

CABINET

10 OCTOBER 2013

SUBJECT	CAPITAL MONITORING 2013-14 MONTH 5 (AUGUST 2013)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1. EXECUTIVE SUMMARY

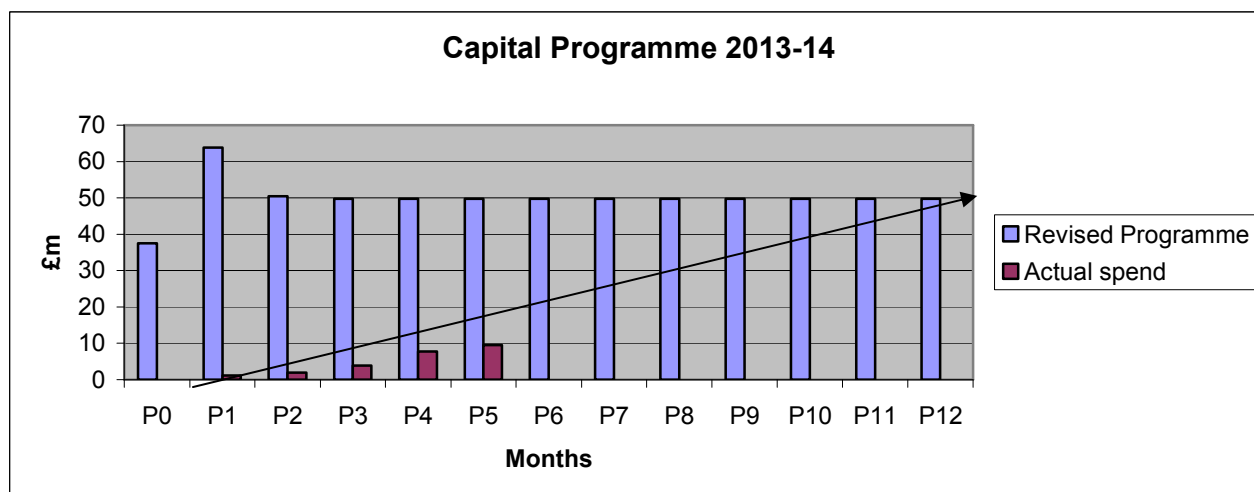
- 1.1 This report sets out the capital position for 2013-14 at Period 5 (August 2013) and actions to minimise risk.

2. RECOMMENDATIONS

- 2.1 That Cabinet is asked to note:
- the spend to date at Month 5 of £9.518m, with 42.0% of the financial year having elapsed.

3 OVERALL POSITION AT PERIOD 5 (AUGUST 2013)

- 3.1 The projected capital forecast for the year, at Month 5 shows a potential outturn of no overspend or underspend.

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 5 monitor reflects the programme agreed by this Committee on 16th September.

Table 1: Capital Programme 2013-14 at Period 5 (August) £000's

	Capital strategy	Changes approved by Cabinet	Reprofiling to be approved	Other changes to be noted or approved	Revised Capital Programme
Invest to save	1,400	-400	0	0	1,000
Bids to release assets	1,053	2,457	0	0	3,510
People - Adults	11,025	-9,125	0	0	1,900
People - CYP	10,286	6,388	0	0	16,674
Places - Regeneration	5,979	5,162	0	0	11,141
Places - Environment	7,196	6,476	0	0	13,672
Trans & Res -Finance	210	0	0	0	210
Trans & Res - Asset Mgt	315	1,249	0	0	1,564
Total expenditure	37,464	12,207	0	0	49,671

4.2 There are no significant variations requiring approval for period 5.

4.3 The Government has recently issued their capitalisation directions. The qualifying criteria to 'capitalise' statutory redundancy costs prevent the Council from applying in 2013-14.

4.4 The latest position regarding the co-location of Pensby/Stamley 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 £0.085m 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. 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. Furthermore, 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 fully developed we will continue to use the general measure of progress introduced last year. The actual capital expenditure at Period 5 is £9.518m with 42% of the financial year having elapsed. .

Table 4: Spend to date August (5/12 = 42%)

	SPEND TO DATE		COMMENTS ON VARIATION RAG
	£000	%	
INVEST TO SAVE	0	0	GREEN - ACCEPTABLE
BIDS TO RELEASE ASSETS	112	3.2	GREEN - ACCEPTABLE
PEOPLE - ADULTS	0	0	GREEN - ACCEPTABLE
PEOPLE - CHILDREN'S & YOUNG PEOPLE	3,614	21.7	GREEN - ACCEPTABLE
PLACES - REGENERATION	1,629	14.6	GREEN - ACCEPTABLE
PLACES - ENVIRONMENT	3,384	24.8	GREEN - ACCEPTABLE
TRANS & RES -FINANCE	4	1.9	GREEN - ACCEPTABLE
TRANS & RES - ASSET MGT	775	49.6	GREEN - ACCEPTABLE
TOTAL EXPENDITURE	9,518	19.2	

- 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	PROJECTED	VARIATION
	BUDGET	OUTTURN	
INVEST TO SAVE	1,000	1,000	0
BIDS TO RELEASE ASSETS	3,510	3,510	0
PEOPLE - ADULTS	1,900	1,900	0
PEOPLE - CHILDREN'S & YOUNG PEOPLE	16,674	16,674	0
PLACES - REGENERATION	11,141	11,141	0
PLACES - ENVIRONMENT	13,672	13,672	0
TRANS & RES -FINANCE	210	210	0
TRANS & RES - ASST MGT	1,564	1,564	0
TOTAL EXPENDITURE	49,671	49,671	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 5. 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	8,778	0	16,698
CAPITAL RECEIPTS	3,121	3,844	0	6,965
REVENUE AND RESERVES	888	881	0	1,769
GRANT – EDUCATION	8,786	4,341	0	13,127
GRANT – INTEGRATED TRANSPORT	1,136	5	0	1,141
GRANT – LOCAL SUSTAINABLE TRANSPORT	695	395	0	1,090
GRANT – LOCAL TRANSPORT PLAN	2,864	522	0	3,386
GRANTS – OTHER	12,054	-6,559	0	5,495
TOTAL FINANCING	37,464	12,207	0	49,671

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	16,698	5,692	1,300	23,690
CAPITAL RECEIPTS	6,965	2,838	1,000	10,803
RESERVE RESERVES	1,769	140	0	1,909
GRANT – EDUCATION	13,127	5,813	357	19,297
GRANT – INTEGRATED TRANSPORT	1,141	1,155	0	2,296
GRANT – LOCAL SUSTAINABLE TRANSPORT	1,090	676	0	1,766
GRANT – LOCAL TRANSPORT PLAN	3,386	2,978	0	6,364
GRANTS – OTHER	5,495	11,092	0	16,587
TOTAL FINANCING	49,671	30,384	2,657	82,712

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 5 there is a sum of £23.6m of new unsupported borrowing included over the next three years, which will result in approximately £2.4m 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 CUMULATIVE	16,698	5,692 22,390	1,300 23,690	-	23,690
CUMULATIVE ANNUAL REVENUE REPAYMENT COSTS		1,670	2,239	2,369	

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	6,110	820	300	7,230
OTHER BORROWING	10,588	4,872	1,000	16,460

11 CAPITAL RECEIPTS POSITION

11.1 The Council has worked with the LGA to review the Council's 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	2,635	7,247
IN - RECEIPTS ASSUMPTION	1,500	7,450	N/A
OUT - FUNDING ASSUMPTION	-6,965	-2,838	-1,000
CLOSING BALANCE	2,635	7,247	6,247

11.3 At the end of August the Council had received £0.902m 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.

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 through 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.

REPORT AUTHOR:

Reg Huyton
Finance Manager
Telephone: 0151 666 3403
Email: reghuyton@wirral.gov.uk

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 5 CYP Capital programme and Funding

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	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		-400		600	600								600
Energy schemes	Hazel Edwards	400				400	400								400
Invest to save or core efficiency Total		1,400	-	-400	-	1,000	1,000	-	-	-	-	-	-	-	1,000
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	-	-	-	-	-	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	0									0
Arrowe Park Changing Pavilion	Jeff Sherlock				100	100	100								100
West Kirby Concourse Roof	Jeff Sherlock				159	159	159								159
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	-	39	1,564	1,094	470	470	-	-	-	-	-	1,564
People - Children & Young People															
Children's centres	Jeanette Royle		231	-206		25				25					25
Aiming Higher for Disabled Children	Dawn Tolcher	240	267		-117	390				390					390
Condition/Modernisation	Jeanette Royle	4,500	1,350		-303	5,547	407		21	5,119					5,547
Family Support Scheme	Simon Garner		115			115	115								115
Formula Capital Grant	Mike Woosey	2,000	535			2,535			42	2,493					2,535

Parks Plant and Equipment	Bill Hancox Anthony	1,498		-231	1,267		1,267								1,267
Parks vehicles replacement	Bestwick	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	0										0
Birkenhead Tennis Courts	Mary Bagley		90	-90	0										0
West Kirby/Guinea Gap				1,000	1,000		1,000								1,000
Leisure Equipment	Damien Walsh	63	-14		49				49						49
Places - Environment Total		7,196	5,872	-	604	13,672	5,431	2,207	49	-	1,141	1,090	3,386	368	13,672
Places - Regeneration															
Think Big Investment Fund	Alan Evans		434		434		434								434
Clearance approved Cabinet	Alan Lipscombe		2,199		2,199		830	560	47				762		2,199
Home improvement approved Cabinet	Alan Lipscombe		1,122		1,122		573	390	159						1,122
Disabled Facilities – Adaptations	Greg Cooper	2,929	904	-300	3,533	1,904							1,629		3,533
Improvement for sale grants	Lisa Newman		380		380				380						380
Cosy Homes Heating	Ed Kingsley	250	119		369	119	250								369
Empty Property Interventions	Paul Jackson		334		334	121	125	60					28		334
New Brighton	David Ball		1,162		1,162	1,162									1,162
Maritime Business Park	Alan Evans	2,800		-1,625	1,175	400							775		1,175
Other Regional Growth Fund Schemes	Alan Evans				433	433								433	433
Places - Regeneration Total		5,979	6,654	-1,625	133	11,141	5,543	1,325	646	-	-	-	-	3,627	11,141
Grand Total		37,464	12,993	-2,371	1,585	49,671	16,698	6,965	1,769	13,127	1,141	1,090	3,386	5,495	49,671

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
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Bids that release redundant council assets

0	0	0	0
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DASS

0	0	0	0
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Finance

0	0	0	0
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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

(2,675)	(207)	(2,882)
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Funding type:

Unsupported Borrowing	3,515	5,362	2,197	11,074
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*** Represents schemes now included in the Capital Programme.

Annex 4

CAPITAL RECEIPTS AT AUGUST 2013

	£000
6, The Grove, Wallasey	11
Land at the Carr	12
Bridge Walks	15
Stringhey Road Car Park	19
Print Unit Equipment	30
Junction 1 Bidston Retail Park	32
Turntable Building	58
Thurstaston Rangers Cottage	<u>310</u>
	487
Right to buy proceeds (Magenta Living & BBCHA)	473
A. Total usable receipts	960

Annex 5

CAPITAL PROGRAMME 2013/14: FUNDING AND PROPOSED NEW STARTS

DfE CAPITAL MAINTENANCE AND BASIC NEED ALLOCATION £3,922,398

NON SPECIFIC SCHOOL LOCATIONS			
School Access/DDA	250,000	Mendell Primary – Main entrance remodel/security	25,000
Boiler Renewal Programme	250,000	Mosslands – Groundwork following mobile removal	30,000
Kitchen Ventilation Programme	250,000	Mount Primary – Fencing, access	40,000
Sub-Total	£750,000	New Brighton Primary – kitchen/staff room scheme additional works	60,000
		Orrets Meadow – Specialist bases	35,000
FEASIBILITY & DESIGN DEVELOPMENT		Pensby High Federation – Window installation phase 2	100,000
		Portland Primary – Window installation	50,000
Elleray Park Special – Suitability	10,000	Prenton Primary – Window installation	30,000
Fender Primary – Capacity	10,000	Riverside Primary – Internal refurbishment	50,000
Greenleas Primary – Capacity	10,000	Sandbrook Primary – External doors and adjoining windows.& Toilet Refurbishment	45,000
Mosslands – Structural	10,000	Stanton Road – toilets, roof	50,000
Pensby High – Accommodation Review	10,000	St George's Primary – Fire Alarm system	50,000
Well Lane Primary – Suitability	10,000	St George's Primary – Sports facility	130,000
		Thingwall Primary – Mobile replacement – internal reconfiguration	300,000
Sub-Total	£60,000	Town Lane – Reception/Offices/Staff Room	250,000
		WASP – Various modifications	200,000
		Wirral Hospital School – Service kitchen installation	30,000
SCHEMES		Woodchurch Road Primary – Remodeling F2 & class bases	550,000
Christchurch CE (B'head) – Mobile Demolition	20,000	Woodslee Primary – Foundation replacement.	550,000
Church Drive Primary - Main entrance/security/ICT	150,000		
Egremont Primary – Kitchen remodelling	60,000	Priority School Building Programme commitment	500,000
Ganneys Meadow – Access Car Park	20,000		
Hillside Primary – Roof and suitability	30,000	Sub-Total	3,740,000
Gayton Primary – Suitability and toilets	200,000		
Kilgarth Special – External Play area	60,000		
Leasowe Early Years – Access road	20,000	ALL TOTALS	4,550,000
Liscard Primary – Window installation	30,000	Carry forward 2012/13	750,000
Meadowside Special – Swimming Pool changing area phase 1	75,000	Remaining sum to be allocated to Priority Projects	122,389

OTHER DfE CAPITAL

Devolved Formula Capital (LA Schools)	£678,865
Devolved Formula Capital (Aided Schools)	£228,797
Aided Schools LCVAP (Agreed with Diocesan Bodies)	£1,121,887
Aiming Higher – Short Breaks (including Europa Pool) (allocated in 2012/13)	£305,000
Nursery (2 year olds) Capital (to be allocated) (allocated in 2012/13)	£614,000

COUNCIL CAPITAL 2013/14

(As per Cabinet Report 18 February 2013)

Wirral Youth Zone	£1,000,000
School Places	£300,000
Somerville Primary School	£200,000
Stanley School demolition / planning	£275,000
Rock Ferry High School demolition (proposed)	£400,000
ICS System	£1,000,000

The overall programme for delivery in 2013/14 includes previously approved and funded schemes.

All new starts will consider the use of DFC contributions