



**CLLR JANETTE WILLIAMSON**

**CABINET**

**19 FEBRUARY 2018**

**CAPITAL MONITORING 2017/18**

**QUARTER 3 (TO DECEMBER 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 December 2017. It recommends that Cabinet agree an amended 2017/18 Capital Programme of £59.4 million which takes into account re-profiling, new bids, revised grants etc. identified since the quarter 2 monitoring report. Expenditure to date is £26.0 million.

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

**RECOMMENDATIONS**

- 1 To note the expenditure at Quarter 3 of £26.0 million;
- 2 To approve for inclusion in the programme and refer to Council the new bid of £0.18 million (Mobile I.T. equipment for Social Workers, paragraph 3.3.1);
- 3 To agree and refer to Council the revised Capital Programme of £59.4 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

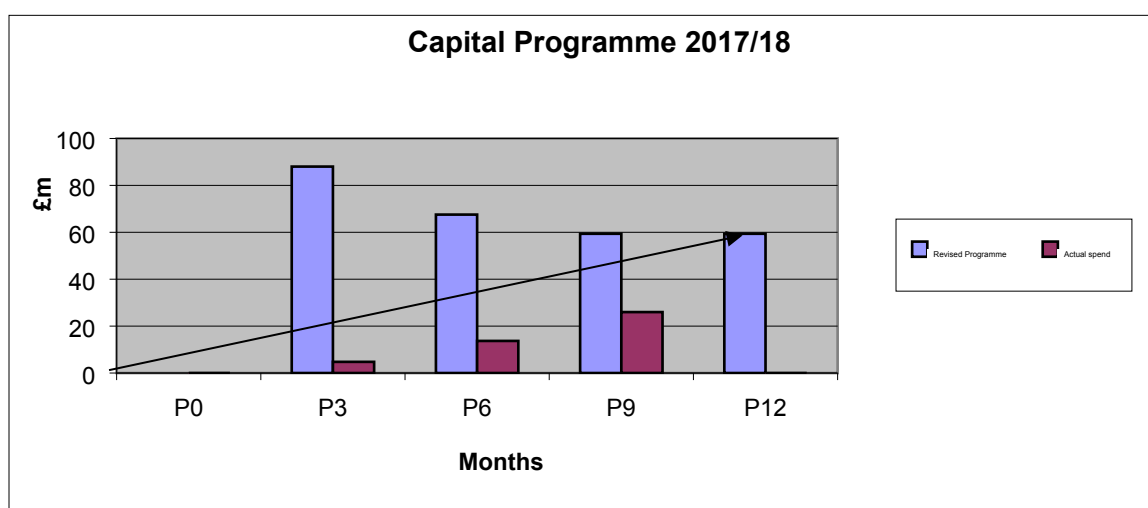
- 2.1 No other options have been considered.

### 3.0 BACKGROUND INFORMATION

#### OVERALL POSITION AT THE END OF QUARTER 3 (DECEMBER 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 6 November 2017	67,546
Re-profiling to 2018/19 and beyond	(8,986)
New bids	180
Grant variations	551
Other variations	80
<b>Revised 2017/18 Programme</b>	<b>59,371</b>

**Table 1: Capital Programme 2017/18 at 31 December 2017**

	<b>Capital Strategy</b>	<b>Revisions Since Budget</b>	<b>Revised Capital Programme</b>	<b>Actual Spend Dec 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Business	32,760	1,563	34,323	12,108
Environment	16,769	(11,394)	5,375	2,648
People	12,250	(5,127)	7,123	4,194
Transformation	15,740	(3,190)	12,550	7,034
<b>Total expenditure</b>	<b>77,519</b>	<b>(18,148)</b>	<b>59,371</b>	<b>25,984</b>

3.3 The significant variances which have arisen since the Quarter 2 report are:-

### 3.3.1 New Bids

#### **Mobile I.T. Equipment for Social Workers (£0.18m)**

Following the 2016 Ofsted report Children's Services have embarked on an improvement plan to address a number of issues raised. Caseload management was a key factor in the review and a Proof of Concept exercise has demonstrated the benefits of using mobile devices. They will increase the timeliness of case management work delivered by social workers through increased flexibility in working patterns and behaviours resulting in more intelligent and effective decisions being made for children and their families.

Estimated cost is £0.18 million in 2017/18 with the proposed funding being from Capital Receipts.

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

<b>Scheme</b>	<b>£000</b>
<b>Business</b>	
Sustainable Transport (STEP) - a number of schemes are programmed for future years; 2018/19 East Float, Wirral Waters, A41; 2019/20 Duke St Phase 2; 2020/21 Carlett Park Re-profiled.	(2,248)
Business Investments Grants - based on the current level of applications it is unlikely that all of the funding will be required this financial year. Re-profiled.	(205)
Growth Fund - same comment as the above. Re-profiled.	(280)

<b>Environment</b>	
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.	(800)
Enhanced Sheltered Housing Scheme - award of additional DFG to be spent by 31 March 2018.	306
Housing Infrastructure Fund. Project is unlikely to commence until October. Re-profiled.	(500)
<b>People</b>	
Primary places - reflects a more realistic programme for the year given that the majority of the work can only be undertaken during school holidays. Re-profiled.	(700)
Extra Care Housing - a number of potential developments have been agreed but these are unlikely to now commence before the end of the current financial year. Re-profiled.	(500)
Community Intermediate Care - a plan is being devised to support providers of residential care to meet the needs of service users who require specialised facilities. Expenditure likely to be incurred after April. Re-profiled.	(500)
<b>Transformation Programme</b>	
Customer experience, delivering differently. Re-profiled	(1,200)
Transformation Office - core staff. Re-profiled	(1,500)
Children's Services. Re-profiled.	(220)
<b>Total</b>	<b>(8,347)</b>

- 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 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 £4.3 million has been incurred this year 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 (£1.1 million) and highways related works (£3.0 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 with £2.2 million allocated to future years.
- 3.5.4 The Millennium Centre (Budget £0.525 million) will be complete by end of March. Staff from Adults have started to move in. The remodelling of the layout, improvements to infrastructure and a new 70 place carpark, has enabled the building to accommodate over 100 additional staff. It is hoped these will be a mixture of Adults, NHS and Public Health as part of our efficient integration programmes.
- 3.5.5 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 fund 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.
- 3.5.6 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 Growth Fund be allocated by the Council directly to eligible businesses and it be used to offer a mix of grant and loan.

### **3.6 Environment Theme**

- 3.6.1 The largest areas of spend so far this year relate to Aids, Adaptations and Disabled Facilities Grants (£1.1 million) with a further £0.6m of adaptation schemes currently approved.
- 3.6.2 £0.3 million has been spent on home improvements. This is by way of 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.
- 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 (£3.3 million). As with previous years the works to schools are largely programmed to be undertaken during the school holiday periods. Some of the more recent developments are:

**Meadowside Special School:** Construction of new hydrotherapy pool and changing facilities. The design is fully accessible for all pupils and includes a new boiler plant room, showers, medical rooms, improved heating and lighting and new external and internal windows. The project is due for completion in April 2018 and has been designed in-house.

**Stanley / Foxfield Special Schools:** Two new sensory gardens now completed and designed by external landscape architects. The design included pupil friendly plantations, sensory play equipment, accessible pathways in varied textures and finishes and covered teaching areas.

**Mosslands High School:** New flat roof installation to the school main block. Refurbishment of top floor classrooms including heating, lighting, floors, ceilings and full re-decoration.

**Town Lane Infants:** This project is part of our pupil place planning [sufficiency] and includes the expansion of the building and internal modernisation including new classrooms, new toilets, resource areas, improved heating and lighting, external access and play. The project is due for completion end of February 2018 and has been designed in-house.

- 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 the year.

## **FINANCING OF THE CAPITAL PROGRAMME**

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

**Table 3: 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	35,121	24,649
Capital Receipts	17,677	13,802
Grants	20,571	19,444
Business Rates (Wirral Waters - ring-fenced)	4,000	550
Reserves	150	926
<b>Total Financing</b>	<b>77,519</b>	<b>59,371</b>

- 3.9 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

- 3.10 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	24,649	23,089	10,470	58,208
Capital Receipts	13,802	14,162	-	27,964
Grants	19,444	20,319	6,140	45,903
Business Rates (Wirral Waters - ring-fenced)	550	6,000	5,000	11,550
Reserves	926	-	-	926
<b>Total Financing</b>	<b>59,371</b>	<b>63,570</b>	<b>21,610</b>	<b>144,551</b>

The 2018/19 programme includes £10 million to fund another year of transformation funded from capital receipts.

## SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 3.11 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 £58.2 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	24,649	23,089	10,470	0
Cumulative	24,649	47,738	58,208	58,208
Annual Revenue repayment costs				
Cumulative	400	2,225	3,300	3,830

## CAPITAL RECEIPTS POSITION

- 3.12 In accordance with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 (originally 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 1 April 2016 are not eligible to be used to fund Transformation.

- 3.13 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 tables below assume 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**

	<b>Capital Programme</b>	<b>Transformation Programme</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance 1 April 2017	2,604	2,954	5,558
Estimated receipts	632	5,022	5,654
Funding required	-1,252	-12,550	-13,802
Future Capital Receipts Required to be achieved	0	4,574	4,574
<b>Balance 31 March 2018</b>	<b>1,984</b>	<b>0</b>	<b>1,984</b>

- 3.14 The assumption for receipts in 2017/18 is predicated on the fact that the anticipated expenditure on the Transformation Programme of £12.550 million (including Children's Services) is to be funded from allowable receipts generated in 2016/17 and 2017/18. Although the final receipt for the sale of Manor Drive will not occur until 2018/19 we are allowed to account for it, and have done so, in 2017/18.

**Table 7: Projected Capital Receipts position 2018/19**

	<b>Capital Programme</b>	<b>Transformation Programme</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance 1 April 2018	1,984	0	1,984
Estimated receipts	550	12,697	13,247
Funding required	-792	-13,370	-14,162
Future Capital Receipts Required to be achieved	0	673	673
<b>Balance 31 March 2019</b>	<b>1,742</b>	<b>0</b>	<b>1,742</b>

- 3.15 The receipt for Acre Lane will be over a 3 year period commencing 2018/19. Once the sale becomes a binding agreement accounting rules permit the total receipt to be accounted for in the first year.



- 3.16 Current estimates indicate a shortfall in receipts of £5.25 million for the current year and at the end of 2018/19 in relation to the Transformation Programme. The Flexible Use of Capital Receipt Directive allows authorities to use any receipts generated at any point between 1 April 2016 and 31 March 2022 (originally 31 March 2019) to finance qualifying expenditure incurred at any point during that period. This means that the Council can use receipts received in all years up to and including 2021/22 the final year of the Directive, to fund a potential short fall at the end of the scheme. However the Council needs to meet the shortfall at the end of 2021/22 through either generating further capital receipts in the preceding years or reducing the amount of expenditure.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The financial implications are contained in the report.

#### **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**

<b>Council Meeting</b>	<b>Date</b>
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**

<b>Business Theme</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Reserves £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Building refurb to increase occupancy	<b>1,315</b>	1,127	1,315	-	-	-	<b>1,315</b>
Fund to assist land assembly and resale	<b>468</b>	207	468	-	-	-	<b>468</b>
Cleveland Street transport depot	<b>120</b>	-	120	-	-	-	<b>120</b>
Demolish former Rock Ferry High School	<b>70</b>	112	70	-	-	-	<b>70</b>
Demolish Stanley School	<b>30</b>	32	30	-	-	-	<b>30</b>
Demolish former Foxfield School	<b>11</b>	-	11	-	-	-	<b>11</b>
Treasury Building	<b>413</b>	245	413	-	-	-	<b>413</b>
Cyber Security	<b>1,000</b>	100	1,000	-	-	-	<b>1,000</b>
Data Centre	<b>1,500</b>	888	-	821	-	679	<b>1,500</b>
Children's Services collaboration	<b>102</b>	-	102	-	-	-	<b>102</b>
Eureka	<b>60</b>	-	60	-	-	-	<b>60</b>
Industrial Estates	<b>150</b>	70	150	-	-	-	<b>150</b>
Millennium Centre re-modelling	<b>525</b>	438	525	-	-	-	<b>525</b>
Active travel	<b>30</b>	21	30	-	-	-	<b>30</b>
Bridges	<b>938</b>	181	788	-	-	150	<b>938</b>
Highway maintenance	<b>2,888</b>	2,419	-	-	-	2,888	<b>2,888</b>
Transport for growth/integrated transport	<b>2,912</b>	611	1,443	-	-	1,469	<b>2,912</b>
Coast protection	<b>124</b>	9	124	-	-	-	<b>124</b>
STEP	<b>1,202</b>	184	-	-	-	1,202	<b>1,202</b>
Dock bridges replacement	<b>6,347</b>	4,281	902	-	-	5,445	<b>6,347</b>
Replace highways grass cutting machinery	<b>288</b>	286	288	-	-	-	<b>288</b>

<b>Business Theme (continued)</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Reserves £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Business investment grants	683	147	683	-	-	-	683
Growth fund	320	-	320	-	-	-	320
Webcasting	225	-	225	-	-	-	225
Thermal mapping	42	-	42	-	-	-	42
Pothole action fund	270	196	-	-	-	270	270
Street lighting	1,165	208	1,000	105	-	60	1,165
Car parking	575	1	575	-	-	-	575
Investment in properties	10,000	-	10,000	-	-	-	10,000
Wirral Waters Investment Fund	550	345	-	-	550	-	550
	<b>34,323</b>	<b>12,108</b>	<b>20,684</b>	<b>926</b>	<b>550</b>	<b>12,163</b>	<b>34,323</b>

<b>Environment Theme</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Reserves £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Park depot rationalisation	260	153	260	-	-	-	260
Parks vehicles replacement	47	15	47	-	-	-	47
Cemetery extensions and improvements	260	5	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	133	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	22	100	-	-	-	100
CCTV cameras and other equipment	100	12	100	-	-	-	100
Aids, adaptations and DFGs	1,700	1,129	-	-	-	1,700	1,700
Enhanced Sheltered Housing	306	-	-	-	-	306	306
Restore empty homes	354	246	-	-	-	354	354
Clearance	200	80	-	-	-	200	200
Home improvements	500	342	500	-	-	-	500
New house building	350	247	350	-	-	-	350
Housing infrastructure fund	-	-	-	-	-	-	-
Wirral sailing centre	62	14	62	-	-	-	62
	<b>5,375</b>	<b>2,648</b>	<b>2,735</b>	<b>-</b>	<b>-</b>	<b>2,640</b>	<b>5,375</b>

<b>People Theme</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Reserves £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Pensby Wood day service re-modelling	<b>1,300</b>	545	1,135	-	-	165	<b>1,300</b>
Family support schemes	<b>191</b>	34	191	-	-	-	<b>191</b>
Stanley Special additional classrooms etc.	<b>4</b>	12	4	-	-	-	<b>4</b>
School condition allocation	<b>3,000</b>	2,019	-	-	-	3,000	<b>3,000</b>
Basic needs	<b>676</b>	635	-	-	-	676	<b>676</b>
School remodelling (Primary places)	<b>1,402</b>	640	1,152	-	-	250	<b>1,402</b>
Public Health	<b>200</b>	193	-	-	-	200	<b>200</b>
Citizen and Provider Portal/integrated I.T for social care	<b>150</b>	19	-	-	-	150	<b>150</b>
Assistive technology	<b>200</b>	97	-	-	-	200	<b>200</b>
	<b>7,123</b>	<b>4,194</b>	<b>2,482</b>	-	-	<b>4,641</b>	<b>7,123</b>
Transformation Programme (including Children's Services)	<b>12,550</b>	<b>7,034</b>	<b>12,550</b>	-	-	-	<b>12,100</b>
<b>Total</b>	<b>59,371</b>	<b>25,984</b>	<b>38,451</b>	<b>926</b>	<b>550</b>	<b>19,444</b>	<b>59,371</b>

## APPENDIX 2

### CAPITAL RECEIPTS 2017/18

Cash Received	£000
Ex-HRA Magenta Housing Right to Buy	633
Acre Lane deposit	250
Old Court House, Manor Rd.	157
Renovation loans	182
Windmill public house freehold reversion	25
	<b>1,247</b>