
Meeting: Executive
Date: 10 December 2013
Subject: September 2013 – Quarter 2 Capital Budget Monitoring Report
Report of: Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources
Summary: The report provides information on the projected capital outturn for 2013/14 as at September 2013. It excludes the Housing Revenue Account which is subject to a separate report.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Charles Warboys, Chief Finance Officer
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** Not applicable

CORPORATE IMPLICATIONS

Council Priorities:

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:

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

Legal:

2. None.

Risk Management:

3. None.

Staffing (including Trades Unions):

4. Any staffing implications will be dealt with in accordance with the Council's Managing Change Policy and in consultation with the Trades Unions.

Equalities/Human Rights:

5. 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:

6. None.

Community Safety:

7. None.

Sustainability:

8. None.

Procurement:

9. None.

Overview and Scrutiny:

10. The September Quarter Two Capital Budget Monitoring report will be considered by the Corporate Resources Overview and Scrutiny Committee on 17 December 2013.

RECOMMENDATIONS:

The Executive is asked to:

1. **note the overall forecast position which is to spend £76.2m vs. budget of £94.6m. A variance of £18.4m as a result of an underspend of £0.8m and proposed deferred spend to 2014/15 of £19.2m.**

Reason for Recommendations: To complete schemes currently underway and facilitate effective financial management and planning.

Executive Summary

11. The report sets out the projected capital outturn position for 2013/14 as at September 2013. Explanations for the variances are set out below. This report enables the Executive to review the overall capital position of the Council.

KEY HIGHLIGHTS (Appendices A1, A2)

12. The capital budget for 2013/14 excluding HRA is £94.6m (£45.0m net). The main issues to note are:
- i) Gross forecast is to spend £76.2m an underspend of £0.8m and £19.2m proposed deferred spend to 2014/15.
 - ii) Gross spend to date is £30.0m, below budget by £6.6m.
 - iii) The average monthly gross spend for the past six months is £5.0m. Rest of year spend rate needs to run at an average of £7.7m to achieve forecast.
 - iv) £63.0m (67%) of the gross budget relates to 20 of the top value schemes. £47.2m (62%) of the gross spend forecast relates to these schemes.
 - v) Capital receipts to date are £0.96m compared to a forecast of £3.98m.

DIRECTORATE COMMENTARY

Social Care Health and Housing

13. The year end forecast outturn position is an underspend of £0.741m. The major area of underspend is the Disabled Facilities Grant (DFG) programme which is demand led.

14. The following table summarises the position against the revised budget as at the end of September.

<u>SCHH Capital programme summary</u>	Full Year Forecast Variance 2013/14						
	Gross Expend. Budget	Gross Income Budget	Net Total	Gross Expend FYF	Gross Income FYF	Net Total	Variance
SCHH Directorate	£m	£m	£m	£m	£m	£m	£m
NHS Campus Closure	3.674	(3.674)	0	1.909	(1.909)	0	0
Disabled Facilities Grants Scheme (DFG)	3.000	(0.588)	2.412	2.500	(0.659)	1.841	(0.571)
Timberlands Gypsy and Traveller Site	0.914	(0.687)	0.227	0.914	(0.687)	0.227	0
Review of Accommodation /Day Support	0.347	(0.347)	0	0	0	0	0
Adult Social Care ICT Projects	0.300	(0.300)	0	0.300	(0.300)	0	0
Empty Homes	0.270	0	0.270	0.100	0	0.100	(0.170)
Renewal Assistance	0.150	(0.050)	0.100	0.250	(0.150)	0.100	0
Total	8.655	(5.646)	3.009	5.973	(3.705)	2.268	(0.741)

15. **Disabled Facilities Grant (DFG)**

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.

16. The following table indicates the type of major adaptations completed to September in the DFG programme.

17.

Type of adaptation	Total No complete to September 2013
Level access shower/wet room	81
Straight stair lift	17
Curved stair lift	11
Toilet alterations	6
Access ramps	17
Dropped kerb and hard standing	0
Wheelchair/step lift	0
Through floor lift	2
Major extension	10
Kitchen alterations	5
Access alterations (doors etc)	17
Heating improvements	2
Garage conversions/minor additions	4
Safety repairs/improvements	2
Other	9
Total	183

18. 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.

19. Requests for OT Assessments provide a further prediction of demand for 2013/14. In September, 63 assessments resulted in 32 referrals for a DFG. If the current rate of referrals continued for the rest of the year this would result in a total of 406.

20. **NHS Campus Closure**

The NHS Campus Closure programme has three remaining projects for Central Bedfordshire. The scheme in Silsoe commenced in July 2012 and opened in October 2013.

21. The second scheme, Steppingstones which is based in Dunstable, is the refurbishment of a local authority property and a new build. The refurbished house opened in October 2013. Planning permission has been granted for the new build and the s257 has been signed. The demolition work will commence in September and take 8 weeks. Thereafter the building works will start and take approximately 10 months to complete.
22. The third scheme, Beech Close is the refurbishment of an existing site in Dunstable and is subject to the sale of two other properties, one which has fallen through due to complex legal issues. It is anticipated that the capital receipts from the sale of these properties will be used to either refurbish Beech Close or failing that a new site will need to be found which could result with further delays on completing the campus programme.

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

Children's Services

24. Children's Services annual capital expenditure budget is £27.395m (including slippage from 2012/13). The income budget is £26.691m, a net expenditure capital budget of £704k.
25. The full year gross expenditure outturn position for 2013/14 is £3.438m below the original budget following the capital review process. There is no expenditure deadline to the spending of the grant receipts.
26. All but two projects, Schools Access and Temporary Accommodation, are funded wholly by grant receipts that have no expenditure deadline.
27. The actual to date gross expenditure is £2.365m below the profiled budget. This is mainly due to Schools Capital Maintenance (£1.072m) which has been programmed to be delivered within the financial year with a small number of projects moved into early 2014/15 as a result of reprioritisation of works, the Alternative Secondary Provision (Free School) £541k, which is progressing well on both of its sites and will achieve target completion timeframes but is following an amended payment schedule with the contractor.

Summary Table: Directorate Overall position

28.

	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	10,157	7,792	2,365
Partnerships	200	55	55	0
Total	27,395	10,212	7,847	2,365

29. 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.

30. In March 2013 the DfE announced the Basic Need allocations for 2013/14 and 2014/15 which has allocated £18.281m over the two years. An update to the New School Places Programme was reported to Executive in March 2013.
31. 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 £13.256m with £16.953m planned expenditure in 2014/15.

32. Schools Capital Maintenance

This rolling programme is externally funded by DfE grant but does require schools to contribute to the cost of works, as set out in a formula contained within the Scheme for Financing Schools. These contributions are invoiced once planned works are complete.

33. The 2013/14 programme is now being commissioned but with a much reduced DfE grant of £2.562m as a result of Academy capital held centrally by the Education Funding Agency. Works have largely commenced on the programme, however the forecast expenditure has reduced to £3.9m in the main due to £0.5m of works being removed from the indicative programme following reassessment and other schemes being re-scoped following initial survey inspections. Actual expenditure is currently behind forecast in the main this is due to the timing of the works during the school summer break, we anticipate that this shortfall will shortly be made up as works are completed and invoices received and processed.

Community Services

34. 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.
35. The forecast outturn is an underspend of £5,114k. The majority of this slippage is due to delays because of external factors beyond the control of the Council.

36. **Table A – Capital net budget by category (£'000)**

Scheme Categories	Net Expenditure Budget	Net Expenditure Forecast	Net Expenditure Forecast Variance
	£'000	£'000	£'000
Environmental Services	4,950	691	(4,259)
Libraries	202	220	18
Leisure	4,379	3,868	(511)
Transport	11,654	11,292	(362)
Community Services	21,185	16,071	(5,114)

37. Details of Schemes completed or underway include:

38. **Highways and Transport**

- Total road and footway treated through resurfacing and surface dressing to date is 36.5 kilometres. Poynters Road deep in situ recycling scheme completed on site.
- To date a total of 369 columns including lanterns were replaced and a further 1,006 lanterns replaced.

- 12 Local Area Transport Plan schemes have been implemented and 14 designed and ready for construction.
- 6 drainage schemes completed.

39. **Leisure**

Astral Park - CBC are supporting the Town Council to provide a football pitch and changing/community facilities. Work is near completion on the car park and drainage connections complete. Work to roof of the changing/community facility including internal walls and gable ends, and steel truss to community room is complete. The project is on target for completion in January 2014.

Flitwick Leisure Centre Redevelopment is a scheme to replace the existing Leisure Centre - work is also being carried out for feasibility stage in preparation that the report that will be considered by the Sustainable Communities Overview and Scrutiny Committee on 5 November 2013.

Tiddenfoot Leisure Centre is being refurbished - The car park has been prepared for the resurfacing and work is being carried out to divert the cabling, work is being carried out on the refurbishment of the gym area. Drainage on the downstairs area and surveys for electrical and mechanical has been started.

Flitwick Leisure Centre Football Pitch is a scheme to re-provide football pitches and changing facilities before the Flitwick Leisure Centre redevelopment can commence - the contractors have cleared the site and work has begun on the sustainable urban drainage system. This project is on target for completion in August 2014.

40. **Waste**

Sundon Landfill Restoration - Restoration phases are on track with soil importation ongoing. Approval received from Environment Agency for realignment of Gas Infrastructure. Lease signed for Gas Extraction with enhanced royalty income for CBC.

Waste Capital Infrastructure Grant - Successful procurement and purchase of replacement glass collection vehicle for the south fleet.

Regeneration & Business Support

41. 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.

42. The directorate expects to spend £5,368k and receive external income of £3,097k, leaving spend below budget in 2013/14 of £2,271k gross (£1,261k net). The majority of this delay is due to external factors beyond the control of the Council. These include property negotiations with external interests and BDUK involvement in the Broadband project.

43. **Table B – Capital net budget by category (£'000)**

Scheme Categories	Net Expenditure Budget	Net Expenditure Forecast	Net Expenditure Forecast Variance
	£'000	£'000	£'000
Regeneration	3,532	2,271	(1,261)
Total	3,532	2,271	(1,261)

44. **Regeneration**

Leighton Buzzard South of High St: The terms are agreed (verbally) on the second Duncombe Drive property; completion is dependant on owners finding another property, with a longstop completion date proposed of 30 September 2014. This is linked to the overall scheme identified at para 52, but is a separate acquisition.

Dunstable Town Centre Phase 2 (Dorchester Close): A 6th property was acquired in May 2013, completion on 7th due in August was delayed until 13 September 2013. Negotiations continue with owner of 8th and final property.

Superfast Broadband: Contract signed with BT in August and a further £604k secured from BDUK. Due to national requirement to spend BDUK funds first, CBC element of spend will be deferred to later financial years.

45. **Sustainable Transport**

Works have now commenced on site for the DfT cycling safety scheme to construct a cycle route between Cranfield village and Cranfield University following agreement with the internal drainage board and a permissive path agreement with the University.

Over the last 6 months Longterm Sustainable Transport Fund funded schemes completed in Dunstable and Houghton Regis include:

- Landscape, patching and route realignment works on NCN6.
- Cycle route works and route to Sandringham Drive from Woodside industrial estate as part of the Poynters Road works in Houghton Regis.

- Cycling link between Meadway and High Street south via Cemetery Lane.
 - Shared use path on Boscombe Road.
46. Consultation has taken place on the following with implementation due to take place later this year:
- Cycling contraflow lane on Easthill Road.
 - Traffic calming and zebra crossing in Parkside Drive.
47. The following schemes are under construction in the Dunstable and Houghton Regis area:
- Improvements to footpaths on the Parkside estate leading to Kings Houghton middle school.
 - Cycle link between Downs Road and Apollo Close, Dunstable.
 - Improvements to provide a cycle link between Apollo Close and Brive Road.
 - School safety zone on Southwood Road leading to the Downside pathway.
48. **Improvement & Corporate Services & Corporate Resources (overall)**

Service	Full Year Budget £000's	Forecast £000's	Expected Slippage to 14/15 £000's	Variance £000's	Budget YTD £000's	Actual £000's	YTD Variance £000's
Info Assets	2,066	1,958	338	230	775	512	-263
Others	2,136	2,363	0	227	809	824	15
Imp & Corp Serv							
Subtotal	4,202	4,321	338	457	1,584	1,336	-248
Corp Res	12,401	9,878	2,314	-209	5,136	2,390	-2,746
Totals	16,603	14,199	2,652	248	6,720	3,726	-2,994

Improvement & Corporate Services

49. The current capital programme for Improvement & Corporate Services is £4,202k. This includes £2,043k of funding for 2013/14 schemes and slippage of £2,159k from previous years. There is £2,066k of budget allocated to Information Assets (IA) projects with £2,136k for other schemes. Some of the major ones include SAP Optimisation (£373k), Customer First (£881k) & Health & Safety Rolling Programme (£852k).
50. The forecast outturn is an overspend of £457k. This is as a result of overspends on two projects. The significant pressures predicted are Your Space 2 (IA) £230k and Customer First £200k.

51. Of the £4,202k budget in Improvement & Corporate Services there is £338k of cost expected to be incurred in future financial years. Capital budget is proposed to be slipped from the current year to cover this. The two schemes involved are both within IA, ECM Implementation (£100k) & Consolidation of Applications (£238k).

Corporate Resources

52. The current net capital programme for Corporate Resources is £12,401k. These projects are all within Assets and some of the major schemes are 2013/14 Corporate Property Rolling Programme (£4,649k), A1 South Roundabout - Biggleswade (£2,200k), Ivel Medical Centre (£1,000k) & Acquisition of land south of High St Leighton Buzzard (£1,000k).
53. The forecast outturn position for Corporate Resources is currently showing a £209k underspend. There are a number of projects expecting small variances at year end.
54. Due to various timing changes to project delivery schedules there is currently £2,314k expected to be slipped into 2014/15. The A1 South Roundabout – Biggleswade is projecting £1,300k to now be spent in 2014/15 due to a delay in the commencement of the project. There is also 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 £800k to 2014/15.
55. There is a YTD underspend in Corporate Resources Capital of £2,746k. The A1 South Roundabout – Biggleswade is currently £645k underspent as a result of the commencement of the project being delayed.
56. There has also been a delay in the Acquisition of Cattle Market & Parkridge Land in Leighton Buzzard. The purchases (£1m) were budgeted to be made in September but are now expected to happen in November and December.
57. The Corporate Assets Rolling Programme is currently £850k underspent YTD. This is due to a number of delays with spend across various parts of the rolling programme (£224k Tiddenfoot – Mechanical, Electrical (M&E) & Roofing works, £295k Leighton Buzzard library refurb & roofing, £170k Parkside Hot Water System, £75k Watling House canteen works, and £60k Linsell House M&E works). There are also a number of delays to smaller Capital schemes resulting in a net YTD underspend of £126k.

CONCLUSION

58. The forecast spend of £76.6m may still be optimistic as the rate of spend required rest of year to achieve budget is in excess of what has been achieved previously although the last two months have resulted in an average spend of c£7m.