Meeting:	**Corporate Resources Overview and Scrutiny Committee**
Date:	**18 December 2012**
Subject:	**Q2 Capital Report 2012/13**
Report of:	**Councillor Maurice Jones, Deputy Leader and Executive Member for Corporate Resources**
Summary:	The report provides information on the Capital position as at Q2 2012/13 and the forecast outturn position for 2012/13.

Advising Officer:	Charles Warboys, Chief Finance Officer
Contact Officer:	Charles Warboys, Chief Finance Officer
Public/Exempt:	Public
Wards Affected:	All
Function of:	Council

CORPORATE IMPLICATIONS

Council Priorities:

1. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Financial:

2. The financial implications are set out in the report.

Legal:

3. None.

Risk Management:

4. None.

Staffing (including Trades Unions):

5. Any staffing reductions will be carried out in accordance with the Council's Managing Change Policy and in consultation with the Trades Unions.

Equalities/Human Rights:

6. Equality Impact Assessments were undertaken prior to the allocation of the 2012/13 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Public Health

7. None.

Community Safety:

8. None.

Sustainability:

9. None.

Procurement:

10. None.

RECOMMENDATION(S):

The Committee is asked to:-

1. Consider and comment on the attached Executive report and associated appendices which was reviewed by the Executive on the 4th December 2012.

Executive Summary

11. The report sets out the capital financial position for 2012/13 as at the end of September.

INTRODUCTION

12. The report sets out the capital financial position for 2012/13 as at the end of September.

KEY HIGHLIGHTS (Appendices A1, A2,A3)

13. The gross programme excluding HRA is £102.8m (£44.2m net). Gross budget including HRA is £109.0m.

    The main issues to note are:

    i) Gross forecast is to spend £79.7m (£81.2m June), with proposed deferral of £31.9m into 2013/14.

    ii) Gross spend to date is £29m (£10.4m June) which is 36% of the full year forecast. Variance to budget is an underspend of £4.2m.

iii) The average monthly gross run rate for the past six months is £4.8m. This spend rate would amount to c£58m continued for the remainder of the year, (73% of the full year forecast) However, this doesn't take account of seasonal spend and one offs.

iv) £75.0m of the gross budget relates to 20 of the top value schemes. £14.7m (51%) of the gross spend to date relates to these schemes.

DIRECTORATE COMMENTARY

Social Care Health and Housing

14. Full year gross budget is £11.1m. The forecast is £6.30m a projected under spend of £4.81m gross, £0.99m net (£2.09m gross, £0.22m net in June) of which £0.23m is slippage into 2013/14.

15. The year-to-date position is an under spend of £0.49m gross, £0.37m net (over spend of £0.12m gross, £0.05m net in June).

16. As part of the Disabled Facilities Grant (DFG) programme to the end of September 175 grants have been completed, and the number of major adaptations completed is 244 (93 grants and 134 adaptations to June).

The grants provided to residents through the DFG programme assist some of the poorer and most vulnerable members of the community. Without these grants in many cases the properties involved would be unsuitable for the needs of the occupiers who may then be unable to remain in their own homes. This also reduces pressure on health service resources and residential care, as without these improvements more residents would require emergency or longer term care solutions.

17. The revised DFG forecast of £3.0m (gross) is predicted due to a lower than expected rate of referrals in the last 2 months (Aug and Sept), a higher than expected number of Council tenant adaptation cases (which are funded from HRA, not GF DFG programme), and some delays caused by contractors not being able to respond quickly to increased workload.

Whilst referrals are expected to increase in October and later months, this is a demand led budget and there may not be the time to complete all new and existing referrals before the year end.

18. A review has commenced to evaluate the DFG programme. The purpose of this review will be to ensure that those requiring such works are treated equitably and that the process provides Value for Money for the Council, tenants and council tax payers.

19. The NHS Campus Closure programme has six remaining projects – three for Central Bedfordshire, two for Bedford Borough and one Luton Borough Council. The Central Bedfordshire scheme in Silsoe started on site in July 2012 and is due to complete in February 2013. The second scheme, based in Dunstable, is the refurbishment of a local authority property, and is currently awaiting planning permission and, subject to this, is due to complete in September 2013. The third scheme is the refurbishment of an existing site in Dunstable and is due to start and complete in 2013/14.

Budget is £4.84m (all externally funded) and the forecast spend this year is £2.22m.

Children's Services

20. Children's Services revised annual capital expenditure budget is currently £33.77m, this includes £7.1m of slippage from 2011/12. The income budget is £32.73m which leaves a net expenditure capital budget of £1.04m.

21. The full year reported outturn position for 2012/13 is below budget by £5.73m gross, £0.25m net (below £0.40m gross and net in June). This is due to significant proposed slippage with New School places works continuing into 2013/14.

YTD is in line with gross budget and over by £0.07m net (over £0.19m gross, £3.31m net in June).

22. All but two projects (Schools Access and Temporary Accommodation) are funded wholly by grant receipts. The net Council contribution for Children Services £1.0m. There is no expenditure deadline to the spending of the grant receipts.

Sustainable Communities

23. Sustainable Communities capital programme in 2012/13 is made up of 60 schemes which include projects that are the result of developer funds to deliver planning requirements, including highways schemes, associated with new developments.

24. The directorate gross budget is £43.75m and forecast outturn spend is £27.33m (£32.66m June). The forecast underspend of £16.41m includes proposed deferred spend of £12.4m into 2013/14 due to factors beyond the control of the Council.

25. Expenditure to date is £9.75m against a profiled budget of £13.43m, an underspend of £3.68m gross, 4.39m net (under £3.12m gross, £6.89m net in June) mainly due to a lag in spend on highways schemes including S278 schemes where delivery is dependant on developers.

External funding of £6.40m was received compared to a budget of £5.69m, a difference of £0.71m and includes S278 schemes.

Corporate Services

26. The approved capital programme for Resources is £10.78m; this includes £3.93m of slippage from 2011/2012.

Following a detailed review of Capital schemes carried out in July & August there has been £2.0m of the schemes' budget that is now expected to occur in 2013/14. The proposed slippage to future years is £1.62m in Assets and £0.39m in ICT.

The full year forecast is an underspend of £2.39m gross, £2.26m net (on budget in June).

The year to date is an overspend against budget of £0.18m gross, £0.26m net (over £0.05m gross, £0.13m net in June) due mainly to the actual spend on Assets schemes being higher than the profiled YTD Budget.

27. The approved gross capital programme for People & Organisation is £3.41m; this includes £0.36m of slippage from 2011/12. The main schemes in People and Org are SAP Optimisation (£1.28m) and Customer First (£1.80m).

The forecast underspend of £0.32m gross and net (on budget in June) is due to £0.15m budget being slipped into this year from 2011/2012 for the Customer Relationship Management scheme (CRM). The other £0.17m forecast underspend is due to slippage on the SAP Optimisation project.

Year to Date is an underspend against budget of £0.74m gross and net (under £0.12m gross and net in June). This is due to the YTD spend on the two major schemes being lower than the profiled budgets (SAP Optimisation -£0.29m & Customer First -£0.45m).

CONCLUSION

28. The level of spend to date is below the run rate required to achieve the Council's full year forecast. The forecast to spend £79.7m, though £6.4m lower than August forecast outturn, still appears to be ambitious. To achieve forecast will require a rest of year monthly run rate of £8.4m compared to £4.8m in the first six months.

Appendices:

Appendix A1 Council Capital Summary

Appendix A2 Top 20 Schemes

Appendix A3 Movement in Net Variance

Background Papers:
None