
Meeting: Executive
Date: 27 March 2012
Subject: Capital Budget – Quarter 3 Monitor
Report of: Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources
Summary: The report provides information on the Quarter 3 Capital Budget Management Position.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Nyree Hone, Head of Financial Management
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

Sound Financial Management contributes to and supports all of CBC's priorities The Priorities are:

- Supporting and caring for an ageing population
- Educating, protecting and providing opportunities for children and young people
- Managing growth effectively
- Creating safer communities
- Promoting healthier lifestyles

Financial:

1. The Financial implications are set out in the report.

Legal:

2. None

Risk Management:

3. None

Staffing (including Trades Unions):

4. Not applicable.

Equalities/Human Rights:

5. In developing the budget the Council must ensure that decisions are made in such a way as to minimise unfairness, and that there was not a disproportionately negative effect on people from different ethnic groups, disabled people, and men and women.

The statutory equality duties must be exercised in substance, with rigour and an open mind. To ensure that the Council have complied with the equality duties, and that any decision made does not unfairly discriminate, they should:

- carry out robust equality impact assessments and consult and involve relevant stakeholders as part of the decision-making process;
- consider all relevant, available information in order to anticipate any likely negative impact and to seek to avoid that negative impact by taking alternative courses of action wherever possible;
- keep an adequate record showing that they had actually considered their equality duties and pondered relevant questions; and
- be rigorous in both inquiring and reporting to Members the outcome of the assessment and the legal duties. When decisions are made, decision makers must have the relevant data, including the results of equality impact assessment, and of consultation and involvement, to ensure they reach an informed decision.

Any changes to the Council's Budget as a result of this budget monitor report will result in further equality impact assessments being undertaken as necessary.

Community Safety:

6. Not applicable.

Sustainability:

7. Not applicable.

Procurement:

8. Not applicable.

Overview and Scrutiny:

9. This matter will be considered by the Customer and Central Services Overview and Scrutiny Committee on 16 April 2012.

RECOMMENDATIONS:

The Executive is asked to:

- 1. note the Capital gross spend of £42.8M is below the profile budget;**
- 2. note the forecast position as at the end of December is reported as £0.8M below budget, analysed as £0.4M saving and £0.4M slippage; and**

3. note the good progress on the delivery of schemes.

Reason for Recommendations: To facilitate effective financial management and planning.

Executive Summary

10. The report sets out the capital financial position for 2011/12 based on the end of December. It sets out the spend to date against the profiled budgets. Key points to note are set out below in section 12. It is intended this report will enable the Executive to consider the overall capital position of the Council and agree further actions as necessary before year end.

KEY HIGHLIGHTS (Appendices A1,A2)

11. In Summary

The gross programme, including slippage from 2010/11, excluding Housing Revenue Account (HRA) is £81.4M (£28.9M net) as at December, which now reflects the programme review as reported to the Executive on 15 November.

12. There has been good progress on the delivery of the programme and this report now includes the forecast outturn position and commentary on the progress of the top 20 schemes (Appendix A1 and A2, and detail service commentary set out in 14 below.)

13. The main issues to note are:

- i) The Gross spend to date is £42.8M (£40.2M excluding HRA) which is 49.5% of the budget and £6.9M below the budget Year To Date (YTD) profile.
- ii) The average monthly gross run rate is £4.75M which would amount to £57.0M if continued for the remainder of the year. However, this doesn't take account of seasonal spend and one offs as identified in (iv) below.
- iii) £64.2 M (74%) of the gross budget relates to 20 of the top value schemes which include HRA. £32.7M (76%) of the gross spend relates to the these schemes.
- iv) Some one off costs are scheduled for March e.g. A5/M1 Link (£2.5M), capitalisation of redundancy (£2.0M) and Flitwick Land purchase £1.8M.
- v) Sustainable Communities have brought forward £3.0M of transport schemes which will increase the spend rate for the remainder of this financial year.

14. **DIRECTORATE COMMENTARY**

Social Care Health and Housing

- 14.1 At the end of December the capital budget monitoring reporting indicates that the year end forecast outturn position is an under spend of £0.628M, compared with the net budget, for the General Fund Programme.
- 14.2 This is attributed to the Timberlands, Disabled Facility Grants (DFG), Empty Homes schemes and Social Care ICT projects and is identified as slipping to next year.
- 14.3 The project at Timberlands is currently being procured and is due to commence in the spring/summer of 2012, once the site has vacant possession.
- 14.4 As part of the Capital Programme Review a successful bid was made to increase the resources allocated to DFGs. The grants provided to residents with disabilities through the DFG programme assist some of the poorer and most vulnerable members of the community. In the year to date (3 Quarters) 283 DFG cases have been completed. The number of major adaptations installed totals 354 and the number of renewals cases totals 34.
- 14.5 The Campus Closure Programme is projecting additional slippage of £1.1M into 2012/13 and 2013/14 although there will be no impact on the overall capital programme as it is fully grant funded. Since the beginning of the scheme the authority has spent nearly £4.5M on refurbishing and building new properties. To date, the programme has completed/delivered 10 properties with a further 2 expected to be completed by February 2012. Most of the properties are now occupied but there have been delays with clients moving in due to their vulnerability, completion of the care management process and establishing a route for those without a full mental capacity in relation to their tenancy.
- 14.6 Forecast expenditure on Empty Homes relates to 2 Empty Dwelling Management Orders (EDMOs) for 2 properties in Hockliffe Road in Leighton Buzzard. 1 further property is being progressed but due to the legal process and challenge by the owner it will not be possible to start works before the end of the financial year (if EDMO approved). A further 5 properties will be recommended to Members for EDMO/Compulsory Purchase Order (CPO) in 2012. The delays have resulted in a forecast under spend for 2011/12 of £110k.
- 14.7 Slippage of £0.160M has been identified on Social Care ICT projects.
- 14.8 The Sheltered Housing project is projected to slip in 2012/13, although there will be no impact on the overall capital programme as it is fully grant funded.

- 14.9 There is a projected under spend of £0.200M on the HRA capital programme (unchanged from September) due to efficiencies in delivery of the Estates Improvements and Energy Conservation programmes for 2011-12. This will mean that the revenue contribution to finance capital expenditure will be reduced by this amount.

Children's Services

- 14.10 Children's Services revised annual capital expenditure budget is currently £30.75M and income budget is £27.99M which leaves a net expenditure capital budget of £2.76M. Partnerships capital budget is £86K and income budget is £86K, giving a zero net expenditure capital budget.
- 14.11 The full year projected outturn position for 2011/12 is an overspend of £173K. £289K on Schools Access Initiative (previously slipping in the capital review by £439K, now expected to under spend £150K of the £439K slippage) offset by under spend of £116K against the revised capital programme, (£85K on Arnold Middle School and £31K on Holmemead).
- 14.12 The major capital budgets have been profiled in December. The actual spend to date is a slight overspend on the net profiled budget.
- 14.13 The Roecroft School project was handed over on 11 October and was part funded by £2M of the Basic Need grant, releasing the Council contribution to the scheme.

Sustainable Communities

- 14.14 Sustainable Communities capital programme in 2011/12 is made up of 50 schemes which include the large groupings of s278 and s106 projects. The regular review of the programme has seen the rescheduling of schemes. This recognises the long lead times for some schemes, public consultations in progress, and the uncertainty surrounding secondary rounds of external funding such as the Heritage Lottery Fund. Six schemes have been partly moved into 2012/13, and one has been brought forward into 2011/12.
- 14.15 The directorate forecasts to spend £31,746k and expects to receive external income of £17,832k leaving £13,914k to be funded by Council resources. Schemes with an expenditure value of £10,791k and income of £6,951k have been moved into future years. About 60% of the slippages are in the transport infrastructure area which also includes £4,500k worth of s278 projects.
- 14.16 Expenditure to December was £18,174k against a profiled budget of £17,849, a difference of £325k. Leisure infrastructure expenditure is £209k below profile and relates to the maintenance programme which rolls in during winter months when customer demand is lower. Regeneration schemes are £401k behind profile mainly due to the protracted nature of commercial negotiation with investors and developers. Transport infrastructure expenditure is £437k below profile with 23 schemes making up this group.

14.17 External funding of £16,632k was received compared to a budget of £12,501k, a difference of £4,131k. Most of the difference relates to GAF funding for the A5/M1 Link for which £2,974k was received in advance. A further £1,392k of s106 developer contributions have also been received to date.

Corporate Services

14.18 ACE Resources - The approved gross capital programme, following the review approved by November Executive is £6.874M (£6.595M net) with spend to date running £1.402m behind profiled budget. The spend to date of £1.053M is mainly on ICT Infrastructure. The under spend to date is largely due to delays within Assets' capital schemes, mainly as a result of having to obtain more detailed information from the Service Directorates on the long term use of Council buildings.

14.19 ACE People and Organisation - The approved gross capital programme is £512k with spend to date running £27k behind profiled budget.

Corporate Services

14.20 The approved gross capital programme is £1.992m, representing the Redundancy Capitalisation Directive. No actual postings will be made until the end of the financial year.

CONCLUSION

15. There has been good progress on the delivery of the programme, however, the current level of capital spend to date is below that required to deliver the forecast gross programme on a pro rata basis.

Appendices:

Appendix A1 – Council Capital Summary

Appendix A2 – Top 20 Schemes

Appendix A3 – Graphical Analysis

Background Papers: (open to public inspection)

Capital Programme Review – Report to Executive 15 November 2011.