

CAPITAL OUT-TURN 2018/19

REPORT SUMMARY

This Appendix details the Capital Out-turn for 2018/19, the resources used to fund the Programme and provides a review of the progress of the delivery of the agreed Capital Programme.

RECOMMENDATIONS

- a) The additional re-profiling of £5.0 million from 2018/19 to 2019/20 be noted.
- b) The financing of the Programme for 2018/19 be noted.
- c) The Programme for 2019/20 and beyond be kept under review to ensure it is realistic and deliverable.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council is required to make a number of formal Determinations in respect of its capital expenditure and financing and this report includes those for the 2018/19 financial year.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the capital expenditure and financing at the end of the financial year.

3.0 BACKGROUND INFORMATION

MONITORING 2018/19

- 3.1 The Capital Programme 2018/19 was considered by Cabinet on 19 February 2018 and approved by Council on 5 March 2018. The Programme is based on the Wirral Plan priorities, Government grant announcements and scheme affordability. It was highlighted that the Council's revenue budget position limited the scope for unsupported capital expenditure.
- 3.2 Cabinet received regular updates in respect of capital monitoring throughout the year. The last monitoring report, for Quarter 3, was considered by Cabinet on 18 February 2019. Since then work has been on-going in order to conclude the accounts for the financial year.
- 3.3 During the year the Programme was regularly reviewed which resulted in schemes being deferred to 2019/20 along with the supporting funding. This continued to deliver one-off Treasury Management savings through a reduced need to borrow in 2018/19.

CAPITAL OUT-TURN

- 3.4 The capital expenditure for the year was £48.5 million compared to the Revised Programme of £53.9 million which was reported in February 2019 (Quarter 3). This is summarised in Table 1.
- 3.5 Both estimates below, and the outturn now include the Formula Capital schemes delegated to schools.

Table 1: Capital Programme 2018/19

Spend	Capital Strategy	Revised December	Actual Out-turn
Directorates	£000	£000	£000
Adult Care & Health	7,912	1,204	798
Business Management	4,990	6,239	7,237
Children's Services	19,482	17,547	16,293
Delivery Services	24,775	17,600	13,810
Economic & Housing Growth	17,785	11,370	10,362
Total Programme	74,944	53,960	48,500

- 3.6 Cabinet has previously approved amendments totalling £20.9 million to the originally approved programme, as reflected in the position for Quarter 3. Since then a further £5.0 million has been identified to be deferred until 2019/20.

Table 2: Significant variations identified since Quarter 3

Scheme	£000
Adult Care & Health - re-profiling	
Extra Care Housing	-440
Minor variations	34
	-406
Business Management	
Windows 10 Rollout – re-profiling, implemented ahead of schedule	364
Transformation Programme – Early Voluntary Retirement/Voluntary Severance	880
Minor variations	-110
	998
Children's Services	
Transformation Programme – reduced requirement	-617
Primary Places - re-profiling	-126
SEN and disabilities fund – re-profiling	-154
Systems improvements (Liquidlogic) – re-profiling	-123
Minor variations	-234
	-1,254

Scheme	£000
Delivery Services - re-profiling	
Aids, adaptations and DFGs – implemented ahead of schedule	357
Transport for Growth	-1,500
Sustainable Transport Enhancement Programme	-374
Key Route Network	-259
Cemeteries and crematoria	-250
Illuminated lighting and street signage	-245
Highways Asset Management system	-200
Highway maintenance	-193
Tower Rd National Productivity Investment Fund	-188
Dock Bridge and other bridges	-178
Beach cleaning equipment	-171
Street lighting	-135
Treasury building	-115
Other minor variations	-339
	-3,790
Economic and Housing Growth	
New Ferry regeneration – re-profiling	-1,300
Housing Infrastructure Fund – scheme b/fwd from 2019/20	185
Other minor variations	107
	-1,008
Overall total variation	-5,460

3.7 A summary of progress in the year within the Programme is as follows: -

3.7.1 Adult Care & Health

Electronic Support Planning for Domiciliary Care Providers is realising key benefits ensuring appropriate care is delivered to service users. Care workers now update activities real-time which is auditable to support statutory requirements. The new Brokerage Module is operating replacing the previous manual process of emailing Domiciliary Care Providers to source packages of care. Feedback from Care Providers and Health partners regarding these modules has been really positive in streamlining the overall process and making the provision of care more efficient.

3.7.2 Business Management

By the end of March 2019 1,002 Windows 10 devices had been deployed which represents 29% completion of the estimated goal. The progress includes priority group completions (Children's social care, senior managers and Councillors), creation of the application store for deployment of software and WorkSmart profiling to determine correct equipment deployment.

The new Hyper-Convergence Corporate Storage Solution has been procured and this will replace Wirral's existing SAN storage and Virtual Server Network. It will be implemented during the first and second quarters of 2019 and once installation is complete, services and applications will be migrated to the new Infrastructure.

During 2018/19 employees could leave the Authority on EVR/VS. The severance payments and full 5-year pension strain costs have been capitalised allowing services to be transformed through restructures and savings to be achieved in future years. The final cost of £3.4 million was funded from the flexible use of capital receipts.

3.7.3 Children's Services - Schools

Government Grants funded almost 90% of the investment in schools in 2018/19 and is subject to future annual announcements. All works are undertaken with schools and mindful of the impact upon the service are largely arranged for completion outside of term-times. These factors impact upon the timing of the actual spend with frequent revisions to be accommodated. With £5.3 million invested during 2018/19 some of the key projects are detailed in the following paragraphs.

Town Lane Infant School: This scheme was required to provide an increase in pupil numbers [capacity]. The project included a new class-base, extended reception base, internal re-configuration of the previous children centre and parts of the main school building. The scheme cost over £0.9 million and was completed in April 2018. The school has now converted to Academy status.

Pensby High School: To meet improved security and safeguarding the main entrance was re-designed to include a new reception office and secure waiting area for visitors. This project cost over £0.05 million and was completed in August 2018.

Heygarth Primary School: This scheme was required to provide an increase in pupil numbers [capacity]. The project consisted of; two new classrooms, internal re-configuration of the reception class-base, improved pupil toilet facilities and additional car parking, improved footpaths/access and safe standing area for parents and visitors. This project cost over £0.45 million and was completed in September 2018.

Higher Bebington Junior School: This scheme is required to provide an increase in pupil numbers [capacity]. The project consisted of; the extending of three existing classrooms, new pupil toilet facilities including DDA toilet, major internal re-configuration of 4 class-bases, re-location of staff offices and improved main entrance. This scheme has a committed value of over £0.6 million.

Well Lane Primary School: This project consists of internal refurbishment, including new pupils' toilets, enlarging two classrooms, new main entrance and office accommodation. The scheme has a committed value of over £0.3 million.

West Kirby Primary School: The project consists of a new main entrance with improved security, reception and Headteachers office, minor internal re-configuration, infill of an unused area to form a new classroom in a non-traditional design. The scheme has a committed value of over £0.3 million.

3.7.4 Children's Services - Transformation

Transformation funding of £10.483 million has been used to establish the right capacity across Children's Services meaning the average caseload is at an appropriate level for both Social Care staff and Independent Reviewing Officers. A recruitment push has taken place to establish a permanent workforce including new micro-site, recruitment events and conversion of agency staff to permanent contracts; this has resulted in stable, strong management structure to provide leadership and governance across the Directorate.

There has been a continued programme of improvements to policies and processes, plus training staff, in core social practice in order to embed the performance management structure. Investment in the Early Help and Prevention service area has helped to manage demands at the front door and apply consistent thresholds in order to reduce unnecessary demand on Social Care. Investing in the Adolescent support area and Edge of Care area has enabled support to be provided to more families, improving outcomes and managing demand on statutory services.

3.7.5 Delivery Services

Transport for Growth - expenditure has been incurred on a number of schemes to date. The most significant being the improvement to the junction of the M53 and A554 (£0.593 million) for which a contribution of £0.1 million was received from Highways England as additional works were required following the need to lift the highway. In addition, expenditure has been incurred on cycle and footway improvements (£0.233 million) and the A41 New Ferry - Rock Ferry Bypass - speed enforcement measures, surface treatment and signing (£0.124 million). The termination of the BAM Nuttall contract has resulted in significant delays and a backlog of outstanding work, hence the considerable slippage into 2019/20.

Sustainable Transport Enhancement Programme (STEP). Expenditure is focused on 2 significant schemes; Northbank East (£0.65 million) which will provide increased accessibility for pedestrians and cyclists to the Wirral Waters West Float development and increased attractiveness of the area for businesses and investors; The Croft Retail Corridor (£0.22 million) which will also improve accessibility for pedestrians and cyclists, including improved safety for cyclists through the provision of an off road route.

Highway maintenance - the most significant area of expenditure was in respect of micro asphaltting (£0.91 million).

£0.575 million was spent on pothole repairs with those considered to be dangerous given priority for action. Efforts are directed both to repairs and prevention.

Dock Bridges - a further of £0.84 million was incurred during the year in respect of the current replacement scheme.

The BAM Nuttall settlement payment plus the purchase of 2 of their vehicles was completed at a cost of £0.561 million.

£2.3 million of grant aid has been provided for the provision of essential aids and adaptations giving disabled people better freedom of movement in and around their homes. A new home adaptation pilot scheme commenced in August. The stair lift contract has also been awarded to facilitate faster installation of lifts and hoists. These 2 factors combined have resulted in greater expenditure than originally envisaged.

The home improvement project provides a continuation of both financial assistance and intervention to remedy poor housing conditions in the private sector, including serious disrepair/hazardous housing conditions, low market demand and bringing long term empty properties back into productive use. Expenditure in the year was £0.5 million.

3.7.6 Economic and Housing Growth

Within the Programme is an allocation of £9.8 million for investment in properties. Closely linked to the progressing Wirral Growth Company it is intended to fund potential acquisitions which will, in turn, provide a revenue income stream to the Council. Acquisition of the Vue cinema was completed at a cost of £7.18 million. The acquisition of the leasehold interest in Birkenhead Market has also been completed at a cost of £2.61 million with the management of the Market returning to the council.

CAPITAL FINANCING

3.8 Table 3 details the resources used to finance the Capital Programme.

Table 3: Capital Financing 2018/19

Resources	Capital Strategy	Revised December	Actual Out-turn
	£000	£000	£000
Borrowing	33,584	25,466	19,364
Capital Receipts	14,162	14,076	14,339
Grants	21,198	14,418	14,786
Business Rates	6,000	0	0
Revenue and Reserves	0	0	11
Total Resources	74,944	53,960	48,500

- 3.9 The re-profiling referred to earlier has seen the schemes and associated funding deferred until 2019/20.

CAPITAL RECEIPTS

- 3.10 Table 4 shows the movements in the Capital Receipts Reserve during 2018/19. Receipts for the year totalled £13.590 million with £0.923 million available at 31 March 2019.
- 3.11 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support transformation of services that results in efficiencies. This has been reflected in the Capital Programme for 2018/19 onwards.

Table 4: Capital Receipts Reserve

	£000
Balance as at 1 April 2018	1,672
Add: Receipts during the year	13,590
Less: Used to part fund the Capital Programme	-476
Less: Flexible use of receipts to fund transformation schemes	-13,863
Balance as at 31 March 2019	923

- 3.12 The balance is available, if required, to fund any Transformation Programmes allowed under the Council's "Use of Flexible Capital Receipts".

4.0 FINANCIAL IMPLICATIONS

- 4.1 The capital expenditure for the year amounted to £48.500 million. This was funded from borrowing of £19.364 million, Government Grants of £14.786 million, capital receipts of £14.339 million and revenue/reserves £0.011 million.
- 4.2 The re-profiling of schemes from 2018/19 to 2019/20 has seen the funding similarly re-profiled. This includes the planned borrowing which has been deferred and has contributed towards the in-year savings on Treasury Management activities within the revenue budget.

5.0 LEGAL IMPLICATIONS

- 5.1 There is a legal requirement to publish a report on the capital spend and financing at the end of each financial year

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 There are none associated with this report which provides a summary of the expenditure and financing of the Capital Programme in 2018/19. The Programme has been monitored throughout the year and by reports to Cabinet.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 This is an end of year report. Consultation takes places as part of considering the capital programme and over the planning and implementation of the specific schemes within the Programme.

9.0 EQUALITIES IMPLICATIONS

- 9.1 There are no implications arising directly from this report which covers the overall programme and its funding for the financial year.

REPORT AUTHOR: Reg Huyton
Principal Accountant
Telephone 0151 666 3415
Email reghuyton@wirral.gov.uk

REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting in the UK 2018/19.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Out-turn 2015/16	18 July 2016
Cabinet - Out-turn 2016/17	26 June 2017
Cabinet - Out-turn 2017/18	16 July 2018
Cabinet – Budget 2018/19	19 February 2018
Council – Budget 2018/19	5 March 2018
Cabinet – Capital Monitoring 2018/19	Quarterly reports