



POLICY AND RESOURCES COMMITTEE

Wednesday, 12 July 2023

REPORT TITLE:	CAPITAL MONITORING QUARTER 1 2023/24
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

This report provides an update on the progress of the Capital Programme 2023/24 at the end of June 2023. It recommends that Committee agree the revised 2023/24 Capital Programme of £87 million which takes account of re-profiling, virements, additional funding requirements and grant variations identified since the Capital Programme was formally agreed on 27th February 2023 and revised via the Capital Outturn 2022-23 report.

The report supports the delivery of the Wirral Plan 2021 - 26 as the Capital Programme contributes towards projects that support all five Wirral Plan priorities.

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

RECOMMENDATIONS

The Policy and Resources Committee is requested to recommend to Council the approval of:

- 1 the revised Capital Programme of £87 million for 2023/24, including the virements of budget referred to in Appendix C of this report.
- 2 additional funding for the schemes referred to in section 3.7 in this report. The proposed extra funding is from a variety of sources, new borrowing required from the Council, revenue contributions and the repurposing of previously agreed Council borrowing.

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 2023/24 Position by Directorate

Table 1: Wirral Council 2023/24 Forecast Position

Programme	Budget	Forecast	Variance £m	Variance %
	1 April 23 £m	Q1 £m		
Adult Care & Health	3.884	2.786	-1.098	-28%
Children, Families & Education	16.929	9.310	-7.619	-45%
Neighbourhoods	29.143	23.015	-6.128	-21%
Regeneration & Place	116.681	46.137	-70.544	-60%
Resources	11.421	5.703	-5.718	-50%
Total	178.058	86.951	-91.107	-51%

Capital Programme 2023/24 Position by Committee

Table 2: Wirral Council 2023/24 Forecast Position

Programme	Budget 1	Q1	Variance £m	Variance %
	April 23 £m	Forecast £m		
Adult Social Care & Health	3.884	2.786	-1.098	-28%
Children, Young People & Education	16.929	9.310	-7.619	-45%
Economy, Regeneration & Housing	102.351	39.462	-62.889	-61%
Environment, Climate Emergency & Transport	31.008	22.242	-8.766	-28%
Policy & Resources	16.541	8.249	-8.292	-50%
Tourism, Communities, Culture & Leisure	7.345	4.902	-2.443	-33%
Total	178.058	86.951	-91.107	-51%

- 3.1.1 Tables 1 and 2 provide an update on the 2023/24 Capital Programme analysed on a Directorate and then Committee basis. A number of variations have arisen since the original programme was agreed at the end of February 2023 and subsequently revised via the 2022/23 Outturn report. 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 are three new capital funding requests, including the repurposing of previously approved budget, see 3.7 of this report. Within Quarter 1 there has been a net decrease of £91.11 million of budget forecast as required in 2023/24. Appendix A of this report provides further analysis of the movement of the forecast programme across directorates during the year to date.
- 3.1.2 As noted above, the main movements in this year's programme so far are in respect of deferrals of budget into future years along with the inclusion of new funding and schemes into the programme.
- 3.1.3 It is anticipated that further reductions and/or deferrals of budget will be made in future quarters. Such deferrals reduce the borrowing costs incurred during 2023/24 and also delays the resultant Minimum Revenue Provision (MRP) charges into future years.
- 3.1.4 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.

3.2 Reprofiling of expenditure

- 3.2.1 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.
- 3.2.2 A scheme should not be paused or deferred into a future year if this action were to lead to avoidable detrimental effects on the Council. The project lead officers determine if a scheme is appropriate for deferral and manage any risks or negative impacts associated with this decision. Schemes that are part or fully funded from grant require additional consideration before deferral, so as not to compromise the conditions of the grant agreements, which may jeopardise the scheme funding.
- 3.2.3 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.

3.3 Scheme Updates

- 3.3.1 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 B of this report.

3.3.2 Scheme costs are constantly monitored by project officers. Due to record high inflationary pressures within the economy, financial monitoring of schemes is of utmost importance to identify any potential budgetary issues that may arise such as an increase in the cost of building materials. Any such pressures that are identified will be reported that may jeopardise the delivery of a scheme. It will then be determined as to whether the scheme must apply for additional funding to complete the project, or whether the scheme becomes no longer viable from a financial perspective. Similarly, should a contractor become insolvent in the current financial climate, a decision will need to be taken regarding the future of the scheme.

3.4 Grant Funded Schemes

A new additional award of grant has been received during Quarter 1 relating to the Capital Programme.

3.4.1 Aids, Adaptations and Disabled Facility Grants- £4.724m

Capital funding from the Department for Levelling Up, Housing and Communities for the provision of home adaptations to help older and disabled people to live as independently and safely as possible in their homes.

3.4.2 West Kirby Flood Alleviation Project - £3.000m

After publication of the report to Environment, Climate Emergency and Transport Committee on 14 March 2023, it became clear that a number of very complex modifications were required to the design of the flood wall and the surrounding surfaces where moving flood gates need to be positioned. This process has taken longer than predicted and has been further complicated by recently discovered unforeseen underground obstructions, such as pre-existing structural foundations, requiring further modifications and design changes. The costs of the delays associated with these modifications, as well as the additional construction works required as a result, is considerable in circumstances where global prices have continued to increase. Additional grant in aid totalling £3m is due to be received from the Environment Agency to cover all the cost increases and the Section 151 Officer will accept this grant under the Constitution. The construction contract with VolkerStevin Ltd has also been varied accordingly, so that the council can make the necessary payments on time and meet its contractual obligations. A full report on the procurement of the contract and all associated costs will be presented to Audit and Risk Management Committee in autumn 2023, once the works are fully completed and the final contract account is agreed.

3.5 Virements

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

3.6 Capital Funding Requirements

Table 3 Financing the Capital Programme 2023/24

Source of Financing	Programme 1 April 2023 £m	Programme 30 June 2023 £m	Variance £m
Borrowing	59.811	39.930	-19.881
Grants/Contributions	115.365	45.010	-70.355
Capital Receipts	2.685	1.790	-0.895
Revenue/Reserves	0.197	0.221	0.024
Total	178.058	86.951	-91.107

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 2024/25 when the re-profiled expenditure is incurred.

3.7 Recommendations to Full Council: Approval for Funding

3.7.1 Below are summaries of the Capital bids seeking approval for funding via this report. Further detail is provided in Appendix D to this report.

3.7.2 Children’s System Development – Additional Borrowing Request £0.330m

A top-up bid to a previously approved scheme; this capital project will see the merger of two separate case management systems into one information system. Application of just one system is expected to yield numerous operational benefits along with financial benefits in only having to maintain one system rather than two. The request for additional funding is due to increased costs on the project due to a number of unforeseen delays due to resource constraints, technical infrastructure problems and supplier development issues. Funding of these additional costs will be covered by the remaining existing capital budget, the utilisation of education capital grant (Schools Basic Needs Grant), contributions from the revenue budget and additional borrowing.

3.7.3 Hind Street Programme – Borrowing Request £2.255m

This proposal is to seek additional capital funding for the Hind Street Urban Village scheme for costs forecast to be incurred in 2023/24. This proposal relates to the delivery of Phases A and B of the Hind Street Urban Village scheme on a brownfield site close to Birkenhead Town Centre in an area of very high deprivation. Phases A and B will deliver 626 new residential units (of which 10% will be affordable homes, delivered with a registered provider and in line with policy) plus 1,439m² of ancillary retail and commercial accommodation. It will also include new active mode and public transport infrastructure and greenspace. The full Hind Street development (also including Phases C, D and E) will deliver a total of 1,578 homes.

3.7.4 Office Quarter Building Fit-Out – Additional Borrowing Request £4.000m

The regeneration of Birkenhead has been a long-term priority for the Authority as it supports our ambitions around inclusive economic growth, sustainable development

and the promotion of increased prosperity for our residents. The delivery of the Birkenhead Commercial District (BCD) represents a key opportunity to contribute significantly to these aims and objectives. This office space will be an anchor in the ambitious regeneration project that is taking place across Birkenhead and will be home for Wirral Council employees along with partner organisations. Further funding is required to deliver the full programme of works including the relocation of the Archives, Records Management and other services.

3.7.5 Environmental Improvements – Borrowing Request £0.300m over four years

The Litter bin provision is a statutory requirement of the Council under the Department for Environment Food and Rural Affairs (DEFRA), as part of the Clean Neighbourhoods and Environment Act 2005 and the Governments Litter Strategy of 2017 which requires Local Authorities to deliver a cleaner and safer environment for communities and business improvement districts. The main obligation is to provide a comprehensive infrastructure of litter bins to capture litter at specific locations, provide and maintain the Authorities litter bin provision with regard to new installations, repairs and replacement losses for damaged and deteriorated litter bins. There is currently no funding mechanism in place to purchase litter bins and other related items for 2023/24 financial year.

3.8 Other Scheme Matters

3.8.1 Strategic Acquisition - Regeneration

Policy & Resource Committee on 27 April 2023 agreed the recommendation by the Director of Regeneration and Place to acquire a location of strategic importance from a regeneration perspective, subject to the completion of satisfactory due diligence. The transaction was completed in May 2023.

3.8.2 To enhance the information contained within future capital monitoring reports, a data collection exercise is underway to collate specific scheme summary information from project leads. This enhancement to the information will provide context to the position and delivery risk of projects. It is anticipated that this exercise will provide information in time for the Quarter 2 reporting.

3.8.3 Enterprise Resource Planning (ERP)

A budget reduction of £4.13 million has been included with the revised capital programme. A new HR/Payroll system will no longer be incorporated into the ERP project. The decision was made not to proceed with the oracle HCM solution following an assessment of total implementation costs against the potential benefits of integration and a review of the business case. There would also have been some loss of functionality by moving to oracle HCM compared to what the system offers now and there would have been a requirement to pass on significantly higher licence costs to schools which brought a risk that they may elect to take their business elsewhere.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 Budget Monitoring Report, to the end of June 2023 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 require borrowing of £39.9 million this year to finance the capital schemes covered by this report. This forecast level of borrowing has decreased from the forecast £59.8 million in the revised programme in the 2022/23 Outturn report due to the reprofiling of budget into future years. This debt would be repaid via charges to the revenue budget over the lives of the assets created or enhanced. The revenue impact of the additional £39.9 million of borrowing required to fund all forecast works in 2023/24 is as follows:

Table 4: MRP Charges to Revenue Relating to 2023/24 Debt Funded Capital

	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Additional revenue cost	0.991	1.038	1.088	1.400

Notes

- MRP repayments from revenue only start the year after the capital expenditure has taken place i.e., for spend incurred in 2023/24, the first MRP repayments will be charged in the 2024/25 revenue accounts.
 - The additional revenue costs in Table 4 are not cumulative, rather an annual comparison to the current MRP charges to be incurred.
- 4.3 It is estimated that these costs will peak in 2030/31 at £1.273 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 E 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 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.
- 5.6 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 regular programme review by a senior group of officers, charged with improving performance. The Investment and Change Board (ICB) is supported by the Change Advisory Board (CAB), which will provide enhanced Capital Programme review. The most recent CAB meeting took place in June.
- 7.2 The possible failure to deliver the Revenue Budget is being mitigated by:

- (1) Senior Leadership / Directorate Teams regularly reviewing the financial position.
- (2) Availability of General Fund Balances.
- (3) Where possible, reprofiling of 2023/24 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.

7.4 Within the reviews undertaken by the CAB, schemes which encounter difficulties or additional delivery risk will be subject to additional scrutiny and where necessary escalation to ICB.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an in-year report. Consultation takes place 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 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.

9.2 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.

9.3 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.

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.

10.2 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 and flood alleviation works.

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.

REPORT AUTHOR: Gary Mitchell
Senior Finance Business Partner
telephone: (0151) 666 3418
email: garymitchell@wirral.gov.uk

APPENDICES

Appendix A Movement Between Opening Budget and Q1 Forecast Position
Appendix B Scheme Updates
Appendix C Virements Within Quarter 1
Appendix D Capital Bids Seeking Approval for Funding
Appendix E Revised Capital Programme 2023/24
Appendix F Prudential Indicators 2023/24

BACKGROUND PAPERS

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2021/22.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with 1.2(a)(i) of the Policy and Resources Committee Terms of Reference:

formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget), which includes responsibility for any decision:

(i) that relates to such matters to the extent that they are not reserved to full Council.

Policy and Resources Committee is recommended to refer the decision to Council in accordance with 2(a)(i)(1) of the Functions Reserved to Council:

The Council reserves to itself the following functions (in accordance with the rules and procedures contained in this Constitution):

(i) The Budget – The approval or adoption of a plan or strategy for the control of the local authority's borrowing, investments, or capital expenditure or for determining the authority's minimum revenue provision, which includes the overarching annual: -

(1) Capital programme

(2) Capital Financing Strategy

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – 2019/20 Capital Outturn Report	27 July 2020
Council – 2020/21 Capital Monitoring Q1	19 October 2020
Council – 2020/21 Capital Monitoring Q2	7 December 2020
Budget Council – 2020/21 Capital Monitoring Q3	1 March 2021
Council - 2020/21 Capital Outturn Report	6 September 2021
Budget Council – 2021/26 Capital Programme	1 March 2021
Budget Council - 2021/22 Capital Financing Strategy	1 March 2021
Council – 2021/22 Capital Monitoring Q1	18 October 2021
Council – 2021/22 Capital Monitoring Q2	6 December 2021
Council – 2021/22 Capital Monitoring Q3	28 February 2022
Council – 2021/22 Capital Outturn Report	11 July 2022
Council – 2022/27 Capital Programme	28 February 2022
Council – 2022/27 Capital Financing Strategy	28 February 2022
Council – 2022/23 Capital Monitoring Q1	10 October 2022
Council – 2022/23 Capital Monitoring Q2	5 December 2022
Council – 2022/23 Capital Monitoring Q3	27 February 2023
Council – 2022/23 Capital Outturn Report	10 July 2023
Council – 2023/28 Capital Programme	27 February 2023
Council – 2023/28 Capital Financing Strategy	27 February 2023

Appendix A

Movement Between Opening Budget at 1 April 2023 and Q1 Forecast Position

Programme	Budget 1 April 23 £m	Additional Grant £m	Funding Adjustments (inc Virements) £m	New Bids £m	Scheme Reduction £m	Reprofiling to Future Yrs £m	Forecast Q1 £m
Adult Care & Health	3.884	-	-	-	-0.060	-1.038	2.786
Children, Families & Education	16.929	-	-	0.392	-	-8.011	9.310
Corporate Schemes	-	-	-	-	-	-	-
Neighbourhoods	29.143	3.000	-	0.075	-	-9.203	23.015
Regeneration & Place	116.681	4.724	-	17.255	-0.001	-92.522	46.137
Resources	11.421	-	-	-	-4.130	-1.588	5.703
Total	178.058	7.724	0.000	17.722	-4.191	-112.362	86.951

Appendix B

Capital Programme – Scheme Updates

B1 Adult Social Care & Health

- **Extra Care Housing** - Adult Social Care Commissioning Leads are working closely with strategic housing colleagues on new site opportunities which are either at planning or pre-planning stage. There are several sites under current consideration across Wirral.
- **Telecare & Telehealth Ecosystem** –Initial work completed to identify precursor events - falls and other emergencies attended by Responders. Identification of pre-cursors to medical events is delayed due to inaccessibility of health data. Telecare Proof of Concept 2 is now underway. New DHSC monies became available in October 2022, focussing on the introduction of digital care systems for social care provider services.

B2 Children, Families & Education

- **School Condition Allocation (SCA)** –Funding to support condition works, including:
 - £1.435m for roof works at:
 - Barnston Primary School
 - Bidston Avenue Primary School
 - Hoylake Holy Trinity School
 - Kingsway Primary School
 - Leasowe Early Years Centre
 - Devonshire Park Primary School
 - Mersey Park Primary School.
 - £0.100m toilet refurbishment at Heygarth Primary School.
 - £0.150m lintel and brickwork at Lingham Primary School.
 - £0.800m for extension works at Raeburn Primary School.
 - £0.100m for classroom conversion at Ganney’s Meadow Library
- **Special Educational Needs and Disabilities / High Needs Provision Capital** – To deliver additional classroom provision for SEN pupils across several Special schools. The planned schemes cover Leasowe Early Years Centre, The Observatory School and Pensby/Elleray Park School

B3 Neighbourhoods

- **Highway Maintenance** – Planning for major schemes commenced in January, with works orders currently being issued.
- **Combined Authority Transport Plan (CATP)** –Ongoing delivery of schemes which meet the priorities of the Road Safety Working Group including implementation of the borough wide 20mph speed limit project and other key

projects relating to local safety, traffic signal, pedestrian access and public rights of way improvements.

- **West Kirby Flood Alleviation** – The precast concrete units are now in place with the majority of the promenade resurfaced. Foundation work is currently underway for the floodgates with installation to follow. The main costs for the 23-24 financial year are the construction of the floodgate foundations and the construction of in-situ walls, work around both of which has been delayed due to poor ground conditions and the discovery of previously unknown underground obstacles.

B4 Regeneration & Place

- **Town Deal Fund Birkenhead** – This £25m fund is to enable access to capital grants to support the regeneration of Birkenhead. It encompasses a number of projects to be delivered both internally and by external organisations. A Treasury compliant 'Green Book' business case has been prepared and approved for each of the projects. Grants will be paid out to the organisations delivering the external projects via Grant Funding Agreements. All projects will be delivered by March 2026. Robust monitoring and evaluation arrangements are in place.
- **Aids, Adaptations and Disabled Facility Grant** – This is a ring-fenced grant received for the provision of aids and adaptations which is operated on a rolling basis where works can be committed in one year and expenditure incurred the next or across financial years. The department has been advised that a further allocation will be made this financial year however, this is yet to be confirmed.
- **Future High Streets (Birkenhead)** – This is a capital grant from Department for Levelling Up, Housing and Communities (DLUHC). Budget currently profiled across a number of 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 area improvements). Activity is continuing at pace in terms of design, public consultation and the procurement of delivery partners.
- **Maritime Knowledge Hub**
The council continue to work with Peel and the LCRCA to develop the MKH project and all parties are committed to its development and delivery. The parties are currently considering a revised delivery model where the council will take a head lease to mitigate some of the developer risk and enable the project to progress. This revised approach is required because the former proposal whereby the council was proposing to take a 250-year lease and fund the project through borrowing became unviable following the rise in interest rates following the Truss administration. The proposal now has planning consent and all the required survey have been undertaken.

B5 Resources

- **Enterprise Resource Planning (ERP) – Phase 1** (Core Financials and Procurement) was delivered in April 23 with EPM going live on 12/06/23. Phase 2 (SQM, Sourcing, Projects, Supplier Portal has been partially delivered and P-Card (expenses) id due to go live on 3rd July 2023. There is high confidence on delivery of Phase 2 and within budget.
- **IT Client Refreshment, Laptops, Desktops & Tablets** - The initial batch of new devices has been purchased. Work is on-going with the delivery partner to plan the deployment and implementation of new technologies.

Appendix C

Virements within Quarter 1

Directorate	Scheme	Proposed Virement £'m	Proposed Reallocation	Reason
Neighbourhoods	Highways Maintenance	0.250	West Kirby Flood Alleviation	To cover the Compensation Event for the landward side re-kerbing, which is all part of the highway and public realm improvements rather than the wall structure and will help improve levels for surface water drainage flow.
Children, Families & Education	Basic Needs	0.100	Children's System Development	Reallocation of grant funding to enable to continuation of the Children's System Development, as part of the additional funding request referenced in this report.

Appendix D

Capital Bids Seeking Approval for Funding

E1 **Children's System Development – Additional Funding Request £0.330m (total additional cost £0.492m)**

Children's Services has historically maintained two distinct case management / information systems. LiquidLogic currently provides the Early Help and Social Care system. Capita provides the Early Years, Education and SEND system.

The Capita ONE Education System is outside its original contract period. Back in 2020 capital funding was secured to replace the Capita ONE Education System with LiquidLogic EYEs (Early Years Education System), meaning that going forward, all Children's Services information would be recorded and maintained in one system. A second capital bid was approved in March 2022 for £692k to bring in additional, technical resource to support with the implementation. This would bring about a number of benefits, both operational and financial.

During year 2, the project had numerous delays which were outside of the projects team's control. Internal technical I.T infrastructure issues, asset relocation, resource capacity conflicts and functionality complications from the supplier have hampered the initial delivery timetable leading to delays.

As a consequence of these delays and to allow a continued protected information service, additional support costs will be payable to Capita ONE. Additional funding is also required to acquire a suitable data migration process and ensure that data quality reports and quality checks are established so that they are prepared, tested and ready for going live on completion.

Of the total additional cost, the capital ask is for a top-up of £0.330m of Council borrowing, with the remaining costs being funded from a combination of existing education grant (£0.100m) and revenue contributions (£0.062m).

E2 **Hind Street Programme – Funding Request £2.255m of borrowing**

This proposal relates to the delivery of Phases A and B of the Hind Street Urban Village scheme on a brownfield site close to Birkenhead Town Centre in an area of very high deprivation. Phases A and B will deliver 626 new residential units (of which 10% will be affordable homes, delivered with a registered provider and in line with policy) plus 1,439m² of ancillary retail and commercial accommodation. It will also include new active mode and public transport infrastructure and greenspace. The full Hind Street development (also including Phases C, D and E) will deliver a total of 1,578 homes.

Homes England grant funding assistance of £25.2 million is sought by Wirral Council towards the development cost. The grant is necessary in order to render the scheme viable. In addition to the Homes England grant, it is also proposed that the Liverpool City Region Combined Authority (LCRCA) will fund active mode transport infrastructure through a grant of £16.1 million.

The Phase A and B project will result in new investment in the heart of Birkenhead and will contribute strongly to levelling up in one of the most deprived areas of the country. It will result in the re-use of a vacant, derelict, brownfield site.

The project will help to meet identified local housing need, attract new residents to central Birkenhead, and increase local expenditure, which will help to sustain and grow activity in Birkenhead Town Centre. Birkenhead has a much lower proportion of private sector housing, and a higher proportion of social housing, than in the wider Wirral area, regionally or nationally. The development will help to rebalance the tenure mix. It will also provide new greenspace, walkways and cycleways including through the creation of Dock Branch Park South, a linear parkway re-using a former railway line.

E3 Office Quarter Building Fit Out – Additional Funding Request £4.000m

Birkenhead Commercial District - New Office Development being Developed by Wirral Growth Company.

- Phase 1 capital works for both buildings are due to complete in early Sept 2023. These works are fully funded by Canada Life. No capital cost to the Council.
- Phase 2 works to allow council occupation of Council staff of part Building
- A1 to commence Sept 2023 with the Council taking occupation in March 2024.
 - Initial budget cost estimate for capital phase 2 works of £5.4m including fees and contingency approved in 2020.
 - Estimated costs now being developed into full cost-plan as detailed scope of works for the phase 2 fit out is finalised.
- Additional costs outside the scope of Phase 2 works include relocation from Cheshire Lines Building and building exit costs, removal and re-install of furniture, IT infrastructure.
- Relocation of the Archive and data centre.
- Additional allowances for continued inflation in build costs is high which has increased the overall capital value of the works. The programme team will continue to value engineer the scheme through the next phase of delivery.

E4 Environmental Improvements – Borrowing Request £0.300m over four years

The Litter bin provision is a statutory requirement of the Council under the Department for Environment Food and Rural Affairs (DEFRA), as part of the Clean Neighbourhoods and Environment Act 2005 and the Governments Litter Strategy of 2017 which requires Local Authorities to deliver a cleaner and safer environment for communities and business improvement districts.

The main obligation is to provide a comprehensive infrastructure of litter bins to capture litter at specific locations, provide and maintain the Authorities litter bin

provision with regard to new installations, repairs and replacement losses for damaged and deteriorated litter bins.

The current litter bin infrastructure places a high demand on contracted resource for emptying bins and produces a high yield of Carbon footprint to service the current stock of 4600 on street litter bins positioned throughout the borough. It is unlikely that the Council could replace its entire stock of litter bins, however, under the 'Love Where You Live' strategy the replacement of standard type litter bins with Solar Compaction bins can reduce waste collection frequencies and reduce costs. There will also be carbon reduction benefits of reduced mileage and vehicle maintenance and also improve local environmental quality, as operations can be focused more on litter picking and clearing accumulations.

Appendix E

Revised Capital Programme at Quarter 1 2023/24

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget 1 Apr 23 £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Adult Care and Health							
Better Care Fund (Disabled Facilities Grant)	433	433	0				
Citizen and Provider Portal/Integrated I.T.	63	63	0				
Extra Care Housing	1,645	1,057	-588	1,219			
Liquidlogic - Early Intervention & Prevention	214	214	0				
Telecare & Telehealth Ecosystem	1,529	1,019	-510	834			
Total Adult Care and Health	3,884	2,786	-1,098	2,053	0	0	0
Children, Families & Education							
Basic Needs	1,028	100	-928	828	427		
Children's System Development	760	807	47	445			
School Condition Allocation (SCA)	9,198	5,000	-4,198	6,698	2,500	2,500	2,500
Family support	157	137	-20	20			
High Needs Provision Capital	4,392	2,000	-2,392	2,392			
PFI	52	52	0				
School Remodelling/Classrooms (School Place Planning)	1	1	0				
Special Educational Needs & Disabilities	478	350	-128	128			
Transforming Care - Therapeutic Short Breaks	863	863	0				
Total Children, Families & Education	16,929	9,310	-7,619	10,511	2,927	2,500	2,500

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget	Q1	Variance	Budget	Budget	Budget	Budget
	1 Apr 23	Forecast					
Neighbourhoods							
Air Quality Control DEFRA	120	80	-40	40			
Allotment Sites Expansion	72	48	-24	24			
Arts Council Capital LIF	21	14	-7	7			
Ashton Park Lake	144	96	-48	48			
Birkenhead Park World Heritage Project Team	85	57	-28	28			
Bridges excluding Dock Bridge	894	596	-298	298			
Catering Units	160	107	-53	53			
Cemetery Extension & Improvements (Frankby)	142	95	-47	47			
Churchyard Boundary & Landican Cememetry Structural	56	37	-19	19			
Climate Emergency Budget	52	35	-17	17			
Coastal Defence - Meols Feasibility Study	100	67	-33	33			
Combined Authority Transport Plan (CATP)	3,712	2,475	-1,237	3,397	1,910	1,910	
Coronation Park Sustainable Drainage	222	148	-74	74			
Defibrillators	13	9	-4	4			
Dock Bridges replacement	210	140	-70	70			
Environmental Improvements	0	75	75	75	75	75	
Essential H&S Access Improvements @ Wirral Country Park	1	1	0				
Fitness Equipment	4	2	-2	2			
Flaybrick Cemetery Pathway	200	193	-7	7			
Food Waste	0	0	0	3,200			

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget 1 Apr 23 £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Neighbourhoods (continued)							
Future Golf - Project 1.1	188	125	-63	250			
Grange Cemetery	45	30	-15	15			
Highway Maintenance	7,213	4,642	-2,571	2,884	563	563	
Key Route Network (LGF3) -Operate Key Roads / Routes	166	111	-55	55			
Key Route Network CRSTS	1,757	1,171	-586	586			
Levelling Up Parks Fund-Woodchurch	38	25	-13	13			
Library Radio Frequency Identification Kiosks	80	80	0				
Lyndale Ave Parking & Safety Measures	124	0	-124	124			
Moreton Sandbrook Drainage	203	135	-68	68			
New Brighton Gym Equipment	3	2	-1	1			
New Ferry Rangers Community Clubhouse	843	562	-281	281			
Parks Machinery	2,136	1,424	-712	1,211			
Parks Vehicles	580	387	-193	642	42		
Parks Workshop & various machinery	135	90	-45	45			
Play Area Improvements	177	118	-59	59			
Plymyard Cemetery Roadways	75	50	-25	25			
Plymyard Playing Field	134	89	-45	45			
Quick Win Levy	15	10	-5	5			
Removal of remaining analogue CCTV circuits	4	0	-4	4			

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget 1 Apr 23 £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Neighbourhoods (continued)							
Solar Campus 3G	30	0	-30	30			
Street Lighting Column - Replacement or Upgrade	483	322	-161	161			
Street Lighting -Illuminated Lighting and Signage	27	18	-9	9			
Studio refurbishment Les Mills classes	15	10	-5	5			
Surface Water Management Scheme	57	38	-19	19			
Tower Road National Productivity Investment Fund (NPIF)	157	105	-52	52			
Traffic Signal LED Upgrade	1,166	777	-389	389			
Tree Strategy	64	43	-21	21			
Urban Tree Challenge Fund	147	98	-49	49			
Wallasey Embankment Toe Reinforcement	618	0	-618	618			
West Kirby Flood alleviation	2,505	5,755	3,250				
Williamson Art Gallery Catalogue	56	37	-19	19			
Williamson Art Gallery Ventilation	288	192	-96	96			
Wirral Tennis Centre - 3G Pitch	1,065	710	-355	355			
Wirral Tennis Centre - Facility Upgrade	515	343	-172	172			
Wirral Way Widening	70	70	0				
Woodchurch Sports Pavillion	1,756	1,171	-585	585			
Total Neighbourhoods	29,143	23,015	-6,128	16,336	2,590	2,548	0

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget	Q1	Variance	Budget	Budget	Budget	Budget
	1 Apr 23	Forecast					
Regeneration & Place							
Active Travel Tranche 2	1,517	1,011	-506	506			
Aids, Adaptations and Disabled Facility Grants	2,521	4,830	2,309	2,415			
Arrowe Country Park - New Machine Shed & Wash Bay	109	73	-36	36			
Arrowe Country Park Depot: Re-Surfacing, Material Bays	27	18	-9	9			
Bebington Oval Facility Upgrade	527	351	-176	176			
Birkenhead Market Construction	13,300	1,500	-11,800	25,750			
Birkenhead Regeneration Delivery Fund	3,034	1,034	-2,000	2,000			
Birkenhead Regeneration Framework	315	210	-105	105			
Birkenhead Town Centre Masterplanning & Housing Delivery	290	193	-97	97			
Birkenhead Waterfront Programme	21,000	1,030	-19,970	19,970			
Business Investment Fund	585	50	-535	535			
Capitalisation of Regen Salaries	971	971	0	984			
Changing Places Toilets	137	91	-46	46			
Clearance	191	127	-64	258			
Community Asset Transfer	500	0	-500	500			
Concerto Asset Management System	25	17	-8	8			
Connecting Wirral Waters: Detailed Design	42	28	-14	14			
Consolidated Library Works Fund	279	186	-93	93			
Demolitions	1,346	897	-449	449			
Depot Welfare Improvements	45	30	-15	15			

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget	Q1	Variance	Budget	Budget	Budget	Budget
	1 Apr 23	Forecast					
Regeneration & Place (continued)							
Empty Property Grant Scheme	315	210	-105	415			
Emslie Morgan (Solar Campus)	447	298	-149	149			
Energy efficient buildings	370	247	-123	493			
Future High Streets Fund New Ferry	3,112	1,000	-2,112	2,112			
Floral Pavilion	100	67	-33	33			
Future High Streets - Birkenhead	12,403	4,000	-8,403	8,043			
Health & Safety - Condition Surveys	1,715	1,143	-572	3,072			
Heswall Day Centre (part only)	50	33	-17	17			
Hind Street Programme	0	1,499	1,499	42,056			
Housing Infrastructure Fund (Enabling Infrastructure)	1	0	-1	0			
Hoylake Golf works depot demolish and replace	1	0	-1	1			
Landican Chapels	40	27	-13	13			
Leisure Capital Improvement Programme	470	0	-470	470			
Lever Sports Pavilion	0	0	0	80			
Liscard Town Centre Delivery	10	7	-3	3			
Major Infrastructure Development & Strategic Transport	210	140	-70	70			
Maritime Knowledge Hub	12,351	100	-12,251	12,251	10,650		
Moreton Youth Club & Library	993	662	-331	331			
New Brighton Masterplan for Marine Promenade	45	30	-15	15			

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget	Q1	Variance	Budget	Budget	Budget	Budget
	1 Apr 23	Forecast					
Regeneration & Place (continued)							
New Ferry Regeneration Strategic Acquisitions	1,342	500	-842	842			
Office Quarter Building Fit-Out	5,248	9,248	4,000				
Parks and Countryside DDA	421	281	-140	140			
Pool Covers	252	168	-84	84			
Property Pooled Plus I.T System	20	13	-7	7			
Soft Play Areas Leisure Centres	410	273	-137	137			
Strategic Acquisition Fund	2,992	10,500	7,508	2,992			
Strategic Acquisitions - Capital Enhancements		333	333	667	500	500	500
SUD - Leasowe to Seacombe Corridor	3,016	0	-3,016	3,016			
TAG Bus Case-A41 Corridor North	192	128	-64	64			
TAG Bus Case-Wirral Waters outline	39	26	-13	13			
Town Centre scheme - New Ferry	5	3	-2	2			
Town Deal Fund - Birkenhead	15,189	2,000	-13,189	8,909	11,455		
Town Fund B'head	53	35	-18	18			
UK Shared Prosperity Fund (UKSPF)	176	117	-59	445			
Vale Park Toilets	100	67	-33	33			
West Kirby Concourse/Guinea Gap Reception upgrade	351	234	-117	117			
West Kirby Marine Lake/Sailing Centre – accommodation	93	62	-31	31			
West Kirby Masterplan	58	39	-19	19			

Scheme	2023/24			2024/25	2025/26	2026/27	2027/28
	Budget 1 Apr 23 £000	Q1 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Regeneration & Place (continued)							
Wirral Waters Investment Fund	7,000	0	-7,000	7,000			
Woodchurch Capital Asset Transfer	330	0	-330	330			
Total Regeneration & Place	116,681	46,137	-70,544	141,816	29,605	500	500
Resources							
Creative & Digital Team - specialist software and hardware	9	6	-3	3			
Customer Experience Improvements Project	738	738	0				
Digital Foundations Programme	1,302	1,302	0				
Enterprise Resource Planning (ERP) System	6,130	1,500	-4,630	500			
Legal Case Management System	8	1,790	1,782	1,790			
Local Digital Cyber Fund	163	8	-155				
Replacement of IT Service Management System	173	109	-64	54			
Upgrade of WIFI Network	97	173	76				
Worksmart I.T.	116	0	-116	97			
IT Client Refreshment, Laptops, Desktops & Tablets	2,685	77	-2,608	39			
Total Resources	11,421	5,703	-5,718	2,483	0	0	0
Total Capital Programme	178,058	86,951	- 91,107	173,199	35,122	5,548	3,000

Appendix F

Prudential Indicators 2023/24

(a) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority adopted the principles of best practice.

The Council has previously approved the adoption of the CIPFA Treasury Management Code 2021 Edition.

(b) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and in particular, to consider the impact on Council Tax.

The first Prudential Indicator is the estimate of capital expenditure that the Council will incur in this financial year and the following two years, table G1 below shows the original estimates for 2022/23 onwards when the Capital Financing Strategy 2023/24 was approved (Council meeting 27 February 2023):

Table G1: Prudential Indicator: Original Estimates of Capital Expenditure

	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	Total
	£000	£000	£000	£000	£000
Capital Expenditure	86,302	132,239	43,352	5,660	267,553
Total	86,302	132,239	43,352	5,660	267,553

Table G2 shows how these figures have evolved, with the programme amendments detailed within this report.

Table G2: Prudential Indicator: Revised Estimates of Capital Expenditure

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	Total
	£000	£000	£000	£000	£000
Capital Expenditure	60,937	86,951	173,199	35,122	356,209
Total	60,937	86,951	173,199	35,122	356,209

Capital expenditure has or will be funded as follows:

Table G3: Prudential Indicator: Financing of Capital Expenditure

Capital Financing	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital receipts	2,930	1,790	8,690	-
Grants and Contributions	39,978	45,010	125,709	16,731
Revenue and Reserves	592	221	7,095	-
Borrowing	17,437	39,930	31,705	18,391
Total Funding	60,937	86,951	173,199	35,122

(c) Capital Financing Requirement (CFR)

Estimates of the Authority's cumulative maximum external borrowing requirement for 2023/24 to 2025/26 as per the Capital Strategy 2023/24, are shown in the table below:

Table G4: Capital Financing Requirement Estimates – Capital Strategy 2023/24

Capital Financing Requirement	31/03/2023 Forecast £m	31/03/2024 Estimate £m	31/03/2025 Estimate £m	31/03/2026 Estimate £m
General Fund	390.0	420.7	419.5	402.1

Table G5 shows how these figures have evolved, with the programme amendments detailed within this report.

Table G5: Capital Financing Requirement Revised Estimates

Capital Financing Requirement	31/03/2023 Actual £m	31/03/2024 Estimate £m	31/03/2025 Estimate £m	31/03/2026 Estimate £m
General Fund	375.3	400.7	417.6	418.8

(d) Gross Debt and the Capital Financing Requirement:

In order to ensure that over the medium-term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

Table G6: Gross Debt and the Revised Capital Financing Requirement Estimates

Debt	31/03/2024 Estimate £m	31/03/2025 Estimate £m	31/03/2026 Estimate £m
Borrowing	303.2	368.3	372.3
PFI liabilities	28.0	24.8	21.3
Total Debt	331.2	393.1	393.6
Borrowing in excess of CFR?	No	No	No

(e) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e., prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities relate to the Private Finance Initiative that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

There were no breaches to the Authorised Limit and the Operational Boundary, as set in the Capital Financing Strategy report (Council meeting 27 February 2023) during Quarter 1.

Table G7: Authorised Limit and Operational Boundary for External Debt

	Operational Boundary (Approved) 2023/24 £m	Authorised Limit (Approved) 2023/24 £m	External Debt 30/06/2023 £m
Borrowing	448.0	458.0	261.4
Other Long-term Liabilities	51.0	56.0	31.2
Total	499.0	514.0	292.6

(f) Ratio of financing costs to net revenue stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The ratio is based on costs net of investment income.

Table G8: Ratio of financing costs to net revenue stream

Ratio of Finance Costs to Net Revenue Stream	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate
	%	%	%
Ratio	6.9%	7.7%	7.8%