

Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 30 April 2013
Subject: Q3 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 Q3 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. This report is based on the revised budgets following the Capital Review. The revised 2012/13 capital programme was approved by Council at its 29th November meeting.

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.

RECOMMENDATIONS:

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 19th March 2013.**

Executive Summary

11. The report sets out the financial position for 2012/13 as at the end of December. It sets out spend to date against the profiled budget and the forecast financial outturn. Explanations for the variances are set out below in section 3. This report enables the Executive to consider the overall financial position of the Council and agree any further actions to deliver the capital programme.

KEY HIGHLIGHTS (Appendices A1, A2,A3)

- 12 The revised gross programme following the capital review is £80.4m (£36.8m net).
The main issues to note are:
 - i) Gross forecast is to spend £70.3m, with proposed deferral of £7.0m into 2013/14.
 - ii) Gross spend to date is £42.2m which is 60% of the full year forecast. Variance to budget is an overspend of £3.2m mainly due to spend on Transport Infrastructure schemes ahead of profile.
 - iii) The average monthly gross spend rate for the past nine months is £4.7m. This rate of spend would amount to c£56.3m continued for the remainder of the year, (80% of the full year forecast), however, this doesn't take account of seasonal spend and one offs. Rest of year spend to achieve forecast will need to run at £9.4m per month.
 - iv) £58.3m of the gross budget relates to the top 20 value schemes. The forecast spend is £51.2m with proposed deferral of £4.6m into 2013/14. £33.4m (79%) of the gross spend to date relates to these top 20 schemes.

Analysis of CBC Funded and Externally Funded Capital Spend

	Budget	Forecast	Variance	Proposed	(Under)/
	£m	outturn	£m	Deferral	Overspend
	£m	£m	£m	£m	£m
CBC Funded	36.8	32.3	(4.5)	(3.4)	(1.1)
Externally Funded	43.6	38.0	(5.6)	(3.6)	(2.1)
Total	80.4	70.3	(10.1)	(7.0)	(3.2)

Summary of Externally Funded Schemes

	Budget	Forecast	Variance	Proposed	(Under)/
	£m	outturn	£m	Deferral	Overspend
	£m	£m	£m	£m	£m
Schools	25.2	23.0	(2.2)	(2.2)	0.0
Campus Closer	2.8	2.2	(0.7)	(0.7)	0.0
S278	3.0	1.2	(1.8)	0.0	(1.8)
Highways	6.2	5.4	(0.8)	(0.8)	0.0
Other	6.4	6.2	(0.2)	0.0	(0.2)
Total	43.6	38.0	(5.6)	(3.6)	(2.0)

DIRECTORATE COMMENTARYSocial Care Health and Housing

- 14 The forecast position is a projected under spend of £1.662m of which £0.846m is proposed deferred spend into 2013/14.
- 15 The following table indicates the type of major adaptations completed as part of the Disabled Facilities Grant (DFG) programme to the end of December 2012.
- 280 grants have been completed, installing 359 adaptations, as below (175 grants and 244 adaptations to Q2).

Type of adaptation	No' completed
Level access shower/wet room	190
Straight stair lift	47
Curved stair lift	26
Toilet alterations	10
Access ramps	16
Dropped kerb and hard standing	0
Wheelchair/step lift	3
Through floor lift	2
Major extension	14
Kitchen alterations	0
Access alterations (doors etc)	20
Heating improvements	2
Garage conversions	1
Safety repairs/improvements	3
Other	25
Total	359

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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.

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The revised forecast of £2.7m (gross) is due to 73 grants being made for Council tenant adaptation cases (which are funded from HRA, not General Fund DFG programme), and some delays caused by contractors not being able to respond quickly to increased workload.

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Timberlands

Procurement of the Timberlands refurbishment is now underway, but it is likely that only preparatory works will occur during 2012/13. Therefore for the majority of this expenditure, it is proposed to defer it into 2013/14.

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The NHS Campus Closure

The programme has three remaining projects for Central Bedfordshire. The scheme in Silsoe commenced in July 2012 and is due to complete in April 2013. The second scheme, based in Dunstable, is the refurbishment of a local authority property and a new build. The refurbishment is expected to complete in January 2013 and the new build, which is subject to planning permission is expected to complete in September 2013. The third scheme is the refurbishment of an existing site in Dunstable and is subject to the sale of two other properties.

Children's Services

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Children's Services revised annual capital expenditure budget is £28m, this includes £7.1m deferred spend from 2011/12. The income budget is £27.1m which leaves a net expenditure capital budget of £0.9m.

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The full year reported outturn position for 2012/13 is below budget by £2.283m. This is due to significant proposed deferred spend with Schools Capital Maintenance. A further review of the expenditure profile is to be undertaken in January 2013.

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All but two projects (Schools Access and Temporary Accommodation) are funded wholly by grant receipts. There is no expenditure deadline to the spending of the grant receipts.

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The actual to date gross expenditure variance of £403k is mainly due to delays in tendering and delivering projects at Shefford Lower School and Fairfield Park which are funded from the Basic Need grant. New consultants have been appointed and work is currently underway to review the programme and financial profiles of these projects.

Sustainable Communities

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Overall position

The directorate forecasts to spend £27.528m and expects to receive external

income of £10.120m, leaving spend below budget in 2012/13 of £3.101m. The majority of this is delayed spend due to external factors beyond the control of the Council. This includes leisure projects, compensation payments on Highways schemes and work on Sundon / Bluewater landfill site.

Leisure projects

Detailed specification is underway for work at Tiddenfoot and construction work is due to start in March. Further design work is required at Saxon to ensure the spa business plan is robust.

Compensation payments

Legal negotiations with landowners has yet to be concluded.

Sundon / Bluewater Landfill sites

The importation of restoration soils was delayed due to the lack of availability of soil to the contractor at the start of the contract which has pushed back landscaping and related infrastructure works. Also the gas and leachate infrastructure programmes have been delayed by the Environment Agency in order to allow for additional investigatory/ preparatory work to be undertaken.

25 Summary Table

Table A shows the Directorate's net budget and forecast by scheme categories for 2012/13. The scheme categories are broadly related to the type of asset being created or enhanced.

26 Table A – Capital budget by Category (£'000)

Scheme Categories	Net Expenditure Budget	Net Expenditure Forecast	Net Expenditure Variance
Community Safety & Public Protection Infrastructure	47	47	0
Leisure & Culture Infrastructure	2,491	1,288	-1,203
Regeneration & Affordable Housing	4,310	4,047	-263
Transport Infrastructure	13,224	11,731	-1,493
Waste Infrastructure	437	295	-142
Total	20,509	17,408	(3,101)
Percentage of budget		84.9%	15.1%

27 Spend to date

Expenditure to date is £19.451m against a profiled budget of £17.089m, a difference of £2.362m mainly due to spend on Transport Infrastructure schemes

ahead of profile.

External funding of £6.307m was received compared to a budget of £8.039m, a difference of £1.733m mainly due to a reduction in S278 spend which is dependant on Developers.

- 28 Major schemes completed to date in 2012/13
The Capital Programme is key to delivering the priorities set out in the Medium Term Plan, the majority of which are led by Sustainable Communities. These support the aim of keeping Central Bedfordshire as a great place to live and work.

The major schemes completed that relate to the £19.451m spend to date are highlighted below.

Transport Schemes

Substantial work has been undertaken on the Luton and Dunstable guided busway this year. As of end of December 2012, 70% of the track has been laid, bus stops have been upgraded in Dunstable and Houghton Regis and the busway part of the Court Drive works in Dunstable is nearing completion.

The expenditure to date on integrated schemes has been made on a programme of projects brought forward by the Local Area Transport Plans. Twenty five projects have been completed in 12/13. These reflect many different types of works and include larger projects such as Hitchin St Biggleswade.

90% of the planned 2012/13 highways programme is now complete, with a 100% completion by the end of March.

Street lighting – 77% of the planed 2012/13 street lighting programme is now complete, with a 100% completion by the end of March.

Also completed are various improvements on Rights of Way including the replacement of existing bridges with steel bridges at Eggington, Haynes, Arlesey, Hulcote & Salford, Astwick, & Leighton Buzzard and upgrading of 20 footbridges.

Regeneration Schemes

The land purchase at Flitwick was completed in April 2012.

Dunstable Town Centre regeneration –purchase on five properties in Dorchester Close has been completed with the remaining two planned to be completed by July 2013.

Leisure and Culture schemes

The upgrading and refurbishment of eight libraries has been completed.

Achievements to date for Outdoor Access and Greenspace Improvement Projects are various works including National Cycle Route 51 surface improvements and surfacing of key footpaths in Leighton Buzzard.

Corporate Services

- 29 The approved revised capital programme for Resources is £9.208m. This is following the detailed review carried out in year. The budget for projects within Assets now totals £7.245m and within Information Assets (IA) project budgets are £1.9m. Other Capital budgets with Resources now total £63k.
Forecast outturn is an underspend of £462k.
- 30 Year to Date spend is broadly on budget. The actual spend on Information Assets (IA) projects is currently £59k lower and on Assets schemes it is £57k higher than the profiled YTD Budget.
- 31 The approved revised capital programme for People & Organisation is £3.083m. The two schemes in People and Org are SAP Optimisation (£1.280m) and Customer First (£1.803m).
Forecast outturn is to achieve budget.
- 32 The current Year to Date figures show a net under spend against budget of £237k. At the end of P9 the YTD spend on Customer First is was £52k lower and SAP Optimisation £184k lower than the profiled budget.

CONCLUSION

- 33 The level of spend to date is significantly below the level required to achieve the Council's full year forecast. The forecast to spend £70.3m still appears to be ambitious. To achieve forecast will require a rest of year monthly run rate of £9.4m compared to £4.7m in the first nine months.

Appendices:

Appendix A1 Council Capital Summary

Appendix A2 Top 20 Schemes

Appendix A3 Movement in Net Variance

Background Papers:

None