

WIRRAL COUNCIL

CABINET

9 OCTOBER 2014

SUBJECT	CAPITAL MONITORING 2014/15 MONTH 5 (AUGUST 2014)
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

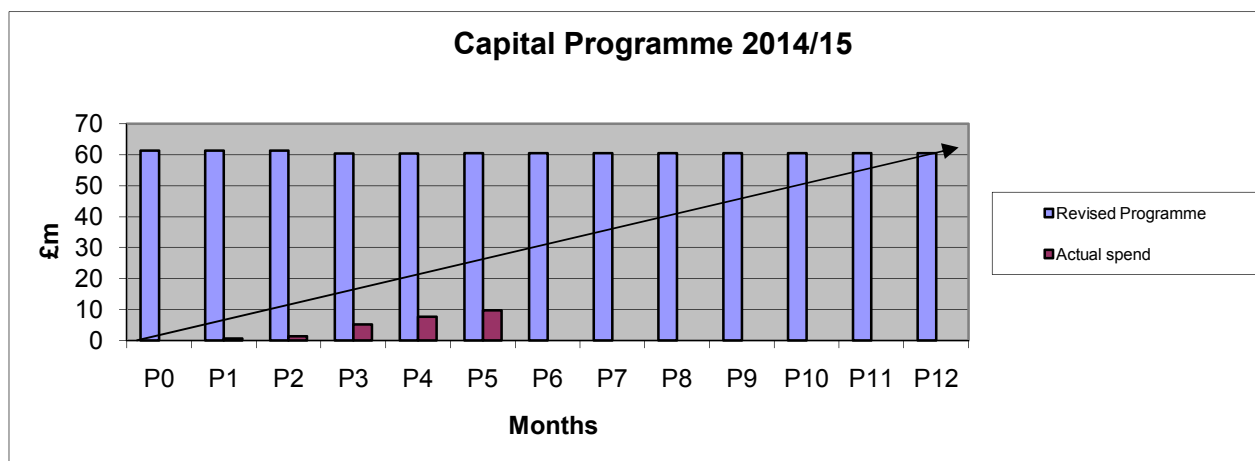
1 EXECUTIVE SUMMARY

1.1 This report sets out the capital position for 2014/15 at Month 5 (August 2014).

2 OVERALL POSITION AT PERIOD 5 (AUGUST 2014)

2.1 At this stage of the year no variances have as yet been identified which impact upon the forecast year end outturn. The report provides 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 5 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 is presently 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 is being made of the Concerto Performance Management System for each scheme. This shows how schemes in the Capital Programme are progressing. Appendix 1 will be enhanced to contain information about which stage in the gateway process schemes have reached. The 5 gates currently in use are: Conception, Approval, Start Up, Delivery and Completion

Table 1: Capital Programme 2014/15 at Period 5 (August) £000's

	Capital Strategy	Changes approved by Cabinet	Changes not yet approved	Revised Capital Programme	Actual Spend Aug 2014
Universal & Infrastructure	5,983	1,113	0	7,096	576
Families & Wellbeing – Children	13,879	499	0	14,378	2,809
Families & Wellbeing – Adults	3,611	1,173	0	4,784	477
Families & Wellbeing – Sport & Recreation	1,000	1,357	0	2,357	18
Regeneration & Env– Environment & Regulation	7,850	3,204	15	11,069	2,613
Regeneration & Env – Housing & Community Safety	5,707	1,498	0	7,205	979
Regeneration & Env – Regeneration	5,744	3,884	0	9,628	520
Public Health	401	-401	0	0	0
Transformation & Resources	4,000	0	0	4,000	1,711
Total expenditure	48,175	12,327	15	60,517	9,703

Universal and Infrastructure Services

- 3.4 The roofing scheme at West Kirby Concourse is 100% complete, cost £255,000.
- 3.5 Phase 1 & 2 of Electrical Infrastructure and refurbishments works at Cheshire Lines are complete. Phases 3 is complete and 4 will be completed 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 by September.

- 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.
- 3.12 Moreton Adult Unit demolition work is progressing, work commenced 25 August and should complete mid November. (Contract Sum £95,000).
- 3.13 Fernleigh, demolition works due to commence 29 September completion expected December (Contract Sum £65,000).
- 3.14 Cabinet 13 March agreed that the Council enters into a Deed of Surrender of land included in the present agricultural tenancy at New Hall Farm, Hoylake, which is required for the proposed Hoylake Golf Resort. Compensation to the current lessee was agreed from the Capital Programme with a capital receipt being generated from the future disposal of this land.

Children and Young People

- 3.15 Good progress is being made by the in-house Asset Management and Design Teams on major projects included in the Programme. 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.
- 3.16 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 which is funded by a Government Grant. In Wirral this 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 continued over the summer holiday to ensure kitchen production was 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 local authorities 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.

3.17 Priority School Building Programme (PSBP). Wirral was successful in its application to re-build 3 new schools under 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 has been announced and is Morgan Sindall Contractors (North West Region).

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 was 21 July 2014 and all schools were assessed against the criteria set by the Education Funding Agency and Condition data held by Asset Management. Wirral 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.

3.18 School Basic Need and Sufficiency Requirements

Fender Primary School has been identified for use of the Basic Need allocation to meet the increase in pupils in the Woodchurch area. However, The 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 £3 million 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 follow.

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

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.

Adults

3.21 The Integrated I.T. scheme (Liquidlogic) is progressing well with the scheme due for completion and going-live during late September 2014.

3.22 The Learning Disabilities Extra Care Housing Scheme procurement was completed in early 2014 and a delivery plan agreed. Discussions are currently taking place with Magenta Living regarding the Council's payment schedule and how the extra care provision could support those with dementia.

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

Sport and Recreation

- 3.24 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). Work commenced at Guinea Gap in September and site enabling works have commenced at West Kirby.
- 3.25 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

- 3.26 The two major programmes relate to Highway Maintenance for which the annual programme has been drawn up, and previously reported to Cabinet, with schemes now progressing and no significant issues are anticipated.
- 3.27 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.
- 3.28 A successful application was made for a £15,000 grant to undertake Flood Risk Management appraisals. This will enable the Council through its partnership with the other Flood Risk Authorities to better meet its responsibilities as a Lead Local Flood Authority to reduce flood risk to properties.
- 3.29 Vehicles, plant and equipment have been ordered in respect of the two Parks schemes.

Housing & Community Safety

- 3.30 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 during the year and will therefore be a commitment into the following year.
- 3.31 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 with the balance having been re-profiled into 2015/16.

Regeneration

- 3.32 The Regional Growth Fund grant supports investment into the offshore renewable energy sector. Applications have been approved up to the grant allocation but companies are only paid upon defrayment of supported expenditure with this grant having to be paid by May 2015.
- 3.33 The Liverpool City Region Local Enterprise Partnership (LEP) has secured a total of £15 million from the Governments' Regional Growth Fund (RGF) for a Business Growth Grant programme. From this allocation Wirral has, to date, secured £3.0 million with grants payable upon defrayment and having to be paid by March 2015.
- 3.34 Subject to the tender price for New Brighton, primarily for infrastructure developments, the contract will start in September in order to be completed by March 2015.

Transformation & Resources

- 3.35 The substantial programme of investment into Information Technology is underway. This includes both hardware and software with the new equipment having been piloted and is being 'rolled-out' across the Council from September. Further developments include elements to support the delivery of the Future Council project.

4 FINANCING OF THE CAPITAL PROGRAMME

- 4.1 Table 2 summarises the financing sources for the original and latest programmes.

Table 2: 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	710
Grants	24,168	29,484
Total Financing	48,175	60,517

- 4.2 A number of schemes with a value of £0.9 million originally to be funded from revenue are now funded from borrowing at a cost of £81,000 per year which as a result enables 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 3 and reflects the 2014/17 capital programmes agreed by Budget Council and subsequent amendments.

Table 3: 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	710	0	0	710
Grants	29,484	7,644	6,644	43,772
Total Financing	60,517	18,957	11,020	90,494

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 5 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 4, if there is no change in strategy.

Table 4: 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		1,753	2,502	2,895

However, the Unsupported Borrowing has to be divided into those schemes for which there is planned support i.e. spend to save schemes; and the truly unsupported schemes.

Table 5: Analysis of Unsupported Borrowing £000s

	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 to review the Council's Assets - a report was presented to Cabinet on 7 November 2013. 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 6 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 August 2014 the Council had banked receipts of £2.066 million during the current financial year (Annex 2).

Table 6 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 £9.8 million, with 42% of the financial year having elapsed;

18.2 That Cabinet is asked to:

- a) Agree the revised Capital Programme of £60.5 million (Table 1).
- b) Amend the Capital Programme to include the Flood Risk Management works funded by Grant (£15,000) referred to in paragraph 3.28.

19 REASONS FOR RECOMMENDATIONS

19.1 Regular monitoring and reporting of the Capital Programme enables decisions to be taken faster which may produce revenue benefits and will improve financial control of the Programme.

19.2 Any variations to the Capital Programme are agreed by Cabinet but then referred to Council to formally approve the changes.

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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
Annex 2 Capital Receipts

Annex 1

Revised Capital Programme and Funding

	Revised Programme £000	Actual £000	Council Resources	Grants	Revenue/ Reserves	Total
Universal and Infrastructure Services						
Building refurbishment to increase occupancy	1,172	152	1,172			1,172
Wallasey Town Hall	68		68			68
Strategic Asset Review	96	132	96			96
Fund to assist land assembly and re-sale	936	2	936			936
Cleveland St Transport Depot	1,000	43	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	59	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	576	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	26	800	536		1,336
Children's centres	206	7		206		206
Aiming Higher for Disabled Children	134	57		134		134
Youth Capital	149		98	51		149
Birkenhead High Girls Academy	472	127		403	69	472
Vehicle Procurement	140				140	140
Condition/Modernisation	3,590	1,111		3590		3,590
Basic Need	100			100		100
Family Support Scheme	155	1	155			155
Formula Capital Grant	2,881			2881		2,881
Private Finance Initiative	150				150	150
Wirral Youth Zone	2,085		2085			2,085
Funding for 2 year olds	130	39		130		130
Foxfield contribution to priority school	1,000	1000	500	500		1,000
Somerville primary school mobile replacement	1,350	441	600	750		1,350
	14,378	2,809	4,738	9,281	359	14,378

	Revised Programme £000	Actual £000	Council Resources	Grants	Revenue/ Reserves	Total
Families and Wellbeing - DASS						
Citizen and Provider Portal for Social & Health Services	617			617		617
Transformation of Day Service	1,250	112		1,250		1,250
Integrated I.T.	1,873	365	1,000	873		1,873
Extra Care Housing	500			500		500
LD Extra Care Housing	544		544			544
	4,784	477	1,544	3,240	0	4,784
Families and Wellbeing - Sports & Recreation						
West Kirby/Guinea Gap/Europa Pools	2,000	18	2,000			2,000
Guinea Gap 3G football pitches	245		245			245
West Kirby Concourse fitness suite	112		112			112
	2,357	18	2,357	0	0	2,357
Regeneration and Environment - Environment & Regulation						
Road Safety	755	256	117	638		755
Congestion	358	0	3	355		358
Active Travel	935	251	505	430		935
Transportation	321	56	91	230		321
Local Sustainable Transport Fund	486	0		486		486
Bridges	1,586	169	736	850		1,586
Highways Maintenance	3,531	1014	777	2,754		3,531
Street Lighting	288	131	88	200		288
Coast Protection	23	0		23		23
Flood Risk Management Appraisals	15	0		15		15
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	93	144			144
Landican Cemetery	71	40	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	31		60		60
Royden Park	23	11		23		23
Gautby Rd Play Area	16	16			16	16
Allotments	168		168			168
Start Active, Play Active, Stay active	230		230			230
Wirral Way - widening and safety improvements	130	38	130			130
	11,069	2,613	4,903	6,150	16	11,069

	Revised Programme £000	Actual £000	Council Resources	Grants	Revenue/ Reserves	Total
Regeneration and Environment - Housing & Community Safety						
Aids, Adaptations and Disabled Facility Grants	3,557	730	1,868	1,689		3,557
Clearance	1,521	54	705	741	75	1,521
Home Improvement	1,435	159	1,014	421		1,435
Improvement for Sale Grants	200				200	200
Empty Property Interventions	230	36	170		60	230
New House Building Programme	262		262			262
	7,205	979	4,019	2,851	335	7,205
Regeneration and Environment - Regeneration						
Business Investment Grants	508	0	508			508
Other Regional Growth Fund Schemes	4,697	274		4,697		4,697
LEP Regional Growth Fund Schemes - Targetted Assistance	3,000	185		3,000		3,000
New Brighton	1,111	7	1,111			1,111
The Priory	275	54	10	265		275
Floral Pavilion Stage & Orchestra Pit	37		37			37
	9,628	520	1,666	7,962	0	9,628
Transformation & Resources						
I.T Development	4,000	1,711	4,000			4,000
	4,000	1,711	4,000	0	0	4,000
	60,517	9,703	30,323	29,484	710	60,517

Annex 2

Capital Receipts

Disposals for which cash has been received by 31 August 2014

	£000
Former day centre 78 Union Street	150
Land at St Mary's Gate	15
Overchurch Hall	10
Site of Lingham School	352
Land at Sandy Lane North	15
Sylvandale	450
Land at Hope Street	40
Land at Abbey Street	12
Tarran Industrial (Units 1,2,3 – Freehold reversion)	270
	1,314
Magenta Living – Right to Buy	752
Total Receipts	2,066