

# WIRRAL COUNCIL

## CABINET

10 FEBRUARY 2015

<b>SUBJECT</b>	<b>CAPITAL PROGRAMME AND FINANCING 2015/18</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING SECTION 151 OFFICER</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

### 1 EXECUTIVE SUMMARY

- 1.1 This report provides Cabinet with a draft Capital Programme for 2015/18 for consideration and referral to Council for approval. It also includes information regarding the revenue implications of this Programme.

### 2 BACKGROUND AND KEY ISSUES

#### CAPITAL STRATEGY

- 2.1 The Capital Strategy provides the framework that enables the Council to work with partners and stakeholders to prioritise and effectively deliver the capital investment that contributes to the achievement of Council objectives.

#### CAPITAL WORKING GROUP (CWG)

- 2.2 This Officer Group was re-established during 2013 to improve the co-ordination and management of the Capital Programme. The Group includes representatives from all Directorates and the Terms of Reference include:-
- Review of the Capital Strategy and policies relating to capital.
  - Review and recommend new schemes for inclusion in the Programme.
  - Manage the delivery of the approved Capital Programme.

The Capital Working Group (Disposals) has been established to maximise Capital Receipts from the sale of surplus assets.

#### CAPITAL PROGRAMME

- 2.3 The Capital Programme details the schemes being undertaken over the medium term which help the Council achieve its objectives. It is aligned to Council plans and strategies, including the Corporate Plan and Medium Term Financial Strategy and is reviewed, updated and considered by Council each year as part of the annual budget setting process.

- 2.4 Government announcements may include grant support for specific themes but other investment is based upon affordability and there is limited scope for unsupported capital expenditure as this adds to revenue costs. Greater reliance is now placed on available capital receipts generated from the disposal of surplus assets.

### **NEW SUBMISSIONS**

- 2.5 As the Council has to manage demands for investment within the financial constraints there has to be a means to prioritise investment. Criteria have been developed to assess any capital bids that ensure the Programme is targeted to Council priority areas. These are applied by the CWG to assess individual bids and in making recommendations to Cabinet as to which should be included in the Capital Programme.
- 2.6 All submissions, including revised applications for current schemes, were the subject of a Business Case submission. The CWG challenged the justification and deliverability (with the aim of reducing the significant re-profiling of schemes which has occurred in recent years) prior to scoring the submissions against the prioritisation criteria.

### **2015/18 CAPITAL PROGRAMME**

- 2.7 The 2015/18 Capital Programme therefore represents a combination of:-
- a) Schemes originally approved as part of the 2014/17 Programme and updated through the Capital Monitoring reports in 2014/15.

**Table 1 : Capital Programme (previous approvals and monitoring reports)**

<b>Analysis of the Capital Programme</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Capital Programme (Cabinet February 2014)	17,468	11,020
Re-profiling from 2014/15	14,479	0
Schemes brought forward to prior year	-258	
Increased grants	50	0
Schemes approved subsequent to Cabinet	4,000	0
<b>Current Capital Programme</b>	<b>35,739</b>	<b>11,020</b>

A breakdown of the current Programme is included in Appendix 5.

- b) New / revised bids for consideration at this meeting. Appendix 1 details the criteria against which schemes were scored, Appendix 2 the scoring for each scheme, Appendix 3 provides information regarding the purpose of those schemes and Appendix 4 provides cost and funding details.

**Table 2 : New / revised bids for inclusion in the Programme**

<b>New Bids by Directorate</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Universal & Infrastructure	500	750	250
Families & Wellbeing			
Children & Young People	900	1,350	750
Adult Social Services	5,200	1,000	0
Sport & Recreation	665	690	0
Regeneration & Environment			
Environment & Regulation	2,780	3,530	4,810
Housing & Community Safety	-1,193	379	3,243
Regeneration	1,000	100	0
<b>Total</b>	<b>9,852</b>	<b>7,799</b>	<b>9,053</b>

- c) Government funding has been announced for Highway Maintenance and Integrated Transport and a report on the use of the funding is on this agenda.

**Table 3 : Highway Maintenance and Integrated Transport Allocations**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Expenditure</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Highway Maintenance	3,305	3,030	2,938
Integrated Transport	1,058	N/A	N/A
<b>Total</b>	<b>4,363</b>	<b>3,030</b>	<b>2,938</b>
Funding			
<b>Grants</b>	<b>4,363</b>	<b>3,030</b>	<b>2,938</b>

- 2.8 A comprehensive review of the approach to managing and maintaining street lighting included a Street Lighting Strategy and action plan which was approved by Cabinet on 9 October and endorsed by Council on 20 October. The conversion of existing light sources to LED lighting is a way to reduce long-term energy costs. The initial project plan assumes the installation contract will start in May 2015 and finish February 2016. £300,000 is already included in the 2014/15 programme with the additional £4 million included in 2015/16. This expenditure will be funded from borrowing.
- 2.9 The proposed Capital Programme combines Tables 1, 2 and 3 and includes the West Kirby coast protection scheme for which an indicative Government grant allocation has been received. The Programme is detailed in Appendix 6 and Table 4 provides a summary. It should be noted that the bids for Aids/Adaptations/Disabled Facility Grants and Housing Renewal update schemes which had previously been approved.

**Table 4 : Proposed Capital Programme 2015/18**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total Expenditure</b>	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>
Funded From			
Borrowing	18,990	3,626	0
Capital Receipts	12,693	6,135	2,414
Grants	17,734	11,968	9,511
Revenue/Reserves	537	120	66
<b>Total Funding</b>	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>

### **CAPITAL RECEIPTS**

- 2.10 Capital receipts generated from the sale of Council assets are becoming of increased importance in funding the Capital Programme. All borrowing to fund the Programme has an impact on the Council Tax so maximising the use of capital receipts reduces impact on revenue.
- 2.11 As reported to Cabinet on 7 November 2013 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 anticipated that the disposal for Acre Lane will occur early in 2015, for Manor Drive will occur in 2016 and that for Rock Ferry (presently seeking Secretary of State consent to dispose of the former school facility) in 2016/17. This has been reflected in Table 5. In addition to these major disposals it has been assumed that a further £1 million will be generated from minor asset sales for 2015/16 onwards.
- 2.12 There are caveats. Additional costs in preparing the sites for disposal may be incurred and these would need to be included in the Capital Programme and met from the available capital receipts. Secondly, the anticipated receipts are only estimates at this stage and will likely change.
- 2.13 Capital receipts can only be utilised when the receipt is guaranteed. Based on the current Programme and planned funding it is projected that there will be £3.2 million available at 31 March 2015. £12.7 million has provisionally been identified as funding for the 2015/16 Programme with a further £6.1 million for 2016/17 and £2.4 million for 2017/18. This assumes that any new bids requiring funding from Council resources will be funded from capital receipts as opposed to borrowing. This will be re-assessed as further information becomes available in relation to both the disposals and the Future Council Programme.

**Table 5 : Capital Receipts Projections**

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Receipts Reserve	8,800	3,227	534	8,399
In – Receipts Assumption	2,500	10,000	14,000	1,000
Out - Funding assumption	-8,073	-12,693	-6,135	-2,414
Closing Balance	3,227	534	8,399	6,985

**3 RELEVANT RISKS**

- 3.1 All relevant risks have been discussed within Section 2 of this report. The robustness of the capital estimates is contained within the Chief Financial Officer Statement (see Revenue Budget 2015/18 on this agenda).

**4 OTHER OPTIONS CONSIDERED**

- 4.1 Each submission for a scheme to be included in the Capital Programme is supported by a Business Case. This Business Case includes an assessment of the alternative options and has been reviewed by the Capital Working Group as to timing and deliverability.

**5 CONSULTATION**

- 5.1 There has been no specific consultation with regards to this report. In terms of the delivery of schemes consultation will take place as part of the scheme development and implementation.

**6 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 There are no outstanding actions

**7 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 7.1 There are none arising directly out of this report.

**8 RESOURCE IMPLICATIONS**

- 8.1. The proposed 2015/18 Capital Programme is a combination of the currently approved Capital Programme, the New Bids and Highways and Transport funding. This will require a maximum of £19 million of unsupported borrowing in 2015/16 and £3.6 million in 2016/17.

**Table 6 : Borrowing Requirement**

	<b>2015/16</b>
	<b>£000</b>
Council funding for the original approved 2015/16 Programme	9,824
Less: use of capital receipts	-2,500
<b>Borrowing required</b>	<b>7,324</b>
Add: Additional borrowing for schemes approved in 2014/15	4,000
Less: Borrowing associated with schemes b/forward to 2014/15	-258
Less: Borrowing no longer required (resulting from new bids)	-1,532
<b>New Borrowing for 2015/16</b>	<b>9,534</b>
Add: Borrowing for schemes re-profiled from 2014/15	9,456
<b>Total Borrowing per proposed 2015/16 Programme (See Appendix 6)</b>	<b>18,990</b>

- 8.2 The revenue borrowing costs associated with the re-profiled schemes have been included in the 2014/15 revenue budget and therefore do not represent an additional requirement.
- 8.3 The spend and funding of the Capital Programme are linked to the Treasury Management activity. The return on investment income continues to be low and the policy of borrowing internally has enabled us to avoid any long term borrowing. However, this will not be sustainable in the medium term. It has been reported in the Revenue Monitoring Reports during 2014/15 that there is a net underspend from borrowing and investment of £0.41 million.
- 8.4 The revenue impact of the new borrowing required for 2015/16 of £9.534 million and that required for 2016/17 of £3.626 million represents a cost in 2015/16 of £0.2 million, in 2016/17 £0.9 million and in 2017/18 £1.2 million. However, the policy of internal borrowing during 2014/15 realised significant savings in interest payments associated with long term borrowing. On the assumption therefore that the 2015/16 interest budget will be maintained at its current level the additional costs can be accommodated within existing resources.

## **9 LEGAL IMPLICATIONS**

- 9.1 There are none arising directly from this report as they will be identified as each scheme is progressed.

## **10 EQUALITIES IMPLICATIONS**

- 10.1 There are none arising directly from this report as they will be identified as each scheme is progressed. Individual schemes within the Programme will have a direct impact upon groups for example the Aids and Adaptations investment within Regeneration.

## **11 CARBON REDUCTION IMPLICATIONS**

- 11.1 There are none arising directly from this report as they will be identified as each scheme is progressed.

## **12 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 12.1 There are none arising directly from this report as they will be identified as each scheme is progressed.

## **13 RECOMMENDATIONS**

- 13.1 That the new bids as detailed in Appendix 4 be approved.
- 13.2 That any new bids supported by grant funding do not commence until written confirmation has been received from the granting authority that such grant(s) have actually been approved.
- 13.3 That progress on delivering the Capital Programme be presented in accordance with the agreed Capital Monitoring arrangements.
- 13.4 That Cabinet recommend to Budget Council for approval the Capital Programme 2015/18 (as detailed in Appendix 6).

## **14 REASONS FOR RECOMMENDATIONS**

- 14.1 The purpose of the Capital Programme is to enable the Council to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.
- 14.2 Links to the revenue budget ensure that revenue funding is provided to meet the financing costs, and any running costs, as a result of the Capital Programme investment.

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## **APPENDICES**

- Appendix 1 – Capital Programme Prioritisation Evaluation Criteria.  
Appendix 2 – Scoring Summary for new capital bids 2015/18.  
Appendix 3 – Schemes recommended for inclusion.  
Appendix 4 – New Bids Submitted 2015/18.  
Appendix 5 – Currently Approved Programme 2015/16 and 2016/17.  
Appendix 6 – Proposed Capital Programme 2015/16 to 2017/18.  
Appendix 7 – Technical capital information on expenditure and funding.

## REFERENCE MATERIAL

Prudential Code for Capital Finance in Local Authorities, CIPFA 2013.

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Capital Programme 2014/17	12 February 2014
Cabinet - Capital Monitoring 2014/15 - monthly basis	Various



**APPENDIX 1**

**CAPITAL PROGRAMME PRIORITISATION EVALUATION CRITERIA**

<b>Scheme Title</b>				
		<b>(A) Score 1 to 5</b>	<b>(B) Multiplier</b>	<b>Weighted Score (A x B)</b>
<b>A</b>	<b>Direct Links to Council Themes (16%)</b>			
1	Driving growth in our economy		5	
2	Protecting the vulnerable		5	
3	Tackle health inequalities		5	
<b>B: Outcomes (32%)</b>				
1	Realistic and detailed time table with key events and dependencies rigorously addressed		6	
2	Realistic and clearly stated outcomes with achievable, measured outputs that the investment will produce.		12	
3	Demonstrates need for, benefits of and priority for investing and evaluation of alternate options.		12	
<b>C: Finance (52%)</b>				
1	Business case demonstrates achievable and realistic revenue savings.		15	
2	Attracts noticeable outside funding		20	
3	Accommodates all revenue borrowing or ongoing revenue running costs.		15	
<b>OVERALL WEIGHTED SCORE</b>				
<b>(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)</b>				
<b>A scoring threshold of 250 has been used to determine those schemes to be recommended for inclusion in the Capital Programme.</b>				

## Scoring Summary For New Capital Bids 2015-18

## APPENDIX 2

SCHEME	Comments	Total Score	Scheme Estimate			Total £000
			2015-16 £000	2016-17 £000	2017-18 £000	
Development of Extra Care Housing	Extends existing scheme, grant funded	<b>428</b>	1,000	0	0	<b>1,000</b>
Dock bridges replacement	Significant grant funding	<b>395</b>	280	2,530	4,310	<b>7,120</b>
Stanley Special School - additional classrooms, medical hygiene provision	Assists vulnerable pupils	<b>390</b>	150	600	0	<b>750</b>
Refurbish various buildings to increase occupancy	Invest to save	<b>376</b>	500	750	250	<b>1,500</b>
Support for Aids & adaptations/Disabled Facility Grant	Replaces existing scheme	<b>369</b>	-633	439	2,573	<b>2,379</b>
West Kirby flood alleviation	Reflects the Council's Coastal Strategy	<b>369</b>	1,500	500	0	<b>2,000</b>
Housing renewal	Replaces existing scheme	<b>365</b>	-560	-60	670	<b>50</b>
Community intermediate care services	Possible invest to save	<b>350</b>	1,000	1,000	0	<b>2,000</b>
Refurbish artificial turf pitch and perimeter fence repairs at Tennis & Sports centre	Prevent future loss of income	<b>333</b>	240	0	0	<b>240</b>
Integrated social care & health learning disability service at Girtrell Court	Possible invest to save	<b>332</b>	2,000	0	0	<b>2,000</b>
Hamilton Square accessibility improvements	Supports Community Strategy and Asset Mgt Plan	<b>324</b>	1,000	100		<b>1,100</b>
West Kirby Marine Lake - integrated accommodation and service delivery	Links to local/national sports development strategies	<b>317</b>	0	690	0	<b>690</b>
PPM to unclassified and residential streets	Invest to save	<b>312</b>	500	500	500	<b>1,500</b>
Bidston Tennis Centre re-roofing	Prevent future loss of income	<b>310</b>	425	0	0	<b>425</b>
PPM to classified roads	Invest to save	<b>302</b>	500	0	0	<b>500</b>
School remodelling and additional classrooms	Extension of existing scheme	<b>284</b>	750	750	750	<b>2,250</b>
Pensby Wood - day service remodelling and additional rooms	Helps to address demand for day services	<b>260</b>	1,200	0	0	<b>1,200</b>
Revitalise leisure centre entrances, foyers and service	To be funded from PPM	<b>0</b>				<b>0</b>
Fort Perch Rock car park charging policy	To be funded from reserves	<b>0</b>				<b>0</b>
Parks infrastructure improvement	Deleted from consideration	<b>0</b>				<b>0</b>
			<b>9,852</b>	<b>7,799</b>	<b>9,053</b>	<b>26,704</b>

## CAPITAL PROGRAMME 2015/18

## SCHEMES RECOMMENDED FOR INCLUSION FOLLOWING EVALUATION

<b>Project title and description</b>
<p><b>Extra Care Housing</b> Represents an extension of the current programme to develop extra care housing units in Wirral. Will contribute significantly to the shift required from residential and nursing care placements, to community based living options. The average weekly cost of residential or nursing placement is higher than the cost of support in an Extra Care unit. Would contribute to savings targets from Contracting and Commissioning.</p>
<p><b>Dock Bridges Replacement</b> The project will replace two very old substandard structures, which are structurally complex and difficult and expensive to maintain, with modern fit for purpose structures. The existing structures present a risk to both harbour and strategic highway requirements, in the event of failure to either the lifting mechanism on 'A' bridges or structural failure on either bridge, and have limited provision for pedestrians and cyclists.</p>
<p><b>Stanley Special School</b> The project would support an increase in pupil numbers to accommodate approximately 15 pupils with profound and multiple learning difficulties for whom additional classrooms are required.</p>
<p><b>Refurbish buildings to increase occupancy</b> Will enable existing buildings to operate more efficiently, enable the vacation of various buildings that will reduce revenue costs and generate capital receipts. Is a key driver to enable the Council to continue to deliver efficiencies from office accommodation.</p>
<p><b>Aids &amp; Adaptations/Disabled Facilities Grants</b> Support the Authority to meet its statutory duty with regards to grant aiding the provision of essential aids &amp; adaptations to give disabled persons better freedom of movement into and around their homes and to give access to essential facilities</p>
<p><b>West Kirby Flood Alleviation</b> The provision of a safe highway network is a statutory duty, and the project will remove the requirement to close South Parade when conditions are unsafe due to tidal overtopping. Will reduce significant flood risk to 140 properties following completion.</p>
<p><b>Housing Renewal</b> Will deliver a mixture of Home Repair Assistance and Renovation loans and Cosy Homes Heating Grants to assist low income vulnerable home owners with essential repairs and heating improvements to enable them to stay in their homes. Will assist in securing the remaining property acquisitions and cover the Council's ongoing commitment, in relation to properties acquired for demolition and eventual housing redevelopment.</p>

**Community Intermediate Care Services**

The project will enable the council to protect a vulnerable group in the borough, namely those patients who have require access to appropriate advice/support and care to enable faster recovery from illness, prevent unnecessary hospital admissions and premature admissions to long term residential care, support timely and planned discharge from hospital and maximise potential for independent living

**Tennis & Sports Centre – Artificial Pitch and Fencing**

Failure to replace the pitch will result in closure of the facility due to the rapid deterioration and unsafe nature of the playing surface with loss of income in the region of £50k per annum. Currently, due to the poor and unsafe condition of the pitch, only 50% of the pitch surface area is playable for football and hockey can no longer be played. The perimeter fence of this facility is badly damaged in certain areas due to continual vandalism and age related wear & tear and some replacement is necessary.

**Integrated Social Care – Girtrell Court**

The project is a refurbishment and reuse of Girtrell Court as a residential unit for a variety of Learning Disability services provided jointly by the Department of Adult Social Services (DASS) and Cheshire and Wirral Partnership (CWP) and other currently commissioned services. The aim is to bring these services together in a purpose provided unit and to derive efficiencies while providing a safe and protected environment for vulnerable people.

**Hamilton Square Accessibility**

The project will provide improved accessibility and traffic movements within Hamilton Square. Revised traffic management measures as follows:

- Re-opening of Hamilton Street outside the Town Hall
- Creation of a Hamilton Street/ Duncan Street junction
- Duncan Street becoming two-way
- Hamilton Street becoming two-way between the square, the railway station and the A41 gyratory
- Hamilton Street becoming two-way throughout its full length

The proposals will allow for southbound movement between the A41 gyratory, Hamilton Square railway station and into the square itself. This would better link the north-east corner of the square with the busy A41 gyratory, whilst allowing southbound bus services to call directly at the railway station, and enable a good quality public transport interchange to be established.

Ultimately this will reduce traffic levels on Argyle Street whilst increasing the accessibility and improving the connectivity of the square to the surrounding area

**West Kirby Marine Lake**

Enhance the facilities and operational control at the north end of the Lake to include complete revamp of existing facilities with a combination of refurbishment and “wrap around” new building which could incorporate the ranger station and beach patrol services. There is also a good business opportunity for a catering facility at the site. Upgrading the facilities is essential to the continuing success of the lake development and business plan. Upgrading these facilities will make it more accessible to all potential users and resolve the potential conflict with the Equalities Act.

**Preventative Maintenance to Unclassified Roads and Residential Streets**

This project allows increased investment in the highway network to limit the further deterioration of minor roads, which otherwise would result in higher levels of reactive maintenance in response to actionable defects, higher levels of payments in response to claims against the Council for slips, trips and falls and higher cost capital investment in future years to repair roads with escalating deterioration in structural condition.

**Bidston Tennis Centre Re-roofing**

The project will enable the building to operate normally without the disruption to business and loss of income due to water ingress issues. It will also involve minor refurbishment of areas previously damaged by water ingress. The project will significantly reduce the revenue strain on constant repairs to the roof.

**Preventative maintenance to unclassified roads**

This project allows limited investment in the highway network in order to reduce the further deterioration of classified roads, which otherwise would result in higher levels of reactive maintenance in response to actionable defects, higher levels of payments in response to claims against the Council for slips, trips and falls and higher cost capital investment in future years to repair roads with escalating deterioration in structural condition.

**School Remodelling**

There is a requirement for a flexible approach in providing adequate space which is suitable for the various neighbourhoods and educational demands. Capital funding will ensure that adequate resource is available to meet fluctuations in pupil numbers and suitability needs e.g. DDA, medical needs, team around the child meetings, out of hours provision etc. The project will create a suitable learning environment for some of the Borough's most vulnerable children, by ensuring they are safe and secure, have spaces for movement and play, creating an learning environment which will help them achieve their potential.

**Pensby Wood Day Service Remodelling**

There is a statutory obligation to meet the needs of individuals who are assessed as being in the critical/substantial banding of the assessment process, currently there is no provision in the external market to provide this service due to the complexity of the needs of the individuals. Pensby Wood is the only current service to offer this facility and provides for 25 adults. The project could extend this offer to 60 - 70 places by the development of an extension and improvements to the facilities that are currently there.

## APPENDIX 4

### NEW BIDS SUBMITTED FOR THE CAPITAL PROGRAMME 2015/16 TO 2017/18

	2015/16	2016/17	2017/18
<b>Expenditure</b>			
Universal and Infrastructure Services	500	750	250
Families and Wellbeing			
CYP	900	1,350	750
DASS	5,200	1,000	0
Sport & Recreation	665	690	0
Regeneration & Environment			
Environment & Regulation	2,780	3,530	4,810
Housing & Community Safety	-1,193	379	3,243
Regeneration	1,000	100	0
	<b>9,852</b>	<b>7,799</b>	<b>9,053</b>
<b>Resources</b>			
Borrowing	-1,532	0	0
Capital Receipts	6,935	5,385	2,414
Grants	4,089	2,294	6,573
Revenue/Reserves	360	120	66
	<b>9,852</b>	<b>7,799</b>	<b>9,053</b>
<b>Universal and Infrastructure Services</b>			
<b>Expenditure</b>			
Building refurbishment to increase occupancy	500	750	250
	<b>500</b>	<b>750</b>	<b>250</b>
<b>Resources</b>			
Capital Receipts	500	750	250
	<b>500</b>	<b>750</b>	<b>250</b>
<b>Families and Wellbeing - CYP</b>			
<b>Expenditure</b>			
Stanley Special School - additional classrooms,	150	600	0
School remodelling and additional classrooms	750	750	750
	<b>900</b>	<b>1,350</b>	<b>750</b>
<b>Resources</b>			
Capital Receipts	650	1,100	500
Grant	250	250	250
	<b>900</b>	<b>1,350</b>	<b>750</b>

**Families and Wellbeing - DASS****Expenditure**

Extension of existing capital scheme for the development of Extra Care Housing	1,000	0	0
Community Intermediate Care Services	1,000	1,000	0
Integrated Social Care and Health Learning Disability Service - Girtrell Court	2,000	0	0
Pensby Wood - day service remodelling	1,200	0	0
	<b>5,200</b>	<b>1,000</b>	<b>0</b>

**Resources**

Capital Receipts	3,200	1,000	0
Grant	2,000	0	0
	5,200	1,000	0

**Families and Wellbeing - Sports & Recreation****Expenditure**

Artificial Turf Pitch & fence at Tennis & Sports Centre	240	0	0
West Kirby Marine Lake – Integrated accommodation	0	690	0
Bidston Tennis Centre re-roofing	425	0	0
	<b>665</b>	<b>690</b>	<b>0</b>

**Resources**

Capital Receipts	665	690	0
	<b>665</b>	<b>690</b>	<b>0</b>

**Regeneration and Environment - Environment & Regulation****Expenditure**

West Kirby Flood Alleviation	1,500	500	0
Dock Bridges Replacement	280	2,530	4,310
Preventative Maintenance to Unclassified and Residential Streets	500	500	500
Preventative Maintenance to Classified Roads	500	0	0
	<b>2,780</b>	<b>3,530</b>	<b>4,810</b>

**Resources**

Capital Receipts	1,280	1,705	560
Grant	1,300	1,825	4,250
Revenue/Reserves	200	0	0
	<b>2,780</b>	<b>3,530</b>	<b>4,810</b>

The Autumn Statement in December 2014 announced an indicative grant allocation for flood alleviation works at West Kirby.

**Regeneration and Environment - Housing & Community Safety****Expenditure**

Housing Renewal ***	-560	-60	670
Aids & Adaptations/Disabled Facilities Grant ***	-633	439	2,573
	<b>-1,193</b>	<b>379</b>	<b>3,243</b>

**Resources**

Borrowing	-1,532	0	0
Capital Receipts	0	80	1,104
Grant	179	179	2,073
Revenue/Reserves	160	120	66
	<b>-1,193</b>	<b>379</b>	<b>3,243</b>

**Regeneration and Environment - Regeneration****Expenditure**

Hamilton Square Accessibility Improvements	1,000	100	0
	<b>1,000</b>	<b>100</b>	<b>0</b>

**Resources**

Capital Receipts	640	60	0
Grant	360	40	0
	<b>1,000</b>	<b>100</b>	<b>0</b>

\*\*\* Bids included for these schemes replace the amounts already approved in the 2015/16 and 2016/17 Programme. They represent either a reduction or increase in the overall resource now required. Taken together with the existing programme they therefore represent the overall scheme cost for 2015/18.



## APPENDIX 5

### CURRENTLY APPROVED CAPITAL PROGRAMME 2015/16 TO 2016/17

	2015/16	2016/17
<b>Expenditure</b>		
Universal and Infrastructure Services	8,456	750
Families and Wellbeing		
CYP	7,617	5,350
DASS	3,063	1,604
Sport & Recreation	1,200	0
Regeneration & Environment		
Environment & Regulation	5,490	150
Housing & Community Safety	7,605	2,866
Regeneration	808	300
Transformation & Resources	1,500	0
	<b>35,739</b>	<b>11,020</b>
<b>Resources</b>		
Borrowing	20,522	3,626
Capital Receipts	5,758	750
Grants	9,282	6,644
Revenue/Reserves	177	0
	<b>35,739</b>	<b>11,020</b>

### Universal and Infrastructure Services

<b>Expenditure</b>		
Building refurbishment to increase occupancy	2,262	750
Fund to assist land assembly and re-sale	736	0
Cleveland St Transport Depot	3,050	0
Park depot rationalisation	600	0
Energy efficiency Initiatives	500	0
Energy schemes	300	0
Demolish Stanley Special & External Renovation Work	115	0
Demolish Bebington Town Hall and Liscard Municipal	378	0
Demolish former Rock Ferry High	395	0
Demolish Foxfield	120	0
	<b>8,456</b>	<b>750</b>
<b>Resources</b>		
Borrowing	4,948	0
Capital Receipts	3,508	750
	<b>8,456</b>	<b>750</b>

### **Families and Wellbeing - CYP**

#### **Expenditure**

Elleray Park Special School redevelopment	900	0
School remodelling and additional classrooms	1,850	750
Condition/Modernisation	4,500	4,500
PFI	150	0
Vehicle Procurement	17	0
Children's centres	100	0
Family Support Scheme	100	100
	<b>7,617</b>	<b>5,350</b>

#### **Resources**

Borrowing	2,300	600
Grants	5,150	4,750
Revenue/Reserves	167	0
	<b>7,617</b>	<b>5,350</b>

### **Families and Wellbeing - DASS**

#### **Expenditure**

Citizen and Provider Portal for Social and Health Services	167	0
Extra Care Housing	1,500	0
LD extra care housing	1,396	1,604
	<b>3,063</b>	<b>1,604</b>

#### **Resources**

Borrowing	1,396	1,604
Grants	1,667	0
	<b>3,063</b>	<b>1,604</b>

### **Families and Wellbeing - Sports & Recreation**

#### **Expenditure**

West Kirby/Guinea Gap/Europa Pools	1,200	0
	<b>1,200</b>	<b>0</b>

#### **Resources**

Borrowing	1,200	0
	<b>1,200</b>	<b>0</b>

## **Regeneration and Environment - Environment & Regulation**

### **Expenditure**

Cemetery Extensions and Improvements	150	150
Road Safety	84	0
Active Travel	84	0
Bridges	664	0
Highway Maintenance	254	0
Start Active, Play Active, Stay active	10	0
Wirral Way - widening and safety improvements	13	0
Coast Protection	231	0
Energy schemes (LED Street Lighting)	4,000	0
	<b>5,490</b>	<b>150</b>

### **Resources**

Borrowing	5,480	150
Revenue/Reserves	10	0
	<b>5,490</b>	<b>150</b>

## **Regeneration and Environment - Housing & Community Safety**

### **Expenditure**

Aids, Adaptations and Disabled Facility Grants	3,206	2,134
Clearance	1,321	0
Home Improvement	912	0
Empty Property Interventions	156	102
Housing Renewal	1,030	630
New House Building Programme	980	0
	<b>7,605</b>	<b>2,866</b>

### **Resources**

Borrowing	4,390	972
Capital Receipts	750	0
Grants	2,465	1,894
	<b>7,605</b>	<b>2,866</b>

## **Regeneration and Environment - Regeneration**

### **Expenditure**

Business Investment Grants	808	300
	<b>808</b>	<b>300</b>

### **Resources**

Borrowing	808	300
	<b>808</b>	<b>300</b>

## **Transformation & Resources**

### **Expenditure**

I.T Development	1,500	0
	<b>1,500</b>	<b>0</b>

### **Resources**

Capital Receipts	1,500	0
	<b>1,500</b>	<b>0</b>

## APPENDIX 6

### PROPOSED CAPITAL PROGRAMME 2015/16 TO 2017/18

	2015/16	2016/17	2017/18
<b>Expenditure</b>			
Universal and Infrastructure Services	8,956	1,500	250
Families and Wellbeing			
CYP	8,517	6,700	750
DASS	8,263	2,604	0
Sport & Recreation	1,865	690	0
Regeneration & Environment			
Environment & Regulation	12,633	6,710	7,748
Housing & Community Safety	6,412	3,245	3,243
Regeneration	1,808	400	0
Transformation & Resources	1,500	0	0
	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>
<b>Resources</b>			
Borrowing	18,990	3,626	0
Capital Receipts	12,693	6,135	2,414
Grants	17,734	11,968	9,511
Revenue/Reserves	537	120	66
	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>

#### Universal and Infrastructure Services

##### Expenditure

Building refurbishment to increase occupancy	2,762	1,500	250
Fund to assist land assembly and re-sale	736	0	0
Cleveland St Transport Depot	3,050	0	0
Park depot rationalisation	600	0	0
Energy efficiency Initiatives	500	0	0
Energy schemes	300	0	0
Demolish Stanley Special & External Renovation Work	115	0	0
Demolish Bebington Town Hall and Liscard Municipal	378	0	0
Demolish former Rock Ferry High	395	0	0
Demolish Foxfield	120	0	0
	<b>8,956</b>	<b>1,500</b>	<b>250</b>

##### Resources

Borrowing	4,948	0	0
Capital Receipts	4,008	1,500	250
	<b>8,956</b>	<b>1,500</b>	<b>250</b>

**Families and Wellbeing - CYP****Expenditure**

Elleray Park Special School redevelopment	900	0	0
School remodelling and additional classrooms	2,600	1,500	750
Condition/Modernisation	4,500	4,500	0
PFI	150	0	0
Vehicle Procurement	17	0	0
Children's centres	100	0	0
Family Support Scheme	100	100	0
Stanley Special School - additional classrooms	150	600	0
	<b>8,517</b>	<b>6,700</b>	<b>750</b>

**Resources**

Borrowing	2,300	600	0
Capital Receipts	650	1,100	500
Grants	5,400	5,000	250
Revenue/Reserves	167	0	0
	<b>8,517</b>	<b>6,700</b>	<b>750</b>

**Families and Wellbeing - DASS****Expenditure**

Citizen and Provider Portal for Social and Health Services	167	0	0
Extra Care Housing	2,500	0	0
LD extra care housing	1,396	1,604	0
Community Intermediate Care Services	1,000	1,000	0
Integrated Social Care and Health Learning			
Disability Service - Girtrell Court	2,000	0	0
Pensby Wood - day service remodelling	1,200	0	0
	<b>8,263</b>	<b>2,604</b>	<b>0</b>

**Resources**

Borrowing	1,396	1,604	0
Capital Receipts	3,200	1,000	0
Grants	3,667	0	0
	<b>8,263</b>	<b>2,604</b>	<b>0</b>

**Families and Wellbeing - Sports & Recreation****Expenditure**

West Kirby/Guinea Gap/Europa Pools	1,200	0	0
Artificial Turf Pitch & fence at Tennis & Sports Centre	240	0	0
West Kirby Marine Lake – Integrated accommodation	0	690	0
Bidston Tennis Centre re-roofing	425	0	0
	<b>1,865</b>	<b>690</b>	<b>0</b>

**Resources**

Borrowing	1,200	0	0
Capital Receipts	665	690	0
	<b>1,865</b>	<b>690</b>	<b>0</b>

**Regeneration and Environment - Environment & Regulation  
Expenditure**

Cemetery Extensions and Improvements	150	150	0
Road Safety	84	0	0
Active Travel	84	0	0
Bridges	664	0	0
Highway Maintenance	3,559	3,030	2,938
Integrated Transport	1,058	0	0
Start Active, Play Active, Stay active	10	0	0
Wirral Way - widening and safety improvements	13	0	0
Coast Protection	231	0	0
Energy schemes (LED Street Lighting)	4,000	0	0
West Kirby Flood Alleviation	1,500	500	0
Dock Bridges Replacement	280	2,530	4,310
Preventative Maintenance to Unclassified and Residential Streets	500	500	500
Preventative Maintenance to Classified Roads	500	0	0
	<b>12,633</b>	<b>6,710</b>	<b>7,748</b>

**Resources**

Borrowing	5,480	150	0
Capital Receipts	1,280	1,705	560
Grants	5,663	4,855	7,188
Revenue/Reserves	210	0	0
	<b>12,633</b>	<b>6,710</b>	<b>7,748</b>

**Regeneration and Environment - Housing & Community Safety  
Expenditure**

Aids, Adaptations and Disabled Facility Grants	2,573	2,573	2,573
Clearance	1,321	0	0
Home Improvement	912	0	0
Empty Property Interventions	156	102	0
Housing Renewal	470	570	670
New House Building Programme	980	0	0
	<b>6,412</b>	<b>3,245</b>	<b>3,243</b>

**Resources**

Borrowing	2,858	972	0
Capital Receipts	750	80	1,104
Grants	2,644	2,073	2,073
Revenue/Reserves	160	120	66
	<b>6,412</b>	<b>3,245</b>	<b>3,243</b>

**Regeneration and Environment - Regeneration  
Expenditure**

Business Investment Grants	808	300	0
Hamilton Square Accessibility Improvements	1,000	100	0
	<b>1,808</b>	<b>400</b>	<b>0</b>

**Resources**

Borrowing	808	300	0
Capital Receipts	640	60	0
Grants	360	40	0
	<b>1,808</b>	<b>400</b>	<b>0</b>

**Transformation & Resources**

**Expenditure**

I.T Development	1,500	0	0
	<b>1,500</b>	<b>0</b>	<b>0</b>

**Resources**

Capital Receipts	1,500	0	0
	<b>1,500</b>	<b>0</b>	<b>0</b>

### TECHNICAL DETAILS

#### 1 CAPITAL EXPENDITURE

- 1.1 Capital expenditure is defined under the Financial Reporting Standard (FRS) 15 as expenditure incurred on the creation, purchase or enhancement of a tangible asset required over the long term to carry out the activities of an organisation. Expenditure which purely maintains the useful life or open market value of an asset should be charged to revenue. The Local Government Act 2003 amended the definition to allow expenditure on computer software and on the making of loans or grants for capital expenditure by another body to be treated as the capital expenditure of a local authority.
- 1.2 Local Authorities can also apply to the Secretary of State for a determination to re-classify revenue spend as capital spend based upon a Capitalisation Direction. The Government introduced changes in 2014/15 over the use of capital receipts so they could be used to transform and reform services but this remains subject to a bidding process and requires Secretary of State approval.

#### 2 SOURCES OF CAPITAL FUNDING

- 2.1 There are a variety of different sources of capital funding, each having different complications and risks attached.

##### **Borrowing**

- 2.2 The Prudential Capital Finance system allows local authorities to borrow for capital expenditure without Government consent, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.
- 2.3 As a guide, borrowing incurs a revenue cost of approximately 8% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost i.e. for every £1 million of borrowing the annual revenue borrowing costs are around £80,000.
- 2.4 The Government has given Local Authorities greater freedom in the way they provide for their debts. Local Authorities have to earmark revenues each year as provision for repaying debts incurred on capital projects. Since 1 April 2008 it became a duty on each local authority to make provision for debt which the local authority considers prudent.



- 2.5 The Council has determined that the most prudent method of earmarking revenues to repay unsupported borrowing is by matching the debt repaid each year to the life of the asset which the borrowing helped to finance. As an example, if the Council borrowed £5 million to build a new asset with a life of 20 years then revenue costs would be £0.25 million each year for 20 years plus the interest cost of the borrowing.

### **Grants**

- 2.6 The challenging financial environment means that national government grants are reducing, or changing in nature. A large proportion of this funding is currently unringfenced which means it is not tied to particular projects but it is often tied to a particular area such as education or highways so there is not complete freedom on where to spend our grants. Our aim is to use only up to the level of grant provided and will not always use unsupported borrowing to 'top up'. In meeting statutory obligations and where the grant is not sufficient, other sources of funding will be sought to fund the gap.

### **Capital Receipts**

- 2.7 Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include the release of assets no longer required, development sites, former school sites and the agreement with Wirral Partnership Homes / Magenta Living for the sharing of receipts from sales of former Council houses. Receipts are critical to delivering our capital programme and reducing the level of borrowing we require.

### **Revenue / Other Contributions**

- 2.8 The Prudential Code allows for the use of additional revenue resources within agreed parameters. Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools.