



COUNCILLOR PHIL DAVIES

**CABINET
22 FEBRUARY 2016**

**CAPITAL MONITORING 2015/16
QUARTER 3 (TO DECEMBER 2015)**

Councillor Phil Davies (Leader of the Council) said:

‘It is important that we are robust and transparent in how we manage all Council expenditure. This report demonstrates that we have made good progress on our capital programme for the current year, and are taking sensible and pragmatic steps to make best use of resources.’

REPORT SUMMARY

This report provides an update on the progress in delivering the Capital Programme 2015/16 at the end of December 2015. The report recommends that Cabinet agrees the rephasing of the 2015/16 Capital Programme down to £47.1 million and reports expenditure to date of £26.2 million.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATIONS

That Cabinet is asked to note the spend to date at Month 9 of £26.2 million, with 75% of the financial year having elapsed;

That Cabinet is asked to agree and refer to Council the revised Capital Programme of £46.9 million (Table 1) which includes the return of the £0.4 million Liverpool City Region Sustainable Transport Enhancement Package grant to Merseytravel.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 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.

2.0 OTHER OPTIONS CONSIDERED

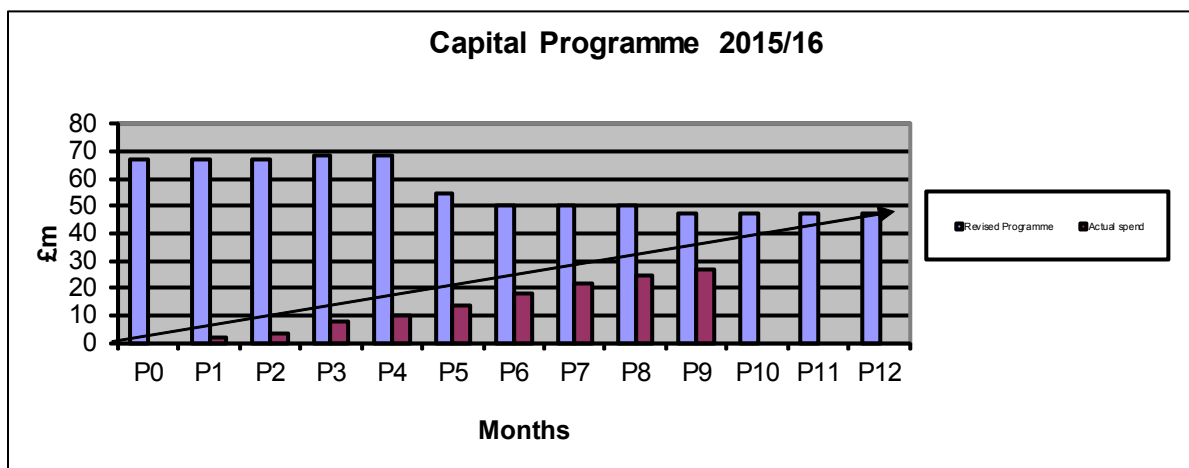
2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

OVERALL POSITION AT END OF DECEMBER 2015

3.1 The actual spend against the Capital Programme is summarised in Table 1.

Chart 1: Capital Programme spend below line of best fit



ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2015/16

3.2 The Programme for 2015/16 is subject to change and reflects the Programme agreed by Cabinet on 10 February 2015 together with subsequent amendments. Broadly these reflect any re-profiling identified since the 2015/16 Budget Cabinet and changes regarding external financial support, primarily the latest grant notifications. To aid the monitoring process, schemes are categorised against five gate points being Conception, Approval, Start Up, Delivery and Completion.

Table 1: Capital Programme 2015/16 at 31 December 2015

	Capital Strategy	Revisions Since Budget Cabinet	Revised Capital Programme	Actual Spend December 2015
	£000	£000	£000	£000
Transformation Resources	10,556	-3,258	7,298	3,663
Families – Children	8,517	2,287	10,804	5,404
Families – Adults	8,263	-5,386	2,877	649
Families – Sport & Rec	1,865	599	2,464	1,531
R&E– Env & Regulation	12,633	-1,089	11,544	7,256
R&E– Hsg & Comm Safety	6,412	-984	5,428	2,319
R& E – Regeneration	1,808	4,694	6,502	5,344
Total expenditure	50,054	-3,137	46,917	26,166

- 3.3** As outlined above a number of schemes within the Programme have been reprofiled to reflect updated project delivery forecasts and to take account of changes in available funding and costs and are reflected in Table 1. The variances which have arisen since September 2015 are detailed in Table 2 below.

Table 2: Variations to the 2015/16 Programme

Scheme	£000
Transformation & Resources	
Building refurbishment to increase occupancy – schemes proceeding ahead of schedule	400
Demolition of Foxfield school - reprofiled	-30
Families & Wellbeing – Sport & Recreation	
Guinea Gap football pitches and West Kirby fitness suite both complete – reduced requirement	-211
Families & Wellbeing – Adults	
Girtrell Court – provisionally deferred to 2016/17. Depends on the outcome of savings option, may be removed from the programme	-2,000
Integrated I.T. – software development, equipment for self-assessments, extension of Liquid logic and support for hospital discharges now planned for 2016/17	-440
Reg & Env – Environment & Regulation	
Cemetery extensions and improvements – reprofiled	-100
West Kirby Flood alleviation - reprofiled	-50
Road Safety – reprofiled. Budget controlled by constituency	-97

committees and schemes yet to be decided.	
Active Travel – as above	-78
Bridges – reprofiled. Combination of awaiting information from Network Rail re bridge strengthening works and lack of in house resources	-261
Transport for Growth – reprofiled. Budget controlled by constituency committees and schemes yet to be decided (£100,000). Various other schemes are either in the development stage or have been objected to (£162,000).	-262
Coast Protection – reprofiling. Time constraints service delivery.	-94
Reg & Env – Regeneration	
LEP Regional Growth Fund – payment of further grant matched by additional grant receipt	178
New Brighton – additional slippage identified	140
Hamilton Square Accessibility Improvements – scheme withdrawn following public consultation	-360
Overall variation since Quarter 2	-3,265

3.4 Transformation and Resources

Solar Campus - work is complete;
 South Annexe - building works are almost complete;
 North Annexe – any work will be put on hold for now depending on the outcome of the overall office rationalisation review;
 Old Market House – lease terms with Land Registry have been renegotiated.

Parks Rationalisation. The review of Parks and Open Spaces has been completed. This together with the outcome of public consultation regarding the budget proposals will partly determine the level of capital expenditure required

The Secretary of State for Education has requested further information to support the application for the disposal and change of use of the former Rock Ferry High School.

The I.T. development programme is focused on modernising the Council's I.T. capability. The move to Windows 7 and upgrade of pcs is largely complete although there may be some residual costs incurred. Further development includes upgrading servers and the Council e- mail system which is currently in progress. Negotiations are also under way regarding the development and

location of a data centre to provide enhanced coverage and reduce IT system and data risks.

3.5 Families and Wellbeing - Children

Fender Primary School – completion of a 2 classroom and resource extension. Elleray Park Special School – works on the four new classroom extension and welfare facilities were completed in October. Devonshire Park– a range of projects had been undertaken to support the increase in pupil numbers. The contract for the classroom extensions at Stanley School has been awarded (£0.590m); alterations at Lingham Primary (£0.130m) have commenced; extension at Town Lane Infants (£0.5m) is on hold pending a feasibility study for new classrooms and dining hall.

3.6 Families and Wellbeing - Adults

The project at Girtrell Court has been deferred. The scheme is intended to refurbish and reuse as a residential unit for a variety of Learning Disability services. The outcome of the public consultation regarding the savings options will dictate whether this continues to be included in any future capital programme.

Transformation of Day Services is ongoing. The current year's programme includes £0.615 million which will help to support Wirral Evolutions to provide centres of excellence.

Community Intermediate Care Service - works on a dedicated integrated care facility to ensure admission avoidance is progressing.

3.7 Families and Wellbeing – Sport and Recreation

The new fitness suite at Guinea Gap is still seeing an increase in usage. Membership at West Kirby Leisure Centre has increased following the improvements to the fitness suite there.

Improvements at West Kirby Marine Lake have commenced.

3.8 Regeneration and Environment – Environment and Regulation

In respect of West Kirby Flood Alleviation the business case has been submitted to the Environment Agency. Approval to commence the scheme is still awaited and anticipated to be primarily in 2016/17.

The major areas of expenditure to date are in respect of highways and bridges with expenditure exceeding £4.7 million. The most significant schemes are Kings Parade, Spital Road, North Wallasey Approach Road, Rake Lane, micro asphaltting and Bidston Bypass bridge.

The LED Street Lighting scheme is well under way with expenditure of £1.4 million incurred by 31 December with a further £1.8 million to be expended in this phase.

3.9 Regeneration and Environment – Housing

£1.3 million of grant aid has been provided for the provision of essential aids and adaptations giving disabled people better freedom of movement in and around their homes

3.10 Regeneration and Environment – Regeneration

Over £5.2 million Regional Growth Fund and business investment grants have been allocated to date which is helping to create jobs and encourage growth and investment. Allocations include a grant of £1.2 million towards Redsun Development's overall £7 million investment to support the new Turbine Business Park which will provide an estimated 235 local jobs, with businesses operating from new units on the site. Capital and Centric Plc, have received £0.9 million with upwards of 50 jobs set to be created with the opening of a £2.5 million complex of new super-energy efficient offices and warehouses in Birkenhead.

Hamilton Square Accessibility Improvements – the original proposal has been withdrawn following public consultation and the £0.4 million Liverpool City Region Sustainable Transport Enhancement Package grant will be returned. There are a series of projects being developed which will form part of a wider strategy for Birkenhead town Centre which will include improved linkage and developments within the Woodside area, Hind Street and the Europa Pools area. Any further proposals for Hamilton Square should they arise will fall within this strategy.

FINANCING OF THE CAPITAL PROGRAMME

3.11 Table 3 summarises the financing sources for the original and latest programmes.

Table 3: Revised Capital Programme Financing

Capital Programme Financing	Capital Strategy	Revised Programme
	£000s	£000s
Unsupported Borrowing	19,090	14,964
Capital Receipts	12,693	8,621
Revenue and Reserves	537	572
Grants	17,734	22,760
Total Financing	50,054	46,917

- 3.12** Any reprofiling which reduces borrowing will produce one-off revenue savings. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2016/17 when the re-profiled expenditure is incurred.

PROJECTED LONGER TERM CAPITAL PROGRAMME

- 3.13** Funding for the forecast 2015/16 to 2017/18 Programme is in Table 4. This reflects the 2015-18 Capital Programme agreed by Cabinet on 10 February 2015 with subsequent amendments for reprofiling and revised grant notifications.
- 3.14** The latest projected programmes for 2016/17 and 2017/18 are included at Annex 2. These are in the process of being reviewed to ensure that the schemes are compatible with the 2020 Vision and to try and identify any savings.

Table 4: Capital Programme Financing 2015/16 to 2017/18

Capital Programme Financing	2015/16 Revised Programme	2016/17 Revised Programme	2017/18 Revised Programme	Total Programme
	£000	£000	£000	£000
Unsupported Borrowing	14,964	12,725	0	27,689
Capital Receipts	8,621	13,339	2,414	24,374
Revenue / Reserves	572	1,004	66	1,642
Grants	22,760	16,527	13,135	52,422
Total Financing	46,917	43,595	15,615	106,127

For noting – 2017/18 has been amended to include £3.624 million indicative Schools Basic Need and Condition grants.

SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 3.15** Based on the current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of approximately £80,000 per annum in the following year. As part of the Capital Strategy 2015/16 to 2017/18 the Council has included an element of prudential borrowing. At Month 9 there is a sum of £27.8 million new unsupported borrowing included over the three years, which will result in approximately £2.1 million of additional revenue costs detailed at Table 5, if there is no change in the Strategy.

Table 5: Unsupported Borrowing Forecasts & Revenue Costs

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
New Unsupported Borrowing	14,964	12,725	0	0
Cumulative	14,964	27,689	27,689	27,689
Annual Revenue repayment costs				
Cumulative	302	1,354	2,028	2,028

- 3.16** The re-profiling of the Capital Programme, the use of internal borrowing i.e. using the Councils cash flow balances rather than taking out external loans, means that the 2015/16 borrowing will be delayed until 2016/17. With cash investments currently yielding low rates of return and the interest rate on external loans being much higher it is financially advantageous to use cash balances to temporarily fund non grant funded capital projects. Savings from these measures and from applying policies for minimising revenue provision (principal) costs on Treasury Management costs are anticipated to total £2.5 million in 2015/16.

CAPITAL RECEIPTS POSITION

- 3.17** The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. Available capital receipts at 1 April 2015 were £8.3 million. The table assumes the proposed spend, set out at Table 1 is agreed. Receipts and funding assumptions are based upon the latest estimates available.

Table 6: Projected Capital Receipts position

	2015/16	2016/17	2017/18
	£000	£000	£000
Capital Receipts Reserve	8,300	2,079	3,740
In - Receipts Assumption	2,400	15,000	10,500
Out - Funding assumption	-8,621	-13,339	-2,414
Closing Balance	2,079	3,740	11,826

- 3.18** Additional flexibilities relating to the use of future capital receipts has recently been announced by the DCLG. This may result in a re-assessment of the Authority's intended use of future receipts with a subsequent impact on the financing of future capital programmes.
- 3.19** In respect of major site disposals, the Council has entered a 16 week exclusivity period with the purchasers of both Acre Lane and the Manor Drive site. The application to the Secretary of State for Education for the disposal and change of use of the former Rock Ferry High School has been submitted. With the major sites, the capital receipts will take the form of a series of phased payments to the Council which are likely to commence in 2016 and the receipts assumptions reflect the best estimate of these.

4.0 FINANCIAL IMPLICATIONS

4.1 The revised 2015/16 Capital Programme is £46.9 million and anticipated capital receipts remaining at the year-end £2.1 million.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising directly from this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

7.1 The possibility of failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance.

7.2 The generation of capital receipts may be influenced by factors outside the authority's control e.g. ecological issues. Lambert, Smith, Hampton are still providing external support.

8.0 ENGAGEMENT/CONSULTATION

8.1 There has been no specific consultation with regards to this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report

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APPENDICES

Appendix 1 – Capital Programme and Funding 2015/16

Appendix 2 – Capital Programme 2016/17 and 2017/18

Appendix 3 – Capital receipts 2015/16

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports presented to Cabinet previous report to Cabinet Capital Programme – Council Capital Programme – Council	Various 25 February 2014 24 February 2015

Capital Programme and Funding 2015/16

APPENDIX 1

Transformation & Resources	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Building refurbishment to increase occupancy	2,000	1,662	2,000	-	-	2,000
Fund to assist land assembly and re-sale	587	165	587	-	-	587
Cleveland St. Transport Depot	315	127	315	-	-	315
Park depots rationalisation	520	145	520	-	-	520
Energy efficiency Initiatives	596	360	596	-	-	596
Demolish Stanley Special & external renovation work	150	150	150	-	-	150
Demolish Foxfield	126	103	126	-	-	126
CCTV Cameras and other equipment	100	-	100	-	-	100
I.T. development	2,904	891	2,904	-	-	2,904
	7,298	3,663	7,298	-	-	7,298

Families and Wellbeing - CYP	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Elleray Park Special School redevelopment School remodelling/additional classrooms (Primary Places)	1,050	971	850	-	200	1,050
Condition/Modernisation	2,050	347	1,800	-	250	2,050
Basic Need allocation	4,458	2,643	-	-	4,458	4,458
Children's centres	1,897	702	-	-	1,897	1,897
Aiming Higher	53	14	-	-	53	53
Youth Capital	24	58	-	-	24	24
Birkenhead High Girls Academy	149	-	98	-	51	149
Funding for 2 year olds	80	159	-	69	11	80
Universal Free School Meals	18	2	-	-	18	18
Somerville Mobile Replacement	209	139	-	-	209	209
Family Support Scheme	366	262	366	-	-	366
Wirral Youth Zone – the Hive	200	63	200	-	-	200
Stanley Special - additional classrooms, medical/hygiene provision	100	42	100	-	-	100
	150	2	150	-	-	150
	10,804	5,404	3,564	69	7,171	10,804

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Families and Wellbeing - DASS						
Citizen and Provider Portal for Social and Health Services	617	-	-	-	617	617
Transformation of Day Service	615	185	-	-	615	615
Integrated IT	645	444	560	-	85	645
Community Intermediate Care Services	1,000	20	-	-	1,000	1,000
	2,877	649	560	-	2,317	2,877
Families and Wellbeing - Sports & Recreation						
West Kirby/Guinea Gap/Europa Pools	2,024	1,332	2,024	-	-	2,024
Refurb of Artificial Turf Pitch & perimeter fence repairs at the Tennis & Sports Centre	240	188	240	-	-	240
West Kirby Marine Lake – Integrated accommodation and service delivery	100	11	100	-	-	100
Bidston Tennis Centre re-roofing	100	-	100	-	-	425
	2,464	1,531	2,464	-	-	2,464

Regeneration and Environment - Environment & Regulation	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Road Safety	60	45	60	-	-	60
Active Travel	107	68	107	-	-	107
Transportation	104	89	104	-	-	104
Bridges	1,305	1,159	467	-	838	1,305
Street Lighting	76	53	26	-	50	76
Highway Maintenance	3,935	3,547	1,400	-	2,535	3,935
Transport for Growth	1,436	323	-	-	1,436	1,436
Start Active, Play Active, Stay active	34	12	34	-	-	34
Wirral Way - widening and safety improvements	14	6	14	-	-	14
Cemetery Extensions and Improvements	71	18	71	-	-	71
Coast Protection	23	23	23	-	-	23
Energy schemes (LED Street Lighting)	3,162	1,430	3,162	-	-	3,162
Allotments	165	20	165	-	-	165
Parks Improvements	38	35	-	13	25	38
Parks vehicles replacement	684	428	684	-	-	684
West Kirby Flood Alleviation	50	-	-	50	-	50
Dock Bridges Replacement	280	-	280	-	-	280
	11,544	7,256	6,597	63	4,884	11,544

Regeneration and Environment - Housing & Community Safety	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Aids, Adaptations and Disabled Facility Grants	2,000	1,268	-	-	2,000	2,000
LIFT	2	3	2	-	-	2
Clearance	516	469	220	100	196	516
Home Improvement	420	244	270	150	-	420
Improvement for sale grants	180	-	-	180	-	180
Empty Property Interventions	160	58	150	10	-	160
New House Building Programme	1,500	277	1,500	-	-	1,500
Cluster of Empty Homes Fund	650	-	-	-	650	650
	5,428	2,319	2,142	440	2,846	5,428
Regeneration and Environment - Regeneration						
New Brighton	140	48	140			140
Other Regional Growth Fund Schemes	3,208	2,890	-	-	3,208	3,208
LEP Regional Growth Fund Schemes Targeted Assistance	2,265	2,265	-	-	2,265	2,265
Business Investment Grants	780	105	780	-	-	780
The Priory	69	36	-	-	69	69
Hamilton Square Accessibility Improvements	40		40	-	-	40
	6,502	5,344	960	-	5,542	6,502
Total	46,917	26,166	23,585	572	22,760	46,917

Capital Programme 2016/17 and 2017/18**ANNEX 2**

	2016/17 £000	2017/18 £000
Universal & Infrastructure		
Building refurbishment to increase occupancy	1,619	250
Cleveland St Transport Depot	2,800	-
Demolish Bebington Town Hall/Liscard Municipal	378	-
Demolish former Rock Ferry High	395	-
Parks depot rationalisation	750	-
Demolish Foxfield	30	-
	5,972	250
 Families and Wellbeing - CYP		
School remodelling and additional classrooms (Primary Places)	1,500	750
Stanley Special School – additional classrooms, medical/hygiene provision	600	-
PFI	85	-
Condition/Modernisation	3,086	2,794
Basic Need	1,414	830
Wirral Youth Zone – The Hive	2,400	-
Family Support	100	-
	9,185	4,374
 Families and Wellbeing – DASS		
Community Intermediate Care Services	1,000	-
Pensby Wood day service remodelling	1,200	-
Extra Care Housing	2,000	-
LD Extra care Housing	3,000	-
Girtrell Court	2,000	-
Integrated I.T.	440	-
	9,640	-
 Families and Wellbeing - Sports & Recreation		
West Kirby Marine Lake – Integrated Accommodation and service delivery	740	-
Bidston Tennis Centre re-roofing	325	-
	1,065	-

	2016/17 £000	2017/18 £000
Regeneration and Environment - Environment & Regulation		
West Kirby Flood Alleviation	1,950	-
Road safety	97	-
Active travel	78	-
Bridges 261	-	-
Transport for Growth	262	-
Highway maintenance	3,060	2,938
Coast Protection	228	-
East Float Access Improvements Tower Road	200	-
Wirral International Business Park Connections	200	-
East Float Access Improvements to Duke Street	400	-
Dock Bridges Replacement	2,530	4,310
Preventative Maintenance to Unclassified and Residential Streets	500	500
Cemetery Extensions and Improvements	250	-
	10,016	7,748
 Regeneration and Environment - Housing & Community Safety		
Aids, Adaptations and DFGs	4,308	2,573
Clearance	1,324	-
Home Improvement	434	-
Empty Property Interventions	178	-
Cluster of Empty Homes	603	-
Housing Renewal	570	670
	7,417	3,243
 Regeneration and Environment - Regeneration		
Business Investment Grants	300	-
	300	-
 Total	43,595	15,615

Capital Receipts 2015/16**ANNEX 3**

	£000
Ex-HRA Magenta Housing Right to Buy	699
Ingleborough Road, Covenant	500
New Hall Farm	295
Empty Homes (various)	267
Plot 9 Tarran Industrial Estate sale of ground lease	30
Land at Belmont Road	500
Ashford Road (Family Support)	26
Total	2,317

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