

Wirral

OVERVIEW AND SCRUTINY COMMITTEES

MARCH 2016

REPORT TITLE	CAPITAL MONITORING 2016/17 QUARTER 3
REPORT OF	ASSISTANT DIRECTOR : FINANCE (SECTION 151 OFFICER)

REPORT SUMMARY

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

The report recommends Cabinet approves the 2016/17 Capital Programme of £30.7 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 £16.4 million.

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

RECOMMENDATIONS

1. Note the spend at Quarter 3 of £16.4 million, with 75% of the financial year having elapsed;
2. Agree and refer to Council the revised Capital Programme of £30.7 million (Table 1).

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

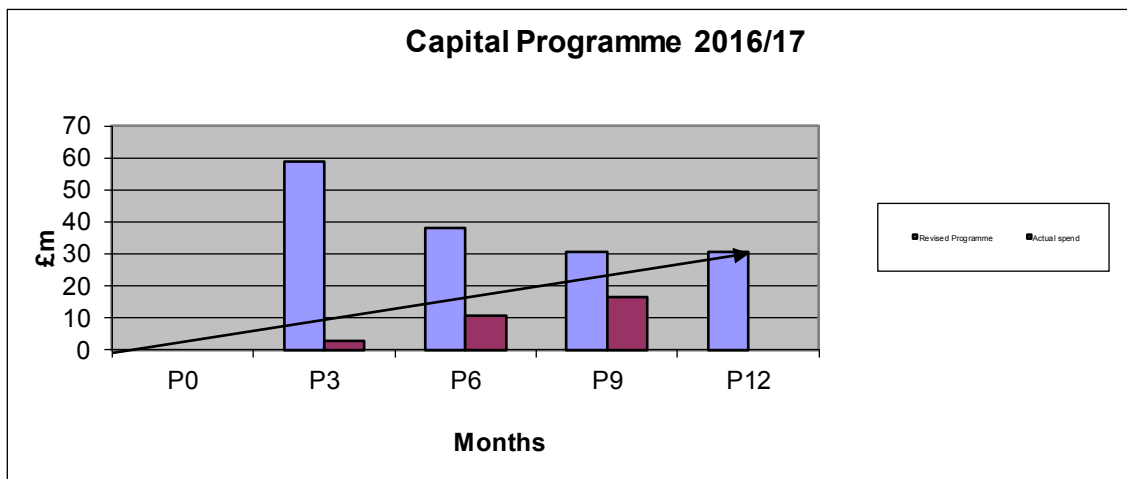
2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

OVERALL POSITION AT END OF DECEMBER 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 from 2015/16	6,364
Additional grant funding	1,750
Variations identified to September 2016	-18,134
Variations identified since September 2016 (see Table 2)	-7,353
Revised 2016/17 Programme	30,734

Table 1: Capital Programme 2016/17 at 31 December 2016

	Capital Strategy	Revisions Since Budget	Revised Capital Programme	Actual Spend Dec 2016
Themes	£000	£000	£000	£000
Business	15,093	-2,562	12,531	7,118
Environment	13,574	-6,293	7,281	3,855
People	19,440	-8,518	10,922	5,415
Total expenditure	48,107	-17,373	30,734	16,388

3.3 PROGRESS TO DATE

3.3.1 Business

The investment in I.T. 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. Works are underway at Bebington Civic Centre where a new gas main has been installed in preparation for new efficient boilers to replace the oil fired system.

Works have commenced at Leasowe Millennium Centre to construct a new 70 space car park which will be complete by the end of March. Internal works will then commence to alter and improve the layout of the building which should significantly increase the occupancy of the building.

With the technical approval procedures completed the start on site for the Dock Bridges scheme is now March 2017. The large value equipment orders (i.e. hydraulic cylinders for moving the bridges) are being placed in February 2017. The grant funding received in 2016/17 will be fully utilised in Month 1 of 2017/18. The grant funding scheduled for 2017/18 remains sufficient and the overall scheme completion is still within the original timescales.

A number of sites have been identified for road safety improvements and detailed design work is proceeding. Schemes at Thornton Common Road roundabout and Liscard Road will be completed before April 2017. Further off-road cycleway schemes will be issued for construction along the A41 in Eastham and Bromborough and a new cycle path will be provided along the River Birkett in Moreton, for construction by April 2017.

The Council is working closely with Peel Holdings to design sustainable transport improvements within the Wirral Waters investment site that were scheduled for 2016/17. The schemes will shortly be issued with completion during 2017. A new cycleway/footbridge and cycle path network is being designed in Bromborough to link the Wirral International Business Park to Port Sunlight, across the River Park. Works are due to start on site in February 2017

3.3.2 Environment

New fit for purpose staff accommodation and welfare facilities have been completed at Ashton Park, the work also provides improved pedestrian access and vehicle parking provision. Similarly at Warren Farm full refurbishment of the main building is nearing completion. This provides the opportunity to increase occupancy on the site. Further works at Cleveland Street and Ivy Farm are on hold pending the outcome of the Leisure and Cultural Services Transformation Programme report.

The refurbishment contract for the Oval is in two phases being the new fitness suite and the new aerobics studio. The contract is due to be completed mid February 2017. Customer satisfaction is high since the facility reopened just before Christmas, with 362 new members signing up in the first 15 days.

£1.2 million of grant aid has been provided for essential aids and adaptations giving disabled people better freedom of movement in, and around, their homes.

All resources are committed to secure the completion of the remaining clearance schemes. Some re-profiling has been required which includes completion of the solid wall insulation programme.

The Home Improvement project, on which £0.4 million has been spent, provides a continuation of both financial assistance and intervention to remedy poor housing conditions in the private sector, including serious disrepair/hazards, poor or no heating provision, low market demand and bringing long term empty properties back into productive use.

10 schemes have been committed under the New House Building programme. Two have been completed and two are near completion. 125 units will be delivered, exceeding the original target of 100.

The West Kirby Flood alleviation works involves grant funding and a re-profiled business case has been submitted to the Environment Agency (EA). A number of technical issues were raised during the Project Assurance Review. These are being resolved and a decision expected soon from the EA. Funding has been re-profiled to 2017/18.

3.3.3 People

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

Works have commenced on site at Pensby Wood Day Centre to replace existing boilers and the heating system and is due for completion by the end of March. The main scheme to refurbish the building and provide a new hydro-therapy pool will commence in April and is due for completion in September 2017.

St Georges Primary School is one of our largest schools and was in need of a new pupil entrance to provide improved security and more efficient space, additional pupil toilets and accessibility work. The scheme was successfully completed in 2016. The design of the new entrance retained parts of the original facade and enhanced the look by incorporating a full glazed entrance.

Devonshire Park Primary School has taken additional pupils since September 2015 and the pupil toilets needed full re-modelling. Developed 'In-house' the two toilet blocks on two floors are individual toilets that allow girls and boys to use the facilities on each floor. This model had been used recently in Gayton Primary School and has been a success.

The existing layout to parts of Greanleas Primary School was quite poor and a re-modelling of classrooms and resource areas was required to enhance teaching space and make use of resource space for small group work. The scheme included enlarging existing classrooms which will allow additional pupils, improved resource areas, two new toilet blocks and meeting/support rooms and state of the art storage. This has been a success and the school have seen a dramatic improvement in pupil behaviour.

The Observatory School receives pupils who have social, emotional and mental health problems. Parts of the school require a minor re-modelling to provide better use of existing classrooms and resource/one to one space. Of the two mobile classrooms one was removed and the other refurbished and the playground extended. Internal re-modelling took place to provide a further internal teaching space and resource/group room including new changing facilities for activities. The main hall was very poor acoustically, and new acoustic panelling was installed to remove reverberation when in use, this has dramatically improved noise reduction in the hall. The school have used the new space created in the re-modelling and are satisfied with the outcome.

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

Table 2: Cash variations to the 2016/17 Programme

Scheme	£000
Business - re-profiling	
Building refurbishment to increase occupancy	-1,070
Fund to assist land assembly and resale	-470
Cleveland Street Transport Depot	-492
Bebington Town Hall demolition	-316
Former Rock Ferry High School demolition	-213
Leasowe Millennium Centre remodelling	-365
Treasury Building	-360
Transport for Growth	-565
Highway Maintenance	79
Coast Protection	-230
East Float access	-295
Dock Bridges replacement	-500
Total	-4,797
Environment - re-profiling	
Park Depot rationalisation	-350
Transport Museum	-190
Flaybrick Cemetery	-100
Clearance	-360
Home Improvements	-50
New House Building	-175
Oval Sports Centre redevelopment	-50
Environment - additional grant approval	
Flaybrick Cemetery	150
Total	-1,125
People - re-profiling	
Family support schemes – re-profiled	-54
School remodelling	-410
Somerville Mobile replacement	-33
Stanley Special School additional classrooms	-132
Condition/modernisation	125
Basic Needs	-295
Pensby Wood Centre	-632
Total	-1,431
Overall variation since September	-7,353

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

FINANCING OF THE CAPITAL PROGRAMME

- 3.5 Table 3 summarises the financing sources for the Capital Strategy (original programme) and Revised Programme.

Table 3: Revised Capital Programme Financing

Capital Programme Financing	Capital Strategy	Revised Programme
	£000	£000
Unsupported Borrowing	16,852	7,239
Capital Receipts	13,339	6,564
Revenue and Reserves	1,004	117
Grants	16,912	16,814
Total Financing	48,107	30,734

- 3.6 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

- 3.7 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 4: 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	7,239	17,006	3,770	28,015
Capital Receipts	6,564	1,937	0	8,501
Revenue / Reserves	117	150	0	267
Grants	16,814	18,879	3,000	38,693
Total Financing	30,734	37,972	6,770	75,476

SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 3.8 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 £28 million new Unsupported Borrowing included over the three years, which will result in approximately £2.1 million of additional revenue costs.

Table 5: Unsupported Borrowing Forecasts & Revenue Costs

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
New Unsupported Borrowing	7,239	19,006	1,770	0
Cumulative	7,239	26,245	28,015	28,015
Annual Revenue repayment costs				
Cumulative	127	875	2,000	2,100

CAPITAL RECEIPTS

- 3.9 The Capital Programme uses capital receipts to finance schemes. Available 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.
- 3.10 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.
- 3.11 A fundamental review of the Council's asset portfolio is currently being undertaken. It is intended that this will highlight assets Members may wish to consider for disposal. Table 6 includes assets subject to either a known disposal or one that is likely to occur and are prior to the outcome of the review so represents the likely minimum value for receipts.

Table 6: Projected Capital Receipts position

	2016/17	2017/18	2018/19
	£000	£000	£000
Capital Receipts Reserve	8,047	1,983	446
In - Receipts Assumption	1,000	7,500	6,100
Out - Funding (Capital)	-6,564	-1,937	0
Out - Funding (Transformation)	-500	-7,100	-5,700
Closing Balance	1,983	446	846

3.12 In respect of the major receipts. For Manor Drive the Council should receive £2.2 million during 2016/17 with a similar amount in 2017/18. The sale of Acre Lane is now likely to occur in the summer of 2017 when the first £3.5 million will be received 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 £30.7 million with anticipated capital receipts remaining at the year-end of £1.9 million. This assumes the £0.5 million generated to fund the Transformation Programme have been committed.

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 Capital Programme – Council Capital Programme – Council	Quarterly 22 February 2016 3 March 2016

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

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Business						
Building refurbishment to increase occupancy	847	745	847	-	-	847
Fund to assist land assembly and resale Cleveland Street. Transport Depot	423	349	423	-	-	423
Demolish Bebington Town Hall	8	8	8	-	-	8
Demolish former Rock Ferry High School	62	13	62	-	-	62
Demolish former Foxfield School	267	217	267	-	-	267
Stanley Special School / renovation	18	1	18	-	-	18
Demolish former Foxfield School	30	6	30	-	-	30
I.T. Development	1,423	1,418	1,423	-	-	1,423
Millennium Centre re-modelling	158	28	158	-	-	158
Treasury Building	140	61	140	-	-	140
Road Safety	26	20	26	-	-	26
Active Travel	8	8	8	-	-	8
Bridges	862	223	292	-	570	862
Street lighting	60	-	-	-	60	60
Transport for Growth/Integrated Transport	1,499	259	536	-	963	1,499
Highway Maintenance	3,321	2,681	575	-	2,746	3,321
Pothole Action Fund	206	196	-	-	206	206
Coast Protection	12	2	3	9	-	12
East Float access Tower Road	200	2	-	-	200	200
East Float access Duke Street	100	41	-	-	100	100

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Business (continued)						
International Business Park Port Sunlight	195	-	-	-	195	195
Dock Bridges Replacement	2,096	660	66	-	2,030	2,096
Energy schemes (LED Street Lighting)	32	94	32	-	-	32
Business Investment Grants	238	86	238	-	-	238
Growth Fund	300	-	300	-	-	300
	12,531	7,118	5,452	9	7,070	12,531
People						
Pensby Wood Centre	268	18	268	-	-	268
School Place Planning	990	424	296	-	694	990
Somerville Mobile Replacement	68	18	68	-	-	68
Stanley Special School	485	456	485	-	-	485
Private Finance Initiative	85	-	-	85	-	85
Condition/Modernisation	3,325	2,153	-	-	3,325	3,325
Basic Need allocation	1,205	855	-	-	1,205	1,205
Children's Centres	-	2	-	-	-	-
Universal Free School Meals	-	36	-	-	-	-
Wirral Youth Zone – the Hive	1,900	1,200	1,900	-	-	1,900
Family Support Scheme	47	47	47	-	-	47
Community Intermediate Care Services	100	-	100	-	-	100
Citizen and Provider Portal/Integrated I.T	1,078	105	461	-	617	1,078
Transformation of Day Service	156	101	-	-	156	156

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
People (continued)						
Extra Care housing	600	-	-	-	600	600
Assistive Technology	615	-	230	-	385	615
	10,922	5,415	3,855	85	6,982	10,922
Environment						
Park depots rationalisation	652	502	652	-	-	652
Transport Museum	71	4	71	-	-	71
Flaybrick Cemetery	225	191	75	-	150	225
CCTV Cameras and other equipment	100	-	100	-	-	100
West Kirby Marine Lake – Integrated accommodation and service delivery	250	188	100	-	150	250
Wirral Tennis Centre re-roofing	300	271	300	-	-	300
Wirral Tennis Centre – Pitch / Fence	48	12	48	-	-	48
West Kirby/Guinea Gap	82	78	82	-	-	82
Oval Sports Centre re-development	1,030	545	1,030	-	-	1,030
West Kirby Flood Alleviation	103	5	100	3	-	103
Gorsefield Avenue flood relief	100	-	-	20	80	100
Cemetery Extensions and Improvements	273	7	273	-	-	273
Start Active, Play Active, Stay active	14	23	14	-	-	14
Wirral Way - widening / safety improvements	4	2	4	-	-	4
Allotments	121	117	121	-	-	121

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Environment (continued)						
Parks vehicles replacement	117	12	117	-	-	117
Aids, Adaptations and Disabled Facility Grants	2,000	1,169	-	-	2,000	2,000
Clearance	200	8	100	-	100	200
Home Improvement	600	394	600	-	-	600
Restore Empty Homes	278	-	-	-	278	278
New House Building Programme	709	318	709	-	-	709
The Priory	4	9	-	-	4	4
	7,281	3,855	4,496	23	2,762	7,281

Note : The Programme in Appendix 1 assumes that the changes in Table 2 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	195
Empty Homes (various)	55
Caretakers house Mount Pleasant Road	137
Manor Drive deposit	100
Total	901