



**CLLR JANETTE WILLIAMSON**

**CABINET**

**26 NOVEMBER 2018**

**CAPITAL MONITORING 2018/19**

**QUARTER 2 (TO SEPTEMBER 2018)**

**Councillor Janette Williamson (Cabinet Member for Finance and Income Generation) 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 help improve services for local people”.

## **REPORT SUMMARY**

This is an update on the progress of the Capital Programme 2018/19 at the end of September 2018. It recommends that Cabinet agree the 2018/19 Capital Programme of £60.9 million which takes account of re-profiling identified since June together with any additional funding requirements. Expenditure to date is £16.3 million.

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

## **RECOMMENDATIONS**

- 1 To note the spend at Quarter 2 of £16.3 million.
- 2 To approve additional funding for the schemes referred to in paragraph 3.9.
- 3 To recommend that Council approves the revised Capital Programme of £60.9 million (Table 1) for 2018/19.

## 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

#### 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.

	<b>£000</b>
Programme agreed by Cabinet on 16 July 2018	86,391
Re-profiling	(26,869)
Additional requirements	2,989
Reduced requirements	(1,563)
<b>Revised 2018/19 Programme</b>	<b>60,948</b>

**Table 1: Capital Programme 2018/19 at 30 September 2018**

	Capital Strategy	June	September	Actual Spend Sept 2018
	£000	£000	£000	£000
Adult Care & Health	7,912	8,543	3,468	381
Business Management	4,990	3,729	5,489	777
Childrens Services	19,099	20,852	18,341	7,542
Delivery Services	25,775	34,280	22,724	7,435
Economic & Housing Growth	16,785	18,987	10,926	157
<b>Total expenditure</b>	<b>74,561</b>	<b>86,391</b>	<b>60,948</b>	<b>16,292</b>

**Table 2: Significant Variations (> £0.5m) to the 2018/19 Programme identified since June**

<b>Scheme</b>	<b>£000</b>
<b>Adult Care &amp; Health</b>	
Learning disability extra care housing - re-profiling	(3,000)
Extra care housing - re-profiling	(1,345)
Community Intermediate Care - re-profiling	(500)
<b>Business Management</b>	
Digital corporate storage - re-profiling	(500)
<b>Childrens Services</b>	
Schools condition and modernisation - re-profiling	(543)
School remodelling/primary places - re-profiling	(1,642)
<b>Delivery Services</b>	
Bridges - re-profiling	(551)
Dock bridges – re-profiling	(552)
Transport for Growth - re-profiling	(515)
Street lighting column upgrade/replacement and LED replacement - re-profiling	(2,790)
West Kirby flood alleviation - re-profiling	(2,335)
Clearance - reduced requirement	(767)
Clearance - re-profiling	(350)
Housing infrastructure fund - re-profiling	(1,000)
Housing Zones Marginal Viability Fund - re-profiling	(979)
<b>Economic &amp; Housing Growth</b>	
Investment in properties - re-profiling	(1,856)
Wirral Waters Investment Fund - re-profiling	(6,205)
<b>Total</b>	<b>(25,430)</b>

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 The remodelling and internal refit of Pensby Wood has been completed, providing significant benefit to service users.

3.4.2 Learning Disability extra care developers have requested funding but have never met the requirements for us to award it to them. Other developers have found their own funding. LD extra care could potentially be eligible for Transforming Care Programme Grant (NHS) and if this was to be the case could reduce the Council's overall borrowing requirement in 2019/20.

3.4.3 Regarding extra care housing there is a potential scheme with Onward Housing for £2.24 million. If approved the funding profile would need to be determined but it has been assumed that it will follow the practice of Homes England with 40% payable up front. This accounts for the majority of the re-profiling to 2019/20.

### 3.5 Business Management

3.5.1 Digital corporate storage - there are a number of solutions available with each of the main vendors, such as Dell EMC and Netapp offering various options. We are in the process of going to tender for an ICT strategic partner who will work with us to determine the best solution for the council and it is anticipated that initial expenditure will be committed around January.

3.5.2 Windows 10 rollout - the Digital team will be providing all staff with new computers featuring the latest Operating System (Windows 10), and providing additional software to make it easier for staff to work in an agile way. This process has been completed in Children's Services and will continue across the council starting in November.

### 3.6 Childrens Services

3.6.1 **Town Lane Infants (£0.800m)** : This completed scheme was required to cater for an increase in pupil numbers. It included a new class-base, extended reception, internal re-configuration of the main building and former childrens centre.

3.6.2 **Pensby High (£0.050m)**: On completion this provided improved security and safeguarding, the main entrance was re-designed to include a new reception office and secure waiting area for visitors.

3.6.3 **Heygarth Primary (£0.400m)**: This scheme, also completed, was required to provide an increase in pupil numbers. This consisted of two new classrooms, internal re-configuration of the reception class-base, improved pupil toilet facilities, additional car parking and safe standing area for parents and visitors.

3.6.4 **Higher Bebington Juniors (commitment £0.600m)** : This ongoing scheme is required to provide an increase in pupil numbers. This consisted of extending existing classrooms, new pupil toilet facilities including DDA, major internal re-configuration of 4 class-bases, re-location of staff offices and improved main entrance.

- 3.6.5 **Well Lane Primary (commitment £0.300m)** : This ongoing scheme consists of internal refurbishment of the key stage 2 areas including new pupils toilets, enlarging two classrooms, new main entrance and office accommodation.
- 3.6.6 **West Kirby Primary (commitment £0.300m)** : On completion this will provide a new main entrance with improved security, reception and head-teachers office, minor internal re-configuration, infill of a unused arear to form a new classroom in a non-traditional design.
- 3.6.7 **Improvement Programme** - this represents a continuation of the transformation funding allowed under the flexible use of capital receipts criteria. In 2018/19 it has been allocated across Children's Social care, Safeguarding, Quality, Performance and Improvement and Children with Disabilities. 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. Presently this is being monitored through revenue and will be transferred to capital at the year end.
- 3.6.8 £1.6 million funding for Primary Places has been re-profiled into 2019/20. Four feasibility studies are currently being undertaken, but if the schemes do progress they are unlikely to start until the new financial year.

### 3.7 **Delivery Services**

- 3.7.1 Dock Bridges - a further of £0.8 million has been incurred in respect of the current replacement scheme. Contract retention is due to be paid in July 2020. The Project Board meets monthly and the commercial discussions with the main contractor may result in further contract variations affecting the final price.
- 3.7.2 Highway maintenance - the most significant areas of expenditure are in respect of micro asphaltting (£0.85 million) and the programme of surface dressings (£0.40 million).
- 3.7.3 Sustainable Transport Enhancement Programme (STEP). Expenditure is focused on 2 significant schemes; Northbank East (£0.46 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 (£0.122 million) which will also improve accessibility for pedestrians and cyclists, including improved safety for cyclists through the provision of an off road route.
- 3.7.4 Transport for Growth - expenditure has been incurred on a number of schemes to date, by far the most significant being the improvements to the junction of the M53 and A554 (£0.356 million).

- 3.7.5 Grant funding of £0.563 million is available to fund pothole repairs. A further £420 million was announced in the Chancellor's October budget statement, however the details for each authority are awaited. 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. Efforts are directed both to repairs and prevention. By the end of September over 50% of the budget has been spent.
- 3.7.6 In respect of Aids, Adaptations and Disabled Facilities Grants the new home adaptation pilot commenced in August and the stair lift contract has been awarded which will facilitate their faster installation.
- 3.7.7 Discussions are currently underway regarding the most suitable way to procure the necessary works for the facility upgrade at the Tennis Centre and the reception areas at West Kirby and Guinea Gap.
- 3.7.8 Street lighting column upgrade/LED replacement - the tender will be advertised in November 2018 with an anticipated start date of January 2019. Materials will then be ordered for the first 3 months of the contract (Jan to March). It is estimated that this together with installation will cost £0.7 million with the balance re-profiled to 2019/20.
- 3.7.9 West Kirby flood alleviation - ground work investigations currently being undertaken with the tender to be issued in November. Delay to the scheme is due to waiting for the business case to be approved by the Environment Agency.
- 3.7.10 Housing Infrastructure Fund - to support new housing building through match funding to provide for an accelerated construction programme. The actual programme and sites is currently being developed but is unlikely to commence this financial year.

### **3.8 Economic and Housing 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. Cabinet on 18 December 2017 agreed the acquisition of the leasehold interest in Birkenhead Market which will be completed in February.
- 3.8.2 Wirral Waters Investment Fund - the most significant scheme, Marine Energy and Automotive Park is waiting planning submission and unlikely that funding will be required this year. Together with the Wirral Waters One Housing project they provide the catalyst for the investment fund to be utilised.

### **3.9 APPROVAL FOR ADDITIONAL FUNDING**

#### **3.9.1 Hoylake Golf Depot (£110,000)**

Revised bid (original cost £0.25 million) to replace machine shed, hard surface the yard, construct bulk storage bays. This was approved in principle by Budget Council pending further investigations which have now been concluded. Borrowing costs were already included in the Treasury Management budget.

#### **3.9.2 Landican crematoria (£280,000)**

A revised bid for improvements to the crematoria, chapel areas and the purchase of a new mapping data base has been approved by the Investment and Change Board (ICB). Borrowing costs were already included in the Treasury Management budget.

#### **3.9.3 Williamson Art Gallery creation of an online catalogue (£150,000)**

This represents a more in depth proposal compared with the original bid which focused on documenting the various collections. Once this scheme is complete the public will have 24 hour access. Borrowing costs were already included in the Treasury Management budget

#### **3.9.4 Leasowe leisure centre outdoor 3G pitches (£323,000)**

Ground investigations have revealed that additional flood protection measures need to be included to ensure the new development remains operable throughout the year. The additional drainage design has a direct impact on the installation of the 3G pitch, the additional car parking facility and the requirements of the Kingsway Academy PFI Trust management group. Planning requirements also specify additional fencing to protect the adjacent residential properties. The current budget for the scheme is £0.795 million.

#### **3.9.5 Access Wirral (£250,000)**

This is currently included in revenue and can be included in the Capital Programme which will release revenue resources.

#### **3.9.6 Early voluntary retirement/voluntary severance (£2,000,000)**

This will assist the Council in making savings that are necessary to achieve a balanced budget for 2019/20 and beyond. The "Flexible use of capital receipts" strategy will be amended to reflect this.

### **FINANCING OF THE CAPITAL PROGRAMME**

3.10 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>
Borrowing	33,584	29,197
Capital Receipts	14,162	13,806
Grants/loans	20,815	17,945
Business Rates (Wirral Waters - ring-fenced)	6,000	0
<b>Total Financing</b>	<b>74,561</b>	<b>60,948</b>

- 3.11 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.

### **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 can be used to support Transformation. This has been reflected in the Children's Services and Early Voluntary Retirement/Severance schemes included in the Capital Programme for 2018/19 and in the associated receipts assumptions for the allowable timeframe.
- 3.13 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 below table assumes that the proposed estimates, set out at Table 1 is agreed. Receipts and funding assumptions are based upon the latest available information and estimates and are subject to change.

**Table 4: Projected Capital Receipts position**

	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Capital Receipts Reserve	1,672	1,072
Cash receipts received to date	706	0
Anticipated receipts	12,500	1,440
Required to fund Childrens improvement programme	(11,100)	N/K
Required to fund Transformation schemes	0	(1,500)
Required to fund EVR/VS scheme	(2,000)	N/K
Required to fund capital programme	(706)	0
Closing Balance	1,072	1,012

3.14 The assumption for receipts in 2018/19 is predicated on the fact that the Transformation Programme of £11.1 million (Children's Services) and the EVR/VS scheme are to be funded from allowable receipts. Critical to this assumption is the disposal of Acre Lane. If the anticipated receipts do not come to fruition, this will cause a subsequent revenue pressure of £11.4 million.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 The revised 2018/19 Capital Programme is £60.948 million and anticipated capital receipts remaining at the year-end £1.072 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

<b>Council Meeting</b>	<b>Date</b>
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	Grants £000	Total Funding £000
Heswall Day Centre	350	-	350	-	350
Extra Care Housing	1,655	-	655	1,000	1,655
Citizen & Provider Portal/I.T.	352	18	-	352	352
Assistive Technology	462	8	230	232	462
Pensby Wood re-modelling (including fit out)	649	355	649	-	649
	<b>3,468</b>	<b>381</b>	<b>1,884</b>	<b>1,584</b>	<b>3,468</b>

### Business Management

Demolish former Rock Ferry High	-	23	-	-	-
Windows 10 rollout	2,022	592	2,022	-	2,022
Digital corporate storage	1,000	-	1,000	-	1,000
Data centre	169	162	169	-	169
Creative and digital team software/hardware	48	-	48	-	48
Transformation Programme EVR/VS	2,000	-	2,000	-	2,000
Access Wirral	250	-	250	-	250
	<b>5,489</b>	<b>777</b>	<b>5,489</b>	<b>-</b>	<b>5,489</b>

<b>Childrens Services</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Condition/modernisation	4,000	1,485	-	4,000	4,000
School remodelling (Primary places)	900	121	900	-	900
Basic Needs	1,320	126	-	1,320	1,320
SEN and disabilities (new grant)	206	4	-	206	206
Healthy Pupils Capital Fund	245	-	-	245	245
SEND assisted travel (replace adult fleet)	266	256	250	16	266
Systems improvements (liquidlogic)	147	-	147	-	147
Family support	157	-	157	-	157
Improvement Programme	11,100	5,550	11,100	-	11,100
	<b>18,341</b>	<b>7,542</b>	<b>12,554</b>	<b>5,787</b>	<b>18,341</b>

<b>Delivery Services</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Building refurbishment to increase occupancy	162	142	162	-	162
Treasury building	150	19	150	-	150
Highway maintenance	2,637	1,888	-	2,637	2,637
BAMN Commercial Settlement	305	305	305	-	305
Pot hole action fund	563	300	-	563	563
Bridges	306	89	156	150	306
Dock bridges replacement	900	808	758	142	900
Coast protection	38	3	38	-	38
Transport for growth	2,803	691	1,653	1,150	2,803

<b>Delivery Services (continued)</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
BAM vehicles purchase	145	-	-	145
Sustainable transport (STEP)	1,465	692	578	1,465
Street lighting and LED replacement	349	387	-	349
Street lighting column upgrade/replacement/LED replacement	700	-	700	700
Car parking	3	3	-	3
Illuminated lighting and street signage	250	-	-	250
New Brighton infrastructure	250	14	-	250
Thermal mapping	10	-	-	10
Key Route Network	367	-	327	367
TAG feasibility studies	210	169	210	210
Major infrastructure development/planning	200	-	-	200
Tower Rd National Productivity Fund	200	-	200	200
Highways asset management system	266	-	-	266
Cleveland St transport depot	330	-	-	330
Surface water management	160	-	160	160
West Kirby flood alleviation	699	16	615	699
Aids, adaptations and DFGs	2,000	703	2,000	2,000
Restore empty homes	60	-	60	60
Clearance	50	11	50	50
Home improvement	500	496	-	500
New house building programme	273	34	-	273
Housing Zones Marginal Viability Fund - Northbank Wirral Waters	1,032	-	1,032	1,032
CCTV cameras and other equipment	83	62	-	83

<b>Delivery Services (continued)</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Eureka	268	20	268	-	268
Hand arm vibration equipment	75	8	75	-	75
Park depots rationalisation	3	104	3	-	3
Transport museum	66	79	66	-	66
Soft play areas at leisure centres	328	-	328	-	328
West Kirby sailing centre accommodation	564	92	564	-	564
Leasowe leisure outdoor 3G	560	-	560	-	560
The Oval redevelopment	23	-	23	-	23
Beechwood recreation centre	430	35	430	-	430
Pool covers	150	-	150	-	150
Williamson Art Gallery refresh	250	-	250	-	250
Williamson Art Gallery catalogue	26	-	26	-	26
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
Hoylake golf works depot	110	-	110	-	110
Play area improvements	240	30	240	-	240
West Kirby concourse/Guinea Gap reception upgrade	180	-	180	-	180
Wirral Tennis Centre facility upgrade	390	-	390	-	390
Floral Pavilion audio desk	35	-	35	-	35
Landican Chapel improvements	330	-	330	-	330

	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
<b>Delivery Services (continued)</b>					
Beach Cleaning - replacement of equipment	175	4	175	-	175
Cemetery Extensions and Improvements	316	122	316	-	316
Wirral sailing centre boats/equipment	15	4	15	-	15
Floral Pavilion chiller units	55	44	55	-	55
The Oval grandstand structural works	55	61	55	-	55
Public toilets upgrade	50	-	50	-	50
	<b>22,724</b>	<b>7,435</b>	<b>12,150</b>	<b>10,574</b>	<b>22,724</b>
<b>Economic &amp; Housing Growth</b>					
Industrial Estates	44	35	44	-	44
Fund to assist land assembly and re-sale	246	118	246	-	246
Business Investment Fund	1,336	-	1,336	-	1,336
Investment in properties	9,300	4	9,300	-	9,300
	<b>10,926</b>	<b>157</b>	<b>10,926</b>	<b>-</b>	<b>10,926</b>
<b>Total</b>	<b>60,948</b>	<b>16,292</b>	<b>43,003</b>	<b>17,945</b>	<b>60,948</b>



## Capital Receipts 2018/19

## APPENDIX 2

<b>Cash Received</b>	<b>£000</b>
Tarran Industrial Estate	30
27 Tarran Industrial Estate	65
Glenavon Rd covenant	275
Plot 4 Harrison Estate	81
3 Oaktree Place	13
Saughall Massie fire station deposit	4
Municipal building deposit	50
24 Kylemore Drive	28
Renovation loans	160
	<b>706</b>