

WIRRAL COUNCIL

CABINET

12 MARCH 2015

SUBJECT	CAPITAL MONITORING 2014/15 MONTH 10 (JANUARY 2015)
WARD/S AFFECTED	ALL
REPORT OF	ACTING SECTION 151 OFFICER
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

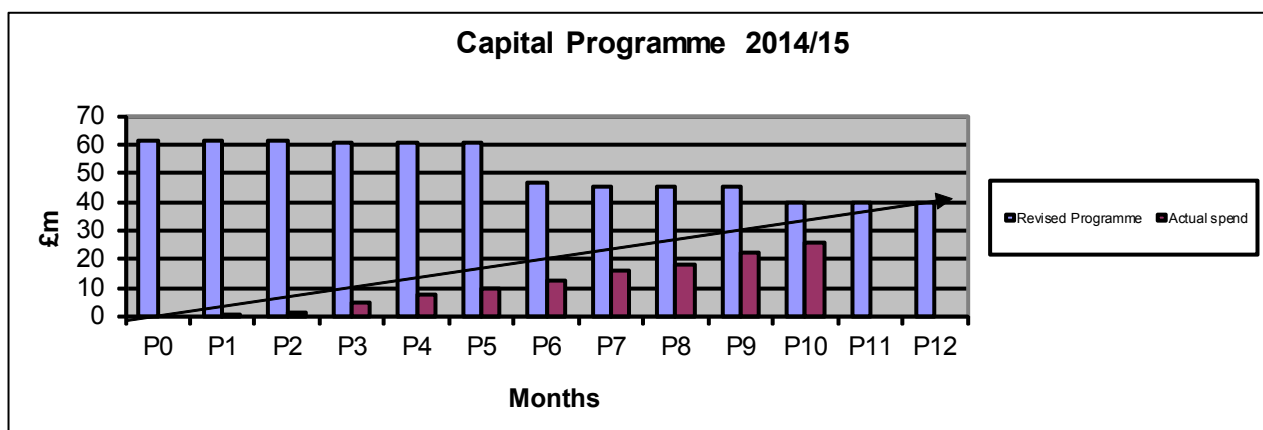
1 EXECUTIVE SUMMARY

1.1 This report sets out the capital position for 2014/15 at Month 10 (January 2015).

2 OVERALL POSITION AT PERIOD 10 (JANUARY 2015)

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 10 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 January.

3.2 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 10 (January) £000's

	Capital Strategy	Changes approved by Cabinet	Changes not yet approved/ noted	Revised Capital Programme	Actual Spend Jan 2015
Universal & Infrastructure	5,827	-2,490	-190	3,147	2,727
Families & Wellbeing – Children	10,998	-688	-2,150	8,160	6,822
Families & Wellbeing – Adults	3,611	-38	-950	2,623	1,140
Families & Wellbeing – Sport & Recreation	1,000	1,157	0	2,157	833
Regeneration & Env – Env & Regulation	8,006	2,250	-529	9,727	4,753
Regeneration & Env – Hsg & Comm Safety	5,707	-1,684	34	4,057	2,139
Regeneration & Env – Regeneration	5,744	3,389	-2,000	7,133	4,704
Public Health	401	-401	0	0	0
Transformation & Resources	4,000	-1,500	0	2,500	2,700
Total expenditure	45,294	-5	-5,785	39,504	25,818

Universal and Infrastructure Services

- 3.3 The roofing scheme at West Kirby Concourse is 100% complete, cost £354,000.
- 3.4 Electrical infrastructure works are complete and the general refurbishment and decoration to the final wing of Cheshire Lines is 80% complete. The toilet refurbishment programme has commenced and will be complete within 12 weeks.
- 3.5 Works to Birkenhead Town Hall are complete and Acre Lane staff now relocated.
- 3.6 It is anticipated to have Wallasey Town Hall South Annexe vacated by early May to allow the asbestos removal scheme to commence late that month (lowest tender £130,580). Upon completion the main refurbishment will commence.
- 3.7 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.

- 3.8 Work in respect of a New Salt Barn facility at the Cleveland Street site is complete.
- 3.9 Construction of the new build for Arrowe Park changing pavilion has been completed.
- 3.10 Stanley School demolition has been completed with the final account around £92,000 (lower than previously reported). Work to the playing field cannot be completed until April/May 2015.
- 3.11 Planning permission has been granted for the demolition of Rock Ferry High School but Secretary of State Approval and the outcome of public consultation is awaited before proceeding to tender. Approval is also awaited before the demolition of former Foxfield facility can commence.
- 3.12 The demolition of Moreton Adult Unit and Fernleigh has been completed.
- 3.13 The Solar Photovoltaic scheme commenced in January 2015 and will now complete early in 2015/16.

Children and Young People

- 3.14 Large school projects (over £500,000) are progressing well. The last phase of the Somerville Primary School project to remove poor quality mobile accommodation will be handed over in February with final demolition and ground works scheduled for Easter. Hoylake Holy Trinity School final phase will be completed in March.
- 3.15 Projects at Elleray Park (£1.2 million) and Woodsee Primary (£550,000) will start on site mid-February. Other new start projects anticipated in the next couple of months are: Fender Primary to create 2 additional classrooms and remodelling (£600,000), Thingwall Primary remodelling and removal of mobile accommodation (£300,000), isolation of retained Stanley School staffroom/offices and creation of sports pitch (£275,000).
- 3.16 Advanced design work at a number of schools identified in last year's Capital programme are reaching their final stages; detailed drawings, costing, delivery mechanisms and procurement will then follow.
- 3.17 The new Foxfield Special School built under the Governments Priority School Building Programme (1) will open to pupils on March 2.
- 3.18 Regarding the other two schools in the Priority School Building Programme (1) - Bedford Drive will commence on site during summer 2015 with completion anticipated August 2016; Ridgeway High School will commence on site summer 2016 with completion in August 2017. The Council's recent bid for 3 projects in the Priority School Building Programme (2) round was unfortunately unsuccessful; these schemes will be considered for alternative capital funding.

3.19 Regarding the Youth Zone, legal documentation has been drafted between OnSide Youth Zones and Hill Dickenson and competitive tendering undertaken for the building works. A formal planning application is expected in April. To date 66% of the overall funding (£6 million) has been secured with OnSide hoping to secure the rest by July. The facility should be open by early 2017 so the Council's contribution is now likely to be phased over 2015/16 and 2016/17.

3.20 Three year Capital allocations for schools have recently been announced to address school condition requirements and basic need (pupil places). The three year allocation will improve planning and delivery of schemes over the period. A Programme will be drawn up for Member approval based upon condition survey outcomes in schools, pupil place forecasts and suitability needs of schools. The allocations will be reflected in the 2015/6 and 2016/17 Programme following Ciouncil

Allocation	2015/16 £000	2016/17 £000	2017/18 £000
Basic Need	1,347	1,414	831
School Condition			
Maintained	2,794	2,794	2,794
Aided	1,097	1,097	1,097
Devolved Formula Capital			
Maintained	646		
Aided	229		

Adults

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

3.22 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.

3.23 Transformation of Day Services is ongoing. Plans for the local authority implementation have been delayed slightly resulting in some of the capital works also being delayed until next year.

Sport and Recreation

3.24 All projects are now underway at Guinea Gap with completion now set for 20 February. The first phase of work at West Kirby is complete with the next phase to be completed by December 2015.

3.25 The work on the 3G football pitches at Guinea Gap commenced on 30 July and was completed in early January and the pitches are being well used by local groups.

Environment and Regulation

- 3.26 Major highway improvement works to provide improved and safer facilities for pedestrians and cyclists were completed at the junction of the A41 and Bolton Road in Port Sunlight. The main site works finished in July 2014, three weeks ahead of the planned construction programme. The total cost of £590,000 was funded from active travel, road safety, congestion and maintenance budgets.
- 3.27 A new mini-roundabout has been completed at the junction of Shrewsbury Road and Gerald Road in Oxton. The £60,000 scheme is designed to reduce accidents at a dangerous junction and has been funded from the road safety block.
- 3.28 A package of schemes totalling some £380,000 is under-way on the A41 in Bromborough to provide off-road cycle facilities on one of Wirral's key commuter routes, funded from the local sustainable transport fund (LSTF) and active travel budgets. The work is being carried out under the Council's new Highway Services contract with BAM Nuttall Ltd, and is scheduled for completion before April 2015.

Housing & Community Safety

- 3.29 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.
- 3.30 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, legal obligations for grant funding, site acquisition and planning approval need to be completed before scheme commencement.

Regeneration

- 3.31 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. This grant has to be paid by May 2015 so an element of spend will slip into 2015/16.
- 3.32 The Liverpool City Region Local Enterprise Partnership (LEP) has secured a total of £15 million from the Government's 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 May 2015 so an element of this spend will slip into 2015/16.
- 3.33 The contract for New Brighton, primarily for infrastructure developments, started in September and is to be completed by March 2015.

Transformation & Resources

3.34 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 £000	Explanation (A) Policy (B) Items previously deferred (C) Funding (D) Re-profiling (E) Reduced requirement
Universal & Infrastructure	-190	Solar PV scheme commenced January and now committed into next year (D)
CYP	-50	Elleray Park - scheme now planned to start in February (D).
	-100	Family Support Scheme - completion of the second scheme now expected April 2015 (D).
	-2,000	Wirral Youth Zone - 66% of the joint funding has been secured, the balance hoped for by July. Building work will only commence then (D).
DASS	-450	Citizen and provider portal - implementation now expected in 2015/16 (D).
	-500	Transformation of Day Service - implementation partly delayed (D).
Environment & Regulation	-188	Bridges - awaiting response from Network Rail re bridge strengthening proposal (D).
	-100	BAM Nuttall cannot deliver the work on Bidston Bypass West Bridge until 2015/16 (D).
	-67	Vehicle replacement - outstanding purchases to be completed when beach patrol transfers to RNLI (D).
Regeneration	-165	Allotments - indicated completion in 2015/16 (D).
	-2,000	Regional Growth Fund – grant has to be spent by May and reliant on companies submitting fully supported claims (D).
Minor Variations	25	
Total Variation	-5,785	

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	10,393
Capital Receipts	3,000	6,006
Revenue and Reserves	290	745
Grants	21,287	22,360
Total Financing	45,294	39,504

4.2 The reprofiling of the Capital Programme 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	10,393	20,992	4,376	35,761
Capital Receipts	6,006	7,825	0	13,831
Reserve Reserves	745	177	0	922
Grants	22,360	13,157	6,644	42,161
Total Financing	39,504	42,151	11,020	92,675

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 10 there is a sum of £35.8 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	10,393	20,992	4,376	-
Cumulative		31,385	35,761	35,761
Annual Revenue repayment costs				
Cumulative		935	2,825	3,219

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	4,002	10,202	750	14,954
Other borrowing	6,391	10,790	3,626	20,807

7 CAPITAL RECEIPTS POSITION

- 7.1 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, and Hampton suggest a figure closer to £22 million; however the market is subject to fluctuations. It is anticipated that the disposal of Acre Lane will occur early in 2015, Manor Drive in 2016 and Rock Ferry (presently seeking Secretary of State consent to dispose of the former school facility) 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 Section 4.1 is agreed. At this stage the receipts and funding assumptions are estimates.
- 7.3 At January 2015 the Council had received receipts of £2.8 million during the current financial year which has exceeded the 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	5,594	7,769
In - Receipts Assumption	2,800	10,000	14,000
Out - Funding assumption	-6,006	-7,825	TBA
Closing Balance	5,594	7,769	21,769

8 RELEVANT RISKS

- 8.1 The possible failure to deliver the Capital Programme will be mitigated by the monthly 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. Lambert, Smith, Hampton are still providing external support.
- 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 is 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 10 of £25.8 million, with 83% of the financial year having elapsed;

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

- a) The revised Capital Programme of £39.6 million (Table 1);
- b) The re-profiling in respect of the schemes referred to in Table 2 of £5.785 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	995	660			660	2,262	Start Up/Delivery
Wallasey Town Hall	68	60	68			68		Completion
Strategic Asset Review	96	302	96			96		Completion
Fund to assist land assembly and re-sale	200	237	200			200	736	Start-up/Completion
Cleveland St Transport Depot	450	321	450			450	3,050	Start Up
Park depot rationalisation	710	40	710			710	600	Start Up
Energy efficiency Initiatives	310	130	310			310	690	Conception
Energy Schemes	0	0	0			0	300	Conception
Structural/Roofing works - West Kirby Concourse	344	354	344			344		Completion
Arrowe Park Changing pavilion	144	182	144			144		Completion
Demolish Stanley Special & External Renovation Work	160	101	160			160	115	Conception/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
	3,147	2,727	3,147	0	0	3,147	8,646	

	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	50	13	50			50	950	Start Up
School remodelling/additional classrooms	236	185	0	236		236	1,850	Start Up/Delivery
Children's centres	106	23		106		106	100	Approval
Aiming Higher for Disabled Children	90	64		90		90		StartUp/Delivery
Youth Capital	149		98	51		149		Approval
Birkenhead High Girls Academy	472	392		403	69	472		Delivery
Vehicle Procurement	123	106			123	123	17	Delivery
Condition/Modernisation	3,590	3,211		3,590		3,590	4,500	Delivery/Completion
Basic Need	100			100		100		Conception
Family Support Scheme	55	1	55			55	200	Approval
Private Finance Initiative	0				0	0	150	Conception
Wirral Youth Zone	85	57	85			85	2,000	Approval
Funding for 2 year olds	130	111		130		130		Start Up
Foxfield contribution to priority school	1,000	1,072	500	500		1,000		Completion
Somerville Primary School	1,350	898	600	750		1,350		Delivery/Completion
Universal Free School Meals	624	689		624		624		Delivery/Completion
	8,160	6,822	1,388	6,580	192	8,160	9,767	
Families and Wellbeing - DASS								
Citizen and Provider Portal for Social and Health Services	0			0		0	617	Start Up
Transformation of Day Service	750	129		750		750	500	Start Up
Integrated IT	1,873	1,011	1,000	873		1,873	627	Start Up/Delivery
Extra Care Housing	0					0	1,500	Conception
LD extra care housing	0					0	1,396	Conception
	2,623	1,140	1,000	1,623	0	2,623	4,640	
Families and Wellbeing - Sports & Recreation								
West Kirby/Guinea Gap/Europa	1,800	687	1,800			1,800	1,200	Delivery
Guinea Gap 3G Football pitches	245	146	245			245		Delivery
West Kirby Concourse Fitness Suite	112		112			112		Conception
	2,157	833	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	404	33	720		753	84	Start Up/Delivery
Congestion	358	0	3	355		358		Conception
Active Travel	641	373	211	430		641	84	Start Up/Delivery
Transportation	301	167	71	230		301	20	Start Up/Delivery
Local Sustainable Transport Fund	499	0		499		499		Conception
Bridges	634	324	72	562		634	952	Conception/Start Up/Delivery
Highways Maintenance	3,347	2,254	523	2,824		3,347	254	Start Up/Delivery/Completion
Street Lighting	288	224	88	200		288		Start Up/Delivery
Coast Protection	178	50	20	71	87	178	210	Start Up
Asset Management	84	0		84		84		Approval
Energy schemes (LED Street Lighting)	300		300			300	4,000	Approval
Parks Plant and Equipment	728	379	728			728		Delivery
Parks vehicles replacement	921	231	921			921	67	Delivery
Landican Cemetery	71	50	71			71		Delivery
Birkenhead Park Restoration	97	87	97			97		Delivery
Parks Improvement Works	35	19			35	35		Delivery
Hoylake Golf Course	30		30			30		Conception
Park Outdoor Gyms	2	1		2		2		Completion
Reeds Lane Play Area	50	35		50		50	10	Delivery
Royden Park/Eastham Country Park	14	12		14		14		Delivery
Gautby Rd Play Area	16	16			16	16		Completion
Allotments	3	2	3			3	165	Conception
Start Active, Play Active, Stay active	260	83	230		30	260	10	Conception
Wirral Way - widening and safety improvements	117	42	117			117	13	Start Up
Cemetery extension/improvement							150	
	9,727	4,753	3,518	6,041	168	9,727	6,019	

	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	2,138	1,428	796	1,342		2,138	3,206	Start Up/Delivery
LIFT Programme	347	45		347		347		Start Up/Delivery
Clearance	200	163		125	75	200	1,321	Start Up/Delivery
Home Improvement	442	410	102	340		442	912	Start Up/Delivery
Improvement for sale grants	200				200	200		Conception
Empty Property Interventions	210	93	150		60	210	122	Start Up/Delivery
New House Building Programme	520		520			520	980	Start Up
Housing Renewal							1,030	
	4,057	2,139	1,568	2,154	335	4,057	7,571	
Regeneration and Environment – Regeneration								
Business Investment Grants	0		0			0	808	
Regional Growth Fund Schemes	2,697	1,488		2,697		2,697	2,000	Start Up/Delivery
LEP Regional Growth Fund Schemes - Targetted Assistance	3,000	1,952		3,000		3,000		Start Up/Delivery
New Brighton	1,111	1,015	1,111			1,111		Start Up
Marine Business Park	50	68			50	50		Completion
The Priory	275	181	10	265		275		Delivery
	7,133	4,704	1,121	5,962	50	7,133	2,808	
Transformation & Resources								
I.T Development	2,500	2,700	2,500			2,500	1,500	Delivery
	2,500	2,700	2,500	0	0	2,500	1,500	
	39,504	25,818	16,399	22,360	745	39,504	42,151	

Capital Receipts**Disposals for which cash has been received by 31 January 2015**

	£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	117
Tarran Industrial Estate Units 1, 2, 2A, 2B, 2C, 3, 4 – Freehold reversion)	450
Former Poulton Primary School	315
Highfield Luncheon Club	34
Mollington St (Ground lease)	16
Arrowe Park HVDC cabling licence	22
Land at Belmont Avenue	30
	2,016
Magenta Living – Right to Buy	752
Total Receipts	2,768

Anticipated auction list for February

Cottage Street industrial unit