



## **POLICY AND RESOURCES COMMITTEE**

**Tuesday, 15 February 2022**

<b>REPORT TITLE:</b>	<b>CAPITAL PROGRAMME 2022-27</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES (S151 OFFICER)</b>

### **REPORT SUMMARY**

This report provides Committee with the draft Capital Programme 2022/27 for consideration and referral to Council for approval. It also includes information regarding the revenue implications of this Programme and an update on the latest forecast for capital receipts.

The 2022/27 Capital Programme represents a combination of schemes originally approved as part of the 2021/26 Programme, updated through the Capital Monitoring reports in 2021/22 and new bids for inclusion as detailed in this report.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

### **RECOMMENDATION/S**

The Policy and Resources Committee is requested to recommend to Council:

- (1) the approval of the new bids as detailed in Appendix 2 to this report requiring £8.963 million borrowing for inclusion in the Capital Programme.
- (2) the approval of any new bids supported by grant funding do not commence until written confirmation has been received from the granting authority.
- (3) the approval of the Capital Programme 2022/27 (as detailed in Appendix 3 to this report).
- (4) request director of resources to present updates on the capital programme in accordance with the agreed capital monitoring arrangements.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 The purpose of the Capital Programme is to transform the way it operates in the medium to long term by taking opportunities from investment in digitalisation, assistive technology and a modern and efficient asset portfolio. This will enable the Council to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.
- 1.2 Links to the revenue budget ensure that revenue funding is provided to meet the financing costs, and any running costs, as a result of the Capital Programme investment.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 For a scheme to be included in the Capital Programme it must be supported by a Business Case which includes consideration of alternative options and has been reviewed by the Investment & Change Board (ICB)

### **3.0 BACKGROUND INFORMATION**

#### **CAPITAL STRATEGY**

- 3.1 The Capital Strategy is a key document that sets out the Council's medium to long term ambition. As the Medium-Term Financial Strategy sets out the plans for revenue, the capital strategy describes the strategic plan for economic growth, digitalisation and the use of assets and how these will support the Council to achieve its objectives.
- 3.2 An extensive and long-term capital programme is the key to prevention, better run services and a reduced revenue commitment over time. Significant investment in assets will enable those assets to be used more efficiently and effectively in the delivery of services and may, as a beneficial by-product, generate a revenue return to support the revenue budget.
- 3.3 The way the Council transacts with staff, residents and business has changed and will continue to do so at pace over coming years. The use of I.T presents an opportunity for staff to work in different ways and from anywhere to be able to reach-out to customers when it is convenient for them. Not all our customers are able to transact with the Council during normal business hours but investing in technology to enable them to do this whenever suits them provides for a more enhanced customer journey and to transact with the Council only once, to a satisfactory conclusion.
- 3.4 The Council's 'Digital, Data and Technology' strategy is written and will shortly be going through the Council's strategy approval process. The strategy provides the framework for the transformation of processes through Digitalisation and Automation, modernisation of the Customer Experience, and

improvements in our Data Analytics. The 'Digital, Data and Technology' strategy also focussed on increasing digital inclusion across the borough

- 3.5 Capital planning is one of the main drivers in future cost avoidance. With a population with more complex needs there is an opportunity to explore how we can support people to remain independent at an earlier stage and for longer with smart technology. By using insight and intelligence we can predict with more certainty where capital funding can be targeted to support those to support themselves. By investing early on in things like smart homes this will not only see a reduction in reactive revenue costs in future years but will provide an opportunity for people to remain independent for longer.
- 3.6 Over the term of the last Capital Strategy there has been significant investment in regeneration to support economic growth. The strategic acquisitions programme has enabled the Council to acquire key sites in the Borough to support the longer-term ambition for economic growth and housing. Capital funding is a key deliverable to regenerating the borough over the next decade. The Council's partnership with Wirral Growth Company will see significant investment right across the borough that will enable revenue income to be received that will replace lost grant funding and enable vital services to continue to be provided. As developments start to take shape, further income will be realised from new homes and new businesses in council tax and business rates which in turn will be re-invested to grow the local economy. Capital funding is the catalyst to making this happen.
- 3.7 The Capital Strategy does not stand alone. It is intrinsically linked to a suite of other documents which together will enable the achievement of the Council's long-term strategic ambition. These are:
- The Strategic Asset Management Plan which sets out how the Council and its partners will make the best use of its buildings and land in the future. This will be linked to future property purchase or consideration.
  - The Economic Strategy sets out the ambition for growing a strong economy in the Borough in conjunction with support from the Liverpool City Region. The strategy was approved by the Economy Regeneration & Development Committee on the 22 November 2021.
  - The Treasury Management Strategy which is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved.
  - The Commercial Strategy means ensuring that everything we do inside and outside the Council is done with a commercial mindset that will ensure we either generate a financial return or can demonstrate value for money in all activities.
  - The Medium-Term Financial Strategy in supporting the Council to remain financial sustainable by investing in cost saving and income generating projects to avoid high-cost reactive activity in future years

## **INVESTMENT AND CHANGE BOARD (ICB)**

- 3.8 The role of the ICB is to ensure alignment of investments against corporate priorities giving due consideration to risk. Amongst its functions are:
- the development, monitoring and review of the capital investment appraisal system, providing guidance when bids are submitted.
  - To assess, recommend, acceptance or rejection of capital bids in accordance with the above appraisal system.
  - Ensure that all bids for capital funding are aligned to Wirral Council strategies and the Wirral Plan.

## **CAPITAL PROGRAMME**

- 3.9 The Capital Programme details the schemes being undertaken over the medium term which help the Council achieve its objectives. It is aligned to the Wirral Plan and Medium-Term Financial Strategy. It is reviewed, updated and considered by Council each year as part of the annual budget setting process.
- 3.10 Government announcements may include grant support for specific themes, but other investment is based upon affordability. Additional grant funding may be announced during the year. The inclusion of any schemes funded from new grant notifications will be reported through the capital monitoring process.
- 3.11 In accordance with the original Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support expenditure that is 'Transformational' in nature. In a press release published on 10th February 2021, Government announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards.
- 3.12 It is assumed that new bids requiring Council funding will be financed from borrowing, enabling capital receipts to be used in funding further transformation projects which have a benefit to the revenue budget.

## **NEW SUBMISSIONS**

- 3.13 Each scheme should be supported by a business case which enables an assessment to be undertaken to ensure that it is either targeted to Council priority areas or fulfils statutory obligations. Individual bids have been scrutinised by the ICB for review. Schemes that are deemed suitable for progression are then sent on to Policy & Resources Committee before Council for full formal approval as per the requirements of the Council constitution.
- 3.14 Due to the restricted financial environment within which the Council must operate, ICB decide whether a proposed capital bid meets certain criteria if it is to progress to Committee. This assessment considers whether the bid is for essential health and safety works, does the bid present an 'invest to save'

opportunity, or is the scheme of significant strategic importance to the Authority.

- 3.15 Wherever financially viable, a bidding department is instructed that the cost of financing the Capital investment is to be met from either their existing revenue budgets or via additional income/cost savings that result from the investment. This approach re-emphasises a key factor that Capital investment is not 'free money'. Any borrowing incurred as a result of Capital expenditure is ultimately repaid via the revenue budget.
- 3.16 Capital bids can be submitted throughout the financial year for consideration, rather than just having one fixed programme at the start of the year. This enables to Council to better react to changing service requirements or incidents as they occur. Likewise, this flexibility in bid submissions allows for the possibility of new bids or supplementary bids, should the resource requirements of an existing bid change after inception. There may also be new opportunities for the Council to bid for external resource e.g., grants that become apparent during the year and the Council needs to be able to react to such potential.
- 3.17 As a consequence of adopting this flexible approach to allowing and assessing bids, the Capital Programme will evolve further as the financial year progresses. This will include new schemes that require funding in the current year as well as potentially funding in future years, along with schemes that then may require re-profiling in terms of their projected expenditure and timing.
- 3.18 The new capital submissions are included within Appendix 1 to this report.

### **2022/27 CAPITAL PROGRAMME**

- 3.19 In forecasting a 5-year Programme it is recognised that there are many variables and factors that will impact on future requirements. The Programme will be subject to regular review to ensure the most effective use of resources whilst providing the opportunity to update agreed schemes, bring forward deferred schemes as necessary and add any new schemes which will arise as new funding is identified and delivery plans are developed along with Council partners.
- 3.20 The 2022/27 Capital Programme represents a combination of:
  - a) Schemes approved as part of the 2021/26 Programme and updated through the Capital Monitoring reports in 2021/22. The table below reflects the Quarter 3 position 2021/22.

**Table 1: Capital Programme (per Quarter 3 21/22 Monitoring Report)**

<b>Analysis of Capital Programme</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult Care & Health	1,085	7,025	1,120	-
Children, Families & Education	5,965	10,172	2,500	2,500
Corporate Schemes	9,126	2,930	-	-
Neighbourhoods	19,690	16,512	3,234	-
Regeneration & Place	33,585	47,117	39,336	7,310
Resources	2,473	4,559	-	-
<b>Total Expenditure</b>	<b>71,924</b>	<b>88,315</b>	<b>46,190</b>	<b>9,810</b>
<b>Financing</b>				
Borrowing	39,699	47,611	24,015	7,310
Capital Receipts	2,124	2,930	-	-
Grants	30,101	37,627	22,175	2,500
Revenue/Reserve Contribution	-	147	-	-
<b>Total Financing</b>	<b>71,924</b>	<b>88,315</b>	<b>46,190</b>	<b>9,810</b>

- b) New bids for consideration at this meeting. The emphasis has been to ensure that the bids support the delivery of the Wirral Plan and the priorities within. Appendix 1 to this report provides a brief description of each scheme. Appendix 2 to this report provides details of the borrowing requirement and revenue implications of funding each scheme.

**Table 2: New bids for inclusion in the Programme**

<b>Service Area</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Children, Families & Education	693	-	-	-	-
Corporate Schemes	200	-	-	-	-
Neighbourhoods	286	-	-	-	-
Regeneration & Place	4,199	265	-	-	-
Resources	2,500	2,500	-	-	-
<b>Total</b>	<b>7,878</b>	<b>2,765</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note – there are fewer bids to be considered at this meeting compared to in previous years as the bid submission process has been amended to allow bid submission throughout the year, rather than at one deadline for inclusion in this programme setting report. See 3.16 – 3.17 above. A number of new bids are seeking Council approval via the Quarter 3 2021/22 Capital Monitoring report. This would allow works on successful bids to commence in 2021/22 rather than having to wait for 2022/23.

- 3.21 The proposed Capital Programme combines Tables 1 and 2 together with an estimate for continued grant to be received for Schools Modernisation of £2.5 million through to 2026/27 and also the inclusion of grant funding as stated in

3.30. Included in the estimate of 2023/24 is the potential for a food waste scheme, although at this time this scheme is deferred pending a full review once complete full details will be presented for approval. The level of capital receipts to be utilised in 2022/23 has increased by £0.65 million from the Quarter 3 2021/22 forecast. The detail of the programme can be found in Appendix 3 to this report.

**Table 3: Proposed Capital Programme 2022/27**

<b>Analysis of Capital Programme</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adult Care & Health	7,025	1,120	-	-	-
Children, Families & Education	10,865	2,500	2,500	2,500	2,500
Corporate Schemes	3,780	-	-	-	-
Neighbourhoods	18,648	3,234	-	-	-
Regeneration & Place Resources	66,411	45,437	9,390	-	-
	7,059	2,500	-	-	-
<b>Total Expenditure</b>	<b>113,788</b>	<b>54,791</b>	<b>11,890</b>	<b>2,500</b>	<b>2,500</b>
<b>Financing</b>					
Borrowing	53,590	26,780	7,310	-	-
Capital Receipts	3,580	-	-	-	-
Grants	56,471	28,011	4,580	2,500	2,500
Revenue/Reserve Contributions	147	-	-	-	-
<b>Total Financing</b>	<b>113,788</b>	<b>54,791</b>	<b>11,890</b>	<b>2,500</b>	<b>2,500</b>

3.22 Within the Council's Medium Term Financial Strategy (MTFS) a forecast is used to estimate the potential Capital programme over the next five years and its associated potential impact on revenue budgets. Rather than just focus on the programme that has been approved by Members, the estimate uses the average Capital expenditure over a five year period to forecast activity in years 3-5 of the period, in this instance from 2024/25 onwards. This estimate is for modelling purposes only, should the Authority continue to invest in Capital scheme as it has done in recent years and financed in a similar fashion.

**Table 4: MTFS Estimated Capital Programme 2022/27**

## Estimate of Capital Programme

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
<b>Total Expenditure</b>	<b>113,788</b>	<b>54,791</b>	<b>40,000</b>	<b>36,000</b>	<b>32,400</b>
<b>Financing</b>					
Borrowing	53,590	26,780	25,000	22,500	20,250
Capital Receipts	3,580	-	-	-	-
Grants	56,471	28,011	15,000	13,500	12,150
Revenue/Reserve Contributions	147	-	-	-	-
<b>Total Financing</b>	<b>113,788</b>	<b>54,791</b>	<b>40,000</b>	<b>36,000</b>	<b>32,400</b>

## CAPITAL RECEIPTS

- 3.23 Capital receipts at 1 April 2021 were £1.19 million. Table 5 assumes the proposed spend in Table 3 is agreed. Longer term projections can be updated as and when more information becomes available e.g., the interaction with Wirral Growth Company.
- 3.24 In accordance with the original Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support expenditure that is 'Transformational' in nature. In a press release published on 10th February 2021, the DLUHC announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards. Revised guidance will be issued in the near future regarding these flexibilities and conditions attached to the type of expenditure deemed appropriate.
- 3.25 The Council's asset portfolio is constantly under review in order to highlight those assets that Members may wish to consider for disposal, a critical decision given that funding for any Transformation Programmes is reliant upon the generation of capital receipts.

**Table 5: Projected Capital Receipts position**

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Opening Capital Receipts Reserve	1,190	1,216	1,216	1,216	1,216	1,216
Anticipated receipts	2,150	3,580	0	0	0	0
Required to fund Transformational schemes & EVR	(2,124)	(3,580)	0	0	0	0
Required to fund capital programme	0	0	0	0	0	0
<b>Closing Balance</b>	<b>1,216</b>	<b>1,216</b>	<b>1,216</b>	<b>1,216</b>	<b>1,216</b>	<b>1,216</b>

The opening Receipts Reserve balance of £1.19m is ringfenced due to the sale of school playing field sites, per the Department for Education. The estimated value of receipts to be achieved and their utilisation, for later years are still to be determined but will be updated through the Capital monitoring procedures.

### **GRANT FUNDING**

- 3.26 Wherever possible the Authority will continue to seek grant funding to either replace a known borrowing requirement or to enable Capital schemes to take place or be continued. In the event of any notable grant awards being achieved in the future, the relevant schemes will be introduced into the capital programme via the regular monitoring reports.
- 3.27 The Council has been offered two significant funding allocations, both in respect of 'Levelling Up' funds. Until such time as to when the Authority formally signs up to receive these allocations, these amounts will not be considered as part of the Capital programme. As stated above, progress on these funding streams will be reported via the regular monitoring reports.
- 3.28 On 27 October 2021, the Council received notification of the outcome of its submission to the first round of the Department of Levelling Up, Housing and Communities (DLUHC) Levelling Up Fund (LUF). This announcement set out that the Council had received its full requested allocation of £19,648,873 for a package of projects at Woodside.
- 3.29 The Liverpool City Region Combined Authority (LCRCA) has also received notification that it has been successful in its application to the Levelling Up Fund for £37,520,000, for a package of strategic transport infrastructure projects across the City Region, including projects as part of the Central Birkenhead Gateway. The Wirral allocation of the City Region LUF is £9,700,900.

- 3.30 On 15th July 2021, the Council received notification of the outcome of a submission it had made to MHCLG's (now DLUHC) Town Deal Programme. This announcement set out that the Council had been invited to enter into a Town Deal for Birkenhead, up to a value of £25,000,000, for capital regeneration projects that will create jobs and building a stronger and more resilient local economy. This 'in principle' award is offered subject to the successful completion and approval of businesses cases for the projects included in the bid submission. Both the Council and DLUHC have agreed the Heads of Terms.
- 3.31 The Council as administrator of the Town Deal programme has now received from DLUHC £1,250,000 which is 5% of the total Town Deal award. This grant is being disbursed to the 8 projects within the Town Deal programme to enable development of the business cases. If business cases are approved, DLUHC have advised that the first tranche of funding to commence delivery of the projects will be available in Summer 2022.

### **MEMBER CAPITAL POT**

- 3.32 Policy and Resources Committee 28th July 2021 asked for a proposal to be worked up allowing a percentage of the capital receipts being reinvested into some form of community fund to benefit the wards where assets were disposed of (See Appendix 4).
- 3.33 The above has been superseded by the outcome of the assurance reports which recommended that capital receipts are used firstly to fund the cost of the capitalisation Directive.
- 3.34 Informal discussion with party leaders found there was no unanimity in support, approach or operation of a capital pot. Examples being flat rate versus deprivation basis for allocation basis and or individual asset sale proceeds being reflected in allocation to local areas being another area of divergent views.
- 3.35 Limitations of capital use i.e., for asset creation or enhancement at a minimum value of £10,000 make the application of a pot difficult. Similar type spend of could be amalgamated where items are below £10,000.
- 3.36 Additional governance and administrative arrangements would be required for decision making.
- 3.37 Were a pot to be created, given the issues with capital receipts it would require funding from borrowing which would attract a revenue financing cost (determined by the asset life of the related spend).
- 3.38 For the above reasons no allocation has currently been assumed in the 2022/23 programme.

## 4.0 FINANCIAL IMPLICATIONS

- 4.1 The proposed 2022/27 Capital Programme is a combination of the currently approved Capital Programme, new bids and estimated Children’s grant. As the Programme stands this will require up to £87.7 million unsupported borrowing from 2022/23 to 2026/27.
- 4.2 The revenue borrowing costs associated with any re-profiled schemes had already been included in the previous budget assumptions and therefore do not represent an additional requirement.
- 4.3 The expenditure and funding of the Capital Programme are linked to Treasury Management. With the low interest available for investments the policy of temporary borrowing from positive internal cash flows has been continued. This policy, and the re-profiling of the Programme, defers the need for external borrowing delivering in-year savings but is not sustainable in the medium term. Where advantageous short-term borrowing will be used to fund the programme.
- 4.4 The revenue impact of the additional borrowing required to fund all the new bids, including those that it is proposed to defer, is:

**Table 6 Additional financing costs to fund new bids**

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Additional revenue cost	120	591	835	844	854

- 4.5 It is estimated that these costs will peak in 2029/30 at £0.882 million reflecting the fact that the principal repayment associated with debt (the Minimum Revenue Provision) increases over the expected life of the asset funded from borrowing.
- 4.6 Where a proposed bid includes the generation of additional income or cost saving as a result of the investment, a budget virement will be sought to the Treasury Management budget to offset the Capital repayments made via the revenue budget.
- 4.7 These projections might change during the year and the Programme and related Prudential Indicators will be updated accordingly.

## 5.0 LEGAL IMPLICATIONS

- 5.1 There are no legal issues arising directly from this report, should any such issues arise during an individual scheme, then these matters will be addressed.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 The Programme is about investment into the Council assets so does include schemes relating to IT and assets.

## **7.0 RELEVANT RISKS**

7.1 The Programme will not be delivered as projected. This could see individual schemes progressing ahead of, or being behind, the projected timetable. The regular monitoring and reporting of the Programme allows action to be taken to manage the financial position.

7.2 Capital receipts are below the level estimated. Regular reporting to ICB on progress of asset disposals allows the Capital Programme to be reviewed should this eventuality arise.

7.3 Interest rates increase to a level greater than budgeted for. Regular monitoring of economic forecasts should assist in determining the best time to borrow to fund the Programme.

7.4 In terms of individual scheme specific risks, these are identified as part of the original business case application and any potential risks to deliverability should be flagged as part of the ongoing scheme review process.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 There has been no specific consultation with regards to this report. In terms of the delivery of schemes consultation will take place as part of the scheme development and implementation.

## **9.0 EQUALITY IMPLICATIONS**

9.1 There are none arising directly from this report as they will be identified as each scheme is progressed. Individual schemes within the Programme will have a direct impact upon groups for example the Aids and Adaptations investment within Regeneration. Associated actions may need an Equality Impact Assessment and these will be done at the earliest possible time.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 Capital bids are welcomed that support the Council's Climate Emergency Plan that was compiled following the declaration of a Climate Emergency by the Council in May 2019. Within the Capital programme there are elements within the projects that positively contribute to environmental issues such as 'The Tree Strategy' and 'The Urban Tree Challenge'.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 The Community Wealth Building Strategy is a key part of how the Authority will tackle economic, social and health inequalities across the borough and make a major contribution to improving the economic, social and health outcomes on the Wirral. Schemes contained within the Capital programme include several regeneration projects that look to improve the economic outlook for the borough, including job creation, training facilities and enhanced transport links. The Community Wealth Building implications are reported for each scheme separately to the relevant policy and service committee
- 11.2 The programme also includes projects that focus on environmental initiatives such as energy efficient buildings, sustainable and green travel infrastructure, energy efficient street lighting, urban tree planting etc.

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## APPENDICES

- Appendix 1 – Capital Bids for the 2022/27 Capital Programme  
 Appendix 2 – Financial Summary of Capital Bids  
 Appendix 3 – Proposed Capital Programme 2022/23 to 2026/27.  
 Appendix 4 – Member Capitol Pot Proposal

## BACKGROUND PAPERS

- Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2020/21.  
 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
Budget Council – 2021/26 Capital Programme	1 <sup>st</sup> March 2021
Budget Council - 2021/22 Capital Financing Strategy	1 <sup>st</sup> March 2021
P&R Committee - 2020/21 Capital Outturn Report	30 <sup>th</sup> June 2021
P&R Committee – 2021/22 Capital Monitoring Q1	1 <sup>st</sup> September 2021
P&R Committee – 2021/22 Capital Monitoring Q2	10 <sup>th</sup> November 2021

## **APPENDIX 1**

### **Capital Bids for the 2022/27 Capital Programme**

#### **Enterprise Resource Planning - Top up (Funding Required £5.000m)**

Application for a 'top up' to the existing scheme which was initially approved at £10m. This was for the SmartBusiness Project to replace the 1Business Finance system (Oracle R11) and HR/Payroll Platform (Zellis ResourceLink) with a Cloud based Enterprise Resource Planning (ERP) solution.

In January 2021, due to unforeseen circumstances (urgent upgrade required for ResourceLink as on-prem solution support was being withdrawn), it was decided at the SmartBusiness Project Board that resource capacity would be insufficient to deliver the HR/Payroll at that time, therefore, a two phased approach was required. Phase 1 Finance to Oracle Cloud Fusion, 21/22, Phase 2 HR/Payroll to Oracle Human Capital Management (HCM). As a result, the £10m was revised down to £4.9m. This reduced budget was approved by Members as part of the revised programme back in Q3 20/21.

At a recent meeting of the Project Board, it was agreed to proceed with Phase 2 element of the project, the Hr/Payroll. It is now necessary to reinstate the original capital allocation to cover the cost of that implementation.

#### **Wirral Tennis & Sports Centre (Funding Required £1.364m)**

The proposed project is to redevelop the facility to meet the needs required for the local community to increase the amount of physical activity they undertake, contributing to better health and social outcomes for them.

This is a project developed using local intelligence and industry data. The new provision required includes soft and adventure play, café, gymnastics, studio and health space, new reception area and fitness space.

The total funding for the scheme is £2.540m. £1.176m is to be vired from two existing approved schemes:

1. Soft play areas – leisure £410k
2. Wirral Tennis facility upgrade £766k

#### **Children's System Development - Top up (Funding Required £0.693m)**

Application for 'top up' to existing approved capital scheme.

Further resource and capacity are required to ensure that the EYEs/SEND Project can be completed to the required standard.

It has been ascertained, following meetings with other Local Authorities who have already implemented EYEs, that Wirral will require substantially greater resource if we want to complete the major elements of the EYEs/SEND Project within timescale.  
**Woodchurch 3G Astroturf Pitch & Pavilion (Funding Required £0.600m)**

Wirral's Playing Pitch Strategy and Local Football Facilities Plan have highlighted the lack of Artificial Grass Pitch provision required to meet the level of demand presented by our Football Communities. This is backed by both Sport England, Cheshire FA and the Football Foundation.

Wirral has embarked on a journey to tackle this issue by partnering with the organisations mentioned, in order to secure the financial and developmental support needed to build appropriate facilities in appropriate places.

Over the last 18 months the Football Foundation, as the main funder, has earmarked Wirral Council as a 'Beacon Authority' due to the way the partnership and projects have been developed. Meetings are held regularly at all levels of seniority within Wirral and the Football Foundation. There is a real will to see these projects develop.

Woodchurch specifically, will see a supersized 3G pitch and supporting pavilion building...a one of its kind development across the country and a flagship project for Wirral Council.

The project in its entirety is expected to cost approximately £1.600m, with £1.000m of that funding being secured from external sources (Football Foundation).

The project is subject to planning permission.

### **Birkenhead Town Centre Master planning & Housing Delivery (Funding Required £0.400m)**

This project involves critical enabling work to:

- Enable the further comprehensive detailed master planning of Birkenhead Town Centre and Grange Road West.
- Engage appropriate specialist advice in relation to urgent delivery of key regeneration projects including key residential projects at Europa Boulevard Phase 1, St Werburgh's.
- Undertake a strategic review of the future development of the town centre area in light of emerging changes to the Council's regeneration delivery arrangements.
- Establishing an implementation/delivery strategy for the future redevelopment/regeneration of the town centre.

### **Wirral Tennis & Sports 3G Pitch (Funding Required £0.240m)**

Wirral's Playing Pitch Strategy and Local Football Facilities Plan have highlighted the lack of Artificial Grass Pitch provision required to meet the level of demand presented by our Football Communities. This is backed by both Sport England, Cheshire FA and the Football Foundation.

Wirral has embarked on a journey to tackle this issue by partnering with the organisations mentioned, in order to secure the financial and developmental support needed to build appropriate facilities in appropriate places.

Over the last 18 months the Football Foundation, as the main funder, has earmarked Wirral Council as a 'Beacon Authority' due to the way the partnership and projects have been developed. Meetings are held regularly at all levels of seniority within Wirral and the Football Foundation. There is a real will to see these projects develop.

Wirral Tennis and Sports Centre specifically, will see a standard full size 3G pitch and supporting car park.

The project in its entirety is expected to cost approximately £1.000m, with £0.760m of that funding being secured from external sources (Football Foundation).

The project is subject to planning permission.

### **Capitalisation of Legal Salaries (Funding Required £0.200m)**

This capitalisation of staff costs involves critical work to support the delivery of the Regeneration Programme, which includes £108m of secured capital funding that requires a staff structure to ensure that the capital funding is spent as detailed in the Grant Offer letters.

There is the likelihood that further external capital funding will be secured which will require resource and capacity to deliver.

### **Ashton Park Lake (Funding Required £0.147m)**

The project is to see the de-silting and dredging of the Lake at Ashton Park. The Lake is a key asset and a part of the tourist attractions of West Kirby. The state of the Lake is seen as a threat to the retention of the prestigious Green Flag Award for the Park.

The Lake was last dredged over 20 years ago and has been filling up with debris and silt. Without this project, the Lake will continue to silt up. The Friends of Ashton Park and the Model Boat Club are key partners within Ashton Park and are keen to see the Lake restored.

As a Council attraction it provides revenue to a number of other areas within the authority and supports the local economy as a visitor attraction. If these works are not undertaken consideration will need to be given to the options set out in section 3 of the bid, including the loss of the lake and its wildlife.

### **Liscard Town Centre Delivery (Funding Required £0.100m)**

Liscard Town Centre is an important retail centre which has seen limited investment in recent years and now suffers from above average vacancy rates, poor environmental quality, vandalism and anti-social behaviour and a limited leisure and cultural offer and night-time economy.

The Liscard Neighbourhood Framework was approved as the regeneration strategy for Liscard at the 22 November 2021 meeting of Economy, Regeneration & Development Committee (Minute 8 refers).

The Council has recently been successful in its application for £80,000 of pre-development funding from the Liverpool City Region Combined Authority (LCRCA), to support work on a delivery strategy for Liscard. The LCRCA funding requires evidence of match funding.

### **West Kirby Masterplan (Funding Required £0.080m)**

In line with the objectives of the Wirral Plan completion of a Neighbourhood Framework and masterplan for West Kirby will enable the Council to complete a review of land holdings and assess options for the improvement of the Concourse. This work on the Concourse could achieve the following benefits

- Potential capital receipts from the sale of surplus land
- Potential saving of holding revenue costs arising in the event of voids
- Potential saving of maintenance and improvement costs to existing buildings

It is urgently required to prevent inappropriate piecemeal development via a submitted planning application for residential development on the Fire Station Site which will prejudice the potential comprehensive improvement of the Concourse area in particular.

### **Funds to be re-purposed from the Birkenhead Delivery Fund**

#### **Plymyard Cemetery Roadways (Funding Required £0.075m)**

The roadways and pathways within Plymyard cemetery are unsafe. Over a period of time the surfaces have been worn away, contain large potholes and in some places are irregular, uneven and too narrow. The cemetery site, which is constantly expanding and gaining increasingly more visitors per year, has now expanded into sections of the site where the roadway is too narrow for cars to drive down safely.

In addition, the Council has recently sold the Cemetery Lodge, with the access route for vehicles being through the cemetery.

Work is required to address these issues.

### **Funds to be re-purposed from the Health & Safety – Condition Surveys**

#### **Essential Health & Safety - Wirral Country Park (Funding Required £0.064m)**

Increased footfall has caused erosion and compaction of unconsolidated (non-tarmacked) paths where the loose material now has potholes, undefined edging and

other trip hazards. Fencing has been damaged by visitors to create new access routes and maintain social distancing and in places this has resulted in erosion where grass has been trampled.

These issues are outside of 'normal wear and tear' and require investment in order address the significant risks to the public and to support access to the park. In the last few months there have been three claims against Wirral Council for poor access at Wirral Country Park.

**Funds to be re-purposed from the Health & Safety – Condition Surveys**

## APPENDIX 2

### Financial Summary of Capital Bids

<b>Description</b>	<b>Borrowing Required £000</b>	<b>Revenue Cost 2022/23 £000</b>	<b>Revenue Cost 2023/24 £000</b>	<b>Revenue Cost 2024/25 £000</b>	<b>Revenue Cost 2025/26 £000</b>	<b>Revenue Cost 2026/27 £000</b>
Enterprise Resource Planning - Top up	5,000	50	335	573	580	587
Wirral Tennis & Sports Centre	1,364	27	61	62	63	63
Childrens System Development - Top up	693	14	109	110	112	113
Woodchurch 3G Astro turf Pitch & Pavilion	600	12	27	27	28	28
Birkenhead Town Centre Masterplanning & Housing Delivery	400	3	9	12	12	13
Wirral Tennis & Sports 3G Pitch	240	5	27	28	28	28
Capitalisation of Legal Salaries	200	4	6	6	6	7
Ashton Park Lake	147	3	12	12	12	12
Liscard Town Centre Delivery	100	2	3	3	3	3
West Kirby Masterplan	80	1	2	2	2	2
Plymyard Cemetery Roadways	75	2	5	5	5	5
Essential Health & Safety - Wirral Country Park	64	1	2	2	2	2
<b>Total</b>	<b>8,963</b>	<b>124</b>	<b>600</b>	<b>844</b>	<b>853</b>	<b>864</b>

Notes to Appendix 2:

The estimated revenue costs factor in both the repayment of capital, via the Minimum Revenue Provision and the estimated interest cost associated with the borrowing required.

Revenue costs will increase year on year due to the nature of the Minimum Revenue Repayment (MRP) repayment calculation, which is based on an annuity repayment profile.

Where a proposed bid includes the generation of additional income or cost saving as a result of the investment, a budget virement will be sought to the Treasury Management budget to offset the Capital repayments made via the revenue budget.

## APPENDIX 3

### Proposed Capital Programme 2022/23 to 2026/27

#### In Summary:

<b>Analysis of Capital Programme</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adult Care & Health	7,025	1,120	-	-	-
Children, Families & Education	10,865	2,500	2,500	2,500	2,500
Corporate Schemes	3,780	-	-	-	-
Neighbourhoods	18,648	3,234	-	-	-
Regeneration & Place	66,411	45,437	9,390	-	-
Resources	7,059	2,500	-	-	-
<b>Total Expenditure</b>	<b>113,788</b>	<b>54,791</b>	<b>11,890</b>	<b>2,500</b>	<b>2,500</b>
<b>Financing</b>					
Borrowing	53,590	26,780	7,310	-	-
Capital Receipts	3,580	-	-	-	-
Grants	56,471	28,011	4,580	2,500	2,500
Revenue/Reserve Contributions	147	-	-	-	-
<b>Total Financing</b>	<b>113,788</b>	<b>54,791</b>	<b>11,890</b>	<b>2,500</b>	<b>2,500</b>

**In Detail:**

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adult Care and Health</b>					
Better Care Fund (Disabled Facilities Grant)	433				
Extra Care Housing	4,967				
Liquidlogic - Early Intervention & Prevention	125				
Telecare & Telehealth Ecosystem	1,500	1,120			
<b>Total Adult Care and Health</b>	<b>7,025</b>	<b>1,120</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children, Families &amp; Education</b>					
Basic Needs	388				
Children's System Development	1,096				
School Condition Allocation (SCA)	7,520	2,500	2,500	2,500	2,500
Family support	157				
High Needs Provision Capital	120				
PFI	52				
School remodelling and additional classrooms (School Place F	437				
Special Educational Needs & Disabilities	829				
Transforming Care - Therapeutic Short Breaks	266				
<b>Total Children, Families &amp; Education</b>	<b>10,865</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
<b>Corporate Schemes</b>					
Capitalisation of Legal Salaries	200				
Transformational Capitalisation	3,580				
<b>Total Corporate Schemes</b>	<b>3,780</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
<b>Neighbourhoods</b>					
Ashton Park Lake	147				
Beach Cleaning - Replacement of equipment	94				
Birkenhead Park World Heritage Project Team	85				
Bridges excluding Dock Bridge	143				
Cemetery Extension & Improvements (Frankby)	100				
Coastal Defence - Meols Feasibility Study	70				
Combined Authority Transport Plan (CATP)	1,000				
Coronation Park Sustainable Drainage	190				
Dock Bridges replacement	200				
Essential H&S Access Improvements @ Wirral Country Park	64				
Fitness Equipment	4				
Food Waste		3,200			
Future Golf - Project 1.1	340				
Highways Asset Management System	56				
Moreton Sandbrook Drainage	415				
New Ferry Rangers Community Clubhouse	1,042				
Parks Machinery	2,635				
Parks Vehicles	1071				
People's Pool Feasibility Study	67				

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
<b>Neighbourhoods (continued)</b>					
Play Area Improvements	233				
Plymyard Cemetery Roadways	75				
Plymyard Playing Field	147				
Street Lighting -Illuminated Lighting and Signage	182				
Tree Strategy	57	34			
Urban Tree Challenge Fund	299				
West Kirby Flood alleviation	7,174				
Williamson Art Gallery Catalogue	38				
Wirral Country Park Car Park Surfacing	40				
Wirral Tennis Centre - 3G Pitch	1,000				
Woodchurch Rd Drainage	80				
Woodchurch Sports Pavillion	1,600				
<b>Total Neighbourhoods</b>	<b>18,648</b>	<b>3,234</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Regeneration &amp; Place</b>					
Active Travel Tranche 1	90				
Active Travel Tranche 2	1,500				
Aids, Adaptations and Disabled Facility Grants	1,600				
Arrowe Country Park - New Machine Shed & Wash Bay	186				
Arrowe Country Park Depot: Re-Surfacing, Material Bays	40				
Bebington Oval Facility Upgrade	701				

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Regeneration &amp; Place (continued)</b>					
Birkenhead Park Event Infrastructure	164				
Birkenhead Regeneration Delivery Fund	1,350				
Birkenhead Regeneration Framework	85				
Birkenhead Town Centre Masterplanning & Housing Delivery	135	265			
Capitalisation of Regen Salaries	1,600				
Castleway & Leasowe Early Years	1,170				
Central Park Compound	0				
Clearance of Land Schemes	380				
Connecting Wirral Waters: Detailed Design	550				
Consolidated Library Works Fund	290				
Depot Welfare Improvements	230				
Empty Property Grant Scheme	310	310	310		
Energy efficient buildings	900				
Floral Pavilion	175				
Future High Streets - Birkenhead	7,133	14,130			
Future High Streets - New Ferry	2,685				
Health & Safety - Condition Surveys	3,467	2,500	2,500		
Heswall Day Centre	127				
Housing Infrastructure Fund Marginal Viability (Northbank)	40				
Hoylake Golf works depot demolish and replace	54				
Leasowe Leisure Centre/Evolutions	1,720				

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
<b>Regeneration &amp; Place (continued)</b>					
Leisure Capital Improvement Programme	660				
Lever Sports Pavilion	80				
Liscard Town Centre Delivery	100				
Major Infrastructure Development & Strategic Transport Forward	262				
Maritime Knowledge Hub	10,650	10,650			
Moreton Youth Club & Library	980				
New Ferry Regeneration Strategic Acquisitions	320	118			
Office Quarter Building Fit-Out	660	4,613			
Parks and Countryside (Equalities Act)	430				
Pool Covers	72				
Soft Play Areas Leisure Centres	410				
Strategic Acquisition Fund	2,619	1,800			
Sustainable Urban Development - Leasowe to Seacombe Corridor	991				
Transport Advisory Group Business Case-A41 Corridor North	215				
Town Deal Fund - Birkenhead	17,084	5,836	2,080		
West Kirby Concourse/Guinea Gap Reception upgrade / improve	351				
West Kirby Masterplan	70	10			
Wirral Tennis & Sports Centre	1,364				
Wirral Tennis Centre - Facility Upgrade	766				
Wirral Waters Investment Fund	1,645	5,205	4,500		
<b>Total Regeneration &amp; Place</b>	<b>66,411</b>	<b>45,437</b>	<b>9,390</b>	<b>0</b>	<b>0</b>

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Resources</b>					
Creative & Digital Team - specialist software and hardware	15				
Customer Experience Improvements Project	856				
Enerprise Resource Planning (ERP)	5,735	2,500			
Replacement of ITSM	331				
Upgrade of WIFI Network	122				
<b>Total Resources</b>	<b>7,059</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROGRAMME</b>	<b>113,788</b>	<b>54,791</b>	<b>11,890</b>	<b>2,500</b>	<b>2,500</b>

## APPENDIX 4

### Member Capital Pot Proposal

- 1.1 Policy and Resources Committee 28th July 2021 asked for a proposal to be worked up allowing a percentage of the capital receipts being reinvested into some form of community fund to benefit the wards where assets were disposed of.
- 1.2 A number of discussions were held with party leaders to ascertain views. There was no unanimity in terms of an approach. Issues raised were:
  - Support for a member capital pot. This was welcomed by most but there was also a view that the resources would be best allocated against Council priorities and not by localised member decisions
  - Link to Asset Sales: Differences as to how to allocate with most stating that an allocation linked to individual assets would lead to distortion and 'winners and losers' with some wards having few assets to dispose of.
  - Allocation methodology: Differences as to whether a flat amount should be allocated per area or whether other factors such as deprivation should drive the amount allocated.
  - Area basis: Views were expressed that any allocation could be on a constituency wide basis to enable a n adequate allocation amount although others thought wards or 'neighbourhoods' could be used.
  - Value of allocation: Views ranged from a percentage of up to 10% of asset values with a to be agreed ceiling to a maximum of £50,000 per constituency per year.
  - Decision making for scheme allocation. Ranging from use bespoke process and scoring involving officers and members to use of corporate capital programme criteria per paragraph 3.9.
- 1.3 Since work commenced on this proposal the assurance review has been undertaken reported a number of recommendations in respect of capital receipts
  - Review its capital programme and ensure that it has identified realistic capital programme pressures in 2023-26 so that it can assess the overall impact on Council borrowing.
  - Dispose of sufficient assets to obviate the longer-term need for borrowing under the capital direction.
  - Note that capital receipts being generated on the operational portfolio from the 10 properties identified in the Asset Consolidation and Staff Relocation Programme are being re-directed to the funding of the new Birkenhead Commercial District development.

- 1.4 Capital Receipts are also required to aid the financing the 2021/22 revenue budget for transformation activity.
- 1.5 Capital can only be used for asset creation or enhancement with a deminimis value of value of £10,000. It is possible for similar types of expenditure to be treated as a programme of activity which could assist lower values being brought together. These items though would need to be similar in nature and a clear narrative would be required to explain.
- 1.6 Given the low values involved it is unlikely that capital items would be of a strategic nature. A mechanism would be required to priorities bids and deal with any over subscription against funds.

## **Conclusions**

- 2.1 Given the issues described above including the assurance report recommendations it would be extremely difficult to allocate monies from capital receipts to a member pot.
- 2.2 In discussions with Leaders there was no unanimity regarding creation of a pot, the basis funds should be allocated upon, size of pot or prioritisation method.
- 2.3 Should the above be resolved; any pot would require a system to be devised outside of the existing capital prioritisation arrangements to administer the arrangements.
- 2.4 If capital receipts are not available as a source, the pot would require funding from general Council borrowing. This would add to revenue pressures through financing costs. The exact impact would be dependent upon the asset life relating to the incurred expenditure.
- 2.5 A flat rate annual £50,000 per constituency funded from borrowing would add £200,000 to the capital programme. Administrative arrangements would require determining for assessing and agreeing bids. This may have political issues where members from different parties are involved in the same geographical area.
- 2.6 A flat rate approach would not gain full support but would make allocation of overall budget simpler. The other issues would remain.
- 2.7 For the above reasons, no allocation has been made in the 2022/23 capital programme for this purpose.
- 2.8 If any members wanted to add schemes to the capital programme, this can still be done via the relevant officer who will submit a bid through the agreed process.