



POLICY AND RESOURCES COMMITTEE

Wednesday, 7 September 2022

REPORT TITLE:	CAPITAL MONITORING QUARTER 1 2022/23
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

This report provides an update on the progress of the Capital Programme 2022/23 at the end of June 2022. It recommends that Committee agree the revised 2022/23 Capital Programme of £147.6 million which takes account of re-profiling, virements, additional funding requirements and grant variations identified since the Capital Programme was formally agreed on 28th February 2022.

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

RECOMMENDATION/S

The Policy and Resources Committee is requested to recommend to Council:

- 1 the approval of the revised Capital Programme of £147.6 million for 2022/23, including the addition of the new grant funding referred to in section 3.4 in this report.

The Policy and Resources Committee is recommended to:

- 2 approve the virements referred to in Appendix D in this report with a value of less than £0.5 million.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 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 in Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other reporting frequencies could be considered, but quarterly reporting is a standard practice.

3.0 BACKGROUND INFORMATION

3.1 Capital Programme 2022/23 Position by Directorate

Table 1: Wirral Council 2022/23 Full Year Capital Budget and Forecast Position

Programme	Budget £m	Forecast		
		Q1 £m	Variance £m	Variance %
Adult Care & Health	7.323	4.012	-3.311	-45%
Children, Families & Education	16.644	12.144	-4.500	-27%
Corporate Schemes	5.904	3.780	-2.124	-36%
Neighbourhoods	26.078	34.489	8.411	32%
Regeneration & Place	88.315	87.927	-0.388	0%
Resources	7.813	5.241	-2.572	-33%
Total	152.077	147.593	-4.484	-3%

NB: items of significant scheme variation are included in Appendix A of this report.

Capital Programme 2022/23 Position by Committee

Table 2: Wirral Council 2022/23 Full Year Capital Budget and Forecast Position

Programme	Budget	Forecast	Variance	Variance
	£m	Q1 £m	£m	%
Adult Social Care & Health	7.323	4.012	-3.311	-45%
Children, Young People & Education	17.842	13.342	-4.500	-25%
Economy, Regeneration & Development	49.119	47.135	-1.984	-4%
Environment, Climate Emergency & Transport	27.016	35.153	8.137	30%
Economy, Regeneration & Housing	20.758	22.740	1.982	10%
Policy & Resources	19.378	13.826	-5.552	-29%
Tourism, Communities, Culture & Leisure	10.641	11.385	0.744	7%
Total	152.077	147.593	-4.484	-3%

- 3.1.1 Table 1 provides an update on the 2022/23 Capital Programme. A number of variations have arisen since the original programme was agreed at the end of February 2022. These include the re-profiling of expenditure into and out of the 2022/23 financial year, inclusion of additional grant funded schemes and variations to spend forecasts. There have been no new capital schemes seeking funding via this report.
- 3.1.2 Given the budgetary pressures that the Council faces, a review of the programme continues to try and identify schemes that may no longer be financially viable, essential or deliverable.
- 3.1.3 As a result of the review carried out within Quarter 1, the following schemes in the 2022/23 programme had their funding allocations reduced:
- Transformational Capitalisation £2.124 million, budget realigned in accordance with the budget setting 2022/23, approved at Full Council February 2022
 - Repurposing of £0.147 million from Health and Safety Condition Survey to Ashton Park to replace new Council borrowing.
- 3.1.4 The programme review also resulted in the reprofiling of budget into future years of £15.209 million from the originally approved budget in February 2022. It is anticipated that further reductions and/or deferrals of budget will be made as the review continues. Such deferrals will reduce the borrowing costs incurred during 2022/23 and also delays the resultant Minimum Revenue Provision (MRP) charges into future years.
- 3.1.5 Appendix B of this report categorises the movement in the forecast programme.

3.2 Scheme Updates

- 3.2.1 Schemes are subject to an ongoing review to ensure that a deliverable programme is in place, that they are compatible with the Wirral Plan 2021/2026 priorities and to try and identify any savings. Current progress on the more significant schemes is provided in Appendix C of this report.

3.3 Reprofiling of expenditure

- 3.3.1 Since the approval of the original 2022/27 Capital Programme, a number of schemes have had reprofiled budgets into 2023/24 from 2022/23.
- 3.3.2 Regular meetings are held with officers who are responsible for capital projects contained within the programme. During these meetings assessments are made regarding the deliverability of the schemes and their budgetary requirement for the year. These assessments are reflected in the forecast outturn provided through the quarterly update reports to members. Should it be assessed that a scheme will continue into the next financial year, or beyond, budget is reprofiled as deemed appropriate at that time.
- 3.3.3 A review of the Capital Programme is ongoing to identify which schemes can either be delayed, deferred or even withdrawn to reduce the ongoing financial

commitments that result from the programme. The progress of this review will be relayed to the Investment & Change Board as part of their monthly Capital review.

- 3.3.4 Those schemes that have encountered significant delays as a result of operational reasons are included with the items of significant variations, summarised in Appendix A of this report. A review of the profiling of expenditure within the Capital Programme is continuing and is likely to lead to a further reduction in anticipated spend for the year.

3.4 Grant Funded Schemes

- 3.4.1 Since the original 2022/27 Capital programme was approved in February 2022, the Authority has been successful in its application for grant funding to either enable the following schemes to take place or be continued. There is no request for new Council funding to be considered as part of these schemes. In the event of any notable grant awards being achieved in the future, the relevant schemes will be introduced into the capital programme via the regular monitoring reports.

3.4.2 **Better Care Fund/Disabled Facilities Grant - £4.724m**

Spend is influenced by several factors including referrals received and the extent/value of the adaptations required

3.4.3 **City Region Sustainable Transport Settlement - £7.290m, allocated to:**

£1.250m Combined Authority Transport Plan
£6.040m Highways Maintenance

- 3.4.4 **Traffic Signal LED Upgrade - £0.982m** - Grant funding from the Liverpool City Region Combined Authority (LCRCA) to enable the upgrading of Wirral Council's traffic signals to LED and the replacement of corroded traffic signal poles at sites receiving the LED upgrade.

- 3.4.5 **Basic Needs £0.381m 2023/24** – Department for Education (DfE) funding allocation to ensure there are sufficient school places in areas of need.

- 3.4.6 **High Need £2.871M 2022/23 and £2.638M 2023/24** - Local authority funding to support the provision of new places and improve existing provision for children with special educational needs and disabilities or requiring alternative provision.

3.5 Virements

Appendix D of this report lists the budget virements that have been proposed where schemes have been identified as not requiring the full budget allocation as originally expected. It is proposed that this resource be reallocated to schemes that require additional resource to fully complete the works.

3.6 Capital Funding Requirements

Table 3: Financing the Capital Programme 2022/23

Source of Financing	Programme 1 Apr 2022 £m	Programme 30 Jun 2022 £m	Variance £m
Borrowing	69.204	62.034	-7.170
Grants/Contributions	77.022	81.832	4.810
Capital Receipts	5.704	3.580	-2.124
Revenue/Reserves	0.147	0.147	0.000
Total	152.077	147.593	-4.484

3.6.1 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 2023/24 when the re-profiled expenditure is incurred.

3.6.2 Appendix E of this report details the proposed use of Capital Receipts within 2022/23.

3.7 Other Scheme Matters

3.7.1 The Council has a vision to deliver a highly efficient data-driven authority with an increasing profile of services that are delivered using modern technology. The first stage of this journey requires the Council to invest in digital capability that optimises our operations and infrastructure. This initial investment will deliver operational enhancements which will form the basis of service innovation and transformation by leveraging existing Microsoft technologies and introducing new applications and capabilities to deliver process improvements through digitalisation and automation, a modern reporting platform and a more resilient infrastructure.

3.7.2 The key outcomes delivered through this first phase are set out below:

- A secure, resilient, cloud-first infrastructure and operating model for Wirral
- Defined cross-organisation Data Strategy enabling Wirral to become data-driven
- Roadmap identifying how opportunities for improving the use of Council data, identified during Data Strategy development, could be delivered
- Capability for Staff to self-serve data and analytical insights through analysing Wirral data across the organisation

3.7.3 The Council does not have the technical infrastructure or internal capabilities to leverage all the opportunities available to us. An Officer Decision Notice (ODN) dated 17 August 2022 proposes optimising our digital operations and infrastructure whilst developing a full business case. The business will explore how by building on the work in Phase 1, the opportunities for enabling staff, further modernising how our residents engage with the Council, and transforming services through digital transformation. The business case will set out both the business and cost benefits to undertaking this work.

3.7.4 This ODN will enable the effective delivery of the phase 1 digital transformation project that will support the long-term generation of savings and efficiencies as part of the Strategic Change Programme Service Reviews. Cost is £1.38 million all in 2022/23 with no immediate associated savings but savings will be picked up as part of the further work on phase 2 as part of the service reviews. A full capital bid will be sought for inclusion in the Quarter 2 Capital Monitoring report to Members.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 1 budget monitoring report, to the end of June 2022 that provides information on the forecast outturn and progress against the capital programme. The Council has systems for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Committee. The financial position is regularly reviewed at each Directorate Management Team and corporately at the Investment & Change Board (ICB).

4.2 The Capital Programme is funded via a number of sources including Council borrowing, capital receipts, grants and revenue contributions. Where the Authority finances capital expenditure by borrowing, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). If the capital programme is delivered as forecast in this report, the Authority will consequently increase its capital debt by £62.0 million (the level of borrowing required to finance the capital schemes covered by this report). This debt is repaid via charges to the revenue budget over the lives of the assets created or enhanced. The revenue impact of the additional £62.0 million of borrowing required to fund all forecast works in 2022/23 is as follows:

Table 4: MRP Charges to Revenue Relating to 2022/23 Debt Funded Capital

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Additional revenue cost	1.975	2.029	2.086	2.144

Note – MRP repayments from revenue only start the year after the capital expenditure has taken place i.e., for spend incurred in 2022/23, the first MRP repayments will be charged in the 2023/24 revenue accounts.

4.3 It is estimated that these costs will peak in 2029/30 at £2.327 million reflecting the fact that the principal repayment associated with debt (the Minimum Revenue Provision) increases over the expected life of the asset funded from borrowing. This repayment profile is due to the Council adopting the “Annuity Method” of repayment which was agreed by Council (on 19 December 2016). The “Annuity Method” produces a profile of principal repayments which starts low and increases each year reflecting the time value of money i.e., £1 in year 1 will have more purchasing power than to £1 in year 10.

4.4 Any reprofiling or ‘slippage’ of debt funded capital spend will delay the associated MRP being charged to the revenue budget. Future years MRP is included within the rolling Medium Term Financial Plan (MTFP).

4.5 The full revised Capital Programme can be found in Appendix F to this report.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council must set the budget (of which the Capital Programme is part of) in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 5.2 Members must bear in mind their fiduciary duty to the council taxpayers of Wirral. Members must have adequate evidence on which to base their decisions on the level of quality at which services should be provided.
- 5.3 Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably.
- 5.4 The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.
- 5.5 There is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision.
- 5.6 The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 5.7 Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded. The duty applies both to Full Council when setting the budget and to Committees when considering particular decisions.
- 5.8 Once a budget is in place, Council has delegated responsibility to the Policy and Services Committees to implement it. The Committees may not act contrary to the Budget without consent of Council other than in accordance with the Procedure Rules set out at Part 4(3) of the Constitution.
- 5.9 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new

expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no staffing, IT or asset implications 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 quarterly review by a senior group of officers, charged with improving performance. At the June meeting of the Investment and Change Board (ICB) it was agreed that the existing Capital and Assets Group (CAG) be re-energised and re-established as a sub-group of ICB, entitled the Capital Programme Board, with a larger focus on the capital programme. It is expected that the first meeting will take place in September.

7.2 The possible failure to deliver the Revenue Budget is being mitigated by:

- (i) Senior Leadership / Directorate Teams regularly reviewing the financial position.
- (ii) Availability of General Fund Balances.
- (iii) Where possible, reprofiling of 2022/23 projected Capital expenditure

7.3 In terms of individual scheme specific risks, these are identified as part of the original business case application and any potential risks to deliverability should be flagged as part of the ongoing scheme review process.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an in-year report. Consultation takes places as part of considering the capital programme and over the planning and implementation of the specific schemes within the Programme.

9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it conducts its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 Capital bids are welcomed that support the Council's Climate Emergency Plan that was compiled following the declaration of a Climate Emergency by the Council in May 2019. Within the existing capital programme there are projects that positively contribute to environmental issues. The environmental and climate implications, both positive and negative, are reported for each scheme separately to the relevant policy and service committee.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The Community Wealth Building Strategy is a key part of how the Authority will tackle economic, social and health inequalities across the borough and make a major contribution to improving the economic, social and health outcomes on the Wirral. Schemes contained within the Capital programme include several regeneration projects that look to improve the economic outlook for the borough, including job creation, training facilities and enhanced transport links. The Community Wealth Building implications are reported for each scheme separately to the relevant policy and service committee.
- 11.2 The programme also includes projects that focus on environmental initiatives such as energy efficient buildings, sustainable and green travel infrastructure, energy efficient street lighting, urban tree planting etc.

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APPENDICES

- Appendix A Summary of Significant Programme Variations in Quarter 1
- Appendix B Movement Between Original Budget and Q1 Forecast Position
- Appendix C Scheme Updates
- Appendix D Proposed Virements
- Appendix E Flexible Use of Capital Receipts Strategy
- Appendix F Revised Capital Programme 2022/23

BACKGROUND PAPERS

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2020/21.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – 2019/22 Capital Programme	18 February 2019
Cabinet - 2019/20 Capital Strategy Report	18 February 2019
Cabinet – 2019/20 Capital Monitoring Q1	2 September 2019
Cabinet – 2019/20 Capital Monitoring Q2	5 November 2019
Cabinet – 2019/20 Capital Monitoring Q3	17 February 2020
Cabinet – 2019/20 Capital Outturn Report	27 July 2020
Cabinet – 2020/25 Capital Programme	17 February 2020
Cabinet - 2020/21 Capital Strategy Report	17 February 2020
Cabinet – 2020/21 Capital Monitoring Q1	27 July 2020
P&R Committee – 2020/21 Capital Monitoring Q2	3 November 2020

P&R Committee – 2020/21 Capital Monitoring Q3	17 February 2021
P&R Committee - 2020/21 Capital Outturn Report	30 June 2021
Budget Council – 2021/26 Capital Programme	1 March 2021
Budget Council - 2021/22 Capital Financing Strategy	1 March 2021
P&R Committee – 2021/22 Capital Monitoring Q1	1 September 2021
P&R Committee – 2021/22 Capital Monitoring Q2	10 November 2021
P&R Committee – 2021/22 Capital Monitoring Q3	15 February 2022
P&R Committee – 2021/22 Capital Outturn Report	8 June 2022
P&R Committee – 2022/27 Capital Programme	15 February 2022
P&R Committee – 2022/27 Capital Financing Strategy	15 February 2022

Appendix A

Summary of Significant Programme Variations in Quarter 1

Area	Scheme	Original Budget £m	Forecast Q1 £m	Variance £m	Comment
Adult Care and Health	Extra Care Housing	2.874	0.374	-2.500	Several schemes have been identified and talks are underway with developers to meet Wirral Council's targets by 2025.
	Telecare & Telehealth	1.364	0.520	-0.844	The current profile is based on installation of 300 units per quarter in year in line with the provider's capacity. Budget profiled into future years in accordance with the ongoing work programme.
Children, Families & Education	Condition/Modernisation-School Conditional Allocation	9.929	5.429	-4.500	Budget reprofiled as availability of contractors/suppliers which is a nationwide issue. Vacancies and sickness are also contributing to delays.

Area	Scheme	Original Budget £m	Forecast Q1 £m	Variance £m	Comment
Regeneration & Place	Aids, Adaptations and Disabled Facility Grants	3.500	5.482	1.982	2022-23 scheme of works reflected in forecast spend, balance of grant slipped into 2023-24.
Resources	Customer Experience Improvement Project	1.304	0.732	-0.572	<p>Project was scheduled to finish 30.6.2022, approximately two thirds of the processes have been migrated from Oracle CRM to the new platform. As the project moved forward it became apparent that more complex solutions were required including:</p> <ul style="list-style-type: none"> •Manual work arounds that had been introduced to the Oracle system over the years. •Processes were not documented in services and often users didn't have a consistent approach to delivery. •Processes were built on inefficient service delivery models. •Processes that have been delivered to-date have included complex third party integration. A review is currently underway to agree the approach needed to complete the remaining migration. An exception report will be published with anticipated costs and an updated plan once the review is completed.

Area	Scheme	Original Budget £m	Forecast Q1 £m	Variance £m	Comment
Resources	ERP	5.664	3.664	-2.000	Budget profiled into 2023-24 to support implementation of the HR and Payroll modules

Appendix B

Movement Between Original Budget and Q1 Forecast Position

Programme	Original Budget £m	Additional Grant £m	Funding Adjustments £m	New Bids £m	Scheme Reduction £m	Reprofiling to Future Yrs £m	Forecast Q1 £m
Adult Care & Health	7.323	-	-	-	-	-3.311	4.012
Children, Families & Education	16.644	-	-	-	-	-4.500	12.144
Corporate Schemes	5.904	-	-	-	-2.124	-	3.780
Neighbourhoods	26.078	8.272	-	-	-0.147	-0.100	34.103
Regeneration & Place	88.315	4.724	-	-	-	-4.726	88.313
Resources	7.813	-	-	-	-	-2.572	5.241
Total	152.077	12.996	0.000	0.000	-2.271	-15.209	147.593

Appendix C

Capital Programme – Scheme Updates

C1 Adult Social Care & Health

- **Extra Care Housing** -Several schemes have been identified and talks are underway with developers to meet Wirral Council's targets by 2025.
- **Telecare & Telehealth Ecosystem** –The scheme is replacing analogue equipment with new digital equipment such as fall detectors, panic buttons and activity tracking which will help with earlier diagnosis of health issues, thus assisting with independence and reduce pressure on hospitals and health providers.

C2 Children, Families & Education

- **School Condition Allocation (SCA)** –Funding to support condition works, including:
 - £1.185 million worth of roofing works, three schools have work scheduled and five schools have works costed and awaiting approval.
 - £1.8 million to convert the former Kingsway Academy site for Clare Mount Specialist College.
 - £0.050 million allocated for DDA works.
 - £0.201 million allocated for asbestos removal works.
 - £0.100 million expected costs for School Condition Surveys: Programme currently being worked on.
 - £0.350 million allocated for boiler installation works across six sites.
 - Fire alarm enhancements, schemes totalling £0.156 million have been identified.
 - Work currently being scoped include toilet refurbishment, sound proofing, reduction in capacity totalling £0.200 million.
 - £0.500 million mobile classrooms and associated groundworks at Riverside, The Observatory and Mosslands Schools.
 - At present £4.1 million of reprofiling has been applied due to factors including the availability of contractors, building supplies and a national skill shortage. Associated school capital projects have therefore been on hold/subject to delay, with budget deferred into 2023/24.
- **Transforming Care - Therapeutic Short Breaks**– This scheme involves the purchase of property. Unfortunately, the purchase of a suitable property identified in 2021/22 fell through but an alternative property has been found. An offer has been accepted, surveys and external valuations are now underway. We are awaiting the outcome of planning prior to completing the purchase.

- **Special Educational Needs and Disabilities / High Needs Provision Capital**—The investment in the provision of places for pupils.
- Increase in additional classroom requirements £1.410 million
- Improvements to current bases £0.290 million

C3 Neighbourhoods

- **Street Lighting Column (Replacement or Upgrade)** - The majority of the project is now complete. The final parts of the project will be completed over the next quarter with the full budget expected to be utilised in 2022/23.
- **Highway Maintenance** – Funded from the City Region Sustainable Transport Settlement Grant. The ‘Hot Road Asphalt’ (HRA), Key Route Network (KRN) and Surface Dressing elements of this scheme have now been completed. The Micro-asphalting schemes are to be finished imminently, with this budget being forecast to be fully utilised within 2022/23.
- **Combined Authority Transport Plan (CATP)** – Funded from the City Region Sustainable Transport Settlement Grant has been used historically to support the delivery of small scale works in local areas’ transport plans and capital maintenance on the local highways network. £100k has been slipped into 23/24 to fund a traffic management contract. The new 2022/23 allocation includes schemes to address a number of issues such as traffic management and signal improvements as well as improving pedestrian access and public rights of way. This budget is expected to be fully utilised in 22/23.
- **West Kirby Flood Alleviation** – This scheme looks to bring together public realm improvements with flood risk improvements that will not only enhance the environment of South Parade but also reduce flood risk to seventy properties. The conditions set by Natural England only allow for the majority of construction works to take place between April and October to minimise noise and disturbance within the Dee Estuary.
- **Woodchurch Sports Pavilion** – Works due to commence September 2022 on a supersized 3G pitch and a supporting pavilion, all budget is expected to be spend in current financial year.

C4 Regeneration & Place

- **Town Deal Fund Birkenhead** – Pre-development funding has been allocated across a number of projects and can be used for many aspects of project development to give a full understanding of the project costs, scope and schedule as well as activities such as site surveys and architectural drawings. All of the projects will benefit from pre-development fund and the allocation will be proportional to their total funding allocation.

- **Aids, Adaptations and Disabled Facility Grant** – grants for people with a permanent disability of any sort – including physical and learning disabilities, sensory impairments and mental illness. The grants are to help towards making changes or adaptations to a home to allow the person to continue living there. Spend is influenced by several factors including referrals received and the extent/value of the adaptations required, as a consequence of this the budget profiling will be reviewed and updated as the level of activity within year progresses.
- **Future High Streets (Birkenhead)** – Grant from Department for Levelling Up, Housing and Communities (DLUHC), budget currently profiled across years until 2023/24. Funding to support regeneration of Birkenhead Town Centre - Market, Europa Housing and Connectivity (Grange Road/Charing Cross/Conway Street/Bus Station improvements).
- **Birkenhead Regeneration Delivery Fund** - Funding allocated to enable the delivery of the 'Brownfield First' development strategy in support of The Local Plan. Further work is underway to allocate the total budget against individual projects.
- **Wirral Waters Investment Fund (WWIF)**– Current approvals for WWIF grant total £5.850m
 - Marine, Energy & Automotive (MEA) Park Phase 2 - £1.5 million – awaiting updated programme but construction should commence this financial year. (£0.750 million in for 21/22)
 - Egerton Village – £1.750 million – due to start on site this financial year (£0.9 million for 21/22)
 - Green and Civilised Streets - £0.400 million –infrastructure works to Tower Rd. The main contract is now complete with some additional works required, subject to material availability.
- **Maritime Knowledge Hub** - Development of a world class centre of excellence for maritime business growth and sector development. Construction to commence 2022/23.

C5 Resources

- **Enterprise Resource Planning (ERP)** – The project implementation is undergoing a review with a new timetable and plan to be agreed. System testing indicated that the new system was not meeting the standards required to ensure a safe transition. In line with good practice, activity was paused to review the issues and develop a revised project plan. Work on this continues, through project team engagement with the Council's implementation partner and key business leads, with project replanning currently taking place to develop a deliverable go-live date which is now likely to be April 2023.
- **Customer Experience Improvements Project** - The 'Customer Access Solution' (CAS) is a project to replace the council's end of life CRM system with a modern customer engagement platform that will modernise service delivery and improve the customer experience. Project was scheduled to finish 30th June.2022, approximately two thirds of the processes have been

migrated from Oracle CRM to the new platform. Due to the complexity of the solution and evolving strategic direction of services the project has overrun. A review is currently underway to agree the approach needed to complete the remaining migration. An exception report will be published with anticipated costs and an updated plan once the review is completed.

Appendix D

Proposed Virements

Directorate	Scheme	Proposed Virement £'m	Proposed Reallocation	Reason
Neighbourhoods	Dock Bridges replacement	0.290	West Kirby Flood Alleviation	To supplement budget required to deliver the scheme.
Neighbourhoods	Health & Safety Condition Survey	0.125	Climate Emergency Budget	Approved at P&R 8/6/2022
Neighbourhoods	Health & Safety Condition Survey	0.147	Ashton Park Lake	De-silting and dredging of lake which is a key tourist attraction in West Kirby. The current condition of the lake is seen as a threat to the retention of the prestigious green flag award held by the park.
Neighbourhoods	Wirral Tennis Centre 3G pitch	0.068	Woodchurch Sports Pavillion	Final costings of both new 3G facilities at Wirral Tennis Centre & Woodchurch now confirmed and budget realigned between the two schemes to meet these costs.
Neighbourhoods	Health & Safety Condition Survey	0.114	Woodchurch Sports Pavillion	To supplement budget required to deliver the scheme now that costings have been finalised.
Regeneration & Place	West Kirby Marine Lake/Sailing Centre/Accommodation	0.030	Changing Places Toilets	Satisfying match funding requirements to qualify for grant allocation.
Regeneration & Place	Health & Safety Condition Survey	0.400	Emslie Morgan (Solar Campus)	To complete health & safety works.

Regeneration & Place	Health & Safety Condition Survey	0.330	Woodchurch Community Asset Transfer	To assist in the transfer of the asset
Regeneration & Place	Leisure Capital Improvement Programme	0.040	Leasowe Leisure/Evolutions	Reversal of virement from Leasowe Leisure/Evolutions to Leasowe 3G Pitches reported in 2021/22 Q4
Regeneration & Place	Leisure Capital Improvement Programme	0.040	Leasowe 3G Pitches	Revised virement

Appendix E

Flexible Use of Capital Receipts Strategy

Purpose

- 1.1 This report provides background information with regards the statutory guidance on the flexible use of Capital Receipts and its application within this authority. As part of the finance settlement for 2016/17 the government announced new flexibilities allowing local authorities to use capital receipts received in 2016/17, 2017/18 and 2018/19 to be used to fund transformational expenditure, which can include redundancy costs. This was extended in 2018/19 as part of the 'Local Government Finance Settlement' for a further three years until 2021/22. In a press release published on 10th February 2021, the then MHCLG announced the continuation of the capital receipts flexibility programme for a further 3 years, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.
- 1.2 The use of capital receipts to fund transformational costs (up to the value of those capital receipts), rather than applying revenue resources / reserves that would have been previously necessary, allows for these revenue resources to be directed to service areas to facilitate further service re-development and mitigates the financial pressures of the Authority for the current and ensuing year.

Background

- 2.1 The Secretary of State, through Section 15 (1) of the Local Government Act 2003, gave local authorities the power to spend up to 100% of capital receipts from the disposal of property, plant and equipment assets on the revenue costs of reform projects. This flexibility is limited to the application of those capital receipts received in the years to which this direction applies and does not allow borrowing to finance the revenue costs of service reform. Receipts are only permitted to those from the Council and not group entities to be used and for those where the Council does not retain some direct or indirect control of the assets
- 2.2 The Secretary of State's direction initially covered the period from 1 April 2016 to 31 March 2022. As part of the 2022-23 Local Government Finance Settlement the Government announced a 3-year extension from 2022-23 onwards for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery, further details on this will be provided by the Government in due course.
- 2.3 In March 2022 further provided guidance under the Local Government Act 2003 Sections 16(2) and 20: Treatment of costs as capital expenditure for the period beginning 1 April 2022. Further information is provided in this report as to clarification on qualifying expenditure in relation to redundancy costs and that actual expenditure must not exceed planned.
- 2.4 Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England)

Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not allowed by the regulations. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

- 2.5 The Secretary of State for Communities and Local Government issued guidance in March 2016 giving local authorities greater freedoms with how capital receipts could be utilised. This Direction allows for the following expenditure to be treated as capital: “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”
- 2.6 To take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the initial strategy being effective from 1 April 2016 with future strategies included within future annual budget documents and reported as appropriate.
- 2.7 Government has provided a definition of expenditure that qualifies for funding from capital receipts: “Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
- 2.8 Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure. Under the direction in force from 1 April 2022, with respect to redundancy payments, qualifying expenditure will be limited to those amounts that are necessarily incurred as statutory redundancy payments provided the other requirements of qualifying expenditure are met. This restriction does not apply to other severance costs, including pension strain costs; the treatment of these costs remains unchanged from the previous direction.

Monitoring of transformation costs for use of Flexible Capital Receipts

- 3.1 A number of measures are in place to ensure that the qualifying criteria are met. These include a robust approval process that is applied whenever the use of capital receipts is considered, to ensure that this funding source is only applied to qualifying expenditure. Additionally, detailed monitoring will be undertaken to provide assurance over the value of qualifying spend, benefits realisation and the delivery of anticipated outcomes.

Financial Overview

- 4.1 The Secretary of State's direction requires that details of the actual and proposed application of capital receipts are published within this strategy, including updates from the previous financial year to the Strategy.
- 4.2 The application of this strategy relies on the availability of sufficient capital receipts to fund the qualifying transformation expenditure. If capital receipts generated are insufficient to meet these commitments other funding sources will need to be identified or expenditure reduced.
- 4.3 The Capital Programme for 2022/23 estimates usable capital receipts of £3.580 million. If the level of receipts achieved exceeds the estimated figure, the Council will look to utilise these receipts against qualifying criteria.
- 4.4 The utilisation of the £3.580m is allocated to current and transformational work across the council to ensure recurrent savings can be made and council services, both internally and externally, improved and made more efficient and effective to support the delivery of the Wirral Plan. This work cannot be achieved by using core budgets alone.
- 4.5 The work mainly takes place within the Strategic Change function which provides the delivery of the Council's new operating model, and strategic change programme. However, there will be other transformational work taking place across the Council that will utilise the capital receipt flexibilities. The Strategic Change activity is being delivered via a series of continuous improvement service reviews that will ensure all services the council provides can generate beneficial outcomes.
- 4.6 Within 2022/23, the activity the Strategic Change function will utilise the capital receipt funding flexibility via delivery of phase 1 service reviews to include the following:

Directorate	Transformation Activity	Value £m	Year
Neighbourhoods	Progression of the Libraries Community Asset Transfer project that will support the recurrent delivery of savings	0.648	2022/23
Neighbourhoods	Progression of the Leisure Community Asset Transfer project that will support the recurrent delivery of savings	0.400	2022/23
Neighbourhoods	Progression of the Golf Community Asset Transfer project that will support the recurrent delivery of savings	0.330	2022/23
Neighbourhoods	Review of Leisure Services that will modernise the current service generating recurrent savings	0.180	2022/23
Resources	Leading the Service Review of Revenues and Benefits to enable digitalisation and improvements in service provision for residents	0.750	2022/23

- 4.7 These recurrent savings are only possible from transforming and improving services that through transformational funding via the flexible use of capital receipts. Had this funding not been available, this level of savings would not be realised on a recurrent basis.

Appendix F

Revised Capital Programme at Quarter 1 2022/23

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Adult Care and Health						
Better Care Fund (Disabled Facilities Grant)	433	433	0	0	0	0
Citizen and Provider Portal/Integrated I.T.	76	76	0	0	0	0
Extra Care Housing	5,231	2,764	-2,467	1,776	691	0
Liquidlogic - Early Intervention & Prevention	219	219	0	0	0	0
Telecare & Telehealth Ecosystem	1,364	520	-844	1,640	324	0
Total Adult Care and Health	7,323	4,012	-3,311	3,416	1,015	0
Children, Families & Education						
Children's System Development	1,107	1,107	0	0	0	0
Family support	157	157	0	0	0	0
Transforming Care - Therapeutic Short Breaks	864	864	0	0	0	0
High Needs Provision Capital	2,871	2,871	0	2,638	0	0
PFI	52	52	0	0	0	0
School remodelling and additional classrooms (School Place Planning)	511	511	0	0	0	0
Special Educational Needs and Disabilities	799	799	0	0	0	0
Basic Needs	354	354	0	381	0	0
School Condition Allocation (SCA)	9,929	5,429	-4,500	7,000	2,500	0
Total Children, Families & Education	16,644	12,144	-4,500	10,019	2,500	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Corporate Schemes						
Capitalisation of Legal Salaries	200	200	0	0	0	0
Transformational Capitalisation	5,704	3,580	-2,124	0	0	0
Total Corporate Schemes	5,904	3,780	-2,124	0	0	0
Neighbourhoods						
Aids to Navigation	40	40	0	0	0	0
Allotment Sites Expansion	125	125	0	0	0	0
Arrowe Park Sports Village Redevelopment Feasibility Study	1	1	0	0	0	0
Ashton Park Lake	147	147	0	0	0	0
Beach Cleaning - Replacement of equipment	94	94	0	0	0	0
Birkenhead Park World Heritage Project Team	85	85	0	0	0	0
Bridges excluding Dock Bridge	580	580	0	0	0	0
Catering Provision, West Kirby Sailing Centre-Leisure 21-22	0	0	0	0	0	0
Cemetery Extension & Improvements (Frankby)	142	142	0	0	0	0
Climate Emergency budget	0	125	125	0	0	0
Coastal Defence - Meols Feasibility Study	100	100	0	0	0	0
Combined Authority Transport Plan (CATP)	1,529	2,679	1,150	100	0	0
Coronation Park Sustainable Drainage	222	222	0	0	0	0
Defibrillators	67	67	0	0	0	0
Dock Bridges replacement	500	210	-290	0	0	0
Essential H&S Access Improvements at Wirral Country Park	64	64	0	0	0	0
Fitness Equipment	4	4	0	0	0	0
Food Waste	0	3,200	0	0	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Neighbourhoods (Continued)						
Future Golf - Project 1.1	420	420	0	0	0	0
Highway Maintenance	482	6,522	6,040	0	0	0
Highways Asset Management System	49	49	0	0	0	0
Key Route Network (LGF3) - Operate Key Roads / Routes Efficiently	166	166	0	0	0	0
Lyndale Ave Parking & Safety Measures	125	125	0	0	0	0
Modernisation of CCTV System	120	120	0	0	0	0
Moreton Sandbrook Drainage	433	433	0	0	0	0
New Brighton Gym Equipment	59	59	0	0	0	0
New Ferry Rangers Community Clubhouse	1,042	1,042	0	0	0	0
Northbank West Cycle Scheme	1	1	0	0	0	0
Parks Machinery	2,635	2,635	0	0	0	0
Parks Vehicles	1,071	1,071	0	0	0	0
Play Area Improvements	327	327	0	0	0	0
Plymyard Cemetery Roadways	75	75	0	0	0	0
Plymyard Playing Field	147	147	0	0	0	0
Quick Win Levy	45	45	0	0	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Neighbourhoods (Continued)						
Removal of remaining analogue CCTV circuits-21-22	79	79	0	0	0	0
Solar Campus 3G	30	30	0	0	0	0
Sustainable Transport Enhancement Package	16	16	0	0	0	0
Street Lighting Column - Replacement or Upgrade	1,070	1,070	0	0	0	0
Street Lighting -Illuminated Lighting and Signage	294	294	0	0	0	0
Studio refurbishment Les Mills classes	138	168	30	0	0	0
Studio refurbishment Les Mills classes new bid	30	0	-30	0	0	0
Surface Water Management Scheme	83	83	0	0	0	0
Tower Road National Productivity Investment Fund (NPIF)	393	393	0	0	0	0
Town Link Viaduct	332	332	0	0	0	0
Traffic Signal LED Upgrade	0	982	982	655	0	0
Tree Strategy	121	121	0	34	0	0
Urban Tree Challenge Fund	409	409	0	0	0	0
Wallasey Embankment Toe Reinforcement	100	100	0	1,258	0	0
West Kirby Flood alleviation	8,802	9,092	290	0	0	0
Williamson Art Gallery Catalogue	73	73	0	0	0	0
Williamson Art Gallery Ventilation	288	288	0	0	0	0
Wirral Country Park Car Park Surfacing	63	63	0	0	0	0
Wirral Tennis Centre 3G Pitch	1,000	932	-68	0	0	0
Wirral Way Widening	180	180	0	0	0	0
Woodchurch Rd Drainage	80	80	0	0	0	0
Woodchurch Sports Pavillion	1,600	1,782	182	0	0	0
Total Neighbourhoods	26,078	34,489	8,411	5,247	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Regeneration & Place						
65 The Village	19	19	0	0	0	0
Active Travel Tranche 1	86	86	0	0	0	0
Active Travel Tranche 2	1,597	1,597	0	0	0	0
Aids, Adaptations and Disabled Facility Grants	3,500	5,482	1,982	2,789	0	0
Arrowe Country Park - New Machine Shed & Wash Bay	121	121	0	0	0	0
Arrowe Country Park Depot: Re-Surfacing, Material Bays & Electronic Er	38	38	0	0	0	0
Bebington Oval Facility Upgrade	690	690	0	0	0	0
Birkenhead Park Depot Resurfacing	30	30	0	0	0	0
Birkenhead Park Event Infrastructure	164	164	0	0	0	0
Birkenhead Regeneration Delivery Fund	10,128	10,128	0	14,196	0	0
Birkenhead Regeneration Framework	470	470	0	0	0	0
Birkenhead Town Centre Masterplanning and Housing Delivery	135	135	0	265	0	0
Business Investment Fund	685	685	0	0	0	0
Capitalisation of Regen Salaries	2,984	1,000	-1,984	1,000	984	0
Castleway & Leasowe Early Years	1,198	1,198	0	0	0	0
Changing Places Toilets	100	130	30	20	0	0
Clearance	388	388	0	0	0	0
Community Asset Transfer	0	500	500	0	0	0
Concerto Asset Management System	26	26	0	0	0	0
Connecting Wirral Waters: Detailed Design	610	610	0	0	0	0
Consolidated Library Works Fund	279	279	0	0	0	0
Depot Welfare Improvements	232	232	0	0	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Regeneration & Place (Continued)						
Empty Property Grant Scheme	318	318	0	310	310	0
Emslie Morgan (Solar Campus)	0	400	400	0	0	0
Energy efficient buildings	900	740	-160	0	0	0
Floral Pavilion	155	155	0	0	0	0
Future High Streets - Birkenhead	10,452	10,452	0	14,130	0	0
Future High Streets - New Ferry	3,189	3,189	0	0	0	0
Health & Safety - Condition Surveys	2,951	1,235	-1,716	2,500	2,500	0
Heswall Day Centre	127	127	0	0	0	0
Hind Street Movement Strategy Project 21-22	69	69	0	0	0	0
Housing Infrastructure Fund (Enabling Infrastructure)	1	1	0	0	0	0
Hoyle Golf works depot demolish and replace	83	83	0	0	0	0
Landican Chapels	119	119	0	0	0	0
Leasowe Leisure Centre/Evolutions	1,679	1,719	40	0	0	0
Legislative Compliance	44	44	0	0	0	0
Leisure Capital Improvement Programme	715	675	-40	0	0	0
Lever Sports Pavilion	80	80	0	0	0	0
Liscard Town Centre Delivery	172	172	0	0	0	0
Major Infrastructure Development & Strategic Transport Forward Planning	333	333	0	0	0	0
Maritime Knowledge hub	12,351	12,351	0	10,650	0	0
Moreton Youth Club & Library	1,000	1,000	0	0	0	0
New Brighton Masterplan for Marine Promenade	65	65	0	0	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Regeneration & Place (Continued)						
New Ferry Regeneration Strategic Acquisitions	1,054	1,054	0	118	0	0
Office Quarter Building Fit-Out	808	808	0	4,613	0	0
Onstreet Residential Chargepoint Scheme	102	102	0	0	0	0
Parks and Countryside DDA	447	447	0	0	0	0
People's Pool Feasibility Study	52	52	0	0	0	0
Pool Covers	72	232	160	0	0	0
Property Pooled Plus I.T System	70	70	0	0	0	0
Soft Play Areas Leisure Centres	410	410	0	0	0	0
Strategic Acquisition Fund	3,359	3,359	0	1,800	0	0
Sustainable Urban Development - Leasowe to Seacombe Corridor	931	931	0	0	0	0
Transport Advisory Group Business Case-A41 Corridor North	192	192	0	0	0	0
Transport Advisory Group Business Case-Wirral Waters outline	179	179	0	0	0	0
Town Centre Scheme - Liscard	18	18	0	0	0	0
Town Centre Scheme - New Ferry	11	11	0	0	0	0
Town Deal Fund Birkenhead	16,277	16,277	0	5,836	2,080	0
Town Fund Birkehead	53	53	0	0	0	0
Vale Park Toilets	0	100	100	0	0	0
West Kirby Concourse/Guinea Gap Reception upgrade / improve	351	351	0	0	0	0
West Kirby Marine Lake/Sailing Centre – accommodation	197	167	-30	0	0	0
West Kirby Masterplan	70	70	0	10	0	0
Wirral Tennis and Sports Centre	1,364	1,364	0	0	0	0
Wirral Tennis Centre - Facility Upgrade	765	765	0	0	0	0
Wirral Waters Investment Fund	3,250	3,250	0	5,205	4,500	0
Woodchurch Capital Asset Transfer	0	330	330	0	0	0
Total Regeneration & Place	88,315	87,927	-388	63,395	10,374	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Original Budget £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Resources						
Creative & Digital Team - specialist software and hardware	15	15	0	0	0	0
Customer Experience Improvements Project	1,304	732	-572	572	0	0
Digital Corporate Storage - upgrade & refresh technologies	1	1	0	0	0	0
Enterprise Resource Planning	5,664	3,664	-2,000	4,500	0	0
Legal Case Management System	60	60	0	0	0	0
Local Digital Cyber Fund	175	175	0	0	0	0
Replacement of ITSM	392	392	0	0	0	0
Upgrade of WIFI Network	202	202	0	0	0	0
Worksmart I.T.	0	0	0	0	0	0
Total Resources	7,813	5,241	-2,572	5,072	0	0
Total Capital Budget	152,077	147,593	-4,484	87,149	13,889	0

