

WIRRAL COUNCIL

CABINET

15 JANUARY 2015

SUBJECT	CAPITAL MONITORING 2014/15 MONTH 8 (NOVEMBER 2014)
WARD/S AFFECTED	ALL
REPORT OF	ACTING SECTION 151 OFFICER
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

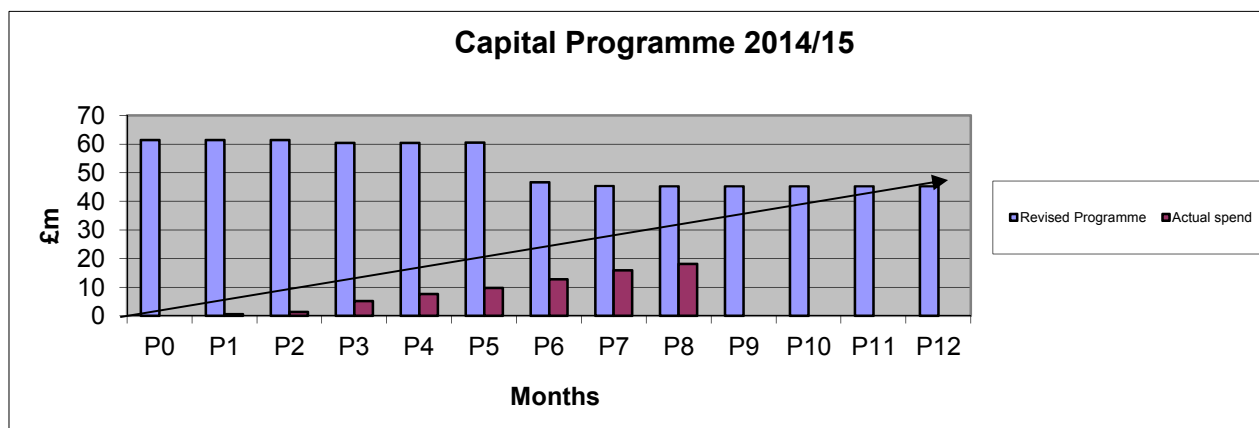
1 EXECUTIVE SUMMARY

1.1 This report sets out the capital position for 2014/15 at Month 8 (November 2014).

2 OVERALL POSITION AT PERIOD 8 (NOVEMBER 2014)

2.1 The actual spend against the Capital Programme is summarised in Table 1. A number of variances have been identified which impact upon the forecast outturn and these are highlighted in Table 2. The report provides information on the progress in delivering 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. Month 8 reflects the Programme agreed by Cabinet on 12 February 2014 together with subsequent amendments. Broadly these reflect the re-profiling from 2013/14 as referred to in the Capital Outturn report, more up to date information regarding external financial support, primarily latest grant notifications, the outcome of a half year review to update the forecast spend profile and information subsequently available in November.

3.2 Given the level of slippage from 2013/14, in total £35 million, the profiling of the Programme was reviewed by the Capital Working Group with the aim of identifying the deliverable Programme for 2014/15. The outcome was included in the Month 6 Monitoring report.

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. Annex 1 contains 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 8 (November) £000's

	Capital Strategy	Changes approved by Cabinet	Changes not yet approved/ noted	Revised Capital Programme	Actual Spend Nov 2014
Universal & Infrastructure	5,827	-2,490	0	3,337	1,379
Families & Wellbeing – Children	10,998	-688	0	10,310	5,200
Families & Wellbeing – Adults	3,611	-38	0	3,573	1,018
Families & Wellbeing – Sport & Recreation	1,000	1,157	0	2,157	564
Regeneration & Env – Env & Regulation	8,006	2,525	-275	10,256	4,069
Regeneration & Env – Hsg & Comm Safety	5,707	-1,861	177	4,104	1,626
Regeneration & Env – Regeneration	5,744	3,389	0	9,133	1,836
Public Health	401	-401	0	0	0
Transformation & Resources	4,000	-1,500	0	2,500	2,447
Total expenditure	45,294	93	-98	45,370	18,139

Universal and Infrastructure Services

3.4 The roofing scheme at West Kirby Concourse is 100% complete, cost £344,000.

3.5 Phases 1-3 of Electrical Infrastructure and refurbishments works at Cheshire Lines are complete with Phase 4 to be completed by March 2015. This will enable Birkenhead Municipal Building to be vacated and staff relocated to Cheshire Lines.

3.6 Works to Birkenhead Town Hall are complete and Acre Lane staff have now been relocated.

- 3.7 The full refurbishment tender for Wallasey Town Hall North Annexe will be loaded onto the Procurement Portal (The CHEST) by the end of December.
- 3.8 Cleveland Street Transport Depot, 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 Work in respect of a New Salt Barn facility at the Cleveland Street site is approximately 85% complete.
- 3.10 Construction of the new build for Arrowe Park changing pavilion Commenced in November.
- 3.11 The schemes to demolish Bebington Town Hall and Liscard Municipal Building are on temporary hold.
- 3.12 Stanley School demolition on site with an estimated contract duration of 10 weeks (tender price £171,000). Work to the playing field cannot be completed until April/May 2015.
- 3.13 Planning permission has been granted for the demolition of Rock Ferry High School but awaiting Secretary of State Approval before proceeding to tender. Approval is also awaited before the demolition of former Foxfield facility can commence.
- 3.14 The demolition of Moreton Adult Unit and Fernleigh has been completed.
- 3.15 Cabinet 13 March 2014 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

- 3.16 Good progress is being made by the in-house Asset Management and Design Teams on major projects. There are 2 large contracts (over £500,000) 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.
- 3.17 Universal Infants Free School Meals. The Government initiative will result in an expected increase of 7,000 pupil meals per day. Some kitchens required extensive building work to meet capacity increase others new heavy equipment. Continuation of capital investment was required to meet the increased meal numbers, to ensure that safety legislation is met and to replace old kitchen equipment. This being met from the grant of £624,000.

3.18 The tenders for the redevelopment works to Elleray Special School were returned in early December with the scheme then to commence and carry over in 2015/16.

3.19 Priority School Building Programme (PSBP). The first scheme to rebuild Foxfield Special School is on-site and construction is progressing quickly. The anticipated date for completion is February 2015. Ridgeway High School and Bedford Drive School are also included in PSBP (1) but will follow a Private Finance Initiative route and the projects are progressing. PSBP (2). 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. An announcement of the successful bids is now expected in Spring 2015.

3.20 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 updates to Cabinet will follow.

3.21 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 having started in September (£0.85 million).

3.22 A new charitable organisation is being created to manage the construction of the Youth Zone. Once formally established the Council contribution to the £6 million scheme will be paid.

3.23 School remodelling – a number of schemes have now been identified. Given that these need approval and feasibility studies £1.1 million has been deferred to 2015/16 rather than be incurred in the current financial year.

3.24 Vehicle procurement – 2 gritters have been purchased and a car for transporting pupils to and from Oaklands has been ordered.

Adults

3.25 The Integrated I.T. scheme (Liquidlogic) went live during September 2014.

3.26 Next phase of the Liquidlogic project will see the procurement and implementation of the additional modules relating to the citizen and provider portals. Implementation will support the delivery of some Care Act duties from April 2015.

3.27 Transformation of Day Services is ongoing and now moving into the implementation stage with work expected to be completed by the year end.

Sport and Recreation

- 3.28 All projects are now underway at Guinea Gap with completion estimated for January 2015. Works at West Kirby are commenced late October with completion anticipated in April 2015.
- 3.29 The work on the 3G football pitches at Guinea Gap commenced on 30 July. Tender cost is £204,000 with a completion date of December.

Environment and Regulation

- 3.30 Surfacing works at Rake Lane and Kings Parade are now expected to be completed in 2015/16. Consequently £212,000 from the Highway Maintenance programme will be slipped into that year.
- 3.31 Work on the Bidston Bypass North Bridge is unlikely to commence until April 2015 requiring slippage of £168,000.
- 3.32 Vehicles, plant and equipment have been ordered in respect of the two Parks schemes.

Housing & Community Safety

- 3.33 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.
- 3.34 For the New House-Building Programme, the Council is using the Homes and Community Agency new Affordable Homes Programme as the basis for developing the programme of works. Processes such as defining the criteria and legal obligations for grant funding, site acquisition and planning approval need to be completed before scheme commencement. Based on these parameters anticipated spend for 2014/15 is currently £520,000 higher than previously reported. As such some of the slippage (£258,000) previously agreed will now actually be incurred in this financial year. The overall programme cost remains unchanged.

Regeneration

- 3.35 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.
- 3.36 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 million with grants payable upon defrayment and having to be paid by March 2015.

3.37 The contract for New Brighton, primarily for infrastructure developments, started in September and is to be completed by March 2015.

3.38 Funding from reserves (£50,000) is available to ensure that the final phase of the Marine Business Park was completed to the agreed standard.

Transformation & Resources

3.39 The substantial programme of investment into Information Technology is underway. This includes investment in 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 and upgrading the ORACLE financial system which is likely to occur in 2015/16.

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

	Amount	Explanation
	£000	(A) Policy (B) Items previously deferred (C) Funding (D) Re-profiling (E) Reduced requirement
Environment & Regulation	82	Additional grant re Local Road Safety (C)
	-168	Bridges – delayed start to Bidston ByPass North (D).
	-212	Highway maintenance – completion of Rake Lane and Kings Parade resurfacing expected April 2015 (D).
	12	Grant to fund coast protection regional monitoring works (C).
	11	Minor variations (D).
Regeneration	-81	Home Improvements – grant confirmation now received results in reduction in programme (C)
Housing & Community Safety	258	Spend is progressing ahead of schedule for the New House Building programme (D)
Total Variation	-98	

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	10,884
Capital Receipts	3,000	8,073
Revenue and Reserves	290	745
Grants	21,287	25,587
Total Financing	45,294	45,289

- 4.2 The reprofiling of the Capital Programme following the half year review at Month 6 reduced the borrowing requirement for 2014/15 by £8.8 million resulting in a one-off financing saving in 2014/15 of £800,000. The changes since then revise this figure to £840,000. The full budget will be required in 2015/16 when the re-profiled expenditure occurs.

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	10,884	20,522	4,376	35,782
Capital Receipts	8,073	5,758	0	13,831
Reserve Reserves	745	177	0	922
Grants	25,587	9,282	6,644	41,513
Total Financing	45,289	35,739	11,020	92,048

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

- 6.1 Based on the current cost, £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 Month 8 there is a sum of £36.0 million of new unsupported borrowing included over the three years, which will result in approximately £3.2 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	10,884	20,522	4,376	-
Cumulative		31,406	35,782	35,782
Annual Revenue repayment costs				
Cumulative		980	2,827	3,220

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

Table 6: Analysis of Unsupported Borrowing £000s

	2014/15	2015/16	2016/17	Total
Spend to save	4,192	10,012	750	14,954
Other borrowing	6,692	10,510	3,626	20,828

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 November 2014 the Council had banked receipts of £2.481 million during the current financial year as against the full year target of £2.5 million (Annex 2).

Table 7: Projected Capital Receipts position £000's

	2014/15	2015/16	2016/17
Capital Receipts Reserve	8,800	3,227	12,969
In - Receipts Assumption	2,500	15,500	8,000
Out - Funding assumption	-8,073	-5,758	TBA
Closing Balance	3,227	12,969	20,969

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 An in year review of the Capital Programme was undertaken by the Capital Working Group and this was incorporated within the Month 6 Monitoring Report..

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 8 of £18.1 million, with 67% of the financial year having elapsed;
- b) The net additional grants of £13,000 in respect of the schemes referred to in Table 2 (Reference C).

18.2 That Cabinet is asked to agree and refer to Council:

- a) The revised Capital Programme of £45.4 million (Table 1);
- b) The re-profiling in respect of the schemes referred to in Table 2 (Reference D) of £0.111 million.

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 – Council	25 February 2014

ANNEXES

Annex 1 Revised Capital Programme and Funding
Annex 2 Capital Receipts

Revised Capital Programme and Funding 2014/15 and Programme 2015/16

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
Universal and Infrastructure Services								
Building refurbishment to increase occupancy	660	355	660			660	2,262	Start Up/Delivery
Wallasey Town Hall	68	0	68			68		Completion
Strategic Asset Review	96	164	96			96		Completion
Fund to assist land assembly and re-sale	200	121	200			200	736	Conception/Start
Cleveland St Transport Depot	450	175	450			450	3,050	Start
Park depot rationalisation	710	40	710			710	600	Conception
Energy efficiency Initiatives	500		500			500	500	Conception
Structural/Roofing works - West Kirby Concourse	344	313	344			344		Completion
Arrowe Park Changing pavilion	144	106	144			144		Start Up
Demolish Stanley Special & External Renovation Work	160	100	160			160	115	Start/Completion
Demolish Bebington Town Hall and Liscard Municipal	0		0			0	378	Conception
Demolish former Rock Ferry High	5	5	5			5	395	Conception
Demolish Foxfield	0		0			0	120	Conception
	3,337	1,379	3,337	0	0	3,337	8,456	

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
Families and Wellbeing - CYP								
Elleray Park Special School redevelopment	100	9	100			100	900	Conception
School remodelling/additional classrooms	236	153	0	236		236	1,850	Conception
Children's centres	106	18		106		106	100	Approval
Aiming Higher for Disabled Children	90	63		90		90		StartUp/Delivery
Youth Capital	149		98	51		149		Approval
Birkenhead High Girls Academy	472	390		403	69	472		Delivery
Vehicle Procurement	123	106			123	123	17	Delivery
Condition/Modernisation	3,590	2,220		3,590		3,590	4,500	Delivery/Completion
Basic Need	100			100		100		Conception
Family Support Scheme	155	1	155			155	100	Approval
Private Finance Initiative	0				0	0	150	Conception
Wirral Youth Zone	2,085	55	2,085			2,085		Approval
Funding for 2 year olds	130	51		130		130		Delivery
Foxfield contribution to priority school	1,000	1,000	500	500		1,000		Completion
Somerville Primary School	1,350	611	600	750		1,350		Delivery/Completion
Universal Free School Meals	624	523		624		624		Delivery/Completion
	10,310	5,200	3,538	6,580	192	10,310	7,617	
Families and Wellbeing - DASS								
Citizen and Provider Portal for Social and Health Services	450			450		450	167	Conception
Transformation of Day Service	1,250	114		1,250		1,250		Conception
Integrated IT	1,873	904	1,000	873		1,873		Delivery
Extra Care Housing	0					0	1,500	Conception
LD extra care housing	0					0	1,396	Conception
	3,573	1,018	1,000	2,573	0	3,573	3,063	
Families and Wellbeing - Sports & Recreation								
West Kirby/Guinea Gap/Europa	1,800	420	1,800			1,800	1,200	Delivery
Guinea Gap 3G Football pitches	245	144	245			245		Delivery
West Kirby Concourse Fitness Suite	112		112			112		Conception
	2,157	564	2,157	0	0	2,157	1,200	

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
Regeneration and Environment - Environment & Regulation								
Road Safety	753	393	33	720		753	84	Start Up/Delivery
Congestion	358	0	3	355		358		Conception
Active Travel	641	309	211	430		641	84	Start Up/Delivery
Transportation	321	125	91	230		321		Start Up/Delivery
Local Sustainable Transport Fund	499	0		499		499		Conception
Bridges	922	297	72	850		922	664	Conception/Start Up/Delivery
Highways Maintenance	3,347	2,047	523	2,824		3,347	254	Start Up/Delivery/Completion
Street Lighting	288	176	88	200		288		Start Up/Delivery
Coast Protection	157	12	20	50	87	157	231	Approval
Asset Management	84	0		84		84		Approval
Energy schemes (LED Street Lighting)	300		300			300	4,000	Approval
Parks Plant and Equipment	728	212	728			728		Delivery
Parks vehicles replacement	988	231	988			988		Delivery
Landican Cemetery	71	48	71			71		Delivery
Birkenhead Park Restoration	97	81	97			97		Delivery
Parks Improvement Works	35	13			35	35		Delivery
Hoylake Golf Course	30		30			30		Conception
Park Outdoor Gyms	2	1		2		2		Completion
Reeds Lane Play Area	60	31		60		60		Delivery
Royden Park/Eastham Country Park	14	12		14		14		Delivery
Gautby Rd Play Area	16	16			16	16		Completion
Allotments	168		168			168		Conception
Start Active, Play Active, Stay active	260	27	230		30	260	10	Conception
Wirral Way - widening and safety improvements	117	38	117			117	13	Start Up
Cemetery extension/improvement							150	
	10,256	4,069	3,770	6,318	168	10,256	5,490	

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
Regeneration and Environment - Housing & Community Safety								
Aids, Adaptations and Disabled Facility Grants	2,485	1,179	796	1,689		2,485	3,206	Start Up/Delivery
Clearance	200	111		125	75	200	1,321	Start Up/Delivery
Home Improvement	442	260	102	340		442	912	Start Up/Delivery
Improvement for sale grants	200				200	200		Conception
Empty Property Interventions	176	76	116		60	176	156	Start Up/Delivery
New House Building Programme	520		520			520	980	Start Up
Housing Renewal							1,030	
	4,023	1,626	1,534	2,154	335	4,023	7,605	
Regeneration and Environment – Regeneration								
Business Investment Grants	0		0			0	808	
Regional Growth Fund Schemes	4,697	334		4,697		4,697		Start Up/Delivery
LEP Regional Growth Fund Schemes - Targetted Assistance	3,000	934		3,000		3,000		Start Up/Delivery
New Brighton	1,111	401	1,111			1,111		
Marine Business Park	50	50			50	50		
The Priory	275	117	10	265		275		Delivery
	9,133	1,836	1,121	7,962	50	9,133	808	
Transformation & Resources								
I.T Development	2,500	2,447	2,500			2,500	1,500	Delivery
	2,500	2,400	2,500	0	0	2,500	1,500	
	45,289	18,139	18,957	25,587	745	45,289	35,739	

Capital Receipts**Disposals for which cash has been received by 30 November 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 1,2,3,2A,2B – Freehold reversion)	370
Former Poulton Primary School	315
	1,729
Magenta Living – Right to Buy	752
Total Receipts	2,481

Anticipated auction list for December

Land at Bedford Place / New Chester Road, Rock Ferry
 Land at Holt Road / Old Chester Road, Rock Ferry
 Former Luncheon Club, Highfield Road, Rock Ferry
 Cottage Street, Industrial Unit, Birkenhead
 Land at Belmont Avenue, Wallasey