Meeting:	**Corporate Resources Overview and Scrutiny Committee**
Date:	**22 October 2013**
Subject:	**Q1 Capital Budget Monitoring Report 2013/14**
Report of:	**Councillor Maurice Jones, Deputy Leader and Executive Member for Corporate Resources**
Summary:	The report provides information on the Q1 revenue projected outturn position for 2013/14.

Advising 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 2013/14 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 24th September 2013.

Executive Summary

11. The report sets out the projected financial outturn capital position for 2013/14 as at Quarter 1.

Explanations for the variances are set out in the report below. This report enables the Committee to consider the overall financial position of the Council and agree any further actions to deliver as a minimum a balanced financial year end.

KEY HIGHLIGHTS (Appendices A1, A2)

12 The capital budget for 2013/14 excluding HRA is £94.4m (£45.0m net). The main issues to note are:-

i) Gross forecast is to spend £87.5m an underspend of £1.5m and £5.4m proposed deferred spend to 2014/15.

ii) Gross spend to date is £10.8m, marginally above budget.

iii) The average monthly gross spend for the past three months is £3.6m. Rest of year spend rate needs to run at an average of £8.5m to achieve forecast.

iv) £64.2m of the gross budget relates to 20 of the top value schemes. £56.0m (87%) of the gross spend forecast relates to these schemes.

DIRECTORATE COMMENTARY

Social Care Health and Housing

13. The year end forecast outturn position is an under spend of £0.534m. The major area of under spend is the Disabled Facilities Grant (DFG) programme which is demand led.

14. The year-to-date position for other schemes is an under spend of £0.106m.

15. The following table indicates the type of major adaptations completed to June in the DFG programme.

Type of adaptation	**Total No complete to June 2013**
Level access shower/wet room	38
Straight stair lift	9
Curved stair lift	2
Toilet alterations	2
Access ramps	9
Dropped kerb and hard standing	0
Wheelchair/step lift	0
Through floor lift	0
Major extension	5
Kitchen alterations	3
Access alterations (doors etc)	9
Heating improvements	1
Garage conversions/minor additions	1
Safety repairs/improvements	5
Other	5
Total	**89**

16. 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. Although the Council's waiting list for assessments is being tackled with additional Occupational Therapist (OT) resource, OTs are undertaking a more robust approach to assessments, with a higher proportion of recommendations for equipment and minor works than previously, resulting in a lower proportion of referrals for DFG. This more robust approach provides better value for money for the Council.

18. Approx £0.2m of payments were made in June, double that of April and May. The slow start to the year was primarily due to a focused effort to complete works in March 2013.

19. Requests for OT Assessment provide a further prediction of demand for 2013/14. In June, 62 assessments resulted in 40 referrals for DFG. If the current rate of referrals continued for the rest of the year this would result in a total of 396.

20. Having regard to all matters considered above, it is forecast that the outturn will not exceed the budget of £2.5m for 2013/14. Further monitoring may alter the forecast after assessing the value of new referrals over the following few months.

21. The HRA Capital programme is now monitored as part of the HRA's budget report.

<u>Children's Services</u>

22. Children's Services annual capital expenditure budget is £27.395m (including slippage from 2012/13) The income budget is £26.691m which leaves a net expenditure capital budget of £0.704m.

23. The full year reported outturn position for 2013/14 is currently inline with the budget allocation. There is no expenditure deadline to the spending of the grant receipts.

24.

	Gross Expenditure Budget	Profiled Gross Expenditure Budget YTD	Gross Spend to Date	Gross Expenditure Variance to date
	£000	**£000**	**£000**	**£000**
Children Services	27,195	2,626	2,627	1
Partnerships	200	0	0	0
Total	**27,395**	**2,626**	**2,627**	**1**

25. All but two projects, Schools Access and Temporary Accommodation, are funded wholly by grant receipts that have no expenditure deadline.

26. New School Places /Basic Need

This grant funding is to enable management of pressures related to population growth and capacity within our schools. The outline programme to commission new school places over the next five years will drive the expenditure of basic need grant and will also align S106 contributions that are being collected for major projects.

27. In March 2013 the DfE announced the Basic Need allocations for 13/14 and 14/15 which has allocated £18.281m over the two years. An update to the New School Places Programme was reported to Executive in March 2013

28. The budget for 2013/14 has therefore been reviewed to take account of the actual grant funding received for 2013/14, which was not known at the time the programme was originally approved by Executive. The forecast spend

for 2013/14 is £15.77m with £21.77m planned expenditure in 2014/15.

Community Services

29. The Community Services capital programme in 2013/14 is made up of 43 schemes which includes large groupings of projects that relate to Environmental services, Libraries, Leisure and Transport.

30. The directorate forecasts to spend £25.023m below gross budget by £4.5m which includes £4.0m of proposed deferred spend to 2014/15 on the BEaR project (within Environmental Services).

31. The table below shows the Directorate's net budget and forecast by scheme categories for 2013/14. The scheme categories are broadly related to the type of asset being created or enhanced.

Scheme Categories	Net Expenditure Budget	Net Expenditure Forecast	Net Expenditure Forecast Variance
	£'000	£'000	£'000
Environmental Services	4,950	437	(4,513)
Libraries	202	245	43
Leisure	4,379	5,041	662
Transport	11,654	12,865	1,211
Community Services	**21,185**	**18,588**	**(2,597)**
Percentage of budget		**87.7%**	**12.3%**

Regeneration & Business Support

32. The Regeneration and Business support capital programme in 2013/14 is made up of 22 schemes which include large groupings of projects that were the result of developer funds to deliver planning requirements, associated with new developments.

33. The directorate expects to spend £8.246m below gross budget by £0.89m. The majority of this delay is due to external factors beyond the control of the Council.

34. The forecast variance is the acquisition of the final property on the Dunstable regeneration scheme. There is also the potential rule 6 compensation claims in respect of all the acquired properties which may take up to six years to finalise.

The table below shows the Directorate's net budget and forecast for 2013/14.

Improvement & Corporate Services

35. The current capital programme for Improvement & Corporate Services is £4.202m. This includes £2.043m of funding for 13/14 schemes and deferred spend of £2.159m from previous years.

There is £2.066m of budget allocated to Information Assets (IA) projects with

£2.136m for other schemes. Some of the major ones include SAP Optimisation (£0.373m), Customer First (£0.581m) & Health & Safety Rolling Programme (£0.852m).

36. For Improvement & Corporate Services projects there is a forecast outturn of £3.881m against budget, an under spend of £0.321m. This is as a result of the duplicated slippage budget on Customer First (£0.3m) and to the Health & Safety Rolling programme expecting a small surplus of funding within the year.

37. In IA the forecast outturn position is £2.070m. There are not currently any major variances expected against IA projects. The major schemes in this area are Your Space Two (IA Infrastructure) (£0.466m), IA Infrastructure Rolling Programme (£0.5m) & Data Centre Development (£0.375m).

Corporate Resources

38. The current capital programme for Corporate Resources is £12.401m. These projects are all within Assets and some of the major schemes are 13/14 Corporate Property Rolling Programme (£4.649m), A1 South Roundabout - Biggleswade (£2.2m), Ivel Medical Centre (£1.0m) & Acquisition of land south of High St Leighton Buzzard (£1.0m).

39. The forecast outturn position on for Corporate Resources is an underspend of £0.777m which is expected to be deferred to 2014/15. This is due to an expected delay on the start of the Ivel Medical Centre project. Following changes to the way the NHS runs its commissioning process the project has been delayed and expected to slip a large amount to 2014/15.

CONCLUSION

40. The forecast spend of £87.5m is c£20m more than has been spent in each of the past two years.

A review of Capital spend is currently underway and due to report back to CMT in August followed by the Executive in September.

The forecast outturn position that will be reported in with August results should reflect the outcome of that review and paint a realistic picture of the likely outturn.

Appendices:

Appendix A1 – Council Capital Summary

Appendix A2 – Top 20 Scheme