

CABINET

7 JULY 2014

SUBJECT	CAPITAL MONITORING 2014/15 MONTH 2 (MAY 2014)
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

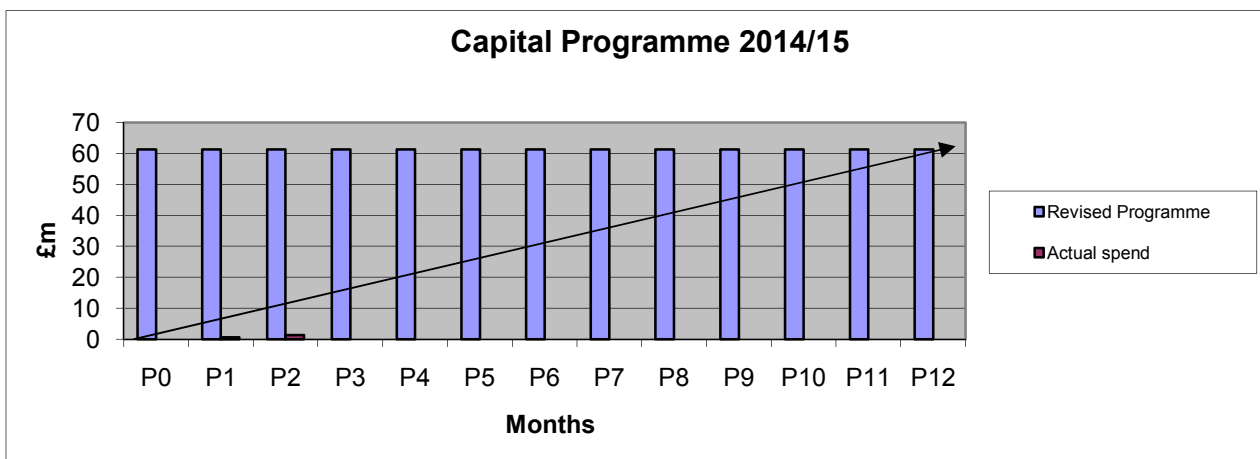
1 EXECUTIVE SUMMARY

1.1 This report sets out the capital position for 2014/15 at Month 2 (May 2014).

2 OVERALL POSITION AT PERIOD 2 (MAY 2014)

2.1 At this early stage of the year no variances have as yet been identified which impact upon the forecast year end outturn. The following tables provide information which outline the 2014/15 capital programme and the sources of financing.

Chart 1: Capital Programme spend below line of best fit



3 ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2014/15

3.1 The Programme for 2014/15 is subject to change. Period 2 reflects the Programme agreed by Cabinet on 12 February together with subsequent amendments. Broadly these reflect the re-profiling from 2013/14 as referred to in the Capital Outturn report, together with more up to date information regarding external financial support primarily latest grant notifications.

- 3.2 Given the level of slippage from 2013/14's programme, in total £35 million, the programme will be subject to a rigorous review by the Capital Working Group during July with the intention of determining a deliverable programme in 2014/15.
- 3.3 To aid the monitoring process greater use will be made of the Concerto system with each scheme. This will show how schemes in the Capital Programme are progressing. Appendix 1 will in future contain information about which stage in the gateway process schemes have reached. The 5 gates currently in use are:

Conception
 Approval
 Start Up
 Delivery
 Completion

Table 1: Capital Programme 2014/15 at Period 2 (May) £000's

	Capital strategy	Re-profiling	Other changes to be noted	Revised Capital Programme	Actual Expenditure May 2014
Universal & Infrastructure	5,983	1,113	0	7,096	110
Families & Wellbeing – CYP	13,879	3,376	-2,877	14,378	502
Families & Wellbeing – Adults	3,611	1,173	0	4,784	155
Families & Wellbeing – Sport & Recreation	1,000	1,000	357	2,357	0
Regeneration & Environment – Environment & Regulation	7,850	1,715	1,203	10,768	73
Regeneration & Environment – Housing & Community Safety	5,972	2,682	0	8,654	297
Regeneration & Environment – Regeneration	5,479	474	3,400	9,353	123
Public Health	401	357	-758	0	0
Transformation & Resources	4,000	0	0	4,000	81
Total expenditure	48,175	11,890	1,325	61,390	1,341

Universal and Infrastructure Services

- 3.4 Tenders for Wallasey Town Hall are due back in June. Estimated at £0.275 million this work will enable alterations to ground floor areas.

Phase 1, & 2 of Electrical Infrastructure and refurbishments works at Cheshire Lines are complete phase 3 is due to start 7th July for a 12 week contract. Phase 4 will commence October with all work complete by March 2015 at an estimated cost of £0.250 million. This will enable Birkenhead Municipal Building to be demolished and staff relocated to Cheshire Lines.

Works to Birkenhead Town Hall are complete and Acre Lane staff have started to relocate with all staff relocated and Acre Lane vacant by Sept.

Tender preparation work is underway for full refurbishment of Wallasey Town Hall North Annexe.

Cleveland Street Transport Depot, enabling works are underway refurbishing existing buildings to allow a phased move from, various Parks Depots that will reduce revenue implications and/or produce a Capital receipt.

Demolition work is due to commence end of July in preparation for construction of a New Salt Barn facility at the Cleveland Street site.

CYP Capital Allocations for 2014/15

3.5 DfE allocations for 2014/15 were announced on the 24th of January 2014. Details of the proposed CYP Capital programme for 2014/15 are attached as Annex 2 of this report. The programme includes a wide range of projects and these will promote the Council's corporate priorities. In drawing up the Capital Programme for 2014/15, the department has continued to follow similar strategies in previous years for enhancing premises, dealing with condition related works, improving student learning environments, community accessibility, safety and security compliance. The Capital Programme is made up of allocations from the DfE for Capital Maintenance, Basic Need and Universal Infant Free School Meal allocations plus Council Capital for specific high value projects and general pupil place planning. Whilst Capital allocations have not been ring-fenced to particular areas of need by the DfE, the principles followed are:

- (i) To undertake projects identified in the Asset Management Plan to enhance the Suitability and Condition of schools and enable a full range of curriculum activities.
- (ii) To undertake projects supporting the changing Primary and Secondary school pupil rolls across the Borough.
- (iii) To work with other Council departments to deliver the Strategic Asset Review, particularly in the co-location of services, early years childcare and forward planning for other regeneration projects.
- (iv) To enable inclusion within mainstream schools for pupils with physical and mental disabilities and to ensure that Special Schools are able to provide the care required for a range of disabilities.
- v) To identify those schools for which Basic Need and the Council's allocation for school place planning should be considered for the sufficiency of places; these are included within both the feasibility/design development section and the main schemes.

3.6 Current Programme

Good progress is being made by the in-house Asset Management and Design Teams on major projects included in the 2013/14 capital programme, at June 2014 there are 2 large contracts (over £500k) on site in addition to a range of smaller value projects and 15 large projects where detailed design work is taking place; these are at various stages of the design/conception phases.

3.7 Universal Infant Free School Meals

Following announcements in late 2013 to introduce a new entitlement for all pupils in years 1 and 2 details were received by Local Authorities in January giving more information of the initiative.

In Wirral this initiative will result in an expected pupil meal increase of 7,000 meals per day. Whilst there are a number of kitchens requiring extensive building work to enable capacity increase, many kitchens require new heavy equipment which need adequate ventilation systems, electrical supplies etc. Works will continue over the summer holiday to ensure kitchen production is ready for September. Due to the rolling-programme of investment in kitchens over the past few years Wirral was in a stronger position than many LA's to meet the new initiative. However, continuation of capital investment will be required to meet the increased meal numbers, to ensure that safety legislation is met and to replace old kitchen equipment.

3.8 Priority School Building Programme

Wirral was successful in its application to re-build 3 new schools under the PSBP (1), the first scheme to rebuild Foxfield Special School is on-site and construction is progressing quickly. The anticipated date for completion is early 2015 when the new school will move from its current site in Moreton to Woodchurch. Ridgeway High School and Bedford Drive School are also included in PSBP (1) but will follow a Private Finance Initiative route, the projects are progressing and the appointment of a preferred contractor will be announced shortly.

PSBP (2) has just been announced by the DfE and it is intended that further bids will be submitted for inclusion in this next round of this significant construction programme. The final submission date for bids is 21 July 2014 and all schools will be assessed against the criteria set by the Education Funding Agency and Condition data held by Asset Management.

3.9 School Basic Need and Sufficiency Requirements

Wirral received amounts of £512,000 in both 2013/14 and 2014/15 to meet the need for additional pupil places. Whilst the impact of pupil number growth has not had the impact as in many other Local Authorities in the country there have been pockets of higher pupil numbers in a few schools and as a result additional space has been provided.

The Capital Programme 2014/15 list attached identifies Fender Primary school for Basic Need allocation to meet the increase in pupils in the Woodchurch area. However, Council Capital contributions of £750,000 in 2014/15 and the indicative allocations for Basic Need in 2015/16 and 2016/17 which are in the region of £3m have not been allocated. Further discussions are required with curriculum leaders, pupil admissions, schools forum etc to agree the programme for increasing pupil

numbers in selected schools. Further reports to Cabinet will therefore be forthcoming.

Families and Wellbeing – Adults

- 3.10 The Integrated I.T. scheme (Liquidlogic) is progressing with over 50% of the scheme now completed.

The Learning Disabilities Extra Care Housing Scheme procurement was completed in early 2014 and a delivery plan agreed.

Environment and Regulation

- 3.11 The two major programmes relate to Highway Maintenance for which the annual programme has been drawn up with schemes now progressing and no significant issues are anticipated. As for the Bridges programme, most schemes will be completed as anticipated with two possible exceptions. The Dell underpass is subject to possible adjudication and work on National Rail bridges is subject to agreement of that organisation. There is therefore the possibility that these schemes may slip to 2015/16, in total £0.284 million.

Housing & Community Safety

- 3.12 Disabled Facilities Grants continue to be approved and the spend committed but the incurring of this spend is determined by the grant applicants which means that there will invariably be works approved but will not be completed until the following year.
- 3.13 The framework for the use of the £1.5m allocated to stimulate affordable housing building in Wirral was approved by this Committee in April.

Regeneration

- 3.14 The Council's Regional Growth Fund grant supports investment into the offshore renewable energy sector. With applications being approved the companies are only paid upon defrayment.

Transformation & Resources

- 3.15 The Council has embarked upon a substantial programme of investment into Information Technology which includes the Oracle System and is a key element in supporting the delivery of the Future Council project. The acquisition of equipment is in progress and should all be in place by the end of the financial year.

Table 2: Significant variations to the 2014/15 programme £000's

	Changes to be noted	Explanation (A) Policy (B) Items previously deferred (C) Funding (D) Re-profiling (E) Reduced requirement
Families & Wellbeing – CYP	-2,187	Condition/Modernisation – Allocation has been confirmed. (C).
	-690	6 schemes from the above allocation will not commence until 2015/16 (D).
Families & Wellbeing - Sport & Recreation	357	Transfer of responsibility for a number of Public Health funded schemes (A).
Regeneration – Environment & Regulation	802	Allocation of revised grant notifications (C).
	401	Transfer of responsibility for a number of Public Health funded schemes (A).
Regeneration – Housing & Community Safety	3,000	Estimate of potential Regional Growth funding from Local Enterprise Partnership (C)
Public Health	-758	Transfer of responsibility to Regeneration and Sport and Recreation for a number schemes (A)
Total Significant Variations	925	

4 FINANCING OF THE CAPITAL PROGRAMME

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

Table 3: Revised Capital Programme Financing 2014/15 £000's

Capital Programme Financing	Capital Strategy	Revised 2014/15 Programme
Unsupported Borrowing	20,717	19,972
Capital Receipts	3,000	10,900
Revenue and Reserves	290	694
Grants	24,168	29,824
Total Financing	48,175	61,390

- 4.2 A number of schemes with a value of £0.9 million were originally to be funded from Public Health grant. These will now be funded from borrowing at a cost of £81,000 p.a. As a result the grant can now be allocated to revenue with an overall saving of £0.8 million.

5 PROJECTED LONGER TERM CAPITAL PROGRAMME

- 5.1 Funding for the forecast 2014/15 to 2016/17 capital programme is shown in Table 4 and reflects the 2014/17 capital programmes agreed by Budget Council and subsequent amendments.

Table 4: Capital Programme Financing 2014/15 to 2016/17 £000's

Capital Programme Financing	2014/15 Revised Estimate	2015/16 Original Estimate	2016/17 Original Estimate	Total Programme
Unsupported Borrowing	20,857	6,824	4,376	32,057
Capital Receipts	10,900	3,000	0	13,900
Reserve Reserves	694	0	0	694
Grant s	28,939	7,644	6,644	43,227
Total Financing	61,390	17,468	11,020	89,878

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

- 6.1 Based on the current cost of borrowing, £1 million of Prudential Borrowing would result in additional revenue financing costs of £90,000 per annum in the following year. As part of the Capital Strategy 2014/15 to 2016/17 the Council has included an element of prudential borrowing. At Period 2 there is a sum of £39.1 million of new unsupported borrowing included over the next three years, which will result in approximately £3.4 million of additional revenue costs detailed at Table 5, if there is no change in strategy.

Table 5: Unsupported Borrowing Forecasts & Revenue costs £000's

	2014/15	2015/16	2016/17	2017/18
New Unsupported borrowing	20,857	6,824	4,376	-
Cumulative		27,681	32,057	32,057
Cumulative Annual Revenue repayment costs		1,877	2,491	2,885

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 6: Analysis of Unsupported Borrowing

	2014/15	2015/16	2016/17	Total
Spend to save	6,684	6,050	750	13,484
Other borrowing	21,188	774	3,626	25,588

7 CAPITAL RECEIPTS POSITION

- 7.1 The Council has worked with the Local Government Association (LGA) to review the Council's Assets - a report was presented to Cabinet on November 7. This highlighted the Council could realise £20 million from asset disposals including Acre lane, former Rock Ferry High School and Manor Drive, Upton. The latest projections from Lambert, Smith, Hampton suggest a figure closer to £22 million, however the market is subject to fluctuations. It is now expected that the disposals for Acre Lane and manor Drive will occur in 2015-16 and that for Rock Ferry in 2016-17. Table 7 reflects these latest projections.
- 7.2 The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. The Capital Receipts Reserve at 1 April 2014 contained £8.8 million of receipts. The table assumes the proposed spend, set out at 4.1 is agreed. At this stage the receipts and funding assumptions are only estimates

Table 7 Projected capital receipts position £000's

	2014/15	2015/16	2016/17
Capital Receipts Reserve	8,800	400	12,900
In - Receipts Assumption	2,500	15,500	8,000
Out - Funding assumption	-10,900	-3,000	TBA
Closing Balance	400	12,900	20,900

8 RELEVANT RISKS

- 8.1 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.
- 8.2 The generation of capital receipts could well be influenced by factors outside the authority's control e.g. ecological issues.
- 8.3 Capacity shortfalls are being addressed through the development of closer working with the Local Government Association (LGA) and Local Partnerships.

9 OTHER OPTIONS CONSIDERED

- 9.1 No other options have been considered.

10 CONSULTATION

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

11 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

12 RESOURCE IMPLICATIONS

12.1 The whole report is about significant resource implications. A previous Treasury Management report to Cabinet provides details of an estimated underspend of £0.8 million in respect of borrowing.

13 LEGAL IMPLICATIONS

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

14 EQUALITIES IMPLICATIONS

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

15 CARBON REDUCTION IMPLICATIONS

15.1 There are no carbon reduction implications arising directly from this monitoring report.

16 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

16.1 There are no planning and community safety implications arising directly from this monitoring report.

17 RECOMMENDATIONS

17.1 That Cabinet is asked to note:

- a) the spend to date at Month 2 of £1.3 million, with 16.7% of the financial year having elapsed;

17.2 That Cabinet is asked to agree:

- a) the revised Capital Programme of £61.3 million (Table 1 at 3.1);

18 REASONS FOR RECOMMENDATIONS

18.1 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	25 February 2014

ANNEXES

Annex 1 Revised Capital programme and funding source
Annex 2 Families and Wellbeing – CYP Capital Allocations

Annex 1 Revised Capital Programme

	Revised Programme £000	Actual £000	Council Resources	Grants	Revenue/ Reserves	Total
Universal and Infrastructure Services						
Building refurbishment to increase occupancy	1,172	27	1,172			1,172
Wallasey Town Hall	68	15	68			68
Strategic Asset Review	96	38	96			96
Fund to assist land assembly and re-sale	936		936			936
Cleveland St Transport Depot	1,000	30	1,000			1,000
Park depot rationalisation	1,310		1,310			1,310
Energy efficiency Initiatives	500		500			500
Energy schemes	497		497			497
Structural/Roofing works - West Kirby Concourse	344		344			344
Demolish Stanley Special	275		275			275
Demolish Bebington Town Hall and Liscard Municipal	378		378			378
Demolish former Rock Ferry High	400		400			400
Demolish Foxfield	120		120			120
	7,096	110	7,096	0	0	7,096
Families and Wellbeing - CYP						
Elleray Park Special School redevelopment	500		500			500
School remodelling and additional classrooms	1,336		800	536		1,336
Children's centres	206			206		206
Aiming Higher for Disabled Children	134	-9		134		134
Youth Capital	149		98	51		149
Birkenhead High Girls Academy	472			403	69	472
Vehicle Procurement	140				140	140
Condition/Modernisation	3,590	505		3590		3,590
Basic Need	100			100		100
Family Support Scheme	155		155			155
Formula Capital Grant	2,881			2881		2,881
Private Finance Initiative	150				150	150
Wirral Youth Zone	2,085	28	2085			2,085
Funding for 2 year olds	130	-22		130		130
Foxfield contribution to priority school	1,000		500	500		1,000
Somerville primary school mobile replacement	1,350		600	750		1,350
	14,378	502	4,738	9,281	359	14,378
Families and Wellbeing - DASS						
Citizen and Provider Portal for Social and Health Services	617			617		617
Transformation of Day Service	1,250			1250		1,250
Integrated IT	1,873	155	1000	873		1,873
Extra Care Housing	500			500		500
LD extra care housing	544		544			544
	4,784	155	1,544	3,240	0	4,784

	Revised Programme £000	Actual £000	Council Resources	Grants	Revenue/ Reserves	Total
Families and Wellbeing - Sports & Recreation						
West Kirby/Guinea Gap/Europa Pools	2,000		2,000			2,000
Guinea Gap 3G football pitches	245		245			245
West Kirby Concourse fitness suite	112		112			112
	2,357	0	2,357	0	0	2,357
Regeneration and Environment - Environment & Regulation						
Road Safety	755	84	117	638		755
Congestion	358	-60	3	355		358
Active Travel	935	-29	505	430		935
Transportation	321	11	91	230		321
Local Sustainable Transport Fund	486	-89		486		486
Bridges	1,586	80	736	850		1,586
Highways Maintenance	3,069	-23	777	2,292		3,069
Street Lighting	288	39	88	200		288
Coast Protection	224	-23	201	23		224
Asset Management	84	-71		84		84
Parks Plant and Equipment	728	100	728			728
Parks vehicles replacement	988	26	988			988
Arrowe Park Changing pavilion	144	28	144			144
Landican Cemetery	71		71			71
Birkenhead Park Restoration Fees	97		97			97
Hoylake Golf Course	30		30			30
Park Outdoor Gyms	2			2		2
Reeds Lane Play Area	60			60		60
Royden Park	14			14		14
Allotments	168		168			168
Start Active, Play Active, Stay active	230		230			230
Wirral Way - widening and safety improvements	130		130			130
	10,768	73	5,104	5,664	0	10,768
Regeneration and Environment - Housing & Community Safety						
Aids, Adaptations and Disabled Facility Grants	3,503	189	1,873	1,630		3,503
Clearance Approved Cabinet	1,521	11	705	741	75	1,521
Home Improvement Approved Cabinet	707	65	506	201		707
Improvement for sale grants	200				200	200
Empty Property Interventions	230	13	170		60	230
Housing Renewal	698		478	220		698
New House Building Programme	1,500		1,500			1,500
Cosy Homes Heating	30	19	30			30
The Priory	265			265		265
	8,654	297	5,262	3,057	335	8,654

	Revised Programme £000	Actual £000	Council Resources	Grants	Revenue/ Reserves	Total
Regeneration and Environment - Regeneration						
Business Investment Grants	508		508			508
Other Regional Growth Fund Schemes	4,697	123		4,697		4,697
LEP Regional Growth Fund Schemes - Targetted Assistance	3,000			3,000		3,000
New Brighton	1,111		1,111			1,111
Floral Pavilion Stage & Orchestra Pit	37		37			37
	9,353	123	1,656	7,697	0	9,353
Transformation & Resources						
I.T Development	4,000	81	4,000			4,000
West Kirby and Heswall OSSs	0					0
	4,000	81	4,000	0	0	4,000
	61,390	1,341	31,757	28,939	694	61,390

Annex 2 Families and Wellbeing – CYP Capital Allocations

CAPITAL MAINTENANCE ALLOCATION £3,263,000
BASIC NEED ALLOCATION £512,464

NON SPECIFIC SCHOOL LOCATIONS

School Access/DDA	£250,000
Boiler Renewal Programme	£250,000
Kitchen Ventilation Programme	£250,000
Sub-Total	£750,000

FEASIBILITY & DESIGN DEVELOPMENT

Church Drive Primary - Capacity	£10,000
Town Lane Primary - Capacity	£10,000
Higher Bebington Primary - Capacity	£10,000
Hayfield Special School - Suitability	£20,000
Meadowside Special School – Pool area re-modeling	£20,000
Sub-Total	£70,000

LARGER SCHEMES

Castleway Primary – internal classroom re-modeling and upgrade of fire detection	130,000
Devonshire Park – kitchen & dining re-modeling	200,000
Elleray Park - heating	250,000
Great Meols Primary – Sports Barn	130,000
Mosslands – structural/roof refurbishment	250,000
Riverside Primary – internal classroom refurbishment	150,000
Sandbrook primary – heating system conversion & internal refurbishment	150,000
St Georges Primary – toilets and access extension	130,000
Well Lane Primary – toilet & classroom re-design	150,000
Sub-Total	1,540,000

MEDIUM / LOWER VALUE SCHEMES	
Barnston Primary – pupil toilet refurbishment	40,000
Bidston Avenue Primary – flat roof refurbishment	12,000
Bidston Village CE Primary – Flat roof refurbishment	25,000
Black Horse Hill Juniors – Front entrance/security/office remodeling	50,000
Brookdale Primary – Structural remedial works	5,000
Cathcart St Primary – roof/canopy refurbishment	10,000
Ganneys Meadow Early Years – pupil toilet refurbishment	20,000
Greasby Infants – flat roof renewal	70,000
Greasby Juniors - guttering	12,000
Higher Bebington Junior – front playground resurface and rear playing field boundary	90,000
Hillside Primary – boundary wall structural works	10,000
Kingsway Primary – fire alarm/smoke detector system	40,000
Lingham Primary – main entrance & internal re-modelling	100,000
Liscard Primary – school house safety and refurbishment	40,000
Mersey Park Primary – infant classroom re-modelling	60,000
Mount Primary – contribution to hall extension	10,000
Overchurch Infants & Juniors – boundary fencing	10,000
Portland Primary – fire alarm/smoke detector system	40,000
St Bridgets CE (VC) – flat roof renewal & boundary wall rebuild	40,000
St Georges (upper site) media room roof	50,000
Well Lane Primary – fire alarm/smoke detector	30,000
Wirral Hospital School – window installation	30,000
Sub-Total	794,000
BASIC NEED ALLOCATION:	
Fender Primary – Capacity additional classrooms & internal remodelling	600,000
Sub-Total	600,000
ALL TOTALS	3,754,000
UNALLOCATED	21,464

OTHER CAPITAL	
COUNCIL CAPITAL ALLOCATIONS	
Family Support	100,000
Elleray Park – Suitability	500,000
Foxfield – Demolition	120,000
Foxfield – Contribution to PSBP	500,000
School Remodelling and Additional Classrooms	750,000
PFI	55,000
Somerville – Mobile Replacement	600,000
OTHER DfE ALLOCATIONS	
Universal Infant Free School Meals	623,802 (Community) 241,048 (Aided)
Devolved Formula Capital	649,752 (Community) 220,522 (Aided)
LCVAP – Aided Schools Capital Maintenance	1,067,154

- *The working Programme includes previously approved schemes allocated in previous years*
- *All new starts will consider the use of DFC as a contribution to the scheme*