



CLLR JANETTE WILLIAMSON

CABINET

6 NOVEMBER 2017

CAPITAL MONITORING 2017/18

QUARTER 2 (TO SEPTEMBER 2017)

Councillor Janette Williamson (Cabinet Member for Finance and Income Generation) said:

‘This report demonstrates the major investment we are making against our priorities. It shows the sensible and pragmatic steps we are taking to make best use of the resources available to develop our assets to support our services to the public.’

REPORT SUMMARY

This report provides an update on the progress in delivering the Capital Programme 2017/18 at the end of September 2017. It recommends that Cabinet agree an amended 2017/18 Capital Programme of £67.5 million which takes into account re-profiling, new bids, revised grants etc. identified since the quarter 1 monitoring report. Expenditure to date is £13.7 million.

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

RECOMMENDATIONS

- 1 To note the expenditure at Quarter 2 of £13.7 million, with 50% of the financial year having elapsed.
- 2 To approve for inclusion in the programme and refer to Council the 5 new bids at an additional capital cost of £2.6 million (paragraph 3.3.1).
- 3 To agree and refer to Council the revised Capital Programme of £67.5 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 faster which may produce revenue benefits and will improve financial control of the Programme.

2.0 OTHER OPTIONS CONSIDERED

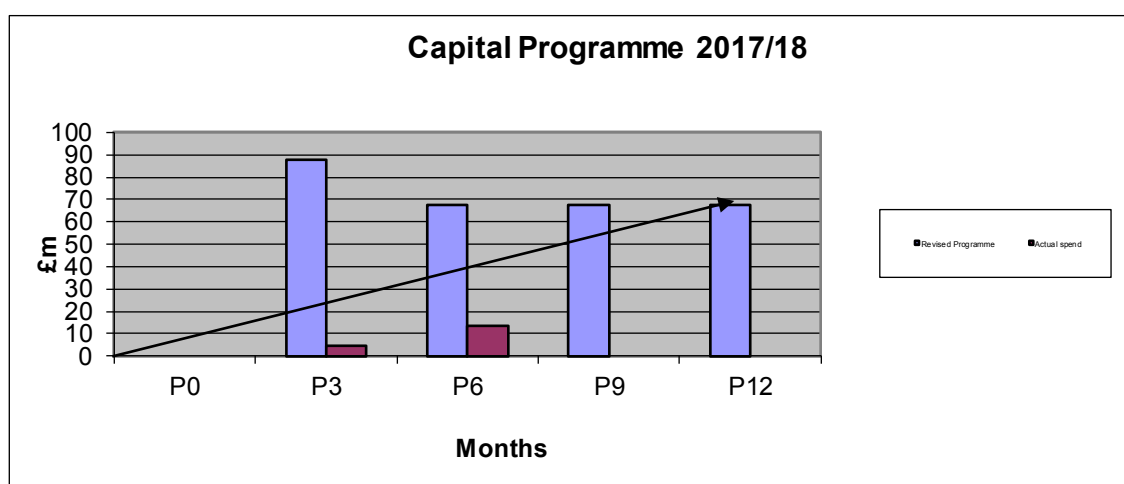
- 2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

OVERALL POSITION AT THE END OF QUARTER 2 (SEPTEMBER 2017)

- 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 2017/18

- 3.2 The Programme for 2017/18 is subject to change. It presently reflects the following changes which are then detailed in Tables 1 and 2.

	£000
Programme agreed by Cabinet on 17 July 2017	88,014
Re-profiling to 2018/19	(17,387)
New bids (2017/18 cost)	1,812
Grant variations	(12)
Reduced requirement	(6,486)
Other variations	1,605
Revised 2017/18 Programme	67,546

Table 1: Capital Programme 2017/18 at 30 September 2017

	Capital Strategy	Revisions Since Budget	Revised Capital Programme	Actual Spend Sept 2017
	£000	£000	£000	£000
Business	32,760	4,069	36,829	6,298
Environment	16,769	(10,350)	6,419	1,739
People	12,250	(3,242)	9,008	2,372
Transformation	15,740	(450)	15,290	3,276
Total expenditure	77,519	(9,973)	67,546	13,685

3.3 The significant variances which have arisen since the Quarter 1 report are:-

3.3.1 New Bids

Cyber Security (£1.562m)

Technology needs to be refreshed to ensure it remains supported and secure. A number of projects are required to ensure that the Council is fully supported which will avoid having to pay very expensive “extended support” fees and include the upgrade to Windows 10; replacement of web publishing server; replacement of Unix servers and upgrading Windows servers. This is essential to maintain the integrity and security of the Council I.T. network. Estimated cost is £1 million in 2017/18 and £0.6 million in 2018/19 with the proposed funding being from Capital Receipts.

Street Lighting (£0.500m)

This is a revision to an existing scheme with the allocation increased from £0.5 million to £1.0 million. This follows completion of survey works and is required due to public safety concerns and improved performance regarding street lighting. Additional cost is £0.5 million in 2017/18 with the proposed funding from borrowing for which a full year’s cost would be £24,000.

Eureka Project (£0.308m)

This is financial assistance to Eureka, The National Children’s Museum to develop the Eureka! Merseyside proposal. This will support the required funding applications to bring forward this development. Eureka! Merseyside will create a world-class destination for families at Seacombe Ferry on the current Spaceport site replicating the award winning model in Halifax.

The cost of the project is £11 million with funding agreed subject to final applications from a number of sources. The Council contribution is £0.06 million in 2017/18 and £0.25 million in 2018/19 with the proposed funding being from borrowing for which a full year’s cost would be £13,000.

Thermal Pool Covers (£0.150m)

To install thermal insulating pool covers at six swimming pools. Energy consumption will be reduced and humidity levels easier to control during none use hours, this also has benefits in helping to protect the building fabric. Installation of pool covers also helps to reduce water consumption due to reduced evaporation losses into the pool hall atmosphere. Full year savings is estimated to be £80,000 against the cost of £0.150 million in 2017/18.

Collaborative working for Children's Services (£0.102m)

In order to support the improvements in the service tablet devices have been identified as a requirement to improve both the mobility and service that social workers can provide to their clients. To provide investment to purchase the new technology and support the migration to the new technology the estimated cost is £0.102 million in 2017/18 with the proposed funding being from Capital Receipts.

These bids have all been presented to the Assets and Capital Group where it was recommended to submit these schemes for inclusion in the Programme. The additional full year borrowing costs of £37,000 can be accommodated within the existing Treasury Management budget.

3.3.2 Table 2 : Re-profiling and other variations (significant > £0.2m)

Scheme	£000
Business	
Data centre - funding from Insurance Fund previously agreed and the scheme is now being formally included in the Programme. Alternative methods of funding this scheme are currently being evaluated to maximise value for money.	1,500
Building refurbishment to increase occupancy - a number of projects are still on hold to avoid unnecessary spend until decisions are made on the usage of key assets. Re-profiled.	(223)
Cleveland Street. depot - awaiting outcome of Leisure Business Case to determine requirements so re-profiled.	(370)
Highway maintenance - scheduled programme of works may run into 2018/19. Re-profiled.	(270)
Wirral Waters Investment Fund - on course to approve over £4 million by March 2018 but based on the timing of the applications, approvals and spend profiles the use is estimated at £0.55 million in 2017/18 so re-profiled.	(3,450)
Car Parking - tender has resulted in reduced costs for the car parking machines. Reduced requirement.	(325)

Scheme	£000
Environment	
West Kirby Marine Lake integrated accommodation - tenders agreed but commencement for the rest of the works is likely to be March 2018. Re-profiled.	(511)
Leasowe Leisure Centre outdoor 3G pitches - there are a number of drainage issues which will require further investigation and a review of ground works. Re-profiled.	(720)
Aids, adaptations and DFGs - spend is influenced by a number of external factors such as the extent, complexity and value of the adaptations required. Re-profiled.	(1,139)
Restore empty homes - currently working on a programme to commit the remaining grant. Re-profiled.	(298)
Clearance - currently working on a programme to commit the remaining funding. Re-profiled.	(1,130)
Home Improvement - this is a rolling of financial assistance and in part relies on the number of claims made. Re-profiled.	(438)
New house building - currently working with a number of Registered Providers to develop schemes. Re-profiled.	(217)
Housing Infrastructure Fund - Viability assessments and scoping now commenced but will not be fully committed this year. Re-profiled.	(500)
Waste vehicles - original scheme involved the Council borrowing on behalf of Biffa, with all associated costs being re-imbursed. The return to the Council was low and BIFFA can now obtain more competitive financing so scheme is no longer required.	(5,686)
People	
Pensby Wood - delays caused by planning issues. Re-profiled.	(397)
School condition, basic needs and primary places - quarter 1 reflected the overall funding available. This is now re-profiled to reflect a more realistic programme for the year given that the majority of the work can only be undertaken during school holidays. £0.272m grant funding was brought forward and utilised in 2016/17.	(5,166)

Scheme	£000
Citizen & Provider Portal/Integrated I.T. - scheme has been reviewed leading to a reduce requirement of £0.5 million and re-profiling of £0.250 million	(794)
Assistive Technology - various schemes have commenced but an element of re-profiling will be required.	(315)
Extra Care Housing - possible start for 2 schemes during the current year. Re-profiled.	(1,500)
Transformation - at this stage a small sum of re-profiling is estimated	(450)
Total	(22,399)

- 3.4 Schemes are 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. Further detail of progress to date over the Wirral Plan Themes is provided in the following sections.

3.5 Business Theme

- 3.5.1 Spend of £2.6 million has been incurred in respect of the current dock bridges replacement scheme. This major scheme is largely funded through a Government grant and the extensive works are expected to be completed by early 2018.
- 3.5.2 Other significant spend includes works to refurbish and update Council buildings to increase occupancy and make fit for purpose (£0.6 million) and highways related works (£1.2 million).
- 3.5.3 The Liverpool City Region has allocated £3.1 million of grant support for Sustainable Transport Enhancement Package (STEP) programme for which a schedule of work has now been drawn up for action by Bam Nuttall for implementation.
- 3.5.4 Within the Programme is an allocation of £10 million for investment in properties. This is closely linked to the progressing Wirral Growth Company and is intended to funded acquisitions which will, in turn, provide a revenue income stream to the Council. It is anticipated that this funding will be utilised by the year end.

3.6 Environment Theme

- 3.6.1 The largest areas of spend so far this year relate to Aids, Adaptations and Disabled Facilities Grants (£0.7 million) with a further £0.7m of adaptation schemes currently approved.

3.6.2 £0.2 million has been incurred on restoring empty homes. The Old Court House scheme completed in September and it is expected that the Ark will complete in January 2018.

3.6.3 Enabling works are complete in respect of the Integrated Accommodation scheme at West Kirby Marine Lake. The building is now DDA compliant and meets Health & Safety and Fire Safety standards for the coming season. Tenders for the full scheme have now been agreed with commencement expected March 2018.

3.7 People Theme

3.7.1 The majority of expenditure charged so far relates to schools related capital (£2.0 million). As with previous years the works to schools are largely programmed to be undertaken during the school holiday periods.

Woodslee Primary: improved safeguarding/security and space to the main entrance incorporating new modern toilets for staff and visitors. This project is now complete and has transformed the face of the school immeasurably.

St Bridget's C of E Primary: a scheme to replace an old defective mobile classroom with a modern facility including new toilets, refurbishment of two existing classrooms and the creation of an external play area.

Rock Ferry Primary: a four phase development to transform early year's provision, main entrance re-modelling, improved office accommodation, classroom and resource/group room re-designs.

Devonshire Park Primary: transformation of the girls' toilets from old traditional type to new individual closets to enable the school to utilise each toilet better and discourage any poor behaviour.

Prenton Primary: The KS1 area was quite poor and required updating. A full refurbishment was undertaken which included three new sets of pupil toilets, removal of internal walls to create improved teaching space and IT provision.

Fender Primary: A new car park for staff has been developed along with additional hard standing and grassed play areas. This has alleviated on the road parking and the extended play areas for pupils.

3.7.2 The Transformation Programme includes significant funding (£10 million) in respect of the Improvement Plan for Children's Services which is being implemented with investment in staff across a number of critical areas. These will help address the needs of those leaving care with more PA's, strengthen the Multi-Agency Safeguarding Hub (MASH) and Safeguarding teams, address high caseloads, improve information within the department and enhance Early Help and Prevention services. The costs will be transferred to the Capital Programme during in the year.

3.8 Wirral Growth Fund

- 3.8.1 As previously reported the funding landscape has changed and the business need is for a mix of grant and loan as opposed to purely loans. Also little interest has been expressed for running this scheme outside of the Council.
- 3.8.2 The Wirral Growth Plan together with the emerging Strategic Regeneration Framework and proposed Growth Company now provide the focus to accelerate development and support businesses wanting to locate in Wirral. By utilising the skills and knowledge gained from the Wirral Waters Investment Fund, the Council now has the opportunity to support even more businesses moving into Wirral and it is proposed that the Fund be allocated by the Council directly to eligible businesses and it be used to offer a mix of grant and loan. The recyclable investment element will of course reduce.

FINANCING OF THE CAPITAL PROGRAMME

- 3.9 Table 3 summarises the financing sources for the original and latest Programme.

Table 3: Revised Capital Programme Financing

Capital Programme Financing	Capital Strategy	Revised Programme
	£000	£000
Unsupported Borrowing	35,121	27,200
Capital Receipts	17,677	16,792
Grants	20,571	21,399
Business Rates (Wirral Waters - ring-fenced)	4,000	550
Reserves	150	1,605
Total Financing	77,519	67,546

- 3.10 Re-profiling that reduces borrowing will produce revenue savings in both 2017/18 and 2018/19 after which the full budget will be required.

PROJECTED LONGER TERM CAPITAL PROGRAMME

- 3.11 Funding for the 2017/18 to 2019/20 Programme is in Table 4. This reflects the 2017/18 Capital Programme agreed by Cabinet on 20 February 2017 with subsequent amendments for re-profiling, grant notifications etc.

Table 4: Capital Programme Financing 2017/18 to 2019/20

Capital Programme Financing	2017/18 Revised Prog	2018/19 Prog	2019/20 Prog	Total Prog
	£000	£000	£000	£000
Unsupported Borrowing	27,200	20,404	10,470	58,074
Capital Receipts	16,792	1,242	-	18,034
Grants	21,399	18,521	5,700	45,620
Business Rates (Wirral Waters - ring-fenced)	550	6,000	5,000	11,550
Reserves	1,605	-	-	1,605
Total Financing	67,546	46,167	21,170	134,883

SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 3.12 Based on current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of approximately £55,000 per annum in the following year. As part of the Capital Strategy 2017/18 to 2019/20 the Council has included an element of Prudential Borrowing and presently there is £58.3 million included over the three years, which will result in approximately £3.8 million of additional revenue costs as detailed at Table 5.

Table 5: Unsupported Borrowing Forecasts & Revenue Costs

	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
New Unsupported Borrowing	27,200	20,404	10,470	0
Cumulative	27,200	47,604	58,074	58,074
Annual Revenue repayment costs				
Cumulative	440	2,243	3,328	3,825

CAPITAL RECEIPTS POSITION

- 3.13 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2019 can be used to support Transformation. This has been reflected in the Capital Programme for 2017/18 and in the receipts assumptions for 2018/19 and 2019/20. Receipts prior to the 1 April 2016 are not eligible to be used to fund Transformation.
- 3.14 The Capital Programme is partly reliant on the generation of receipts to finance future schemes. Available receipts at 1 April 2017 were £5.6 million with £3.0 million available to fund the Transformation Programme and £2.6 million to fund the ongoing Capital Programme. The table assumes that 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

	2017/18	2018/19	2019/20
	£000	£000	£000
Capital Receipts Reserve	5,558	-272	5,036
In - Receipts Assumption	10,962	6,550	3,500
Out - Funding assumption	-16,792	-1,242	TBD
Closing Balance	-272	5,036	TBD

TBD - To be determined

- 3.15 The assumption for receipts in 2017/18 is predicated on the fact that the anticipated expenditure on the Transformation Programme of £15.2 million (including Children's Services) is to be funded from allowable receipts generated in 2016/17 and 2017/18.
- 3.16 For 2018/19 and 2019/20 there are 2 significant receipts factored into the above table. In 2018/19 the second and final receipt for the sale of Manor Drive (£2.3 million) and the second receipt for Acre Lane (£3.5 million) and in 2019/20 the final receipt for Acre Lane (£3.5 million).
- 3.17 Current estimates indicate a shortfall in receipts for the current year. In order to address this additional sites for marketing will be considered as well as ways to reduce expenditure.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The revised 2017/18 Capital Programme is £67.546 million and anticipated deficit for capital receipts at the year-end £0.3 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 2017/18

Appendix 2 – Capital Receipts 2017/18

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports presented to Cabinet	Various
Capital Programme – Council	3 March 2016
Capital Programme – Council	6 March 2017

Capital Programme and Funding 2017/18

APPENDIX 1

Business Theme	Revised Programme £000	Spend to Date £000	Council Resources £000	Reserves £000	Business Rates £000	Grants £000	Total Funding £000
Building refurb to increase occupancy	950	562	950	-	-	-	950
Fund to assist land assembly and resale	468	46	468	-	-	-	468
Cleveland Street transport depot	120	-	120	-	-	-	120
Demolish Bebington Town Hall	365	3	365	-	-	-	365
Demolish former Rock Ferry High School	70	61	70	-	-	-	70
Demolish Stanley School	30	28	30	-	-	-	30
Demolish former Foxfield School	11	-	11	-	-	-	11
Treasury Building	413	184	413	-	-	-	413
Cyber Security	1,000	-	1,000	-	-	-	1,000
Data Centre	1,500	555	-	1,500	-	-	1,500
Children's Services collaboration	102	-	102	-	-	-	102
Eureka	60	-	60	-	-	-	60
Industrial Estates	150	70	150	-	-	-	150
Millennium Centre re-modelling	525	148	525	-	-	-	525
Active travel	22	21	22	-	-	-	22
Bridges	938	59	788	-	-	150	938
Highway maintenance	2,790	1,190	-	-	-	2,790	2,790
Transport for growth/integrated transport	2,667	285	1,443	-	-	1,224	2,667
Coast protection	150	5	150	-	-	-	150
STEP	3,450	0	365	-	-	3,085	3,450
Dock bridges replacement	6,445	2,550	1,000	-	-	5,445	6,445
Replace highways grass cutting machinery	288	281	288	-	-	-	288

Business Theme (continued)	Revised Programme £000	Spend to Date £000	Council Resources £000	Reserves £000	Business Rates £000	Grants £000	Total Funding £000
Business investment grants	888	147	888	-	-	-	888
Growth fund	600	-	600	-	-	-	600
Webcasting	225	-	225	-	-	-	225
Thermal mapping	42	-	42	-	-	-	42
Pothole action fund	270	49	-	-	-	270	270
Street lighting	1,165	54	1,000	105	-	60	1,165
Car parking	575	-	575	-	-	-	575
Investment in properties	10,000	-	10,000	-	-	-	10,000
Wirral Waters Investment Fund	550	-	-	-	550	-	550
	36,829	6,298	21,650	1,605	550	13,024	36,829

Environment Theme	Revised Programme £000	Spend to Date £000	Council Resources £000	Reserves £000	Business Rates £000	Grants £000	Total Funding £000
Park depot rationalisation	260	123	260	-	-	-	260
Parks vehicles replacement	47	15	47	-	-	-	47
Cemetery extensions and improvements	260	-	260	-	-	-	260
Transport museum	180	2	180	-	-	-	180
Flaybrick cemetery	-	82	-	-	-	-	-
Soft play areas at leisure centres	300	-	300	-	-	-	300
W.K. Marine Lake integrated accommodation	200	129	200	-	-	-	200
Bidston tennis centre re-roofing	21	11	21	-	-	-	21
Leasowe Leisure Centre outdoor 3G	100	-	100	-	-	-	100
Oval Sports Centre redevelopment	105	80	105	-	-	-	105
Thermal Pool Covers	150	-	150	-	-	-	150
Beechwood skate park	80	75	-	-	-	80	80
West Kirby flood alleviation	100	14	100	-	-	-	100
CCTV cameras and other equipment	100	-	100	-	-	-	100
Aids, adaptations and DFGs	2,500	715	-	-	-	2,500	2,500
Restore empty homes	354	200	-	-	-	354	354
Clearance	200	45	-	-	-	200	200
Home improvements	550	198	550	-	-	-	550
New house building	350	36	350	-	-	-	350
Housing infrastructure fund	500	-	500	-	-	-	500
Wirral sailing centre	62	14	62	-	-	-	62
Waste vehicles	-	-	-	-	-	-	-
	6,419	1,739	3,285	-	-	3,134	6,419

People Theme	Revised Programme £000	Spend to Date £000	Council Resources £000	Reserves £000	Business Rates £000	Grants £000	Total Funding £000
Pensby Wood day service re-modelling	1,300	101	1,135	-	-	165	1,300
Family support schemes	191	33	191	-	-	-	191
Stanley Special additional classrooms etc.	4	-	4	-	-	-	4
School condition allocation	3,000	1,077	-	-	-	3,000	3,000
Private Finance Initiative	85	-	85	-	-	-	85
Basic needs	676	406	-	-	-	676	676
School remodelling (Primary places)	2,102	543	1,852	-	-	250	2,102
Public Health	200	193	-	-	-	200	200
Citizen and Provider Portal/integrated I.T for social care	150	17	-	-	-	150	150
Assistive technology	300	2	-	-	-	300	300
Community intermediate care	500	-	500	-	-	-	500
Extra Care housing	500	-	-	-	-	500	500
	9,008	2,372	3,767	-	-	5,241	9,008
Transformation Programme (including Children's Services(15,290	3,276	15,290	-	-	-	15,290
Total	67,546	13,685	43,992	1,605	550	21,399	67,546

APPENDIX 2

CAPITAL RECEIPTS 2017/18

Cash Received	£000
Ex-HRA Magenta Housing Right to Buy	633
Acre Lane deposit	250
Renovation loans	151
Windmill public house freehold reversion	25
	1,059