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**Meeting:** Executive  
**Date:** 19 August 2014  
**Subject:** June 2014 – Quarter 1 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 2014/15 as at June 2014. 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 2014/15 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 June 2014 Quarter 1 Capital Budget Monitoring report will be considered by the Corporate Resources Overview and Scrutiny Committee on 23 September 2014.

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

1. **consider the overall forecast position which is to spend £111.7m compared to a budget of £116.8m; and**
2. **request officers to carefully examine their forecast spend to determine how realistic the proposals to defer spend into 2015/16 are.**

*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 2014/15 as at June 2014. Explanations for the variances are set out below. This report enables the Executive to review the overall capital position of the Council.

### KEY HIGHLIGHTS

12. The capital budget (including deferred spend) for 2014/15 excluding HRA is £116.8m (£70.3m net). The main issues to note are:
- i) Gross forecast is to spend £111.7m compared to a budget of £116.8m. The variance of £5.1m is a result of proposed deferred spend to 2015/16 of £9.4m and overspend of £4.3m.
  - ii) Additional grant has been received and therefore expenditure for Schools within Children's Services will be greater than budget. The forecast within Children's Services reflects the funding available, almost all of which is externally funded.
  - iii) Gross spend to date is £19.7m, below budget by £6.7m.
  - iv) Profiled budgets are still being worked on and so the Year to Date (YTD) position may not be fully reflective of the underlying position.
  - v) £87.4m (75%) of the gross budget relates to 20 of the top value schemes. £82.6m (74%) of the gross spend forecast relates to these schemes.
  - vi) Forecast capital receipts are £1.45m compared to budget of £7.45m. YTD is £23k.
  - vii) A summary of the position is in the table below.

Month: June 2014	Gross Year to Date			Gross Year				Variance Explanation	
Director	Budget	Actual	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Forecast % of Budget	Deferred Spend to 15/16	(Under) / Overspend
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000
Social Care Health and Housing	2,050	525	(1,525)	8,198	8,226	28	0 %	0	28
Children's Services	3,000	2,967	(33)	25,684	30,140	4,456	17 %	0	4,456
Community Services	16,952	14,823	(2,129)	67,809	58,984	(8,825)	(13)%	(8,676)	(149)
Regeneration and Business Support	852	0	(852)	3,409	3,409	0	0 %	0	0
Improvement and Corporate Services	3,565	1,380	(2,185)	11,671	10,946	(725)	(6)%	(725)	0
<b>TOTAL EXCLUDING HRA</b>	<b>26,419</b>	<b>19,695</b>	<b>(6,724)</b>	<b>116,771</b>	<b>111,705</b>	<b>(5,066)</b>	<b>(4)%</b>	<b>(9,401)</b>	<b>4,335</b>

## DIRECTORATE COMMENTARY

### Social Care Health and Housing

13. The forecast outturn is a small overspend at year end (£28k over gross, £92k under net). The budgets include slippage of £4.4m gross (£0.4m after external funding). Forecasts assume that the slippage will be spent in 2014/5.

The table below highlights the areas of spend.

SCHH Full Year Gross Budget and Forecast P3					
Scheme Categories	Gross Budget £k	Gross Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
NHS Campus Closure	3,073	3,073	0	0	0
Disabled Facilities Grants Scheme	2,700	2,700	0	0	0
Timberlands and Chiltern View Gypsy and Traveller Sites	324	324	0	0	0
Additional Gypsy and Traveller Sites	240	240	0	0	0
Review of Accommodation/Day Support	1,089	1,089	0	0	0
Adult Social Care ICT Projects	300	300	0	0	0
Empty Homes	300	300	0	0	0
Renewal Assistance	172	200	28	0	28
<b>Total</b>	<b>8,198</b>	<b>8,226</b>	<b>28</b>	<b>0</b>	<b>28</b>
<b>% of Budget</b>	<b>100.3%</b>				

SCHH Full Year Net Budget and Forecast P3					
Scheme Categories	Net Budget £k	Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
NHS Campus Closure	0	0	0	0	0
Disabled Facilities Grants Scheme	2,112	2,020	(92)	0	(92)
Timberlands and Chiltern View Gypsy and Traveller Sites	79	79	0	0	0
Additional Gypsy and Traveller Sites	90	90	0	0	0
Review of Accommodation/Day Support	0	0	0	0	0
Adult Social Care ICT Projects	0	0	0	0	0
Empty Homes	300	300	0	0	0
Renewal Assistance	122	122	0	0	0
<b>Total</b>	<b>2,703</b>	<b>2,611</b>	<b>(92)</b>	<b>0</b>	<b>(92)</b>
<b>% of Budget</b>	<b>96.6%</b>				

14. Disabled Facilities Grants (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.
15. Information on the types of DFGs and the number completed are reported on a quarterly basis. The table below provides details for the first quarter of 2014/15.

Type of adaptation	Total No complete Q1 2014/15	Council tenants	Other
Level access shower/wet room	32	5	27
Straight stair lift	16	3	13
Curved stair lift	5		5
Toilet alterations	5		5
Access ramps	7	1	6
Dropped kerb and hard standing			
Wheelchair/step lift	2	1	1
Through floor lift			
Major extension	2		2
Kitchen alterations	1		1
Access alterations (doors etc)	9		9
Heating improvements			
Garage conversions/minor additions			
Safety repairs/improvements			
Other	7		7
<b>Total</b>	<b>86</b>	<b>10</b>	<b>76</b>

### Children's Services

16. The forecast expenditure outturn position for 2014/15 is £30.1m, £4.5m above the original budget following the latest grant awards and capital review.
17. The figures in the Council's capital programme were established in November 2013 based on the 2013/14 New School Places (NSP) programme and assumptions of Department for Education (DfE) grant income.

18. The business cases prepared in February 2014 provided an updated forecast for the programme which now includes a multi year basic need allocation whereas previous years have only been single year. The NSP programme is to be further reviewed and refreshed and will be reported to December 2014 Council's Executive as is now the established procedure for this programme.
19. The timeframe for preparation and approval of the Council's capital programme has never aligned with the DfE announcement of capital grants which historically have been made later in the year.
20. All but two projects Schools Access and Temporary Accommodation (£0.6m), are funded wholly by grant receipts that have no expenditure deadline.

The table below highlights the areas of spend.

Children's Services Full Year Gross Budget and Forecast P3					
Scheme Categories	Gross Budget £k	Gross Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
CS Commissioning & Partnerships	24,559	29,424	4,865	0	4,865
CS Operations	986	686	(300)	0	(300)
Partnerships	139	30	(109)	0	(109)
<b>Total</b>	<b>25,684</b>	<b>30,140</b>	<b>4,456</b>	<b>-</b>	<b>4,456</b>
% of Budget			<b>117.3%</b>		

Children's Services Full Year Net Budget and Forecast P3					
Scheme Categories	Net Budget £k	Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
CS Commissioning & Partnerships	600	600	0	0	0
CS Operations	0	0	0	0	0
Partnerships	0	0	0	0	0
<b>Total</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>0</b>
% of Budget			<b>100.0%</b>		

### Community Services

21. The Community Services capital programme in 2014/15 is made up of 69 schemes which includes large groupings of projects that relate to Environmental services, Libraries, Leisure and Transport.
22. The forecast outturn is an underspend of £8.8m which relates almost entirely to the Enhanced Waste Disposal Facilities project

The Council is changing its approach to the procurement of a long-term waste management solution. At this time alternative waste disposal solutions are being explored by developing new and existing facilities.

The table below highlights the areas of spend.

Community Services Full Year Gross Budget and Forecast P3					
Scheme Categories	Gross Budget £k	Gross Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Environmental Services	12,965	3,968	(8,997)	(8,848)	(149)
Libraries	167	167	0	0	0
Leisure	9,856	9,856	0	0	0
Transport	44,821	44,993	172	0	172
<b>Total</b>	<b>67,809</b>	<b>58,984</b>	<b>(8,825)</b>	<b>(8,848)</b>	<b>23</b>
<b>% of Budget</b>	<b>87.0%</b>				

Community Services Full Year Net Budget and Forecast P3					
Scheme Categories	Net Budget £k	Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Environmental Services	11,717	2,720	(8,997)	(8,848)	(149)
Libraries	167	167	0	0	0
Leisure	9,256	9,256	0	0	0
Transport	32,781	32,953	172	0	172
<b>Total</b>	<b>53,921</b>	<b>45,096</b>	<b>(8,825)</b>	<b>(8,848)</b>	<b>23</b>
<b>% of Budget</b>	<b>83.6%</b>				

## 23. Transport Schemes

### Biggleswade Interchange

A new transport interchange at Biggleswade Railway Station forecourt that will be remodelled to consist of a bus interchange, enhanced pedestrian and cycling routes and a rationalised parking and taxi drop off facilities.

Survey work will be undertaken on Network Rail land in July and follows on from the work completed earlier in June. Once this is complete it will be clear to determine the land that can actually be used to provide the interchange and commence discussions on land transferal / lease with Network Rail. Outline designs have been produced and these will be finalised following the publication of the survey results.

Approximate scheme design costs up to May are £7.4k and there will be a small amount of fees from Amey for June to undertake survey liaison work with Network Rail.

#### 24. Leighton Buzzard Interchange

The purpose of the scheme is to support growth and development plans in the Leighton Buzzard area by creating an enhanced transport interchange, including improved facilities for buses, pedestrians, cyclists, taxis, and drop offs, at the Railway Station. This will also incorporate improvements to the public realm by creating an enhanced gateway to the town.

The Transport Interchange involves remodelling the current car park outside the station. This is to create a functioning bus interchange and terminus that will accommodate buses capable of travelling the Dunstable Luton Busway, improved cycle routes and cycle parking, a more attractive environment for pedestrians, and improving the quality of the urban environment to provide a high quality gateway into the town. The development of the Transport Interchange is being overseen by a Project Group consisting of Council officers, Network Rail, and London Midland.

The full project is currently on hold due to land being in private ownership. However, initial work is to facilitate access for the buses from the busway and incorporate the re-surfacing work to the car park and access road being undertaken by Network Rail. Amey have been commissioned to carrying out detailed design works. The original instruction from the Local Transport Programme fund was £48k in 2013/14. £29k of this was then moved to the Billington Heavy Goods Vehicle scheme, leaving £19k. Last year's spend on the interchange design was £4k, leaving £15k for 2014/15.

#### 25. Leisure Schemes

The design, planning and tender process was completed for the Saxon Leisure Centre refurbishment. The successful contractor started on site on June 2014.

The contractor completed the main building work at Tiddenfoot Leisure Centre. The new café was installed and is up and running.

The design, planning and tender process was completed for Houghton Regis Leisure Centre refurbishment. The successful contractor started on site in June. Also a contribution to a community sporting facility at Etonbury has been agreed.

The Flitwick football pitches were seeded, work completed on the pavilion which includes new access to Amphill Rd, blockwork, steelwork, roof, external windows and doors installed.

The Stotfold football pitches have been fertilised and seeded.

The feasibility has been completed for the Flitwick Leisure Centre Development, planning applications have been approved, and the tender process has started.



£100k was paid to the Shuttleworth Trust as match funding towards the delivery of the £2.6m Stage 2 Heritage Lottery funded (HLF) improvements to the Swiss Garden. Restoration works are almost complete. The Garden is due to re-open to the public in August 2014.

Development work is continuing on the Renaissance and Renewal Project, creating detailed plans for the restoration and improvement of Houghton Hall Park in Houghton Regis. This work will culminate in a Stage 2 HLF bid for approximately £2m of funding which will be submitted in August 2014.

Initial payments have been made for preparatory works for the new car park at Houghton Hall Park which will be constructed in the summer.

## 26. Libraries

The following changes were made in libraries during quarter one.

- Improvements made to security at Ampthill Library.
- Minor building works undertaken at Barton Library.
- A new self service machine was installed at Dunstable Library.
- Meeting room refurbished and security improved at Flitwick Library.
- A new self service machine installed at Leighton Buzzard Library and improvements made to security.
- Minor building works undertaken at Pottton Library.
- Shefford Library working with Assets to refurbish the library following the repair of the floor - installing new shelving, creating a new meeting room, up-grading security and improving facilities for children and PC users.
- Minor electrical works undertaken at Toddington library.
- Tender in preparation for replacement of theatre lighting.
- Tender in preparation for LED screens in meeting rooms.
- Tender for Leighton Buzzard box office and bar delayed due to issues with electrical infrastructure in building.
- Draft requirements for improvements to public toilets and meeting room in Biggleswade have been prepared.

## Regeneration & Business Support

27. The Regeneration and Business support capital programme in 2014/15 is made up of 11 schemes which include large groupings of projects that were the result of developer funds to deliver planning requirements, associated with new developments.

28. The forecast outturn is to achieve both gross and net budget.

The table below highlights the areas of spend

Regeneration Full Year Gross Budget and Forecast P3					
Scheme Categories	Gross Budget £k	Gross Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
<b>Total</b>	<b>3,409</b>	<b>3,409</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>% of Budget</b>	<b>100.0%</b>				

Regeneration Full Year Net Budget and Forecast P3					
Scheme Categories	Net Budget £k	Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
<b>Total</b>	<b>1,372</b>	<b>1,372</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>% of Budget</b>	<b>100.0%</b>				

### Improvement & Corporate Services

29. The overall forecast outturn for ICS Capital is £10.9m, an underspend of £0.7m which is proposed to be deferred into 2015/16.

The table below highlights the areas of spend.

Improvement & Corporate Services Full Year Gross Budget and Forecast P3					
Scheme Categories	Gross/Net Budget £k	Gross/Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Assets	7,247	6,522	(725)	(758)	33
Information Assets	4,186	4,186	0	0	0
Others	238	238	0	0	0
<b>Total</b>	<b>11,671</b>	<b>10,946</b>	<b>(725)</b>	<b>(758)</b>	<b>33</b>
<b>% of Budget</b>	<b>93.8%</b>				

(Note gross and Net are the same as all internally funded)

30. The current net capital programme for Assets is £7.25m. The major projects are 2014/15 Corporate Property Rolling Programme (£1.5m), Stratton Phase 4 Access (£0.75m), Local Development Fund related costs (£0.75m) and Arlesey Phase 1 (£0.55m).

31. The forecast outturn position for Assets is currently £6.5m. It is expected that there will be a deferral of spend to 2015/16 of £225k for the Ivel Medical Centre and £0.5m for Stratton Phase 4, based on current cash flows.

32. There is a year to date underspend in Assets Capital of £1.25m. There are a number of schemes that are currently showing underspends. The main variance is £0.25m for the Ivel Medical Centre, £0.2m for Stratton, £0.27m for the Corporate Rolling programme, £82k for Local Development Fund and £86k for Health & Safety programme.
33. The current net capital programme for Information Technology (IT) is £4.2m. The major projects are 2014/15 IT Strategic Investment (£1.0m), Customer First Phase 2 (£0.6m), PSN Re-Architecture Phase 2 (£0.5m) and IT Infrastructure Rolling Programme 2014/15 (£0.5m).

The forecast outturn position for IT is currently expected to be on budget .

34. The current net capital programme for Other ICS Projects is £238k. The major project is Your Space 2 (£224k) which was slipped from 2013/14 and is expected to be completed during the early part of 2014/15.

The forecast outturn position for Other ICS Projects is currently expected to be on budget.

### **CAPITAL RECEIPTS**

35. £23k of Capital receipts has been received to date. The forecast is £1.45m compared to budget of £7.45m.

Progress against the MTFP target remains challenging. A number of key strategic development projects, such as Arlesey and Thorn Turn, are progressing well but unlikely to deliver capital receipts until 2016/17 at the earliest. Additional disposal opportunities are being investigated to fill the gap and grow the pipeline.

There remains a number of disposals where legal representatives have been instructed to complete a sale which are expected to complete over the next 2 - 3 months. Overall, the forecast for the year remains behind target. There is the potential to receive disaggregation payments from Bedford Borough Council (BBC) relating to the Council's share of receipts achieved by BBC. The forecast will be updated following further engagement with BBC.

### **CONCLUSION**

36. The budget for 2014/15 (including proposed deferred spend) at £116.8m is significantly higher than the levels of gross spend achieved over the past years (£72.3m in 2013/14 and £64.4m in 2012/13). The forecast as at June is to underspend by £5.1m, but this underspend is likely to increase through the year.