



CLLR JANETTE WILLIAMSON

CABINET

16 JULY 2018

CAPITAL MONITORING 2018/19

QUARTER 1 (TO JUNE 2018)

Councillor Janette Williamson, Cabinet Member for Finance and Resources, said:

“We are making major investments in Wirral this year – improving infrastructure, the public realm and the local environment which residents are rightly proud of.

This report demonstrates this investment, it provides a helpful summary of our progress, and makes it clear that we are using the resources available to us to their best effect to improve services for local people.”

REPORT SUMMARY

This report provides an update on the progress in delivering the Capital Programme 2018/19 at the end of June 2018. It recommends that Cabinet agree the 2018/19 Capital Programme of £86.4 million which takes into account re-profiling identified during the 2017/18 final accounts process together with any additional grant funding notified to the Council. Expenditure to date is £5.0 million.

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

RECOMMENDATIONS

- 1 To note the spend at Quarter 1 of £5.0 million, with 25% of the financial year having elapsed.
- 2 To approve additional funding for the 7 schemes referred to in paragraph 3.10.

- 3 To agree and refer to Council the revised Capital Programme of £86.4 million (Table 1).
4. To agree the additional grants detailed in section 3.1.2.

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

ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2018/19

- 3.1 The Programme for 2018/19 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 19 February 2018	74,561
Year end re-profiling for 2017/18	10,482
Additional grants and contributions	7,740
Additional requirements	1,142
Reduced requirements	(2,700)
Net re-profiling to 2019/20	(4,834)
Revised 2018/19 Programme	86,391

Table 1: Capital Programme 2018/19 at 30 June 2018

	Capital Strategy	Revised Programme	Actual Spend June 2018
	£000	£000	£000
Adult Care & Health	7,912	8,543	143
Children & Families	19,099	20,852	2,200
Environment	225	50	0
Finance and Resources	5,213	4,287	130
Highways & Transport	13,787	20,409	1,954
Housing & Planning	7,542	7,791	375
Jobs & Growth	16,785	18,697	0
Law & Order	0	83	38
Leisure & Recreation	3,998	5,679	117
Total expenditure	74,561	86,391	4,957

- 3.2 Followings reviews reported and agreed by the Investment and Change Board and the Technical Design Authority a number of schemes that were previously classed as deferred are now included in the Capital Strategy figure above.

These total £3.7 million. The other significant variances which have arisen since the Budget was set are shown in Table 2.

Table 2: Significant Variations (> £0.2m) to the 2018/19 Programme

Scheme	£000
Adult Care & Health	
Pensby Wood - re-profiling from 2017/18 £0.310m; additional requirement £0.172m.	482
Children & Families	
Primary Places - re-profiling from 2017/18	742
Healthy Pupils Fund - additional grant allocation	245
Special Educational Needs and Disabilities (SEND) - additional grant allocation.	206
Improvement Plan funded by the flexible use of capital receipts - re-profiling	1,100
Environment	
Cemetery extensions and improvements - re-profiling from 2017/18	226
Finance and Resources	
Windows 10 rollout - re-profiling - £0.1m carried forward from 2017-18 and £1.0m brought forward from 2019/20	1,100
Data Centre - re-profiling from 2017/18	339
Improvement Plan - originally to be funded from capital receipts but now from revenue	(2,700)
Fund to assist land assembly - re-profiling from 2017/18	246
Highways & Transport	
Bridges - re-profiling from 2017/18 £0.707m and additional grant notification £0.150m.	857
Dock bridges – re-profiling from 2017/18 £0.610m; additional private sector contribution £0.142m	752
Sustainable Transport Enhancement Programme (STEP) schemes - re-profiling from 2017/18	702
Transport for Growth - re-profiling £2.168m and grant confirmation £1.150	3,318
Street lighting and LED replacement - re-profiling from 2017/18	349
Transport Advisory Group feasibility studies - additional grant notification	245
BAMN Commercial settlement	305
Housing & Planning	(1,899)
Aids/adaptations/disabled Facilities Grants- re-profiling into 2019-20 £5.797m; grant confirmation £3.858m	2,011
Housing Zones Marginal Viability Fund (Northbank Wirral Waters) - grant notification	

Jobs & Growth	
Business Investment Fund - re-profiling from 2017/18	551
Investment in properties - re-profiling from 2017/18	1,156
Wirral Waters Investment Fund - re-profiling from 2017/18	205
Leisure & Recreation	
Soft Play Areas Leisure Centres - re-profiling from 2017/18	410
Beechwood Recreation Centre - additional requirement	430
Total	11,378

3.3 Schemes will be subject to an 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. Current progress on the more significant areas of spend to date is provided in the following sections.

3.4 **Adult Care & Health**

3.4.1 Work is continuing to remodel Pensby Wood with a further £0.13 million spent in 2018-19. Completion is expected early July.

3.5 **Children & Families**

3.5.1 Meadowside Special School (£0.172 million) - work has recently been completed on the construction of new hydrotherapy pool and changing facilities. The pool will be ready to use in July after having undergone a full commissioning process.

3.5.2 Heygarth Primary School (£0.050 million) - this project is part of the pupil place planning strategy that links to area regeneration. The project is due for completion in October 2018. It provides the school with two additional classrooms, internal re-configuration to two areas within the school, new resource spaces, and improved outdoor space.

3.5.3 Improvement Programme - £6.8 million has been committed in respect of the Children's Services allocation and £0.3 million in respect of HR and Legal. This commitment has been allocated across Children's Social care, Safeguarding, Quality, Performance and Improvement and Children with Disabilities as well as in Corporate Services. The funding will be used to improve social work practices and outcomes for children, reduce numbers of Children Looked After and establish a stable workforce and reduce reliance on agency workers.

3.6 Highways and Transport

- 3.6.1 Dock Bridges - a further of £0.5 million has been incurred in the first quarter in respect of the current replacement scheme. The bridge has now re-opened.
- 3.6.2 Sustainable Transport Enhancement Programme (STEP). Expenditure is focused on 2 significant schemes; Northbank East (£0.320 million) which will provide increased accessibility for pedestrians and cyclists to the Wirral Waters West Float development and increased attractiveness of the area for businesses and investors; The Croft Retail Corridor (£0.114 million) which will also improve accessibility for pedestrians and cyclists, including improved safety for cyclists through the provision of an off road route.
- 3.6.3 Transport for Growth - expenditure has been incurred on 4 schemes to date, by far the most significant being the improvements to the junction of the M53 and A554 (£0.112 million).
- 3.6.4 Grant funding of £0.563 million is available to fund pothole repairs. There is a risk-based approach to decisions on maintenance interventions, having regard for both public safety and budget availability. Dangerous potholes are treated as a priority for action. A number of different techniques are applied in an effort not to just to repair individual potholes, but also to prevent them occurring again. These works have either already started or are scheduled to begin in the coming weeks. By the end of October it is estimated that 75% of the budget will have been spent on repairs, with the remainder being spent by March 2019.

3.7 Housing & Planning

- 3.7.1 The largest areas of spend so far this year relate to Aids, Adaptations and Disabled Facilities Grants (£0.2 million) and Home Improvements (£0.12 million). The Council has received a further grant allocation of £3.8 million for 2018/19. The most realistic estimate is that we will process applications of £2 million therefore the balance of £1.8 million together with unused grant at the beginning of the year will be available in 2019/20.

3.8 Jobs & Growth

- 3.8.1 Within the Programme is an allocation of £11.1 million for investment in properties. This is closely linked to the progressing Wirral Growth Company and is intended to fund potential acquisitions which will, in turn, provide a revenue income stream to the Council.

3.9 Leisure & Recreation

- 3.9.1 The various works required at the Transport Museum have been completed this year. These were the creation of a new entrance hall, reception area, shop, café and kitchen alongside improved museum display areas. The facility is also now DDA compliant.

3.10 APPROVAL FOR ADDITIONAL FUNDING

3.10.1 There are seven new schemes to be considered for inclusion in the 2018/19 programme

3.10.2 Pensby Wood fit out costs (£172,000)

Discussions have previously taken place at the Wirral Evolutions Project Board regarding the need for additional capital investment in the form of specialist equipment to complete the fit out at Pensby Wood. This will enable those individuals with physical and learning disabilities to fully utilise the potential offered by this redesigned facility.

3.10.3 Beechwood Recreation Centre (£430,000)

In order to ensure that the centre would be fit for purpose a condition survey had previously been undertaken which identified a number of additional works that would be required. These included re-roofing, upgrading the electrical infrastructure, alterations to and renewal of boilers and renewal of the showers.

3.10.4 Frankby Cemetery Extension (£90,000)

Additional work has been required to renew the access track to the depot and out of the cemetery. Ground conditions and drainage issues have proved to be worse than anticipated. Environmental issues resulted in the need to install over 200 metres of fencing which was not part of the original scheme. This extension is necessary as the current cemetery is running out of capacity.

3.10.5 Floral Pavilion Audio Mixing Desk Replacement (£35,000)

The current mixing desk is a valued resource for users in order to deliver high quality performances. It enhances the overall offer to potential customers and results in attracting a large market with an income of £2.2 million. The console is 11 years old and displaying potentially critical faults which could result in complete failure resulting in a possible loss of income. The manufacturer will no longer provide a support and repair package after September 2018 and therefore its replacement is the only feasible option.

3.10.6 BAMN Commercial Settlement (£305,000)

As part of the BAMN commercial settlement, which is currently being negotiated, there are a number of capital costs which will need to be funded. In the main these relate to depot premises, including value of upgrades that BAMN have undertaken, all equipment at the engineering workshop at Cleveland St, street lighting HIAB vehicle and a gully cleansing vehicle.

3.10.7 Floral Pavilion Chiller Unit (£55,000)

The main chiller unit had failed to the point that unless immediate action was taken with regards to undertaking large scale replacement of major components, the theatre would have to close due to the building becoming too hot, with no air control. Closing the building would cause severe financial loss with potential claims for cancellations, notwithstanding the reputational damage.

3.10.8 The Oval Grandstand Structural Works (£55,000)

Essential health and safety works are required.

3.11 NEW GRANT ALLOCATIONS

3.11.1 Since the budget was agreed a number of additional grants have been made available to the Council. Details are below and Members are asked to note these for inclusion in the capital programme

3.11.2 Housing Zones Marginal Viability Fund (£6,004,000)

The Council has successfully secured £6 million in government funding which will be used for a package of infrastructure works including land remediation, public realm works and utilities provision at Northbank, Wirral Waters. The funding will bring forward 5 housing development parcels within Wirral Waters including the 3 sites at Northbank East and 2 sites at Northbank West. The funding will support the delivery of 1,106 units, for which planning permission has already been secured in 2012. There are delays in the Government finalising the funding offer so it is not possible to give an accurate profile of when the funding will be released. The latest estimate is 2018/19 £2 million, 2019/20 £2.6 million, 2020/21 £1.4 million.

3.11.3 Healthy Pupils Capital Fund (£245,000)

This fund is intended to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions.

3.11.4 Transport Advisory Group Feasibility Fund (£245,000)

Funding to undertake transport studies to support the delivery of the Connecting Wirral Transport Strategy and the Wirral Growth Plan. Specifically the grant relates to the A41 corridor, Saughall Massie infrastructure improvements and Wirral Waters Gateways infrastructure.

3.11.5 Special Educational Needs and Disabilities (£206,000)

To enable local authorities to invest in new places and improvements to facilities for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision.

FINANCING OF THE CAPITAL PROGRAMME

3.12 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
Borrowing	33,584	45,306
Capital Receipts	14,162	11,806
Grants	20,815	23,074
Business Rates (Wirral Waters - ring-fenced)	6,000	6,205
Total Financing	74,561	86,391

- 3.13 Any re-profiling that reduces borrowing will produce one-off revenue savings. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2019/20 when the re-profiled expenditure is incurred.

PROJECTED LONGER TERM CAPITAL PROGRAMME

- 3.14 Funding for the 2018/19 to 2020/21 Programme is in Table 4. This reflects the 2018/19 Capital Programme agreed by Cabinet on 19 February 2018 with subsequent amendments for re-profiling, revised grant notifications, approval for previously deferred schemes and additional requirements.

Table 4: Capital Programme Financing 2018/19 to 2020/21

Capital Programme Financing	2018/19 Revised Programme	2019/20 Programme	2020/21 Programme	Total Programme
	£000	£000	£000	£000
Borrowing	45,306	16,515	4,226	66,047
Capital Receipts	11,806	-	-	11,806
Grants	23,074	18,806	5,295	47,175
Business Rates (Wirral Waters - ring-fenced)	6,205	5,000	4,450	15,655
Total Financing	86,391	40,321	13,971	140,683

SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 3.15 Based on current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of approximately £62,000 per annum in the following year. As part of the Capital Strategy 2018/19 to 2020/21 the Council has included an element of Prudential Borrowing and presently there is £66 million included over the three years, which will result in approximately £4.0 million of additional revenue costs as detailed at Table 5.

Table 5: Unsupported Borrowing Forecasts & Revenue Costs

	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000
New Unsupported Borrowing	45,306	16,515	4,226	0
Cumulative	45,306	61,821	66,047	66,047
Annual Revenue repayment costs				
Cumulative	500	2,990	3,880	4,095

CAPITAL RECEIPTS POSITION

- 3.16 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support Transformation. This has been reflected in the Capital Programme for 2018/19 and in the associated receipts assumptions for 2018/19.
- 3.17 The Capital Programme is partly reliant on the generation of receipts to finance future schemes. Available receipts at 1 April 2018 were £1.67 million with £0.97 million available to fund the Transformation Programme and £0.7 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

	2018/19	2019/20
	£000	£000
Capital Receipts Reserve	1,672	2,266
In - Receipts Assumption	12,400	N/A
Out - Funding assumption	-11,806	N/A
Closing Balance	2,266	2,266

- 3.18 The assumption for receipts in 2017/18 is predicated on the fact that the Transformation Programme of £11.1 million (Children's Services) is to be funded from allowable receipts generated between 2017/18 and 2021/22. Critical to this assumption is the disposal of Council assets such as Acre Lane. If the anticipated receipts do not come to fruition, this will cause a subsequent revenue pressure of £9.6 million.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The revised 2018/19 Capital Programme is £86.391 million and anticipated capital receipts remaining at the year-end £2.26 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 providing external support to maximise the Council's income and advise on strategy.

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 2018/19

Appendix 2 – Capital Receipts 2018/19

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports presented to Cabinet	Various
Capital Programme – Council	6 March 2017
Capital Programme – Council	5 March 2018

Capital Programme and Funding 2018/19

APPENDIX 1

Adult Care & Health	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Heswall Day Centre	350	-	350	-	-	350
Extra Care Housing	3,000	-	2,000	-	1,000	3,000
LD Extra Care Housing	3,000	-	2,000	-	1,000	3,000
Community Intermediate Care	500	-	500	-	-	500
Citizen & Provider Portal/I.T.	352	6	-	-	352	352
Assistive Technology	462	3	230	-	232	462
Pensby Wood re-modelling	707	134	707	-	-	707
Pensby Wood fit out costs	172	-	172	-	-	172
	8,543	143	5,959	-	2,584	8,543
Children & Families						
PFI	85	-	85	-	-	85
Condition/modernisation	4,543	306	-	-	4,543	4,543
Primary Places	2,542	23	2,542	-	-	2,542
Basic Needs	1,577	96	-	-	1,577	1,577
SEN and Disabilities (SEND)	206	-	-	-	206	206
Healthy Pupils Capital Fund	245	-	-	-	245	245
SEND Assisted Travel - replace adult vehicle fleet	250	-	250	-	-	250
Systems Improvements (Liquidlogic)	147	-	147	-	-	147
Family Support	157	-	157	-	-	157
Improvement Programme	11,100	1,775	11,100	-	-	11,100
	20,852	2,200	14,281	-	6,571	20,852

Environment	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Public Toilets Upgrade	50	-	50	-	-	50
	50	-	50	-	-	50
Finance & Resources	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Building refurbishment to increase occupancy	162	47	162	-	-	162
Fund to assist land assembly and re-sale	246	47	246	-	-	246
Demolish former Rock Ferry High	-	20	-	-	-	-
Treasury building	150	16	150	-	-	150
Windows 10 rollout	1,842	-	1,842	-	-	1,842
Digital corporate storage	1,500	-	1,500	-	-	1,500
Data centre	339	-	339	-	-	339
Creative and digital team software/hardware	48	-	48	-	-	48
	4,287	130	4,287	-	-	4,287
Highways & Transport						
Highway maintenance	2,637	158	-	-	2,637	2,637
BAMN Commercial Settlement	305	-	305	-	-	305
Pot hole action fund	563	33	-	-	563	563
Bridges	857	55	707	-	150	857
Dock bridges replacement	1,452	658	1,310	-	142	1,452
Coast protection	255	2	255	-	-	255
Transport for growth	3,318	323	2,168	-	1,150	3,318

Highways & Transport (continued)	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Coastal parking pay and display machines	350	-	350	-	-	350
Sustainable transport (STEP)	1,465	564	887	-	578	1,465
Street lighting and LED replacement	1,839	56	1,839	-	-	1,839
Street lighting column upgrade/replacement	2,000	-	2,000	-	-	2,000
Car parking	10	3	10	-	-	10
Illuminated lighting and street signage	250	-	250	-	-	250
New Brighton infrastructure	250	-	250	-	-	250
Thermal mapping	10	47	10	-	-	10
Key Route Network	329	-	33	-	296	329
TAG feasibility studies	245	55	-	-	245	245
Major infrastructure development/forward planning	200	-	200	-	-	200
Tower Rd National Productivity Investment Fund	200	-	-	-	200	200
Highways asset management system	350	-	350	-	-	350
Cleveland St transport depot	330	-	330	-	-	330
Surface water management	160	-	-	-	160	160
West Kirby flood alleviation	3,034	-	84	-	2,950	3,034
	20,409	1,954	11,338	-	9,071	20,409

Housing & Planning	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Industrial estates	44	35	44	-	-	44
Aids, adaptations and DFGs	2,000	204	-	-	2,000	2,000
Restore empty homes	302	15	-	-	302	302
Clearance	1,167	-	632	-	535	1,167
Home improvement	947	121	947	-	-	947
New house building programme	320	-	320	-	-	320
Housing infrastructure fund	1,000	-	1,000	-	-	1,000
Housing Zones Marginal Viability Fund - Northbank Wirral Waters	2,011	-	-	-	2,011	2,011
	7,791	375	2,943	-	4,848	7,791
Jobs & Growth						
Business Investment Fund	1,336	-	1,336	-	-	1,336
Investment in properties	11,156	-	11,156	-	-	11,156
Wirral Waters Investment Fund	6,205	-	-	6,205	-	6,205
	18,697	-	12,492	6,205	-	18,697
Law & Order						
CCTV cameras and other equipment	83	38	83	-	-	83
	83	38	83	-	-	83

Leisure & Recreation	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Eureka	268	20	268	-	-	268
Hand arm vibration equipment	75	-	75	-	-	75
Park depots rationalisation	3	7	3	-	-	3
Transport museum	66	80	66	-	-	66
Soft play areas at leisure centres	410	-	410	-	-	410
West Kirby sailing centre accommodation	564	6	564	-	-	564
Leasowe leisure outdoor 3G	795	-	795	-	-	795
The Oval redevelopment	23	-	23	-	-	23
Beechwood recreation centre	430	4	430	-	-	430
Pool covers	150	-	150	-	-	150
Williamson Art Gallery refresh	250	-	250	-	-	250
Arrowe park machine shed/wash bay	200	-	200	-	-	200
Arrowe park depot resurfacing, bays etc	200	-	200	-	-	200
Birkenhead park depot resurfacing	164	-	164	-	-	164
Play area improvements	240	-	240	-	-	240
West Kirby concourse/Guinea Gap reception upgrade	360	-	360	-	-	360
Wirral Tennis Centre facility upgrade	780	-	780	-	-	780
Floral Pavilion audio desk	35	-	35	-	-	35
Landican Chapel improvements	50	-	50	-	-	50

Leisure & Recreation (continued)	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Beach Cleaning - replacement of equipment	175	-	175	-	-	175
Cemetery Extensions and Improvements	316	-	316	-	-	316
Wirral sailing centre boats/equipment	15	-	15	-	-	15
Floral Pavilion chiller units	55	-	55	-	-	55
The Oval grandstand structural works	55	-	55	-	-	55
	5,679	-	5,679	-	-	5,679
Total	86,391	4,957	57,112	6,205	23,074	86,391

Capital Receipts 2018/19

APPENDIX 2

Cash Received	£000
Tarran Industrial Estate	30
Glenavon Rd covenant	275
Plot 4 Harrison Estate	81
3 Oaktree Place	13
Saughall Massie fire station deposit	4
Municipal building deposit	50
Renovation loans	61
	514