WIRRAL COUNCIL **Appendix B**

CABINET

11 SEPTEMBER 2014

SUBJECT	**CAPITAL MONITORING 2014/15 MONTH 3/4 (JUNE/JULY 2014)**
WARD/S AFFECTED	**ALL**
REPORT OF	**DIRECTOR OF RESOURCES**
RESPONSIBLE PORTFOLIO HOLDER	**COUNCILLOR PHIL DAVIES**
KEY DECISION	**YES**

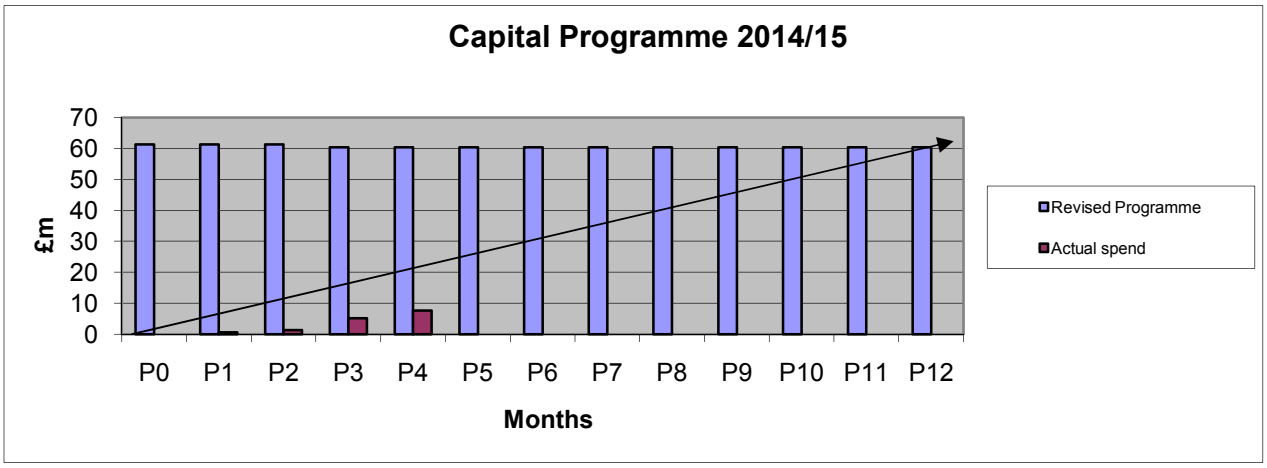
1 EXECUTIVE SUMMARY

1.1 This report sets out the capital position for 2014/15 at Month 4 (July 2014).

2 OVERALL POSITION AT PERIOD 4 (JULY 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 outlines 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 4 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 and more up to date information regarding external financial support, primarily latest grant notifications and the likely profile of expenditure for a number of schemes.

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 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 for 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 4 (July) £000's

	Capital strategy	**Changes approved by Cabinet**	**Other changes to be noted**	**Revised Capital Programme**	**Actual Expenditure July 2014**
Universal & Infrastructure	5,983	1,113	0	7,096	494
Families & Wellbeing – CYP	13,879	499	0	14,378	2,290
Families & Wellbeing – Adults	3,611	1,173	0	4,784	375
Families & Wellbeing – Sport & Recreation	1,000	1,357	0	2,357	1
Regeneration &Environment – Environment & Regulation	7,850	3,179	0	11,029	2,546
Regeneration & Environment – Housing & Community Safety	5,707	1,498		7,205	774
Regeneration & Environment – Regeneration	5,744	3,884	0	9,628	162
Public Health	401	-401		0	0
Transformation & Resources	4,000	0	0	4,000	1,002
Total expenditure	**48,175**	**12,302**	**0**	**60,477**	**7,644**

Universal and Infrastructure Services

3.4 The roofing scheme at West Kirby Concourse is 95% complete, cost £230,000.

3.5 Phase 1 & 2 of Electrical Infrastructure and refurbishments works at Cheshire Lines are complete. Phases 3 and 4 will 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.

3.6 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.

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

3.8 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.

3.9 Demolition work has commenced in preparation for construction of a New Salt Barn facility at the Cleveland Street site.

3.10 Stanley School demolition on site with an estimated contract duration of 10 weeks (tender price £171,000).

3.11 Planning permission has been granted for the demolition of Rock Ferry High School but awaiting Secretary of State approval before proceeding to tender.

Families and Wellbeing - CYP

3.12 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.

3.13 Universal Infants 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.

3.14 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 December 2014 when the new school will move from its current site in Moreton to Woodchurch in January 2015. 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 we have been informed that the appointment of a preferred contractor will be announced in Autumn of 2014.

PSBP (2) has 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. Wirral has submitted three bids as follows; Pensby High for Girls, Pensby High for Boys - refurbishment & re-design and Riverside primary bid to re-build new school. The announcement for successful bids may take 6 months.

3.15 School Basic Need and Sufficiency Requirements

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.

3.16 Phase 1 of the Somerville Mobile Replacement scheme has been completed (approx £0.7 million in total). Phase 2 has commenced (estimated £0.2 million) with the final phase programmed to start in September £0.85 million)

Families and Wellbeing – Adults

3.17 The Integrated I.T. scheme (Liquidlogic) is progressing and well on the way to completion.

3.18 The Learning Disabilities Extra Care Housing Scheme procurement was completed in early 2014 and a delivery plan agreed. No further developments to date although discussions are taking place with Magenta Living regarding the Council's payment schedule.

3.19 Transformation of Day Services is ongoing with work expected to be completed by the year end.

3.20 A new charitable organisation is being created to manage the construction of the Youth Zone. Once formally established Wirral's contribution to the £6 million scheme will be paid over.

Families and Wellbeing – Sport and Recreation

3.21 The work for the three sports centres is reaching the final design stage with a tendering process commencing first week in August with Guinea Gap main sports hall refurbishment (estimated tender price £660,000) and West Kirby Concourse (£1.3 million). Site enabling works have already commenced at the latter.

3.22 The work on the 3G football pitches at Guinea Gap commenced on 30 July. Tender cost is £204,000 with a contract period of 16 weeks.

Environment and Regulation

3.23 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.

3.24 The major scheme within the Bridges programme is the Bidston Bypass North refurbishment (£603,000 estimate) which is currently being tendered for. The emergency strengthening works at Cottage Lane (£245,000) have been completed. Most other schemes will be completed as anticipated with two possible exceptions. The Dell underpass is subject to possible adjudication and work on Network 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.

3.25 Vehicles, plant and equipment have been ordered in respect of the two Parks schemes.

Housing & Community Safety

3.26 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 that will not be completed until the following year.

3.27 Regarding the New House-building Programme, funding has been committed to 7 schemes with a value of £1.14 million. This will deliver the first 80 units of the 100 planned. It is envisaged that £262,000 will be secured and paid during 2014-15.

Regeneration

3.28 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.

3.29 The tenders for the New Brighton scheme are expected to be returned by the end of July. Subject to the tender price the contract will start in September in order to be completed by March 2015.

Transformation & Resources

3.30 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.

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

Table	Changes to be noted	Explanation (A) Policy (B) Items previously deferred (C) Funding (D) Re-profiling (E) Reduced requirement
Regeneration – Environment & Regulation	462	Additional grant for pot hole repairs (C).
	-201	Aids to Navigation scheme will now commence in 2015-16 (D).
Regeneration – Housing & Community Safety	-1,238	It is estimated that £262,000 will be secured and paid for in 2014-15 for the New House Building Programme, the remainder in 2015-16. (D)
	54	The estimated Disabled Facilities Grant has been amended to reflect our actual notification
Total Significant Variations	**-923**	

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	19,423
Capital Receipts	3,000	10,900
Revenue and Reserves	290	770
Grants	24,168	29,384
Total Financing	**48,175**	**60,477**

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 Revised Estimate	2016/17 Original Estimate	Total Programme
Unsupported Borrowing	19,423	8,313	4,376	32,112
Capital Receipts	10,900	3,000	0	13,900
Reserve Reserves	770	0	0	770
Grants	29,384	7,644	6,644	43,672
Total Financing	60,477	18,957	11,020	90,454

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 4 there is a sum of £32.1 million of new unsupported borrowing included over the next three years, which will result in approximately £2.9 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	19,423	8,313	4,376	-
Cumulative		27,736	32,112	32,112
Cumulative Annual Revenue repayment costs		1,747	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	4,480	6,050	750	11,280
Other borrowing	14,943	2,263	3,626	20,832

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 that 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

7.3 At July 2014 the Council had banked receipts of £1.794 million (Annex 2)

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. OUTSTANDING PREVIOUSLY APPROVED ACTIONS

11.1 There are no outstanding actions.

12 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

13 RESOURCE IMPLICATIONS

13.1 The whole report is about significant resource implications.

14 LEGAL IMPLICATIONS

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

15 EQUALITIES IMPLICATIONS

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

16 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

16.1 There are no carbon reduction or environmental implications arising directly from this monitoring report.

17 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

18 RECOMMENDATIONS

18.1 That Cabinet is asked to note:

a) The spend to date at Month 4 of £7.6 million, with 33% of the financial year having elapsed;

18.2 That Cabinet is asked to agree:

a) The revised Capital Programme of £60.4 million (Table 1 at 3.3);

19 REASONS FOR RECOMMENDATIONS

19.1 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 Capital Receipts

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	127	1,172			1,172
Wallasey Town Hall	68	0	68			68
Strategic Asset Review	96	135	96			96
Fund to assist land assembly and re-sale	936		936			936
Cleveland St Transport Depot	1,000	42	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	183	344			344
Demolish Stanley Special	275	2	275			275
Demolish Bebington Town Hall and Liscard Municipal	378		378			378
Demolish former Rock Ferry High	400	5	400			400
Demolish Foxfield	120		120			120
	7,096	**494**	**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	7		206		206
Aiming Higher for Disabled Children	134	56		134		134
Youth Capital	149		98	51		149
Birkenhead High Girls Academy	472	126		403	69	472
Vehicle Procurement	140				140	140
Condition/Modernisation	3,590	1,631		3590		3,590
Basic Need	100			100		100
Family Support Scheme	155		155			155
Formula Capital Grant	2,881			2881		2,881
Private Finance Iniative	150				150	150
Wirral Youth Zone	2,085	28	2085			2,085
Funding for 2 year olds	130	1		130		130
Foxfield contribution to priority school	1,000		500	500		1,000
Somerville primary school mobile replacement	1,350	441	600	750		1,350
	14,378	**2,290**	**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	88		1250		1,250
Integrated IT	1,873	287	1000	873		1,873
Extra Care Housing	500			500		500
LD extra care housing	544		544			544
	4,784	**375**	**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	1		2,000			2,000
Guinea Gap 3G football pitches	245			245			245
West Kirby Concourse fitness suite	112			112			112
	2,357	**1**		**2,357**	**0**	**0**	**2,357**
Regeneration and Environment - Environment & Regulation							
Road Safety	755	757		117	638		755
Congestion	358	0		3	355		358
Active Travel	935	234		505	430		935
Transportation	321	47		91	230		321
Local Sustainable Transport Fund	486	0			486		486
Bridges	1,586	142		736	850		1,586
Highways Maintenance	3,531	644		777	2,754		3,531
Street Lighting	288	66		88	200		288
Coast Protection	23	0			23		23
Asset Management	84	0			84		84
Parks Plant and Equipment	728	195		728			728
Parks vehicles replacement	988	231		988			988
Arrowe Park Changing pavilion	144	90		144			144
Landican Cemetery	71	18		71			71
Birkenhead Park Restoration	97	81		97			97
Hoylake Golf Course	30			30			30
Park Outdoor Gyms	2					2	2
Reeds Lane Play Area	60					60	60
Royden Park	14	3				14	14
Allotments	168			168			168
Start Active, Play Active, Stay active	230			230			230
Wirral Way - widening and safety improvements	130	38		130			130
	11,029	**2,546**		**4,903**	**6,050**	**76**	**11,029**
Regeneration and Environment - Housing & Community Safety							
Aids, Adaptations and Disabled Facility Grants	3,557	584		1,868	1,689		3,557
Clearance	1,521	45		705	741	75	1,521
Home Improvement	1,435	120		1,014	421		1,435
Improvement for sale grants	200					200	200
Empty Property Interventions	230	25		170		60	230
New House Building Programme	262			262			262
	7,205	**774**	**0**	**4,019**	**2,851**	**335**	**7,205**

	Revised Programme £000	Actual £000	Council Resources	Grants	Revenue/ Reserves	Total
Regeneration and Environment - Regeneration						
Business Investment Grants	508	0	508			508
Other Regional Growth Fund Schemes	4,697	144		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
The Priory	275	18	10	265		275
Floral Pavilion Stage & Orchestra Pit	37		37			37
	9,628	**162**	**1,666**	**7,962**	**0**	**9,628**
Transformation & Resources						
I.T Development	4,000	1002	4,000			4,000
West Kirby and Heswall OSSs	0					0
	4,000	**1,002**	**4,000**	**0**	**0**	**4,000**
	60,477	**7,644**	**30,323**	**29,384**	**770**	**60,477**

Annex 2 **Capital Receipts**

Disposals for which cash has been received by 31 July 2014

	£000
Former day centre 78 Union Street	150
Land at St Mary's Gate	15
Overchurch Hall	10
Site of Lingham School	350
Land at Sandy Lane North	15
Sylvandale	450
Land at Hope Street	40
Land at Abbey Street	12
	1,042
Magenta Living – Right to Buy	**752**
Total Receipts	**1,794**