

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

7 FEBRUARY 2008

CAPITAL BUDGET MONITORING

Report from: Mick Hayward, Chief Finance Officer

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1. Summary

1.1 This report presents the capital monitoring for the period to November 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 capital budget monitoring report was considered by Cabinet on 29 January 2008.

3.2 This report consolidates the capital monitoring undertaken by each directorate, which is summarised in the appendices. The notes in the main body of the following report represent a commentary on areas of concern or items of particular interest.

3.3 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 Table 1 below summarises the current overall expenditure and forecast outturn for capital schemes within each directorate in the 2007/2008 capital programme. This table summarises Appendix 1. Appendices 2 to 6 show the financial position by directorate. Appendix 7 further analyses the spend on the Housing Revenue Account capital programme as summarised in Appendix 4.

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	23,642	18,593	0	1,605
Children's Services	34,632	27,824	12,057	(52)	9,805
Community Services	23,116	9,507	9,182	0	13,608
Regeneration & Development	52,566	44,901	15,906	(4)	7,660
Member's Priorities	2,709	2,185	1,378	(24)	500
TOTAL	138,270	108,059	57,116	(80)	33,178

*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 (By Directorate)

5.1 The format of the electronic capital budget monitoring reports presented to the Directorate Management Teams includes a considerable amount of detail provided by the relevant capital project managers regarding individual scheme progress and achievement of milestones. An 'at a glance' progress monitoring system based on the following criteria provides some statistical data for this report. The previous lengthy written section of each appendix has been replaced by a summary progress commentary for each directorate. As reports cannot always be printed in colour, officers devised a face which is shown against each scheme with the following meanings:



Scheme progressing on time and within budget






Scheme progressing on time but not within budget or scheme progressing on budget but not within expected timescales



Scheme neither progressing within expected timescales nor within budget.

5.2 Business Support Department




Progress Monitoring				TOTAL SCHEMES
BUSINESS SUPPORT DEPT	6	4	0	10

5.2.1 Since the last report, 3 schemes have dropped down from the 'smiley' category to a 'straight face'. These are:

- Children's Indexing Grant – The programme is likely to be delayed nationally, but more funding will be available next year.
- Energy Efficiency Carbon Trust – The officer formerly leading the project has left and the milestones have slipped. The projects that have been suggested to take advantage of the match funding will require approval by The Carbon Trust.
- Customer First Phase 2 – The Customer Services Officers remote working milestones has been rescheduling due to the relocation of the contact centre to Gun Wharf in September.

5.2.2 Of the 6 satisfactory schemes, 2 are complete & the remaining 4 are progressing well, with £255,000 being spent or committed since the last budget monitoring report. There have been no new scheme approvals since the last Cabinet.

5.3 Children's Services Directorate

Progress Monitoring				TOTAL SCHEMES
CHILDRENS	40	13	1	54

5.3.1 The following schemes have completed since the last report to Members:

- Brompton Westbrook Primary Children's Centre – operational in November
- Lordswood Infant Children's Centre – operational in November

5.3.2 Good progress has been made on the following projects:




- Burnt Oak Primary School – the Richmond Infant School is now demolished, and 2 mobile classrooms installed on site.
- At Twydall Junior School, the temporary accommodation that was due to be demolished will now remain in use for after school facilities.

5.3.3 The feasibility study and surveys have been completed for the Abbey Court Foundation Stage Unit, with construction and completion now scheduled for 2008/2009.

5.3.4 The spending profile for the Elaine Primary School project has advanced and approximately £216,000 more will be spent in 2007/2008 being met from the deferred start for the VOC (Vocational Education Centre) which will now feature in the capital programme for 2008/2009.

5.3.5 The Youth Service – Neighbourhood Renewal Programme; this changed to a ‘sad’ face as one scheme within the original programme could not proceed, and other sites within the Christ Church area of Luton are being researched.

5.4 Community Services Directorate

Progress Monitoring				TOTAL SCHEMES
COMMUNITY SERVICES	18	5	1	24

5.4.1 Since the last report to Members, one scheme has slipped into the ‘sad’ face category. Elsewhere in this agenda Members will be considering a report on the Older Persons Plan recommending alternative proposals to those originally envisaged.

5.4.2 The Mercury Abatement Works that were planned for this year will now be built into the 2008/2009 programme due to insufficient staffing resources to manage the project.




5.4.3 The Planned Maintenance Programme for council dwellings has been fully delivered earlier than planned and the results of the latest stock condition survey will determine whether next year’s programme should be brought forward. A full analysis of the spend is shown in Appendix 7. This analysis indicates commitments currently £41,000 in excess of the 2007/2008 budget. This excess will be met from HRA working balances.

5.4.4 The department for Communities and Local Government (CLG) have also awarded Medway an additional £60,000 in relation to Disabled Facilities Grants, to be committed by the end of March 2008. This grant requires match funding of £40,000 by Medway.

5.4.5 Included in the schemes that are progressing well, and within budget are:

- Strood Leisure Centre Soccer Academy – official opening scheduled for 26 January, after bad weather delayed the final works to the pitches.
- Wildlife Habitat at Motney Fields – creation of wetlands for Great Crested Newts - reptile survey now completed.




5.5 Regeneration and Development Directorate

Progress Monitoring				TOTAL SCHEMES
REGENERATION & DEVELOPMENT	27	8	1	36

5.5.1 Since the last monitoring report notable progress includes the following:

- Rochester Riverside – The Crest Nicholson consortium has been selected as the preferred developer for Phase 1.
- Medway Innovation Centre Phase 2 – The fixed price contract for the build of Phase 2 has been awarded to Kier Construction and work has commenced on site.
- Kickstart – Bus Accessibility – construction started on improvements to 35 bus stops.
- Road Network Phase 1 – CLG approved further allocation of £289,000 (See Section 6)

5.6 Members Priorities

Progress Monitoring				TOTAL SCHEMES
MEMBERS PRIORITIES	36	16	2	54

5.6.1 A number of schemes have been completed since the last report to Members including:

- Cliffe Toilets Refurbishment – scheme now complete
- Napier Road Vehicle Activated Signs – now erected and operational

5.6.2 The following schemes are not progressing to schedule:

- Rainham Youth Community Centre – Budget allocation of £100,000 falls short of estimated £250,000 project cost; new premises being identified in conjunction with Rainham Councillors.
- New Boxing Facility at Lordswood Leisure Centre – negotiations to resolve issues between stakeholders are ongoing.
- Halling CCTV – Parish Councillors have decided not to proceed with the CCTV installation. The issues are being referred to Community Safety for an environmental visual audit.

6. New Schemes and Virements

6.1 As mentioned in the Community Services update, CLG have awarded a further £60,000 for 2007/2008 that must be matched by £40,000 of Medway Council funding. The Council's contribution will be met from housing Right-to-Buy receipts. This will require Full Council approval and will be incorporated in the budget report to Council on 28 February.

- 6.2 In accordance with delegated authority, the following virements and additions have been approved:
- CLG have approved a further £289,000 for Road Network Phase 1, which has been added to the capital programme.
 - CLG have also granted a further £120,000 for Green Cluster studies under the Greening the Gateway programme.
 - Delce Infant School new foundation unit have a £25,000 increase to the budget funded by an additional school contribution.

7. Funding Arrangements

- 7.1 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.

7.2 Table 2: Resources Available

Funding Source	Forecast Spend 2007/2008 £000's	Total Approved Programme £000's
Borrowing through the Single Capital Pot	9,741	13,396
Prudential Borrowing	25,935	27,170
Government Grant	52,760	58,982
Major Repairs Allowance/Reserve	2,448	2,448
Capital Receipts	5,872	19,834
Developer funds/Specific reserves	3,670	5,431
Reserves	4,362	4,689
Other contributions	3,271	6,320
Total	108,059	138,270

The £30m difference between the forecast spend in 2007/2008 and the total approved programme is represented by committed funding of £27m. In addition, there will be £3m of Government Resources in respect of Children's Services as indicated in Table 1.

8. Financial and Legal Implications

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

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Background papers:

Report to Council 1 March 2007, Capital and Revenue Budgets 2007/2008
Report to Cabinet 29 January 2008, Capital Budget Monitoring