



OVERVIEW AND SCRUTINY COMMITTEES

NOVEMBER 2016

REPORT TITLE	CAPITAL MONITORING 2016/17 QUARTER 2
REPORT OF	ASSISTANT DIRECTOR : FINANCE SECTION 151 OFFICER

REPORT SUMMARY

This report provides an update on progress towards delivering the Capital Programme 2016/17 at the end of September 2016.

The report outlines changes which will reduce the 2016/17 Capital Programme to £38.1 million and which will be referred to Cabinet and Council. This takes into account re-profiling identified during both the 2015/16 final accounts process, latest reviews of the current year and additional grant funding notified to the Council. The expenditure to date is £10.6 million.

This matter is a key decision which affects all Wards within the Borough.

RECOMMENDATIONS

1. Note the spend to date at Month 6 of £10.6 million, with 50% of the financial year having elapsed;
2. Note the revised Capital Programme of £38.1 million (Table 1) which is to be referred to Cabinet and Council and will include a number of recommended virements as outlined in paragraph 3.5 of the report.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

1.1 Regular monitoring and reporting of the Capital Programme enables decisions to be taken more efficiently and effectively, which may produce revenue benefits and will improve the financial control of the Programme.

2.0 OTHER OPTIONS CONSIDERED

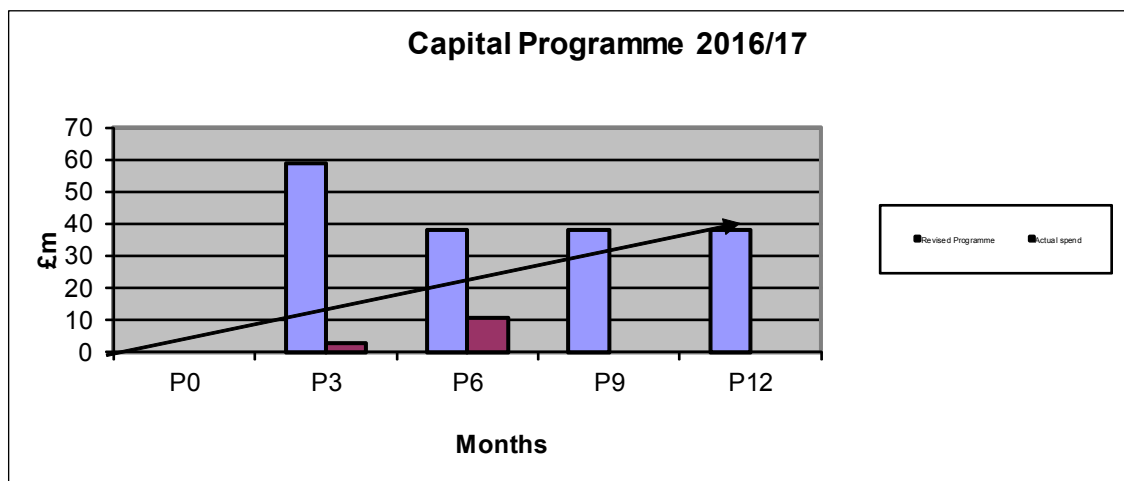
2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

OVERALL POSITION AT END OF SEPTEMBER 2016

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 2016/17

3.2 The Programme for 2016/17 is subject to change. Presently it reflects;

	£000
Programme agreed by Cabinet on 22 February 2016	48,107
Year end re-profiling	6,364
Additional grant funding	1,750
Variations identified March 2016	2,750
Variations identified since June 2016 (see Table 2)	-20,885
Revised 2016/17 Programme	38,086

***Table 1: Capital Programme 2016/17 at 30 September 2016**

	Capital Strategy	Revisions Since Budget	Revised Capital Programme	Actual Spend Sept 2016
	£000	£000	£000	£000
Transformation Resources	7,863	1,237	9,100	2,634
Families – Children	9,185	-282	8,903	3,133
Families – Adults	10,255	-7,706	2,549	164
Families – Sport & Rec	2,871	-1,111	1,760	570
R&E– Env & Regulation	10,016	844	10,860	2,881
R&E– Hsg & Comm Safety	7,317	-2,945	4,372	1,106
R& E – Regeneration	600	-58	542	90
Total expenditure	48,107	-10,021	38,086	10,578

3.3 PROGRESS TO DATE

3.3.1 Transformation and Resources

The investment in IT is focussed on migrating all servers and applications to the core domain and, where possible, upgrading applications to the latest version; upgrading all Windows Server operating systems to a supported operating system and reducing the server footprint by virtualising all servers where possible.

Works to increase building occupancy have mainly focused on Wallasey Town Hall, Moreton Municipal, and Solar Campus. These schemes enable the existing buildings to operate more efficiently with a higher level of occupancy.

Works continue with improvements to Parks Depots with the service road to Warren Farm Depot having been re-surfaced, the vehicle entrance widened, and new security cameras installed. The main site accommodation is being refurbished with a new heating system and new double glazed windows. Improvements to staff welfare areas, kitchen and toilets are being undertaken.

3.3.2 Families and Wellbeing - Children

A new classroom has been constructed at Elleray Park to meet capacity needs. External accessibility has been included, including improved play areas.

Two classrooms were extended at Mersey Park School to provide additional space and improved IT. A resource/group room was constructed to provide additional space for small group work and break out space.

The development at Stanley School includes two additional classrooms with the latest and most up to date learning facilities, providing excellent teaching environments which are comfortable and provide safe spaces, the classrooms will have assisted lifting and hygiene facilities and the latest IT equipment.

The Hive, Wirral's soon to be opened Youth Zone, is progressing according to schedule with the completion date expected mid-February 2017.

Works to schools, funded from Government grant, as part of the Modernisation and Basic Needs programmes continue to be managed in conjunction with the schools which has seen significant sums re-profiled in 2017/18.

3.3.3 Families and Wellbeing - Adults

The programme is primarily focussed on the provision of extra care / specialised housing which remains the subject of on-going consultation and negotiation and therefore the funding has been re-profiled.

3.3.4 Families and Wellbeing - Sport and Recreation

Re-roofing of Bidston Tennis Centre is now complete.

Work has commenced to provide integrated accommodation at West Kirby Marine Lake, which will be mainly incurred in 2017/18, and also the redevelopment of the Oval Sports Centre.

3.3.5 Regeneration and Environment – Environment and Regulation

The majority of expenditure has been incurred on various highway maintenance schemes such as hot road asphaltting where 20 schemes are either complete or underway with spend totalling £0.75 million, Micro asphaltting with 7 schemes complete or underway totalling £0.67 million and Surface dressing with 12 schemes complete or underway totalling £0.43 million.

The scheme to replace the docks bridges, which attracts significant Government grant funding over the next two years, has commenced.

The west Kirby Flood alleviation works also involves grant funding and a re-profiled business case has been submitted to the environment Agency. Approval is awaited so the funding has been re-profiled to 2017/18.

3.3.6 Regeneration and Environment – Housing

£0.7 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.

The home improvement scheme has provided £0.3 million of financial assistance and intervention to remedy poor housing conditions in the private sector.

- 3.4 A review of the Programme has been undertaken and amended to reflect updated project delivery forecasts and changes in available funding. The variances which have arisen since June are shown in Table 2. A number of funding virements have also been considered by the officers' Assets and Capital Group (ACG) and these are discussed in paragraph 3.5.

Table 2: Cash variations to the 2016/17 Programme

Scheme	£000
Transformation & Resources	
Energy efficiency initiatives – scheme completed	-218
Treasury Building – re-profiled	-150
Industrial Estates – the portfolio requires a further review before committing funds so removed from Programme	-150
Families & Wellbeing – Children	
School Place Planning – re-profiled	-1,717
Condition/Modernisation – re-profiled	-914
Basic Needs – re-profiled	-1,010
Family support schemes – re-profiled	-137
Youth Capital – reduced requirement	-149
Elleray Park – funded from modernisation programme	-72
Families & Wellbeing – Adults	
Community Intermediate Care – re-profiled. Focus now on improving access to GPs. £0.4m required 2017/18 (net scheme reduction of £0.5m)	-900
Extra Care Housing – re-profiled	-1,400
Learning Disabilities extra care housing – re-profiled	-3,000
Integrated Social Care – scheme to be re-evaluated	-2,000
Pensby Wood Centre – re-profiled	-900
Families & Wellbeing – Sport and Recreation	
Oval – additional resources for fitness equipment for gym	230
West Kirby Marine Lake Accommodation –re-profiled	-875
West Kirby/Guinea Gap – retention and professional fees remain but scheme completed under budget	-160
Oval - re-profiled retentions	-129
Leasowe Leisure 3G Pitches – re-profiled	-820

Scheme	£000
Reg & Env – Environment	
Bridges – additional grant funding	570
West Kirby Flood Alleviation – re-profiled (business case still awaiting final approval from the Environment Agency)	-1,850
Maintenance to unclassified/residential streets is subsumed into maintenance programme – reduced requirement	-500
Reg & Env – Housing	
Clearance - re-profiled	-881
Home improvements - re-profiled	-481
Aids, Adaptations and Disabled Facility Grants - re-profiled	-1,696
Restore Empty Homes - re-profiled	-374
New House Building Programme - re-profiled	-297
Reg & Env – Regeneration	
Business Investment Grants – re-profiled	-737
Minor variations	-168
Total Variations	-20,885

- 3.5 The ACG has considered and recommends virements. The Transport Depot improvements are now almost complete and the plan to relocate Ebenezer Street to Cleveland Street is no longer being considered due to capacity and operational issues. The new build element is not required at Cleveland Street and is likely to be completed at Warren Farm Depot. This would release £2.378 million of Council resources. As there are gaps within the Programme it is recommended this funding be used as follows.

Table 3 : Virement Variations to the 2016/17 Programme

Scheme	£000
Transport Depot	-2,378
Change in the scheme (see above)	
Building refurbishment to increase occupancy	+500
Continued drive to rationalise office portfolio	
Pensby Wood Centre	+600
Survey highlighted issues over pipework and new windows	
West Kirby Marine Lake – integrated accommodation	+300
Full detailed design to maximise potential income. There are additional structural issues given the location.	
Demolition of former Rock Ferry School	+85
Increased costs with additional sum required.	
Fund for land assembly	
Assist in creating economic growth by releasing surplus land and property for development.	+893

- 3.6 Schemes remain subject to ongoing review to ensure that a deliverable Programme is in place, that they are compatible with the 2020 Vision and to try and identify any savings.

FINANCING OF THE CAPITAL PROGRAMME

- 3.7 Table 4 summarises the financing sources for the Capital Strategy (original programme) and Revised Programme.

Table 4: Revised Capital Programme Financing

Capital Programme Financing	Capital Strategy	Revised Programme
	£000	£000
Unsupported Borrowing	16,852	11,838
Capital Receipts	13,339	7,263
Revenue and Reserves	1,004	117
Grants	16,912	18,868
Total Financing	48,107	38,086

- 3.8 Any re-profiling which reduces borrowing delivers one-off revenue savings. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2017/18 when the re-profiled expenditure is incurred.

PROJECTED LONGER TERM CAPITAL PROGRAMME

- 3.9 Funding for the forecast 2016/17 to 2018/19 Programme reflects the 2016/19 Capital Programme agreed by Cabinet on 22 February 2016 with subsequent amendments for reprofiling and revised grant notifications.

Table 5: Capital Programme Financing 2016/17 to 2018/19

Capital Programme Financing	2016/17 Revised Programme	2017/18 Revised Programme	2018/19 Revised Programme	Total Programme
	£000	£000	£000	£000
Unsupported Borrowing	11,838	14,245	1,720	27,803
Capital Receipts	7,263	675	0	7,938
Revenue / Reserves	117	399	50	566
Grants	18,868	20,104	0	38,972
Total Financing	38,086	35,423	1,770	75,279

SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 3.10 Based on the current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of approximately £75,000 per annum in the following year. As part of the Capital Strategy 2016/17 to 2018/19 the Council has included an element of prudential borrowing. Presently there is £27.8 million new Unsupported Borrowing included over the three years, which will result in approximately £2.1 million of additional revenue costs.

Table 6: Unsupported Borrowing Forecasts & Revenue Costs

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
New Unsupported Borrowing	11,838	14,245	1,720	0
Cumulative	11,838	26,083	27,803	27,803
Annual Revenue repayment costs				
Cumulative	240	1,125	1,986	2,085

CAPITAL RECEIPTS

- 3.11 The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. Available capital receipts at 1 April 2016 were £8.047 million. The table assumes the proposed spend, set out at Table 1 is agreed. Receipts and funding assumptions are based upon the latest estimates.

Table 6: Projected Capital Receipts position

	2016/17	2017/18	2018/19
	£000	£000	£000
Capital Receipts Reserve	8,047	784	109
In - Receipts Assumption	2,750	6,250	3,900
Out - Funding (Capital)	-7,263	-675	0
Out - Funding (Transformation)	-2,750	-6,250	-3,900
Closing Balance	784	109	109

- 3.12 Additional flexibilities relating to the use of receipts were confirmed in the Local Government Finance Settlement for 2016/17. Receipts generated between 1 April 2016 to 31 March 2019, excluding Right-To-Buy receipts, can be used to fund Transformation provided the Council has agreed a Transformation Programme setting out the projects, costs and deliverable benefits / savings.
- 3.13 In respect of the major receipts. For Manor Drive, provided there are no planning consent issues, the Council should receive £2.25 million in 2016/17 with a similar amount in 2017/18. The sale of Acre Lane should become clearer in the coming weeks with the first receipt assumed for 2017/18 with similar amounts for 2018/19 and 2019/20. No account has been taken as yet for any potential receipt in connection with the former Rock Ferry High School.

4.0 FINANCIAL IMPLICATIONS

4.1 The revised 2016/17 Capital Programme is £38.1 million with anticipated Capital Receipts remaining at the year-end of £0.7 million and £2.75 million earmarked to support the Transformation Programme.

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 is mitigated by a monthly review by a senior group of officers.

7.2 The generation of capital receipts may be influenced by factors outside the authority's control e.g. ecological issues. Lambert, Smith, Hampton continue to provide 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 2016/17.
Appendix 2 – Capital Receipts 2016/17.

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports presented to Cabinet previous report to Cabinet	Various
Capital Programme – Council	22 February 2016
Capital Programme – Council	3 March 2016

Capital Programme and Funding 2016/17**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	1,917	427	1,917	-	-	1,917
Fund to assist land assembly and resale Cleveland Street. Transport Depot	893	268	893	-	-	893
Demolish Bebington Town Hall	500	8	500	-	-	500
Demolish former Rock Ferry High School	378	4	378	-	-	378
Park depots rationalisation	480	17	480	-	-	480
Stanley Special School / renovation	1,002	396	1,002	-	-	1,002
Demolish former Foxfield School	18	1	18	-	-	18
CCTV Cameras and other equipment	30	6	30	-	-	30
I.T. development	100	-	100	-	-	100
Transport Museum	1,423	1,402	1,423	-	-	1,423
Flaybrick Cemetery	261	-	261	-	-	261
Millennium Centre re-modelling	175	75	175	-	-	175
Pensby Wood Centre	523	28	523	-	-	523
Treasury Building	900	-	-	-	-	900
	500	2	500	-	-	500
	9,100	2,634	9,100	-	-	9,100

Families and Wellbeing – CYP	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
School Place Planning	1,400	288	706	-	694	1,400
Condition/Modernisation	3,200	1,507	-	-	3,200	3,200
Basic Need allocation	1,500	261	-	-	1,500	1,500
Funding for 2 year olds	17	-	-	-	17	17
Universal Free School Meals	-	13	-	-	-	-
Somerville Mobile Replacement	101	18	101	-	-	101
Private Finance Initiative	85	-	-	85	-	85
Family Support Scheme	100	46	100	-	-	100
Wirral Youth Zone – the Hive	1,900	600	1,900	-	-	1,900
Stanley Special School	617	400	617	-	-	617
	8,903	3,133	3,424	85	5,394	8,903

Families and Wellbeing – DASS	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Citizen and Provider Portal/Integrated I.T	1,078	85	461	-	617	1,078
Transformation of Day Service	156	79	-	-	156	156
Extra Care housing	600	-	-	-	600	600
Assistive Technology	615	-	230	-	385	615
Community Intermediate Care Services	100	-	100	-	-	100
	2,549	164	791	-	1,758	2,549

Families and Wellbeing – Sports & Recreation	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
West Kirby/Guinea Gap	82	28	82	-	-	82
Wirral Tennis Centre - Artificial Turf Pitch & perimeter fence repairs	48	12	48	-	-	48
West Kirby Marine Lake – Integrated accommodation and service delivery	250	184	100	-	150	250
Oval Sports Centre re-development	1,080	76	1,080	-	-	1,080
Wirral Tennis Centre re-roofing	300	270	300	-	-	300
	1,760	570	1,610	-	150	1,760

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	97	89	97	-	-	97
Active Travel	78	7	78	-	-	78
Bridges	862	41	292	-	570	862
Highway Maintenance	3,242	1,953	67	-	3,175	3,242
Pothole Action Fund	206	131	-	-	206	206
Transport for Growth	1,923	76	510	-	1,413	1,923
Start Active, Play Active, Stay active	14	23	14	-	-	14
Wirral Way - widening / safety improvements	4	2	4	-	-	4
Cemetery Extensions and Improvements	273	4	273	-	-	273
Coast Protection	242	1	233	9	-	242
East Float access improvements Tower Road	200	1	-	-	200	200
Wirral International Business Park connections	195	-	-	-	195	195
East Float access improvements Duke Street	395	32	-	-	395	395
Energy schemes (LED Street Lighting)	32	92	32	-	-	32
Street lighting	60	17	-	-	60	60
Allotments	121	112	121	-	-	121
Parks vehicles replacement	117	-	117	-	-	117
West Kirby Flood Alleviation	103	-	100	3	-	103
Gorsefield Avenue flood relief	100	-	-	20	80	100
Dock Bridges Replacement	2,596	300	66	-	2,530	2,596
	10,860	2,881	2,004	32	8,824	10,860

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	692	-	-	2,000	2,000
Clearance	560	1	100	-	460	560
Home Improvement	650	263	650	-	-	650
New House Building Programme	884	150	884	-	-	884
Restore Empty Homes	278	-	-	-	278	278
	4,372	1,106	1,634	-	2,738	4,372

Regeneration and Environment – Regeneration	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Business Investment Grants	238	86	238	-	-	238
The Priory	4	4	-	-	4	4
Growth Fund	300	-	300	-	-	300
	542	90	538	-	4	542
Total	37,886	10,578	18,901	117	18,868	37,886

Note : The Programme in Appendix 1 assumes that the changes / virements in Sections 3.4 and 3.5 of the report are agreed.

APPENDIX 2

CAPITAL RECEIPTS RECEIVED DURING 2016/17

Cash Received	£000
Ex-HRA Magenta Housing Right to Buy	389
North Star, 294 Laird Street	15
One O'Clock Gun site	10
Hind Street /Thomas Street land	19
Empty Homes (various)	55
Total	488