



**COUNCILLOR PHIL DAVIES**

**CABINET**

**8 DECEMBER 2016**

**CAPITAL MONITORING 2016/17**

**QUARTER 2 (TO SEPTEMBER 2016)**

**Councillor Phil Davies (Leader of the Council) said:**

‘The Capital Programme demonstrates the major investment we are making in Wirral: improving schools, housing, roads and public buildings. We are also making use of new opportunities to utilise capital funding to deliver transformational change to public services, ensuring we can deliver on our 20 Pledges even with vastly reduced financial resources.’

**REPORT SUMMARY**

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

The report recommends Cabinet approves the 2016/17 Capital Programme of £38.1 million which 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. Agree and refer to Council the revised Capital Programme of £38.1 million (Table 1) which also includes 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

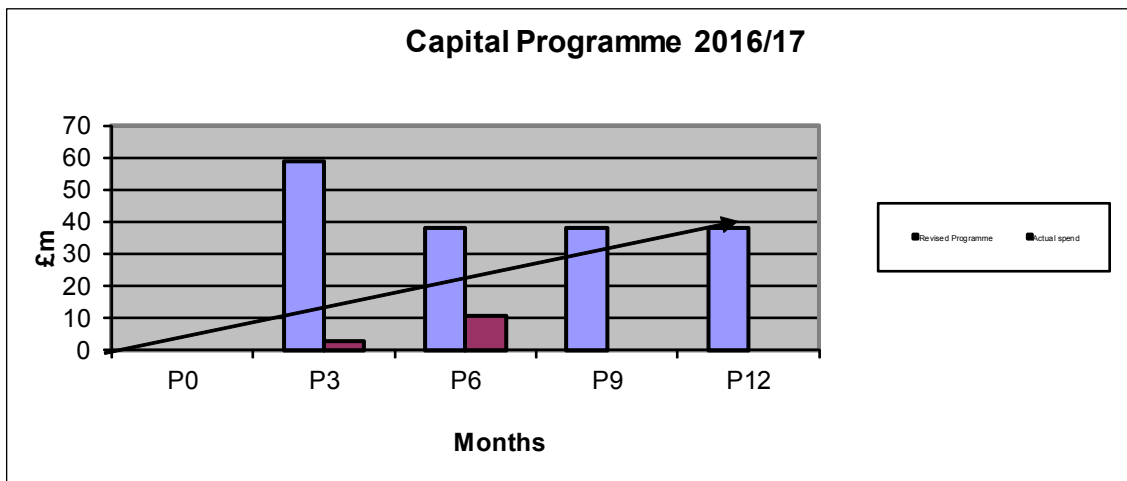
2.1 No other options have been considered.

### 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
<b>Revised 2016/17 Programme</b>	<b>38,086</b>

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

	<b>Capital Strategy</b>	<b>Revisions Since Budget</b>	<b>Revised Capital Programme</b>	<b>Actual Spend Sept 2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total expenditure</b>	<b>48,107</b>	<b>-10,021</b>	<b>38,086</b>	<b>10,578</b>

### 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 School to meet capacity needs. This includes improved external accessibility and 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**

<b>Scheme</b>	<b>£000</b>
<b>Transformation &amp; Resources</b>	
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
<b>Families &amp; Wellbeing – Children</b>	
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
<b>Families &amp; Wellbeing – Adults</b>	
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
<b>Families &amp; Wellbeing – Sport and Recreation</b>	
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

<b>Scheme</b>	<b>£000</b>
<b>Reg &amp; Env – Environment</b>	
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
<b>Reg &amp; Env – Housing</b>	
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
<b>Reg &amp; Env – Regeneration</b>	
Business Investment Grants – re-profiled	-737
Minor variations	-168
<b>Total Variations</b>	<b>-20,885</b>

- 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 in the 2016/17 Programme**

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

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

- 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**

<b>Capital Programme Financing</b>	<b>2016/17 Revised Programme</b>	<b>2017/18 Revised Programme</b>	<b>2018/19 Revised Programme</b>	<b>Total Programme</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total Financing</b>	<b>38,086</b>	<b>35,423</b>	<b>1,770</b>	<b>75,279</b>

## 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 7: 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 regarding the use of receipts were confirmed following the Chancellor's Autumn Statement 2015. Receipts generated between 1 April 2016 and 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 early 20/17 with similar amounts for 2017/18 and 2018/19. 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**

<b>Council Meeting</b>	<b>Date</b>
Capital monitoring reports presented to Cabinet	Quarterly
Capital Programme – Council	22 February 2016
Capital Programme – Council	3 March 2016

**Capital Programme and Funding 2016/17****APPENDIX 1**

<b>Transformation &amp; Resources</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Revenue/ Reserves £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Building refurbishment to increase occupancy	<b>1,917</b>	427	1,917	-	-	<b>1,917</b>
Fund to assist land assembly and resale Cleveland Street. Transport Depot	<b>893</b>	268	893	-	-	<b>893</b>
Demolish Bebington Town Hall	<b>500</b>	8	500	-	-	<b>500</b>
Demolish former Rock Ferry High School	<b>378</b>	4	378	-	-	<b>378</b>
Park depots rationalisation	<b>480</b>	17	480	-	-	<b>480</b>
Stanley Special School / renovation	<b>1,002</b>	396	1,002	-	-	<b>1,002</b>
Demolish former Foxfield School	<b>18</b>	1	18	-	-	<b>18</b>
CCTV Cameras and other equipment	<b>30</b>	6	30	-	-	<b>30</b>
I.T. development	<b>100</b>	-	100	-	-	<b>100</b>
Transport Museum	<b>1,423</b>	1,402	1,423	-	-	<b>1,423</b>
Flaybrick Cemetery	<b>261</b>	-	261	-	-	<b>261</b>
Millennium Centre re-modelling	<b>175</b>	75	175	-	-	<b>175</b>
Pensby Wood Centre	<b>523</b>	28	523	-	-	<b>523</b>
Treasury Building	<b>900</b>	-	-	-	-	<b>900</b>
	<b>500</b>	2	500	-	-	<b>500</b>
	<b>9,100</b>	<b>2,634</b>	<b>9,100</b>	-	-	<b>9,100</b>

<b>Families and Wellbeing – CYP</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Revenue/ Reserves £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
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
	<b>8,903</b>	<b>3,133</b>	<b>3,424</b>	<b>85</b>	<b>5,394</b>	<b>8,903</b>

<b>Families and Wellbeing – DASS</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Revenue/ Reserves £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
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
	<b>2,549</b>	<b>164</b>	<b>791</b>	<b>-</b>	<b>1,758</b>	<b>2,549</b>

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

<b>Regeneration and Environment - Environment &amp; Regulation</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Revenue/ Reserves £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
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
	<b>10,860</b>	<b>2,881</b>	<b>2,004</b>	<b>32</b>	<b>8,824</b>	<b>10,860</b>

<b>Regeneration and Environment - Housing &amp; Community Safety</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Revenue/ Reserves £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Aids, Adaptations and Disabled Facility Grants	<b>2,000</b>	692	-	-	2,000	<b>2,000</b>
Clearance	<b>560</b>	1	100	-	460	<b>560</b>
Home Improvement	<b>650</b>	263	650	-	-	<b>650</b>
New House Building Programme	<b>884</b>	150	884	-	-	<b>884</b>
Restore Empty Homes	<b>278</b>	-	-	-	278	<b>278</b>
	<b>4,372</b>	<b>1,106</b>	<b>1,634</b>	-	<b>2,738</b>	<b>4,372</b>

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

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

<b>Cash Received</b>	<b>£000</b>
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
<b>Total</b>	<b>488</b>