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**Meeting:** Executive

**Date:** 18 March 2014

**Subject:** December 2013 – Quarter 3 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 December 2013. It excludes the Housing Revenue Account which is subject to a separate report.

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**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 2013/14 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 December Quarter 3 Capital Budget Monitoring report will be considered by the Corporate Resources Overview and Scrutiny Committee on 8 April 2014.

**RECOMMENDATIONS:****The Executive is asked to:**

1. **note the overall forecast position to spend £73.7m compared to the budget of £94.6m. A variance of £20.9m as a result of an overspend of £4.4m and proposed deferred spend to 2014/15 of £25.3m; and**
2. **request officers to carefully examine their forecast spend to determine how realistic the proposals to defer spend into 2014/15 are.**

<i>Reason for Recommendations:</i>	<i>To complete schemes currently underway and facilitate effective financial management and planning.</i>
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## Executive Summary

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

## 12. KEY HIGHLIGHTS

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 £73.7m an overspend of £4.4m and £25.3m proposed deferred spend to 2014/15.
- ii) Gross spend to date is £48.0m, below budget by £3.9m. The rest of year budget is £43m which indicates that budget are significantly backloaded.
- iii) The average monthly gross spend for the past eight months is £5.3m. Rest of year spend rate needs to run at an average of £8.6m to achieve forecast.
- iv) £61.9m (66%) of the gross budget relates to 20 of the top value schemes. £42.8m (58%) of the gross spend forecast relates to these schemes.
- v) Forecast capital receipts are £1.9m compared to budget of £6.7m. Year to date is £1.2m.
- vi) The table below shows the position by directorate.

Directorate	Year to Date P9			Full Year		
	Gross Budget £m	Gross Actual £m	Gross Variance £m	Gross Budget £m	Gross Forecast Outturn £m	Gross Variance £m
CS	13.2	13.5	0.2	27.4	21.9	(5.5)
Community Service	19.8	18.2	(1.6)	33.6	24.9	(8.7)
Improvement & Corporate Improvement	10.4	6.2	(4.2)	14.4	12.6	(1.8)
Regeneration	3.0	6.6	3.6	8.9	9.1	0.2
ASCHH	5.4	3.4	(2.0)	10.3	5.2	(5.1)
<b>Total Exc HRA</b>	<b>51.9</b>	<b>48.0</b>	<b>(3.9)</b>	<b>94.6</b>	<b>73.7</b>	<b>(20.9)</b>

## DIRECTORATE COMMENTARY

### Social Care Health and Housing

13. The Social Care forecast outturn position is an underspend of £1.317m. The underspend relates to the Disabled Facilities Grant programme, Empty Homes programme and the redevelopment of the Timberlands traveller site.
14. The following table summarises the position against the revised budget as at the end of December.

	Full Year Forecast Variance 2013/14						
	Gross Expend .Budget	Gross Income Budget	Net Total	Gross Expend. Forecast	Gross Income Forecast	Net Total	Variance
<b>SCHH Directorate</b>	£m	£m	£m	£m	£m	£m	£m
NHS Campus Closure	5.297	(5.297)	0	1.909	(1.909)	0	0
Disabled Facilities Grants Scheme	3.000	(0.588)	2.412	2.100	(0.680)	1.420	(0.992)
Timberlands and Chiltern View Gypsy and Traveller Sites	0.914	(0.687)	0.227	0.450	(0.338)	0.112	(0.115)
Review of Accommodation /Day Support	0.347	(0.347)	0	0.430	(0.430)	0	0
Adult Social Care ICT Projects	0.300	(0.300)	0	0	0	0	0
Empty Homes	0.270	0	0.270	0.060	0	0.060	(0.210)
Renewal Assistance	0.150	(0.050)	0.100	0.250	(0.150)	0.100	0
<b>Total</b>	<b>10.278</b>	<b>(7.269)</b>	<b>3.009</b>	<b>5.199</b>	<b>(3.507)</b>	<b>1.692</b>	<b>(1.317)</b>

15. **Disabled Facilities Grant (DFG)**  
The grants provided to residents through the Disabled Facility Grant 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. Information on the types of Disabled Facilities Grants (DFGs) and the number completed are reported on a quarterly basis. The table below provides details for the third quarter up to December 2013.

<b>Type of adaptation</b>	<b>Total No complete to December 2013</b>
Level access shower/wet room	121
Straight stair lift	24
Curved stair lift	17
Toilet alterations	12
Access ramps	17
Dropped kerb and hard standing	0
Wheelchair/step lift	0
Through floor lift	2
Major extension	13
Kitchen alterations	8
Access alterations (doors etc)	26
Heating improvements	2
Garage conversions/minor additions	8
Safety repairs/improvements	2
Other	16
<b>Total</b>	<b>229</b>

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. Approximately £0.090m of payments were made in December, which is low compared to previous months (partly due to a slow down over the Christmas period).

19. Requests for OT Assessments provide a further prediction of demand for 2013/14. In December, 70 assessments resulted in 31 referrals for a DFG. If the current rate of referrals continued for the rest of the year this would result in a total of 432.
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, demolition work is complete, work on site has commenced and is expected to complete in August 2014.
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 of 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 expenditure outturn position for 2013/14 is £5.465m 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 of £13.481m is slightly ahead of the profiled budget at this stage of the year.

**Summary Table: Directorate Overall position**

	<b>Gross Expenditure Budget</b>	<b>Profiled Gross Expenditure Budget YTD</b>	<b>Gross Spend to Date</b>	<b>Gross Expenditure Variance to date</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Children Services	27,195	13,180	13,426	246
Partnerships	200	55	55	0
<b>Total</b>	<b>27,395</b>	<b>13,235</b>	<b>13,481</b>	<b>246</b>

28. 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.

29. In December 2013 the DfE announced the Basic Need allocations for 2014/15 to 2016/17 allocating £21,219m over the three years. The allocations for 2015/16 (£5.9m) and 2016/17 (£6.2m) are a reduction on the current year and 2014/15 (£9.1m) but the total over the 3 years is still significant (£21.2m for CB vs £11.3m Luton and £9.9m Bedford over the same period).

30. The allocations for 2015/16 and 2016/17 are a change to the previous budget assumed for this period and reduces the amount of grant income to the programme. The New School Places Programme and the progress of projects within it are currently undergoing an annual review and refresh and the impact on the capital cashflow will be reported to Executive as part of the Council's capital programme in February 2014.

31. The New School Places Programme was originally forecast in 13/14 to achieve expenditure of £13.285m but is now to achieve reduced expenditure of £12m as a result of a delay in commencement of the expansion of Church End Lower in Marston which will now start on site on 10 February 2014.

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 has now been commissioned but with a much reduced Department for Education (DfE) grant of £2.562m as a result of Academy capital held centrally by the EFA. The DfE announcement of the 2014/15 allocation is expected shortly. Works have largely commenced on the programme, however the forecast expenditure has been further reduced to £3.15m in the main due to works being removed from the indicative programme following reassessment and other schemes being re-scoped following initial survey inspections.

#### Community Services

34. The directorate is forecasting to be below budget by £9,383k. The majority of this is due to slippage on the BEaR project (£4m), leisure schemes (£2.2m) and Transport £2.9m (includes the Ridgmont Bypass and A1 South Roundabout).

<b>Scheme Categories</b>	<b>Net Expenditure Budget</b>	<b>Net Expenditure Forecast</b>	<b>Net Expenditure Forecast Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Environmental Services	4,950	683	(£4,267)
Libraries	202	208	£6
Leisure	4,379	2,170	(£2,209)
Transport	14,054	11,141	(£2,913)
<b>Community Services</b>	<b>23,585</b>	<b>14,202</b>	<b>(£9,383)</b>

<b>Percentage of budget</b>		<b>60.2%</b>	<b>-39.8%</b>
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35. Highways and Transport

Total road and footway treated through resurfacing and surface dressing to date is 42.5 kilometres (37.7km Carriageway, 4.8km footway). Poynters Road (Dunstable) deep insitu recycling scheme completed on site.

To date a total of 582 columns including lanterns were replaced and a further 2,656 lanterns replaced.

19 Local Area Transport Plan schemes have been implemented and 9 designed and ready for construction or currently on site.

8 drainage schemes completed.



### 36. Leisure

- a) 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.
- b) Flitwick Leisure Centre Redevelopment is a scheme to replace the existing Leisure Centre - work being carried out for feasibility stage in preparation the report that was considered by Overview and Scrutiny on the 5 December 2013.
- c) 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.
- d) 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.

### 37. Waste

Sundon Landfill Restoration - phases are on track with soil importation ongoing. Realignment of Gas Infrastructure almost completed. Gas Extraction achieving enhanced royalty income for CBC.

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

Remainder of the grant will be rolled forward to facilitate the roll out of food waste to the south in 2016/17.

### 38. Libraries

Dunstable Library - a self service terminal has been installed in the children's library.

Flitwick Library - the lecture hall has been re-painted and has had new carpeting.

Leighton Buzzard Library and Theatre - IT infrastructure improvements have been made throughout the building. Tenders have been issued for work to refurbish the theatre box office and bar areas.

Shefford Library - new shelving has been ordered as part of the wider library refurbishment (due to start 1 February 2014).

CCTV equipment has been upgraded at a number of library sites to improve security.

#### Regeneration & Business Support

39. 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.
40. The directorate forecast is to underspend by £1.633m.

<b>Scheme Categories</b>	<b>Net Expenditure Budget</b>	<b>Net Expenditure Forecast</b>	<b>Net Expenditure Forecast Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Regeneration	3,332	1,669	(£1,663)
<b>Total</b>	<b>3,332</b>	<b>1,669</b>	<b>(£1,663)</b>
<b>Percentage of budget</b>		<b>50.1%</b>	<b>-49.9%</b>

41. Regeneration
- Dunstable Town Centre Phase 2 (Dorchester Close): A 7th property was acquired in September 2013 and negotiations are continuing regarding the acquisition of the 8th and final property.
  - Leighton Buzzard South of High Street: The purchase of the second of the two properties at Duncombe Drive has been completed.
  - Superfast Broadband: Contract signed with BT 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.
  - Land Drainage (Non-Highways): Dunstable Road, Caddington - New field drain completed as part of highway flood alleviation scheme. Additional highway works to be completed in Jan/Feb 2014.
42. Sustainable Transport
- Cycle route between Cranfield village and Cranfield University is now complete. An extension project is currently being discussed with the Department for Transport (DfT) to be delivered in conjunction with Cranfield University. If agreed, these works involve a further phase of construction over a six week period up to mid March 2014.

- LSTF funded Travel choices schemes in Dunstable and Houghton Regis: Improvements to provide a cycle link between Apollo Close and Brive Road, Dunstable are now complete.
- Localised widening complete adjacent to St Augustine's Lower School, Dunstable, is now complete following agreement to relocate the school boundary to accommodate the work.
- Further enhancement works now complete along Dog Kennel Walk in Dunstable including a new path to the repositioned rear gate of Ashton Middle School, landscaping works to enable new grass cutting and maintenance regime to be implemented in the New Year following localised widening.
- Improvements to footpaths on the Parkside estate in Houghton Regis are ongoing in preparation for sealing works in the spring.
- Preparatory works for pedestrian crossing improvements in the Parkside area of Houghton Regis prior to installation of new crossings in the New Year.
- Cycle parking installed at main car parks in Dunstable.

### Improvement & Corporate Services

43. The 2013/14 net Capital Budget for Improvement & Corporate Services (ICS), including slippage from 2012-2013, is £14,403k.

The table below details the spend by department.

	Full Year Budget	Forecast	Spend Deferred to 14/15	Variance	Budget YTD	Actual	YTD Variance
Service	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Assets	9,411	7,511	1,953	53	7,117	3,545	(3,572)
Info Assets	2,481	2,343	338	200	1,434	1,287	(147)
Others	2,511	2,714	0	203	1,853	1,415	(438)
<b>Totals</b>	<b>14,403</b>	<b>12,568</b>	<b>2,291</b>	<b>456</b>	<b>10,404</b>	<b>6,247</b>	<b>(4,157)</b>

44. The current capital programme for Improvement & Corporate Services is £14,403k. This includes £9,461k of funding for 2013/14 schemes and deferred expenditure of £4,942k from previous years. The total current approved budget for Assets projects is £9,411k.

There is £2,481k of budget allocated to Information Assets (IA) projects with £2,511k for other schemes. Some of the other major schemes include SAP Optimisation (£373k), Your Space 2 (£1,256k) & Health & Safety Rolling Programme (£852k).

45. The overall forecast outturn for ICS Capital is £12,568k with spend of £2,291k expected to be deferred into future financial years. Across all ICS schemes there is a £456k predicted overspend.

#### Assets

46. The current net capital programme for Assets is £9,441k. The major projects are 2013/14 Corporate Property Rolling Programme (£3,015k), 2012/13 Corporate Property Rolling Programme (£1,373k), Ivel Medical Centre (£1,000k) & Acquisition of land south of High St Leighton Buzzard (£1,000k).
47. The forecast outturn position on for Assets is currently showing a £53k overspend. There are a number of projects expecting small variances at year end.
48. Due to various timing changes to project delivery schedules there is currently spend of £1,953k expected to be deferred into 2014/15. There is 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 result in deferred expenditure of £940k in 14/15.
49. The Corporate Property Rolling Programme 2013/14 is currently expected to defer expenditure of £200k into 2014/15 due to delays in the Watling House Replacement Windows project.

This is unable to be commenced until the completion of Your Space 2 so is now expected to happen next financial year. Leighton Buzzard Library additional funding of £211k, £92k for Rushmore Park & £66k for Dunstable Downs is also expected to be deferred to be spent in future years. £131k of other small projects with the 2013/14 Rolling Programme are now expected to be deferred into future years.

50. There is a year to date (YTD) underspend in Assets capital of £3,545k. There are a number of schemes that are currently behind schedule, some of the major ones are included below:
- The delay in the commencing of the Ivel Medical Centre mentioned above has resulted in a £550k YTD underspend against profiled budget.
  - There has also been a delay in the Acquisition of Cattle Market & Parkridge Land. The purchases (£1m) were budgeted to be made in September but are now expected to happen in late January/early February.
  - The overall Corporate Assets Rolling Programme is currently £2,010k underspent YTD. This is due to a number of delays with spend across various parts of the rolling programme (£241k Leighton Buzzard Leisure Centre Condition works, £500k Leighton Buzzard library refurbishment & roofing, £75k Parkside Hot Water System, £376k Watling House canteen project, £218k Houghton Regis Leisure Centre upgrade works, £100k Dunstable Downs drainage & flooring & £100k Rushmore Park improvements).
  - There are also a number of delays to smaller Capital schemes resulting in a net YTD underspend of £400k.

### Information Assets (IA)

51. For Information Assets projects there is a forecast outturn of £2,343k against budget causing an expected over spend of £200k. This is against the Customer First project which has experienced delays in implementation.
52. Of the £2,481k budget in Improvement & Corporate Services there is £338k of cost expected to be incurred in future financial years. Capital budget is proposed to be deferred from the current year to cover this. The two IA schemes involved are ECM Implementation (£100k) & Consolidation of Applications (£238k).
53. There is currently a £147k YTD underspend in IA projects. Against a YTD budget of £1,434k there has only been £1,287k spent so far. Part of this is due to a delay with the Consolidation of Applications scheme. It has not incurred any spend against a YTD budget of £138k. The overall result of the other IA schemes is a £9k YTD underspend.

### Capital Receipts

54. Current performance – Currently forecasting a risk adjusted total for 2013/14 of £1,867k which is a shortfall of £4,825k against target (13/14 MTFP target has been adjusted to include the shortfall from 2012/13). This is mainly driven by the delayed receipt from Stratton IV (£4m) where the phased receipt is not likely to commence until at least 2014/15.
55. Planned Actions – Offers now received for Chiltern and Sussex Lodges (£588k - included in the risk adjusted forecast figures above), with a need to conclude pre-sale remedial works asap prior to completion. Whilst the majority of the works are due to be completed in February 2014, the timescales for water installation by Anglian Water are uncertain and could impact upon the timescale for completion of the sale. Should this be the case the anticipated receipts for 2013/14 will be reduced to £1,327k.

### Conclusion

56. The forecast spend of £73.7m still looks optimistic as the rate of spend required rest of year to achieve budget is in excess of what has been achieved previously.

### Appendices:

Appendix A1 Council Capital Summary

Appendix A2 Top 20 Schemes