



CLLR JANETTE WILLIAMSON

CABINET

18 FEBRUARY 2019

CAPITAL MONITORING 2018/19

QUARTER 3 (TO DECEMBER 2018)

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

“This year we have an ambitious capital programme that supports our objective of making major investments in Wirral. We are improving infrastructure, the public realm and the local environment which residents are rightly proud of.

This report demonstrates this investment and provides our progress in some of the main areas to evidence to our residents that we are making the best use of resources available to us to help improve services for local people.

In continued times of austerity we need to take opportunity from utilising capital funding to invest in our borough – we are not allowed to use capital funding to pay for day to day services, but we can use it to ensure our assets are the most up to date and digitally equipped as they can be as this will result in reduced day to day costs in the future.”

REPORT SUMMARY

This is an update on the Capital Programme 2018/19 at the end of December 2018. It recommends that Cabinet agree the 2018/19 Capital Programme of £53.5 million which takes account of re-profiling, additional funding requirements and additional grants identified since September. Expenditure to date is £33.3 million.

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

RECOMMENDATIONS

- 1 To note the expenditure at Quarter 3 of £33.3 million.
- 2 To note the additional grant allocations referred to in paragraph 3.10.
- 3 To approve additional funding for the schemes referred to in paragraph 3.8.
- 4 To approve funding brought forward from 2019/20 referred to in paragraph 3.9.
- 5 To recommend that Council approves the revised Capital Programme of £53.5 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. The position at quarter 3 reflects the following changes since the Quarter 2 which are detailed in Tables 1 and 2.

	£000
Programme agreed by Cabinet on 26 November 2018	60,948
Re-profiling	(11,448)
Funding brought forward from 2019/20	700
Additional grant funding	1,780
Increased requirements	1,597
Revised 2018/19 Programme	53,577

Table 1: Capital Programme 2018/19 at 31 December 2018

	Original Capital Strategy	Q2 Revised Strategy	Q3 Revised Strategy	Q3 Actual Spend
	£000	£000	£000	£000
Adult Care & Health	7,912	3,468	1,204	504
Business Management	4,990	5,489	6,239	3,495
Childrens Services	19,099	18,341	17,164	11,684
Delivery Services	24,775	21,692	17,600	10,189
Economic & Housing Growth	17,785	11,958	11,370	7,396
Total expenditure	74,561	60,948	53,577	33,268

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

Scheme	£000
Adult Care & Health	
Assistive technology - re-profiling	(277)
Citizen and Provider Portal - re-profiling	(302)
Extra Care Housing - re-profiling	(1,245)
Heswall Day Centre - re-profiling	(260)
Pensby Wood - reduced requirement	(210)
Business Management	
Windows 10 Rollout - b/fwd from 2019/20	250
Early Voluntary Retirement - additional requirement	500
Childrens Services	
Schools condition and modernisation - re-profiling	(400)
School remodelling/primary places - re-profiling	(300)
Basic Needs	(320)
Delivery Services	
Tower Rd National Productivity Investment Fund - re-profiling	(200)
Cleveland St Transport Depot – re-profiling	(310)
West Kirby Flood Alleviation - re-profiling	(519)
Street lighting column upgrade/replacement and LED replacement - re-profiling	(450)
Leasowe Leisure 3G - re-profiling	(560)
Beechwood Recreation Centre - re-profiling	(280)
Soft Play Areas Leisure Centres	(328)
Wirral Tennis Centre Facility Upgrade	(390)
Arrowe Park Machine Shed/Wash Bay	(200)
Economic & Housing Growth	
Investment in properties - b/fwd. from 2019/20	450
Housing Infrastructure Marginal Viability Fund - re-profiling	(1,032)
Business Investment Fund - re-profiling	(1,306)
New Ferry Regeneration Strategic Acquisitions (approved by Cabinet 17 th December 2018)	1,300
	(6,389)
Other minor variations	(1,012)
Total	(7,401)

3.2 Schemes are subject to an ongoing review to ensure that a deliverable programme is in place, that they are compatible with the 2020 Vision and to contribute to corporate savings. Current progress on schemes is provided in the following sections.

3.3 **Adult Care & Health**

3.3.1 Assistive Technology - various independent monitoring systems have been identified to support and maintain people living in their own homes, reducing the need for care packages and delaying the need for residential care. Work is continuing to identify suitable Medication Administration Record systems, the evaluation of both Geolocation tracking and home-smart monitoring systems.

3.3.2 Citizen and Provider Portal - progressing with the development of Liquidlogic and the integration of the ContrOCC system which helps teams improve the accuracy of their payments and charges. Commitments of £0.165 million are expected this year although actual payment only takes place once “go live” has been successfully implemented.

3.3.3 Extra Care Housing - the Council to pay Alpha Living £0.440 million in order for 78 units of extra care to be developed at Woodpecker Close. Onward Housing has now advised that their site acquisition is like to occur in July 2019. It is unlikely that the Council will incur any associated costs until then.

3.4 **Business Management**

3.4.1 Digital corporate storage - SCC has now been appointed as the ICT strategic partner who will be working to determine the best solution for the council.

3.4.2 Windows 10 rollout - the programme to provide all staff with the latest Operating System (Windows 10) and additional software to enable agile working is well under way. Completed in Children’s Services and Business Change and OD Team, it is ongoing in Digital and plans have been drawn up for the rest of the Council.

3.5 **Childrens Services**

3.5.1 **Higher Bebington Junior School:** This scheme is required to cater for an increase in pupil numbers [capacity]. It consists of extending three existing classrooms, new pupil toilet facilities (DDA compliant), major internal re-configuration of four classes, re-location of staff offices and improved main entrance. Estimated expenditure is over £0.6 million. It is on target financially and contractually to be completed by the middle of February 2019.

3.5.2 **Well Lane Primary School:** This project consists of the internal refurbishment of the key stage 2 areas including new pupil toilets, enlarging two classrooms, a new main entrance and office accommodation. Estimated expenditure is £0.3 million. It is on target financially and contractually to be completed by the end of January 2019.

3.5.3 **West Kirby Primary School:** The project consists of a new main entrance with improved security, reception and Head-teachers office, minor internal re-configuration, infill of an unused area to form a new classroom in a non-traditional design. Estimated expenditure is £0.3 million It is on target financially and contractually to be completed by the end of March 2019.

3.5.4 **New Brighton Sports Barn:** This is a stand-alone sports barn development to provide the school and community with the facility to carry out sports curriculum and improve pupil lifestyle and well-being. The project has been tendered to the amount of £0.4m including professional fees and statutory costs. The project is due to commence early February 2019 and is estimated to be completed by early July 2019.

3.5.5 **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 Services to improve social work practices and outcomes for children, reduce numbers of Children Looked After and establish a stable workforce with reduced reliance on agency workers.

3.6 **Delivery Services**

3.6.1 Highway maintenance - the most significant areas of expenditure are in respect of micro asphaltting (£0.89 million) and the programme of surface dressings (£0.48 million).

3.6.2 Sustainable Transport Enhancement Programme (STEP). Expenditure is focused on 2 significant schemes; Northbank East (£0.51 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 (£0.22 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 a number of schemes to date. The most significant are the improvements to the junction of the M53 and A554 (£0.575 million); cycle and footway improvements (£0.206 million) and creating sustainable travel links at Duke Street (£0.105 million).

3.6.4 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. Dangerous potholes are treated as a priority for action. Efforts are directed both to repairs and prevention. By the end of December 70% of the original allocation has been spent.

3.6.5 Leasowe 3G pitches – The tendering process will commence in early February. Planning approval is pending and expected at the beginning of February following FA Guidelines being met for 3G Football Turf Pitch Design, lighting design, drainage solutions for both the new 3G pitch and the proposed

extended car park arrangements and requirements for the modular changing room block.

- 3.6.6 Street lighting column upgrade/LED replacement - delays have occurred in procuring a contractor to undertake the installation works. The tender will now be advertised in January 2019 and it is anticipated that the installation work will commence on 1 April 2019.
- 3.6.7 Pool covers - each site requires a bespoke pool cover. Currently researching companies who are able to provide a professional site survey and that will also offer solutions to the practical problems of installing the covers.
- 3.6.8 Cleveland Street Transport Depot - expenditure is on hold pending the outcome of the feasibility study into the possibility of a depot supersite.
- 3.6.9 West Kirby flood alleviation - the contract for ground work investigations has now been awarded with work due to start in February 2019. It is expected that the scheme will be completed during 2019/20.
- 3.6.10 Beechwood Recreation Centre - the scheme had been on hold for a number of months pending a community asset transfer decision. However, the asset will remain within the Council and works can now progress.

3.7 Economic and Housing Growth

- 3.7.1 Within the programme is an allocation of £9.8 million for investment in properties to fund acquisitions that will provide a revenue income stream to the Council. Acquisition of the Vue cinema has been completed at a cost of £7.1 million. The acquisition of the leasehold interest in Birkenhead Market will be completed by 2nd February when the management Market will return to the council.
- 3.7.2 Business Investment Fund – approval is to be sought from Wirral Waters Programme Board recommending approval of grant support for a local business expansion in Wirral. The expectation is that £30,000 will be spent by the end of this financial year.
- 3.7.3 Housing Infrastructure Marginal Viability Fund - relates to £6 million in government funding which will be used for infrastructure works including land remediation, public realm works and utilities provision at Northbank, Wirral Waters. Negotiations over the receipts of the funding with Homes England is likely to see the funding provided in 2019/20.

3.8 APPROVAL FOR ADDITIONAL FUNDING

3.8.1 Cemetery extensions and improvements (£59,000)

Part of the approved scheme relates to the replacement of the outdated cemetery and crematorium software system to implement an accurate mapping system for all the cemeteries. A full tender and evaluation process has now been undertaken and the cost of a replacement system is £125,000.

An additional £59,000 is requested to procure the system which will enable the cemeteries and crematorium to continue to operate and will provide an accurate mapping system of all graves within the Council cemeteries.

3.8.2 Demolition of Seacombe Community Centre (£100,000)

The centre has been vacant for some time following a closure mainly due to safety issues. A number of community organisations had expressed interest in taking over the building however, costs of remediation and running costs render the centre uneconomically viable and as a result demolition is the most suitable option.

3.8.3 Early Voluntary Retirement (£500,000)

The costs associated with the latest round of EVRs (severance and pension strain) is estimated to be £2.5 million, £0.5m higher than the £2 million already included in the capital programme. This additional amount will be funded from capital receipts, taking advantage of the flexible use of capital receipts regulations.

3.9 APPROVAL TO BRING FUNDING FORWARD FROM 2019/20

3.9.1 Windows 10 (£0.250 million)

The pricing for Lenovo hardware (laptops and desktops) is based on £/\$ exchange rate. Since the first order was placed in October 2018 the pound has weakened and the anticipated increase is between 5-12% on current prices. The further £0.150 million is to fund the expected implementation costs this financial year.

3.9.2 Investment in Properties (£0.450 million)

Funding brought forward from 2019/20 to cover the estimated stamp duty for the purchase of Birkenhead Market and the Vue Cinema.

3.10 NOTIFICATION OF ADDITIONAL GRANT FUNDING

3.10.1 Highway Maintenance (£1.465 million)

In October 2018, the Chancellor announced a further £420 million of new money for local highways maintenance. This additional resource is being allocated using the highways maintenance funding formula and is for the repair of roads (including potholes), bridges and local highways infrastructure generally.

3.10.2 Key Route Maintenance (£0.315 million)

The Liverpool City Region Combined Authority announced a top slice from the Integrated Transport Budget for funding to be spent on the KRN.

3.10.3 Due to the late announcement of these additional amounts both these grants will be applied to fund schemes in 2019/20.

FINANCING OF THE CAPITAL PROGRAMME

3.11 Table 3 summarises the financing sources.

Table 3: Revised Capital Programme Financing

Capital Programme Financing	Capital Strategy	Revised Programme
	£000	£000
Borrowing	33,584	25,466
Capital Receipts	14,162	14,076
Grants/loans	20,815	14,035
Business Rates (Wirral Waters - ring-fenced)	6,000	0
Total Financing	74,561	53,577

3.12 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

3.13 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.

3.14 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. Table 4 assumes that the estimates, set out at Table 1 is agreed. Receipts and funding assumptions are based upon the latest available information and are subject to change.

Table 4: Projected Capital Receipts position

	2018/19	2019/20
	£000	£000
Capital Receipts Reserve	1,672	1,201
Cash receipts received to date	1,419	0
Anticipated receipts	12,186	5,177
Required to fund Childrens improvement programme	(11,100)	0
Required to fund Transformation schemes	0	(1,500)
Required to fund EVR/VS scheme	(2,500)	0
Required to fund capital programme	(476)	0
Closing Balance	1,201	4,878

3.15 The assumption for receipts in 2018/19 is predicated on the fact that the Children's Services Improvement Programme £11.1 million and the EVR/VS scheme are to be funded from allowable receipts. Critical to this assumption is the disposal of Acre Lane. The receipt for Acre Lane will be over a 3 year period. It is still anticipated that the agreement with Morris Homes will be signed before 31st March 2019 and accounting rules will then permit the total receipt to be accounted for in the first year. If the anticipated receipts do not come to fruition, this will cause a subsequent revenue pressure of £10.7 million.

4.0 FINANCIAL IMPLICATIONS

4.1 The revised 2018/19 Capital Programme is £53.577 million and anticipated capital receipts remaining at the year-end £1.201 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	Grants £000	Total Funding £000
Heswall Day Centre	90	4	90	-	90
Extra Care Housing	440	-	-	440	440
Citizen & Provider Portal/I.T.	50	25	-	50	50
Assistive Technology	185	103	-	185	185
Pensby Wood re-modelling (including fit out)	439	372	439	-	439
	1,204	504	529	675	1,204

Business Management

Demolish former Rock Ferry High	-	29	-	-	-
Windows 10 rollout	2,272	1,286	2,272	-	2,272
Digital corporate storage	1,000	-	1,000	-	1,000
Data centre	169	162	169	-	169
Creative and digital team software/hardware	48	18	48	-	48
Transformation Programme EVR/VS	2,500	2,000	2,500	-	2,500
Access Wirral	250	-	250	-	250
	6,239	3,495	6,239	-	6,239

Childrens Services	Revised Programme £000	Spend to Date £000	Council Resources £000	Grants £000	Total Funding £000
Condition/modernisation	3,600	2,492	-	3,600	3,600
School remodelling (Primary places)	600	138	600	-	600
Basic Needs	1,000	431	-	1,000	1,000
SEN and disabilities (new grant)	206	23	-	206	206
Healthy Pupils Capital Fund	245	19	-	245	245
SEND assisted travel (replace adult fleet)	266	256	250	16	266
Systems improvements (liquidlogic)	147	-	147	-	147
Improvement Programme	11,100	8,325	11,100	-	11,100
	17,164	11,684	12,097	5,067	17,164

Delivery Services	Revised Programme £000	Spend to Date £000	Council Resources £000	Grants £000	Total Funding £000
Building refurbishment to increase occupancy	200	295	200	-	200
Treasury building	150	21	150	-	150
Highway maintenance	2,637	2,204	-	2,637	2,637
BAMN Commercial Settlement	305	305	305	-	305
Pot hole action fund	563	392	-	563	563
Bridges	306	97	156	150	306
Dock bridges replacement	900	817	758	142	900
Coast protection	38	6	38	-	38
Transport for growth	2,761	1,160	1,611	1,150	2,761

Delivery Services (continued)	Revised Programme £000	Spend to Date £000	Council Resources £000	Grants £000	Total Funding £000
BAM vehicles purchase	145	83	145	-	145
Sustainable transport (STEP)	1,512	850	887	625	1,512
Street lighting and LED replacement	349	380	349	-	349
Street lighting column upgrade/replacement/LED replacement	250	68	-	250	250
Car parking	3	3	3	-	3
Illuminated lighting and street signage	250	-	250	-	250
New Brighton infrastructure	250	90	250	-	250
Thermal mapping	10	-	10	-	10
Key Route Network	340	12	40	300	340
TAG feasibility studies	210	188	-	210	210
Major infrastructure development/planning	40	-	40	-	40
Highways asset management system	266	-	266	-	266
Cleveland St transport depot	20	-	20	-	20
Surface water management	60	-	-	60	60
West Kirby flood alleviation	180	52	84	96	180
Aids, adaptations and DFGs	2,000	1,494	-	2,000	2,000
Restore empty homes	60	-	-	60	60
Clearance	50	11	-	50	50
Home improvement	500	370	500	-	500
New house building programme	89	34	89	-	89
CCTV cameras and other equipment	83	62	83	-	83

Delivery Services (continued)	Revised Programme £000	Spend to Date £000	Council Resources £000	Grants £000	Total Funding £000
Eureka	268	165	268	-	268
Hand arm vibration equipment	75	8	75	-	75
Park depots rationalisation	3	114	3	-	3
Transport museum	66	79	66	-	66
West Kirby sailing centre accommodation	564	252	564	-	564
The Oval redevelopment	23	-	23	-	23
Beechwood recreation centre	150	38	150	-	150
Pool covers	5	-	5	-	5
Williamson Art Gallery refresh	250	-	250	-	250
Williamson Art Gallery catalogue	26	-	26	-	26
Arrowe park depot resurfacing, bays etc	150	-	150	-	150
Birkenhead park depot resurfacing	123		123	-	123
Play area improvements	180	126	180	-	180
Floral Pavilion audio desk	35	27	35	-	35
Landican Chapel improvements	330	13	330	-	330
Beach Cleaning - replacement of equipment	175	4	175	-	175
Cemetery Extensions and Improvements	375	260	375	-	375
Wirral sailing centre boats/equipment	15	4	15	-	15

	Revised Programme £000	Spend to Date £000	Council Resources £000	Grants £000	Total Funding £000
Delivery Services (continued)					
Floral Pavilion chiller units	55	44	55	-	55
The Oval grandstand structural works	55	61	55	-	55
Demolish Seacombe Community Centre	100	-	100	-	100
Public toilets upgrade	50	-	50	-	50
	17,600	10,189	9,307	8,293	17,600
Economic & Housing Growth					
Industrial Estates	44	44	44	-	44
Fund to assist land assembly and re-sale	246	230	246	-	246
Business Investment Fund	30	-	30	-	30
New Ferry Regeneration Strategic Acquisitions	1,300	-	1,300	-	1,300
Investment in properties	9,750	7,122	9,750	-	9,750
	11,370	7,396	11,370	-	11,370
Total	53,577	33,268	39,542	14,035	53,577

Capital Receipts 2018/19

APPENDIX 2

Cash Received	£000
Tarran Industrial Estate land	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	165
245 Liscard Rd / 2 Lathom Ave	89
140a Church Rd Tranmere	60
14, 15b Tarran Industrial Estate	230
25 Tarran Industrial Estate	187
The Dell Public House	92
Egerton St	50
	1,419