

**WIRRAL COUNCIL
CABINET**

11 JULY 2013

SUBJECT	CAPITAL MONITORING 2013-14 MONTH 2 (MAY 2013)
WARD/S AFFECTED	ALL
REPORT OF RESPONSIBLE PORTFOLIO HOLDER	INTERIM DIRECTOR OF FINANCE COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1. EXECUTIVE SUMMARY

This report sets out the capital position for 2013-14 at Period 2 (May 2013) and actions to minimise risk.

2. RECOMMENDATIONS

2.1 That Cabinet is asked to note:

a) the spend to date at Month 2 of £1.964m, with 16.7% of the financial year having elapsed.

2.2 The Cabinet is asked to agree:

b) the revised Capital Programme of £50.457m (Table 1 at 4.1);

c) the additional slippage from 2012-13 of £0.246m and the anticipated slippage of £1.150m into 2014-15;

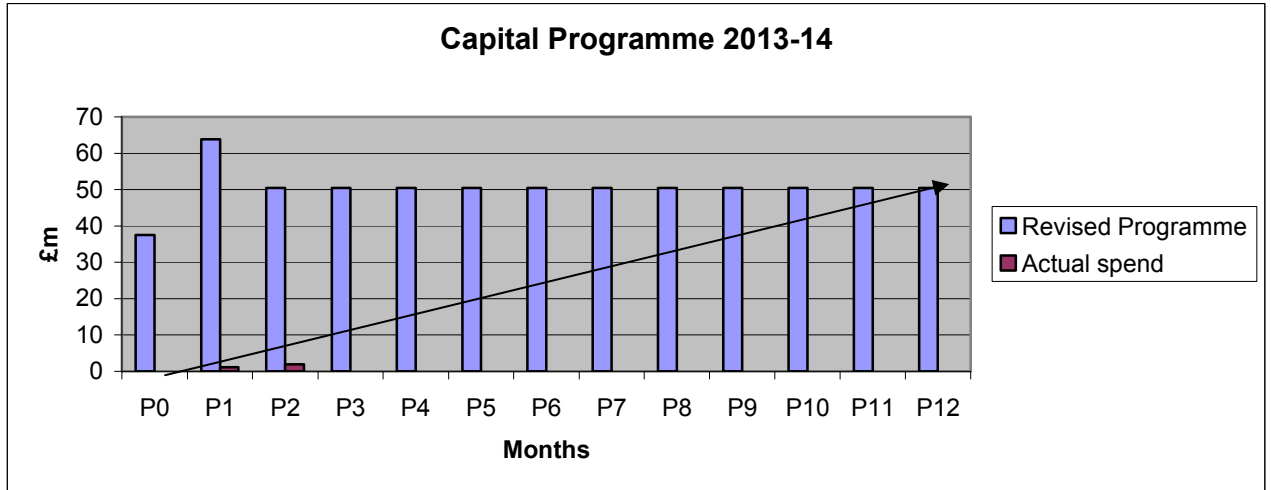
d) the re-profiling of two major schemes into 2014-15, totalling £12.6m; and

e) the receipt of additional Local Sustainable Transport grant of £0.100m.

3 OVERALL POSITION AT PERIOD 2 (May 2013)

3.1 The projected capital forecast for the year, at Month 2 shows a potential outturn of no overspend or underspend but includes the slippage and re-profiling referred to above. The issue of re-profiling has been introduced to try and more accurately reflect how major schemes are progressing compared to the newly introduced "Gateway" system for capital schemes. Feasibility studies have not been completed and such the first gateway has not been reached.

Chart 1: Capital Programme spend below line of best fit



4 ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2013-14

4.1 The capital budget for 2013-14 is subject to change. The Period 2 monitor shows the programme agreed by this Committee on 13th June. Further approval is requested for additional slippage (£1.150m) and re-profiling (£12.6m).

Table 1: Capital Programme 2013-14 at Period 2 (May) £000's

	Capital strategy	Changes approved by Cabinet	Slippage to be approved by Cabinet	Other changes to be approved	Revised Capital Programme
Invest to save	1,400	0	0	0	1,400
Bids to release assets	1,053	2,457	0	0	3,510
People - Adults	11,025	625	-1,150	-8,600	1,900
People - CYP	10,286	9,925	0	-4,000	16,211
Places - Regeneration	5,979	6,408	246	0	12,633
Places - Environment	7,196	5,772	0	100	13,068
Trans & Res -Finance	210	0	0	0	210
Trans & Res - Asset Mgt	315	1,210	0	0	1,525
Total expenditure	37,464	26,397	-904	-12,500	50,457

4.2 A summary of the variations to be approved by Cabinet for Period 2 is set out below.

Table 2: Requests to vary the 2013-14 programme £000's

	Changes to be Approved By Cabinet	Explanation (A) Policy (B) Items previously deferred (C) Additional funding (D) Slippage (E) Re-profiling
People – Adults	-750 -400 -8,600	The development of the transformation of day service programme was dependent on the outcome of the budget option report presented to this committee on 13th June. (D) The integrated I.T. Scheme is now expected to commence in September. (D) The L.D. Extra Care Housing scheme is currently at the planning stage involving discussions with housing and private sector providers of learning disability care. (E)
Places - Environment	100	Additional local sustainable transport grant has been received. (C)
People - Children's & Young People	-4,000	DFE capital maintenance allocation. The receipt of one year allocations will again result in the need to re-profile a number of schemes to allow for consultation, design, scoping and procurement before commencement. (E)
Places - Regeneration	246	Following the closure of the 2012-13 accounts there are a number of additional schemes that require additional slippage in order for them to progress e.g. New homes bonus and empty property interventions (D)
Total expenditure	-13,404	

4.3 The Council is awaiting the announcement of a Government scheme to 'capitalise' statutory redundancy costs. As there was no scheme in 2012-13, the amount held by the DCLG will be over-subscribed. There is no certainty that the Council will succeed in its bid. If the bid was successful it would add to the programmed spend, which would be funded from Capital Receipts.

4.4 The latest position regarding the co-location of Pensby/Stanley schools was reported on 13 June. It highlighted the reason for the anticipated additional cost of £1.038m and how these costs would be accommodated - £0.833m grant, £0.120m council resources and £0.085 school contribution. Weekly risk management meetings are being held to monitor and mitigate against the effects of any further increases to the project costs.

5 PHASING OF THE PLAN – THE USE OF GATES

5.1 Since February, officers have embarked on implementing a system – Concerto - that will tell them how all the schemes in the capital programme are progressing. Instead of only having two scheme measures, being 'start' and 'completed', we will be able to look 'inside the box' and see the progress of a scheme. The aim is

to have it working by end-July. Table 3 examples the Gates for the Capital Receipts programme.

Table 3: example of five Gates for Capital Receipts

Gate	Activity by Quarters
Conceptual Stage	Identification of potential disposal
Approval Stage	Agreement in principal by Asset Review Board
Delivery Stage	Approval to disposal and method of disposal
Finished Stage	Agreement to final terms
Closure Stage	Legal completion and receipt of monies

- 5.2 The benefit of the system is that each scheme will be planned across the year(s), initially in Quarters, and progress can be tracked. Further, all the schemes can be 'added up', so we will have a predicted phasing for the whole capital programme, over three years.
- 5.3 Having this information will enable us to intervene where schemes are slipping, navigate around 'choke points' where everything is happening at once, and plan the funding of the programme, so we can manage to finer tolerances. For example, historically, the Council has always carried a high level of capital receipts, to cover risk, rather than using them.

6 ACTUAL SPEND TO DATE – IS THE PROGRAMME 'ON PLAN'?

- 6.1 Until the Concerto system is in place, we will continue to use the general measure of progress introduced last year. The actual capital expenditure at Period 2 is £1.964m with 16.7% of the financial year having elapsed. .

Table 4: Spend to date May (2/12 = 16.7%)

	Spend to date		Comments on variation RAG
	£000	%	
Invest to save	0	0	Green -acceptable
Bids to release assets	34	1.0	Green -acceptable
People - Adults	0	0	Green -acceptable
People - Children's & Young People	858	5.3	Green -acceptable
Places - Regeneration	579	4.6	Green -acceptable
Places - Environment	182	1.4	Green -acceptable
Trans & Res -Finance	99	47.1	Green -acceptable
Trans & Res - Asset Mgt	212	13.9	Green -acceptable
Total expenditure	1,964	3.7	

- 6.2 The table below will be updated with more detailed forecasts in subsequent reports.

Table 5: Projected Outturn compared to Revised Budget £000's

	Revised Budget	Projected Outturn	Variation
Invest to save	1,400	1,400	0
Bids to release assets	3,510	3,510	0
People - Adults	1,900	1,900	0
People - Children's & Young People	16,211	16,211	0
Places - Regeneration	12,633	12,633	0
Places - Environment	13,068	13,068	0
Trans & Res -Finance	210	210	0
Trans & Res - Asst Mgt	1,525	1,525	0
Total Expenditure	50.457	50,457	0

7 SCHEMES THAT ARE NOT KEEPING TO PLAN.

7.1 The purpose of this section is to highlight schemes that are not keeping to plan and the range of responses that are needed. At this point in the cycle there are no such schemes.

8 FINANCING OF THE CAPITAL PROGRAMME

8.1 Table 6 summarises the financing sources and changes made to Period 2. The major changes proposed, since the capital programme was approved in March 2013 are:

the use of unsupported borrowing to finance slippage and new schemes;
the use of grant funding not required in 2012-13 which will fund the associated slippage in expenditure; and
to deploy spare capital receipts.

Table 6: Revised Capital Programme Financing 2013-14 £000's

Capital Programme Financing	Capital Strategy	Changes approved by Cabinet	Budget changes to be approved by Cabinet	Revised 2013-14 Programme
Unsupported Borrowing	7,920	10,764	-2,467	16,217
Capital Receipts	3,121	4,075	0	7,196
Revenue and Reserves	888	1,243	82	2,213
Grant – Education	8,786	7,746	-4,000	12,532
Grant – Integrated Transport	1,136	0	0	1,136
Grant – Local Sustainable Transport	695	295	100	1,090
Grant – Local Transport Plan	2,864	522	0	3,386
Grants – Other	12,054	1,752	-7,119	6,687
Total Financing	37,464	26,397	-13,404	50,457

9 PROJECTED LONGER TERM CAPITAL PROGRAMME

9.1 Funding for the forecast 2013-14 to 2015-16 capital programme is shown in Table 7.

Table 7: Capital Programme Financing 2013-14 to 2015-16 £000's

Capital Programme Financing	2013-14 Revised Estimate	2014-15 Revised Estimate	2015-16 Original Estimate	Total Programme
Unsupported Borrowing	16,217	5,327	1,300	22,844
Capital Receipts	7,196	2,838	1,000	11,034
Reserve Reserves	2,213	0	0	2,213
Grant – Education	12,532	5,607	357	18,496
Grant – Integrated Transport	1,136	1,155	0	2,291
Grant – Local Sustainable Transport	1,090	676	0	1,766
Grant – Local Transport Plan	3,386	2,699	0	6,085
Grants – Other	6,687	7,850	0	14,537
Total Financing	50,457	26,152	2,657	79,266

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

- 10.1 The cost of £1 million of Prudential Borrowing would result in additional revenue financing costs of £100,000 per annum in the following year. As part of the Capital Strategy 2013-14 to 2015-16 the Council has included an element of prudential borrowing. At Period 2 there is a sum of £22.8m of new unsupported borrowing included over the next three years, which will result in approximately £2.8m of additional revenue costs detailed at Table 8, if there is no change in strategy.

Table 8: Unsupported Borrowing Forecasts & Revenue costs £000's

	2013/14	2014/15	2015-16	2016-17	Total
New Unsupported borrowing	16,217	5,327	1,300	-	22,844
Cumulative		21,544	22,844		
Cumulative Annual Revenue repayment costs		1,622	2,154	2,284	

- 10.2 However, the Unsupported Borrowing has to be divided into that for which there is planned support – a spend to save scheme – and the truly unsupported schemes.

Table 9: Analysis of Unsupported Borrowing

	2013/14	2014/15	2015-16	TOTAL
Spend to save	6,510	420	300	7,230
Other borrowing	9,707	4,907	1,000	15,614

11 CAPITAL RECEIPTS POSITION

- 11.1 The Council has worked with the LGA to review the Assets – a report was presented to Chief Officers on May 7. A stand out comment was that the Council could realise £20m from asset disposals by 2015, some of which has already been counted into Table 10 below. Work is being undertaken to identify which of the receipts in the table below are included in this assessment.

- 11.2 The capital programme is reliant on the Council generating capital receipts to finance the future capital programme schemes. The Capital Receipts Reserve at 1 April 2013 contained £8.1m of receipts. The table assumes the proposed spend, set out at 4.1 is agreed.

Table 10: Projected capital receipts position – funding requirement £000's

	2013/14	2014/15	2015-16
Capital Receipts Reserve	8,100	2,404	7,016
In - Receipts Assumption	1,500	7,450	n/a
Out - Funding assumption	-7,196	-2,838	-1,000
Closing Balance	2,404	7,016	6,016

- 11.3 At the end of May the Council had received £0.823m usable capital receipts which are detailed in Annex 4.
- 11.4 Details of the schemes to be funded by capital receipts in 2013-14 can be found in Annex2.
- 11.5 Paragraph 4.3 noted the possibility of more spend - Redundancy costs – which would be funded from capital receipts.

12 RELEVANT RISKS

- 12.1 The possible failure to deliver the Capital Programme will be mitigated by the fortnightly review by a senior group of officers, charged with improving performance.
- 12.2 The generation of capital receipts could well be influenced by factors outside the authority's control e.g. ecological issues.
- 12.3 Capacity shortfalls are being addressed though the development of closer working with the LGA and Local Partnerships.

13 OTHER OPTIONS CONSIDERED

- 13.1 None.

14 CONSULTATION

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

15 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

16 RESOURCE IMPLICATIONS

- 16.1 The whole report is about significant resource implications.

17 LEGAL IMPLICATIONS

- 17.1 There are no legal implications.

18 EQUALITIES IMPLICATIONS

18.1 An Equality impact assessment is not attached as there are none.

19 CARBON REDUCTION IMPLICATIONS

19.1 None.

20 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

20.1 None.

21 REASONS FOR RECOMMENDATIONS

21.1 Regular monitoring and reporting of the capital programme will enable decisions to be taken faster which may produce revenue benefits and will improve financial control of the programme.

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SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports, from September 2012, are being submitted monthly.	
Capital programme submitted to Council	5 th March 2013

Annexes:

- Annex 1 Capital monitoring and reporting timetable 2013/14**
- Annex 2 Revised Capital programme and funding source**
- Annex 3 Deferred unsupported capital schemes**
- Annex 4 Capital Receipts**

Annex 1

CAPITAL MONITORING AND REPORTING TIMETABLE 2013/14

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Reports Available For The Executive Strategy Group	Reports Available For Cabinet	Reports Available For Council Excellence Overview & Scrutiny Committee
			Monthly	Monthly	Quarterly
1	April	May 8	May 28	June 13	-
2	May	Jun 7	June 18	July 11	-
3	June	Jul 5	Aug 20	Sept 5	01-Oct
4	July	Aug 7	Sept 24	Oct 10	-
5	August	Sept 6	Sept 24	Oct 10	-
6	September	Oct 7	Oct 22	Nov 7	27-Nov
7	October	Nov 7	Dec 2	Dec 18	-
8	November	Dec 6	Jan 19	Feb 4	-
9	December	Jan 8	Feb 1	Feb 17	26-Mar
10	January	Feb 7	Feb 25	Mar 13	TBC
11	February	Mar 7	TBC	TBC	TBC
12	Outturn (Provisional)	TBC	TBC	TBC	TBC

ANNEX 2 PROPOSED CAPITAL PROGRAMME AND FUNDING CABINET 11 JULY 2013

Department	Programme manager	Capital Strategy	Changes approved	Slippage to be approved	Re-profiling to be approved	Other changes to be approved	Total Programme	Borrowing	Receipts	Revenue / Reserves	Education Grants	Integrated Transport	Local Sustainable Transport	Local Transport	Other Grant	Total Funding
Invest to save or core efficiency																
Replace Integrated Childrens System	Mark Ellis	1,000					1,000	1,000								1,000
Energy schemes	Hazel Edwards	400					400	400								400
Invest to save or core efficiency Total		1,400	-	-	-	-	1,400	1,400	-	-	-	-	-	-	-	1,400
Bids that release redundant council assets																
Demolish Stanley Special	Mike Woosey	275					275	275								275
Demolish Bebington Town Hall and Liscard Municipal	Neil Corser	378					378	378								378
Demolish former Rock Ferry High	Mike Woosey	400					400	400								400
Strategic Asset Review	Jeff Sherlock		457				457	457								457
Fund to assist land assembly and re-sale			2,000				2,000		2,000							2,000
Bids that release redundant council assets Total		1,053	2,457	-	-	-	3,510	1,510	2,000	-	-	-	-	-	-	3,510
Transformation & Resources Finance																
West Kirby and Conway Centre OSSs	Malcolm Flanagan	210					210			210						210
Transformation & Resources Finance Total		210	-	-	-	-	210	-		210	-	-	-	-	-	210
Transformation & Resources Asset Management																
The Priory	Gwenda Murray		25				25	25								25
Rock Ferry Centre	Gwenda Murray	315	141				456			456						456
Cultural Services Assets	Jeff Sherlock		220				220	220								220
Wallasey Town Hall	Gwenda Murray		810				810	810								810
Liscard Hall	Jackie Smallwood		14				14			14						14
Transformation & Resources Asset Management Total		315	1,210	-	-	-	1,525	1,055	-	470	-	-	-	-	-	1,525
People - Children & Young People																
Children's centres	Jeanette Royle		231				231				231					231
Aiming Higher for Disabled Children	Dawn Tolcher	240	267				507				507					507
Condition/Modernisation	Jeanette Royle	4,500	5,350		-4,000		5,850	407		21	5,422					5,850
Family Support Scheme	Simon Garner		115				115	115								115
Formula Capital Grant	Mike Woosey	2,000	535				2,535			42	2,493					2,535
Schools- Access Initiative	Jeanette Royle		66				66				66					66
Woodchurch One School Pathfinder	Jeanette Royle		132				132	21		8	103					132

Birkenhead High Girls Academy	Jeanette Royle		229				229			69	160					229
Private Finance Initiative	Tom Quigley		205				205			150	55					205
Pensby Primary School	Mike Woosey	1,510	267				1,777			85	1,692					1,777
School Meals Uptake	Mike Woosey Matthew Humble		120				120				120					120
Co-Location Fund			89				89				89					89
SEN and Disabilities	Jeanette Royle		738				738				738					738
Vehicle Procurement	Nancy Clarkson		158				158			158						158
Park Primary	Jeanette Royle	-	180				180				180					180
Rosclare Childrens Hotel	Mike Woosey		5				5			5						5
Early years access	Jeanette Royle Lindsay Davidson		78				78				78					78
Youth Capital			160				160	98			62					160
School remodelling and additional classrooms	Mike Woosey	586					586	300			286					586
Somerville primary school mobile replacement	Mike Woosey	450					450	200			250					450
Wirral Youth Zone	Dawn Tolcher	1,000	1,000				2,000	567	1,433							2,000
People - Children & Young People Total		10,286	9,925	-	-4,000	-	16,211	1,708	1,433	538	12,532	-	-	-	-	16,211
People - Adults																
Transformation of Day Service	Paula Pritchard	625	625	-750			500								500	500
Integrated IT	Sandra Thomas Mike Houghton- Evans	1,400		-400			1,000								1,000	1,000
LD extra care housing		9,000				-8,600	400	400								400
People - Adults Total		11,025	625	-1,150	-8,600	-	1,900	400	-	-	-	-	-	-	1,500	1,900
Places - Environment																
Congestion	Simon Fox	-	5				5	5								5
Road Safety	Simon Fox	1,155	103				1,258	83			1,136	39				1,258
Air Quality	Simon Fox	-	245				245	245								245
Local Sustainable Transport	Simon Fox	676	275			100	1,051					1,051				1,051
Transportation	Simon Fox	-	34				34	34								34
Street Lighting	Simon Fox	-	229				229	229								229
Bridges	Simon Fox	-	811				811	811								811
Highways Maintenance	Simon Fox	2,864	992				3,856	992					2,864			3,856
Additional Highways Maintenance Funding	Simon Fox		522				522					522				522
Asset Management	Shaun Brady	-	84				84								84	84
Coast Protection	Neil Thomas		186				186	186								186
Wheelie Bin Buyout	Tara Dumas	-	1,600				1,600	1,600								1,600
Parks Plant and Equipment	Bill Hancox Anthony Bestwick	1,498					1,498		1,498							1,498
Parks vehicles replacement		440					440		440							440
Park depot rationalisation	Mary Bagley	500					500		500							500

Landican Cemetery	Mary Bagley	-	82				82	82								82
Birkenhead Park Restoration Fees	Mary Bagley	-	97				97	97								97
Hoylake Golf Course	Mary Bagley	-	30				30	30								30
Park Outdoor Gyms	Jackie Smallwood	-	167				167						167			167
Reeds Lane Play Area	Jackie Smallwood	-	61				61						61			61
Eastham Country Park	Christine Smyth	-	36				36						36			36
Royden Park	Christine Smyth	-	20				20						20			20
Floral Pavilion Stage & Orchestra Pit	Kate Carpenter	-	37				37	37								37
Cemetery Improvements	Mary Bagley		80				80	80								80
Birkenhead Tennis Courts	Mary Bagley		90				90	90								90
Leisure Equipment	Damien Walsh	63	-14				49			49						49
Places - Environment Total		7,196	5,772	-	-	100	13,068	4,601	2,438	49	-	1,136	1,090	3,386	368	13,068
Places - Regeneration																
Think Big Investment Fund	Alan Evans		434				434	434								434
Clearance approved Cabinet	Alan Lipscombe		2,110	89			2,199	830	560	47					762	2,199
Home improvement approved Cabinet	Alan Lipscombe		1,057	65			1,122	573	390	159						1,122
Disabled Facilities – Adaptations	Greg Cooper	2,929	939	-35			3,833	1,904		300					1,629	3,833
Improvement for sale grants	Lisa Newman		200	180			380			380						380
Wirral Healthy Homes	Heather Thomas		107	-107			-									-
Cosy Homes Heating	Ed Kingsley	250	149	-30			369	119	250							369
Empty Property Interventions	Paul Jackson		297	37			334	121	125	60					28	334
New Brighton	David Ball		1,115	47			1,162	1,162								1,162
Maritime Business Park	Alan Evans	2,800					2,800	400							2,400	2,800
Places - Regeneration Total		5,979	6,408	246	-	-	12,633	5,543	1,325	946	-	-	-	-	4,819	12,633
Grand Total		37,464	26,397	-904	-12,600	100	50,457	16,217	7,196	2,213	12,532	1,136	1,090	3,386	6,687	50,457

Annex 3

Deferred Unsupported

Summary	2013-14 £000	2014-15 £000	2015-16 £000	Totals £000
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP	680	700	0	1,380
Law, HR & Asset Management	1,025	1,500	1,500	4,025
Regeneration	2,080	1,250	300	3,630
Technical Services	2,405	2,119	397	4,921
Total	6,190	5,569	2,197	13,956
Detail				
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP				
Schools Development Programme				
Woodchurch Rd primary Foundn 2 classrooms	80	700	0	780
Woodslee Primary school ***	600	0	0	600
	680	700	0	1,380
Law, HR & Asset Management				
Cultural Services Assets	1,000	1,500	1500	4,000
The Priory	25	0	0	25
	1,025	1,500	1500	4,025
Regeneration				
Think Big Investment Fund	300	300	0	600
Improvements to Stock ***	950	950	0	1,900
Wirral Healthy Homes	105	0	0	105
Empty Property Interventions ***	125	0	0	125
Hoylake	600	0	0	600
	2,080	1,250	300	3,630
Technical Services				
Street Lighting	200	0	0	200
Bridges	250	0	0	250
Capitalised Highways Maintenance	1,000	1,000	0	2,000
Coast Protection	47	55	0	102
Parks, Cultural Services and Roads				
Arrowe Park changing facilities	500	800	0	1,300
Birkenhead tennis court ***	90	7	0	97
Cemetery infrastructure and landscaping ***	50	50	0	100
Birkenhead Park drainage	238	57	0	295
Frankby cemetery extension ***	30	150	0	180
	2,405	2,119	397	4,921
Less schemes now approved	(1,845)	(207)		(2,052)
Funding type:				
Unsupported Borrowing	4,345	5,362	2,197	11,904

*** Represents schemes now included in the Capital Programme.

Annex 4**CAPITAL RECEIPTS AT MAY 2013****£000**

6, The Grove, Wallasey	10
Land at the Carr	12
Stringhey Road Car Park	19
Thurstaston Rangers Cottage	<u>309</u>
	350
Right to buy proceeds (WPH and BBCHA)	473
A. Total usable receipts	823