

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

16 OCTOBER 2007

CAPITAL BUDGET MONITORING 2007/2008

Report from: Mick Hayward, Chief Finance Officer

Author: Peter Bown, Accounting Manager

1. Summary

1.1 This report presents the capital monitoring for the period to July 2007, with an outturn forecast for 2007/2008.

2. Recommendation

2.1 Members are requested to note the contents of the report and the progress to date towards achieving the outputs set by the capital programme

3. Background

3.1 This report consolidates the capital monitoring undertaken by each directorate, which is summarised in the appendices. The textual part of each appendix provides a brief description of each scheme; and describes the progress of each, and the outputs achieved. The notes in the main body of the report, below, represent a commentary on areas of concern or items of particular interest.

3.2 Medway Council has a capital programme for 2007/2008 now comprising well in excess of 100 principal schemes, including a significant number rolled forward from earlier years, and the substantial regeneration programme being progressed by the Medway Renaissance.

4. Progress

4.1 The table below summarises the current overall expenditure on capital schemes within each directorate in the 2007/2008 capital programme. This table summarises Appendix 1. Appendices 2 to 6 show the position by directorate, with narrative from the project managers providing a more detailed explanation of the planned progress of each scheme. Table 1 shows the current outturn.

4.2 Any minor revisions to the 'rolled over' balance, following completion of the 2006/2007 accounts, have now been incorporated in this report.

Table 1: Spend to Date

Directorate	Approved Programme	Forecast spend 2007/2008	Spend and Commitments to date	Variance (is an underspend)	Approved programme forecast to spend in later years
	£'000	£'000	£'000	£'000	£'000
Business Support	25,247	24,419	18,092	0	828
Children's Services	34,367	30,170	3,819	38	7,258
Community Services	11,662	8,614	2,863	0	3,048
Regeneration & Development	41,878	39,392	8,283	(4)	2,483
Member's Priorities	2,957	2,582	981	(124)	250
TOTAL	116,111	105,177	34,038	(90)	13,867

*Note the Children's Services approved programme forecast to spend in later years includes approximately £3m relating to future year funding.

5. Specific Scheme Monitoring Issues and Completions

- 5.1 A number of schemes within Children's Services have been completed in time for the new academic year including:
- Brompton Westbrook Primary School – Children's Centre;
 - Danecourt School – replacement of temporary key stage 1 block;
 - Delce Infant School –provision of a new foundation stage and
 - Lordswood Infant School – Children's Centre.
- In addition the youth minibus has been purchased and the project launched.
- 5.2 Phase I emergency safety works to Rochester Castle have been completed which will allow public access to the building and ramparts. Phase II has commenced which includes new entrance steps and canopy.
- 5.3 Construction of the river wall at Rochester Riverside is complete as well as demolition of the PB building.
- 5.4 The following Member Priority schemes have been completed since the previous monitoring report considered by Cabinet on 17 July:
- Improvements to the Strand;
 - Green Flag schemes in Rochester;
 - Medway Extreme Sports;
 - Castle Gardens – soundproofing for concerts;
 - Mobile childrens and young persons library;
 - Churchfields to Esplanade footpath improvements
 - Wainscott School Railings

6. New Schemes

6.1 There were two schemes which were presented to Full Council for approval on 4 October 2007. The details are summarized below:

6.2 Cabinet, on 25 September, considered a report requesting additional funding for Phase II of Medway Innovation Centre following the unsuccessful bid to CLG for additional funds above the £2m already committed. The report recommended additional prudential borrowing approval of £600,000 the cost of which can be met from the additional rental income produced by the review of the business plan for the Centre.

6.2.1 On 26 June 2007, Cabinet considered a report on the progress towards creating a regional centre of sporting excellence (Medway Park) at the site of the Black Lion Leisure Centre. Members were advised that the total cost of the development would be approximately £11.1m and that £3m had been pledged by the University of Kent at Medway and that other external funding sources were being investigated.

6.2.2 Members agreed a contribution of £100,000 from the Council, which together with external funding of £200,000 would enable the appointment of a dedicated project manager and the necessary professional consultants required to submit the scheme for consent and subsequently to deliver the scheme.

6.2.3 CLG funding of £5m has now been confirmed which brings the total available for the scheme to £8.1m. In order to progress the scheme, Council approval was requested to incorporate funding within the capital programme. Although there is currently a 'shortfall' of £3m, development of the scheme will be over a number of years and the full funding is not immediately required. Council was requested to approve the total £11.1m scheme in principal on the understanding that expenditure will not exceed £8.1m until such time as external funding has been secured or the Council has identified sufficient capital receipts.

7. Virements

7.1 The following two Member Priority schemes have been incorporated within the overall project for 'Rochester Improvement Programme' within Community Services Directorate as they are an integral part of the overall scheme the cost of which will be contained within the combined budget of £2,254,650:

- Rochester AEC Entrance Foyer £100,000 and
- Rochester Library Improvements £100,000.

7.2 Similarly, the Member Priority provision of £100,000 for improvements to St George's Centre has now been incorporated in the capital scheme for the New Civic HQ in order to provide a new Council Chamber facility within the St George's Centre.

- 7.3 In accordance with delegated authority, the Directors of Community Services and Children's Services have approved virements of £48,000 from Member Priorities for Chestnut Open Space towards Castle Visitor Facilities and £40,000 from Member Priorities for Chatham Waterfront Mobile Skate Park towards Woodlands Primary School as these projects are no longer proceeding:
- Castle Visitor Facilities £80,000. The original bid for this scheme was on the basis of 40% Intereg funding (£32,000), however only £26,000 is now available. Should further funding not be forthcoming the scheme requirements will be reduced to the £74,000 available.
 - Contribution to Woodlands Primary School – provision of an all weather football pitch £40,000. This brings to a conclusion the total commitment of £100,000 the Council made in 2006 towards this project.

8. Funding Arrangements

- 8.1 Expenditure on capital projects is backed by cash or borrowing. The following table shows the resource allocation to support the approved capital programme as set out in Table 1.

Table 2: Resources Available

Funding Source	Forecast Spend 2007/2008 £000's	Total Approved Programme £000's
Borrowing through the Single Capital Pot	13,421	13,601
Prudential Borrowing	21,842	22,989
Government Grant	48,831	54,678
Major Repairs Allowance/Reserve	2,448	2,448
Capital Receipts	6,713	9,225
Developer funds/Specific reserves	2,834	4,142
Reserves	3,627	3,627
Other contributions	5,401	5,401
Total	105,117	116,111

- 8.2 The £10m difference between the forecast spend in 2007/2008 and the total approved programme is represented by committed funding of £10m. In addition, there will be £3m of Government Resources in respect of Children's Services as indicated in Table 1.

9. Financial and Legal Implications

- 9.1 The financial implications are fully analysed in the report. There are no direct legal implications.

Background papers:

Report to Council 1 March 2007, Capital and Revenue Budgets 2007/2008

Report to Council 26 July 2007, Additions to the Capital Programme 2007/2008

Report to Council 4 October 2007, Revenue and Capital Budgets 2007/2008

Lead officer contact

Peter Bown, Accounting Manager Civic Centre, Tel (01634) 332311,
e-mail peter.bown@medway.gov.uk