308
R& E – Regeneration	1,808	4,736	6,544	5,018
Transformation Resources	1,600	1,404	3,004	735
Total expenditure	50,054	128	50,182	18,194

3.3 As outlined above a number of schemes within the Programme have been reprofiled to reflect updated project delivery forecasts and to take account of changes in available funding and costs. Variances since June are in Table 2.

Table 2: Variations to the 2015/16 Programme

Scheme	£000
Universal & Infrastructure	
Building refurbishment to increase occupancy	-519
Cleveland St. Transport Depot	-2,800
Park depot rationalisation	-750
Demolish Bebington Town Hall and Liscard Municipal	-378
Demolish former Rock Ferry High	-395
Families & Wellbeing – Children	
Private Finance Initiative (PFI)	-150
Wirral Youth Zone	100
Families & Wellbeing – Adults	
Transformation of day service	-500
Families & Wellbeing – Sport & Recreation	
West Kirby Marine Lake	-590
Bidston Tennis Centre re-roofing	-325
Reg & Env – Environment & Regulation	
Energy schemes (LED Street Lighting)	-1,074
Coast Protection	-134
West Kirby Flood alleviation	-1,400
Highway Maintenance	-30

Scheme	£000
Reg & Env – Housing	
Aids, adaptations and DFGs	-1,235
LIFT	-296
Clearance	-1,324
Home Improvements	-434
Empty Property interventions	-76
Reg & Env – Regeneration	
LEP Regional Growth Fund	985
Overall variation since Quarter 1	-11,325

3.4 Universal and Infrastructure Services

Building refurbishment to increase occupancy. Pending resolution over the future occupation of Old Market House there is an impact on other planned works which include the Wallasey South Annexe and Bebington Town Hall demolition. These form part of the accommodation review and are temporarily on hold.

A further eight schemes are either underway or have been completed (e.g. Wallasey Town Hall, Cheshire Lines) that will lead to significantly improved use of the Council's asset base.

With the Cleveland Street Transport Depot being permanently occupied and operational this has resulted in the works being re-phased.

Parks Rationalisation. The review of Parks and Open Spaces is being completed. There has therefore been a pause whilst we consider the impact this may have on required capital expenditure, ensuring funding gives value for money against assets to be retained and fits with the Wirral Plan.

Former Rock Ferry High School. Application will shortly be submitted to Secretary of State. Demolition will commence assuming the site proposals are approved.

3.5 Families and Wellbeing - Children

Private Finance Initiative (PFI). No schemes are planned for this year and any future schemes will be restricted to the level of reserve funding available (£85,000).

Wirral Youth Zone. Within the revised Children & Young people Capital Programme a sum of £500,000 has been identified as a potential contingency sum to support the delivery of the project.

Practical completion is expected over the next few weeks in respect of the additional classrooms and other works at Elleray Park.

3.6 Families and Wellbeing - Adults

Transformation of Day Services is ongoing. At this stage the scheme has still to be developed so the Programme is based on the level of grant funding available deferring the requirement for Council resources by £0.5 million.

3.7 Families and Wellbeing – Sport and Recreation

Tenders have been invited for the integrated accommodation works at West Kirby Marine Lake and the majority of the expenditure will be incurred in 2016/17.

The re-roofing of the Tennis Centre is currently in the tendering process and a preferred contractor has still to be chosen.

Works at Guinea Gap are now complete and, along with the 3G pitches and fitness suite, have seen an increased usage of the facilities.

3.8 Regeneration and Environment – Environment and Regulation

Energy schemes (LED Street Lighting). The competitive tendering process has resulted in a contract saving of £1.074 million with the scheme being successful in securing an interest-free loan.

Coast Protection. The aids to Navigation scheme will now be completed during the 2016/17 financial year. In respect of West Kirby Flood Alleviation the business case has been submitted to the Environment Agency. Approval to commence the scheme is awaited and anticipated to be primarily in 2016/17.

3.9 Regeneration and Environment – Housing

In order to allow people with disabilities to live more independently, Aids and Adaptations and grants continue to be approved and the spend committed. The incurring of this spend is determined by the grant applicant which means that there will invariably be works approved which remain uncompleted during the year.

The clearance programme involves complex legal processes and with potential Compulsory Purchase Orders, public enquiries and business relocations do impact on the delivery of the programme.

Within home improvements expenditure is driven by the level of grant applications, the very nature of which translates into some unpredictability in the programme.

3.10 Regeneration and Environment – Regeneration

Regional Growth Fund. Additional grant will be received to match the expenditure relating to this particular regeneration activity. Nearly £5 million has been provided from this and other growth funds to provide investment and assist with the regeneration and development of local businesses.

3.11 Transformation and Resources

The main expenditure relates to the progression of the improvements to Information Technology which is continuing.

4 FINANCING OF THE CAPITAL PROGRAMME

4.1 Table 3 summarises the financing sources for the original and latest programmes.

Table 3: Revised Capital Programme Financing

Capital Programme Financing	Capital Strategy	Revised Programme
	£000s	£000s
Unsupported Borrowing	19,090	15,875
Capital Receipts	12,693	10,363
Revenue and Reserves	537	622
Grants	17,734	23,322
Total Financing	50,054	50,182

4.2 Any reprofiling of the Programme which reduces the borrowing requirement will produce one-off revenue savings. A permanent saving will only occur if schemes are permanently ceased, otherwise the full budget will be required in 2016/17 when the re-profiled expenditure is incurred.

5 PROJECTED LONGER TERM CAPITAL PROGRAMME

5.1 Funding for the forecast 2015/16 to 2017/18 Programme is in Table 4. This reflects the 2015/18 Capital Programme agreed by Cabinet on 10 February 2015 with subsequent amendments for reprofiling and revised grant notifications.

5.2 The latest projected programmes for 2016/17 and 2017/18 are included at Annex 2. These are in the process of being reviewed to ensure that the schemes are compatible with the 20/20 Vision and to try and identify any savings.

Table 4: Capital Programme Financing 2015/16 to 2017/18

Capital Programme Financing	2015/16 Revised Programme	2016/17 Revised Programme	2017/18 Revised Programme	Total Programme
	£000	£000	£000	£000
Unsupported Borrowing	15,875	10,951	0	26,826
Capital Receipts	10,363	11,869	2,414	24,646
Revenue / Reserves	622	954	66	1,642
Grants	23,322	17,805	9,511	50,638
Total Financing	50,182	41,579	11,991	103,752

6 SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 6.1 Based on the current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of £80,000 per annum in the following year. As part of the Capital Strategy 2015/16 to 2017/18 the Council has included an element of prudential borrowing. At Month 6 there is a sum of £27 million new unsupported borrowing included over the three years, which will result in approximately £2.1 million of additional revenue costs detailed at Table 5, if there is no change in the Strategy.

Table 5: Unsupported Borrowing Forecasts & Revenue Costs

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
New Unsupported Borrowing	15,875	10,951	0	0
Cumulative	15,875	26,826	26,826	26,826
Annual Revenue repayment costs				
Cumulative	317	1,488	2,145	2,145

- 6.2 The re-profiling of the Capital Programme, the use of internal borrowing i.e. using the Councils cash balances rather than taking out external loans and means that the 2015/16 borrowing will be delayed until 2016/17. With cash investments currently yielding low rates of return and the interest rate on external loans being much higher it is financially advantageous to use cash balances to temporarily fund non grant funded capital projects. Savings from these measures and from applying policies for minimising revenue provision (principal) costs on Treasury Management costs are anticipated to total £2.5 million in 2015/16.

7 CAPITAL RECEIPTS POSITION

- 7.1 The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. Available capital receipts at 1 April 2015 were £8.3 million. The table assumes the proposed spend, set out at Table 1 is agreed. Receipts and funding assumptions are based upon the latest estimates available.

Table 6: Projected Capital Receipts position

	2015/16	2016/17	2017/18
	£000	£000	£000
Capital Receipts Reserve	8,300	337	3,468
In - Receipts Assumption	2,400	15,000	10,500
Out - Funding assumption	-10,363	-11,869	-2,414
Closing Balance	337	3,468	11,554

7.2 In respect of progress on the major site disposals. The Council should soon be entering a 16 week exclusivity period with the preferred purchaser of Acre Lane. Bids have been received for the sale of the Manor Drive site and these are currently being assessed. The former Rock Ferry High School site requires Secretary of State approval and Cabinet on 10 September 2015 agreed that an application be submitted for change of use of the Rock Ferry site to a mixed use basis with an element retained for green space. With the major sites the capital receipts will take the form of a series of phased payments to the Council which are likely to commence in 2016 and the receipts assumptions in the above table reflect the best estimate of these.

8 RELEVANT RISKS

8.1 The possibility of failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance.

8.2 The generation of capital receipts may be influenced by factors outside the authority's control e.g. ecological issues. Lambert, Smith, Hampton are still providing external support.

9 OTHER OPTIONS CONSIDERED

9.1 No other options have been considered.

10 CONSULTATION

10.1 No consultation has been carried out in relation to this report.

11 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

11.1 There are no outstanding actions.

12 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

12.1 As yet, there are no implications for voluntary, community or faith groups.

13 RESOURCE IMPLICATIONS

13.1 The whole report is about significant resource implications.

14 LEGAL IMPLICATIONS

14.1 There are no legal implications arising directly from this report.

15 EQUALITIES IMPLICATIONS

15.1 An Equality Impact Assessment is not attached as there are none.

16 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

16.1 There are no carbon reduction or environmental implications arising directly from this monitoring report.

17 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

17.1 There are no implications arising directly from this report.

18 RECOMMENDATIONS

18.1 That Cabinet is asked to note the spend to date at Month 6 of £18.2 million, with 50% of the financial year having elapsed.

18.2 That Cabinet is asked to agree and refer to Council the revised Capital Programme of £50.2 million (Table 1).

19 REASONS FOR RECOMMENDATIONS

19.1 Regular monitoring and reporting of the Capital Programme enables decisions to be taken faster which may produce revenue benefits and will improve financial control of the Programme.

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ANNEXES

Annex 1 – Capital Programme and Funding 2015/16

Annex 2 – Capital Programme 2016/17 and 2017/18

Annex 3 – Capital Receipts 2015/16

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports presented to Cabinet previous report to Cabinet 2015/16 (Quarter 1)	27 July 2015
Capital Programme – Council	25 February 2014
Capital Programme – Council	24 February 2015

Capital Programme and Funding 2015/16**ANNEX 1**

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Universal & Infrastructure						
Building refurbishment to increase occupancy	1,600	1,201	1,600	-	-	1,600
Fund to assist land assembly and re-sale	587	45	587	-	-	587
Cleveland St. Transport Depot	315	37	315			315
Park depots rationalisation	520	132	520			520
Energy efficiency Initiatives	596	175	596	-	-	596
Demolish Stanley Special & external renovation work	150	81	150	-	-	150
Demolish Foxfield	156	-	156	-	-	156
	3,924	1,671	3,924	-	-	3,924

Families and Wellbeing - CYP	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Elleray Park Special School redevelopment	850	674	850	-	-	850
School remodelling/additional classrooms (Primary Places)	2,050	173	1,800	-	250	2,050
Condition/Modernisation	4,658	1,441	-	-	4,658	4,658
Basic Need allocation	1,897	243	-	-	1,897	1,897
Children's centres	53	-	-	-	53	53
Aiming Higher	24	53	-	-	24	24
Youth Capital	149		98	-	51	149
Birkenhead High Girls Academy	80	157	-	69	11	80
Funding for 2 year olds	18	-	-	-	18	18
Universal Free School Meals	209	32	-	-	209	209
Somerville Mobile Replacement	366	164	366	-	-	366
Family Support Scheme	200	54	200	-	-	200
Youth Zone	100	92	100			100
Stanley Special - additional classrooms, medical/hygiene provision	150	-	150	-	-	150
	10,804	3,083	3,564	69	7,171	10,804

Families and Wellbeing - DASS	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Citizen and Provider Portal for Social and Health Services	617	-	-	-	617	617
Transformation of Day Service	615	173	-	-	615	615
Integrated IT	1,085	344	1,000	-	85	1,085
Community Intermediate Care Services	1,000	-	-	-	1,000	1,000
Integrated Social Care and Health Learning Disability Service - Girtrell Court	2,000	-	2,000	-	-	2,000
	5,317	517	3,000	-	2,317	5,317

Families and Wellbeing - Sports & Recreation

West Kirby Concourse Fitness Suite	112	-	112	-	-	112
Guinea Gap 3G Football pitches	99	-	99	-	-	99
West Kirby/Guinea Gap/Europa Pools	2,024	1,164	2,024	-	-	2,024
Refurb of Artificial Turf Pitch & perimeter fence repairs at the Tennis & Sports Centre	240	-	240	-	-	240
West Kirby Marine Lake – Integrated accommodation and service delivery	100	-	100	-	-	100
Bidston Tennis Centre re-roofing	100	-	100	-	-	425
	2,675	1,164	2,675	-	-	2,675

Regeneration and Environment - Environment & Regulation	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Road Safety	157	45	84	-	73	157
Active Travel	185	30	185	-	-	185
Transportation	104	23	104	-	-	104
Bridges	1,566	482	728	-	838	1,566
Street Lighting	76	28	26	-	50	76
Highway Maintenance	3,935	3,283	1,400	-	2,535	3,935
Transport for Growth	1,698	80	-	-	1,698	1,698
Start Active, Play Active, Stay active	34	12	34	-	-	34
Wirral Way - widening and safety improvements	14	6	14	-	-	14
Cemetery Extensions and Improvements	171	5	171	-	-	171
Coast Protection	117	22	117	-	-	117
Energy schemes (LED Street Lighting)	3,162	255	3,162	-	-	3,162
Allotments	165	-	165	-	-	165
Parks Improvements	38	23	-	13	25	38
Parks vehicles replacement	684	404	684	-	-	684
West Kirby Flood Alleviation	100	-	-	100	-	100
Dock Bridges Replacement	280	-	280	-	-	280
	12,486	4,698	7,154	113	5,219	12,486

Regeneration and Environment - Housing & Community Safety	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Aids, Adaptations and Disabled Facility Grants	2,000	732	-	-	2,000	2,000
LIFT	2	2	2	-	-	2
Clearance	516	184	215	100	201	516
Home Improvement	420	138	270	150	-	420
Improvement for sale grants	180	-	-	180	-	180
Empty Property Interventions	160	37	150	10	-	160
New House Building Programme	1,500	215	1,500	-	-	1,500
Cluster of Empty Homes Fund	650	-	-	-	650	650
	5,428	1,308	2,137	440	2,851	5,428

Regeneration and Environment - Regeneration

Other Regional Growth Fund Schemes	3,208	2,883	-	-	3,208	3,208
LEP Regional Growth Fund Schemes Targeted Assistance	2,087	2,087	-	-	2,087	2,087
Business Investment Grants	780	239	780	-	-	780
The Priory	69	12	-	-	69	69
Hamilton Square Accessibility Improvements	400	7	-	-	400	400
	6,544	5,018	780	-	5,764	6,544

Transformation & Resources	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
CCTV cameras and other equipment	100	-	100	-	-	100
I.T Development	2,904	735	2,904	-	-	2,904
	3,004	735	3,004	-	-	3,004
Programme Total	50,182	18,194	26,238	622	23,322	50,182

Capital Programme 2016/17 and 2017/18**ANNEX 2**

	2016/17 £000	2017/18 £000
Universal & Infrastructure		
Building refurbishment to increase occupancy	2,019	250
Cleveland St Transport Depot	2,800	-
Demolish Bebington Town Hall/Liscard Municipal	378	-
Demolish former Rock Ferry High	395	-
Parks depot rationalisation	750	-
	6,342	250
Families and Wellbeing - CYP		
School remodelling and additional classrooms (Primary Places)	1,500	750
Stanley Special School – additional classrooms, medical/hygiene provision	600	-
PFI	85	-
Condition/Modernisation	4,500	-
Youth Zone	1,900	-
Family Support	100	-
	8,785	750
Families and Wellbeing – DASS		
Community Intermediate Care Services	1,000	-
Pensby Wood day service remodelling	1,200	-
Extra Care Housing	2,500	-
LD Extra care Housing	3,000	-
	7,700	-
Families and Wellbeing - Sports & Recreation		
West Kirby Marine Lake – Integrated accommodation and service delivery	740	-
Bidston Tennis Centre re-roofing	325	-
	1,065	-

**Regeneration and Environment
- Environment & Regulation**

West Kirby Flood Alleviation	1,900	-
Highway maintenance	3,060	2,938
Coast Protection	134	-
East Float Access Improvements Tower Road	200	-
Wirral International Business Park Connections	200	-
East Float Access Improvements to Duke Street	400	-
Dock Bridges Replacement	2,530	4,310
Preventative Maintenance to Unclassified and Residential Streets	500	500
Cemetery Extensions and Improvements	150	-
	9,074	7,748

	2016/17	2017/18
	£000	£000

**Regeneration and Environment
- Housing & Community Safety**

Aids, Adaptations and DFGs	4,308	2,573
LIFT	296	-
Clearance	1,324	-
Home Improvement	434	-
Empty Property Interventions	178	-
Cluster of Empty Homes	603	-
Housing Renewal	570	670
	7,713	3,243

Regeneration and Environment - Regeneration

Hamilton Square Accessibility Improvements	700	-
Business Investment Grants	300	-
	1,000	-

Total	41,579	11,991
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Capital Receipts 2015/16**ANNEX 3****Cash Received
£000**

Ex-HRA Magenta Housing Right to Buy	699
Ingleborough Road, Covenant	500
New Hall Farm	295
Empty Homes (various)	209
Plot 9 Tarran Industrial Estate sale of ground lease	30
Land at Belmont Road	92
Ashford Road (Family Support)	26
Total	1,851