

BUSINESS SUPPORT
OVERVIEW AND SCRUTINY COMMITTEE
16 OCTOBER 2008
CAPITAL BUDGET MONITORING 2008/2009

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Summary

This report presents the capital monitoring for the period to July 2008, with an outturn forecast for 2008/2009.

1. Budgets and Policy Framework

1.1 It is the responsibility of Cabinet to ensure that expenditure for each capital scheme remains within the budget approved by the Council but it remains the responsibility of Council to approve schemes for inclusion in the capital programme.

2. Background

2.1 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.

2.2 Medway Council has a capital programme for 2008/2009 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.

3. Progress




3.1 Table 1 below summarises the current overall expenditure and forecast outturn for capital schemes within each directorate in the 2008/2009 capital programme. This table summarises Appendix 1. Appendices 2 to 6 show the financial position by directorate.

Table 1: Spend to Date




Directorate	Approved Programme	Forecast spend 2008/2009	Spend and Commitments to date	Variance (is an underspend)	Approved programme forecast to spend in later years
	£'000	£'000	£'000	£'000	£'000
Business Support Dept	11,621	10,156	863	0	1,465
Children & Adults	35,198	28,318	7,640	0	6,880
Regeneration, Community & Culture	73,566	36,106	9,416	107	37,567
Members Priorities	1,728	1,681	236	(7)	40
TOTAL	122,113	76,261	18,155	100	45,952

4. Specific Scheme Monitoring Issues and Completions (By Directorate)

4.1 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. As in previous reports the 'at a glance' progress monitoring system based on the following criteria provides some statistical data for this report.

-  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.




4.2 Business Support Department

Progress Monitoring				TOTAL SCHEMES
BUSINESS SUPPORT DEPT	15	4	0	19

4.2.1 The revised budget for the Housing Revenue Account planned maintenance programme for 2008/2009 was approved by Full Council on 31 July 2008. Following some 'soft-market' testing of Value for Money, the first quarter's work plan has been issued to the contractor.

4.2.2 The new schemes identified to utilise the Regional Housing Board (RHB) funding are now under way, having been approved by Full Council on 31 July 2008.




4.3 Children & Adults Directorate

Progress Monitoring				TOTAL SCHEMES
CHILDREN AND ADULTS	37	11	0	48

4.3.1 Construction of the new Pilgrim CE primary school has now been completed and will be accommodating pupils at the beginning of September for the new academic year. The vacated premises were demolished during the summer break.

4.3.2 The new Burnt Oak primary school premises will, similarly, be accommodating the pupils at the start of the new academic year. The former Arden Junior school buildings have been demolished.




4.4 Regeneration, Community & Culture Directorate

Progress Monitoring				TOTAL
REGENERATION, COMMUNITY & CULTURE	49	9	2	60

4.4.1 The Regeneration, Community & Culture Directorate capital programme is split into three areas for reporting purposes:

- General RC & C projects (Appendix 4)
- Communities & Local Government (CLG) related projects (Appendix 5)
- Members Priorities (Appendix 6)

- 4.4.2 Construction of Phase 2 of the Medway Innovation Centre (MIC) is progressing well with anticipated completion in November 2008. Demolition of the adjacent Hangar 2 and Officer's mess buildings was proposed in order to maximise CLG funding in 2007/2008 and negate the empty property rates liability. The slippage of the completion timetable for the MIC has resulted in a budget pressure for the scheme of £124,000. An appropriate virement to cover this expenditure is now being sought from within other CLG funded schemes.
- 4.4.3 The Watermill Wharf project will proceed as planned when alternative sources of funding have been secured.
- 4.4.4 The Planning Delivery Grant computer systems project has come to a halt following severe problems encountered during the procurement process, and it is likely that the tender process will need to be re-started, causing slippage of the deadlines.
- 4.4.5 Council on 12 June agreed an addition to the capital programme to settle the contractor's outstanding claim in respect of the A228. Our external auditors have advised that the full settlement should be included in the 2007/2008 accounts. The figures in Appendix 4 have, therefore, been adjusted to reflect the full cost of the scheme in previous years with only incidental costs being incurred during 2008/2009 and 2009/2010.
- 4.4.6 Residential Part 1 Claims are showing a potential overspend in excess of £100,000. Officers are currently analysing this significant increase in forecast and will report back on future options.
- 4.5 Members Priorities

Progress Monitoring				TOTAL SCHEMES
MEMBERS PRIORITIES	28	8	0	36

- 4.5.1 The Rainham Youth Community Centre project is being developed in three stages. The first stage relates to the provision of a skate park facility at Cozenton Park. The second relates to the development of play/ youth facilities on the green at Sutton Close and the feasibility of proceeding with this stage will be reviewed in September. The completion of the third stage is dependent on substantial external funding being available to develop a youth facility on Rainham recreation ground.

5. New Schemes and Virements

5.1 In accordance with delegated authority, the following addition has been approved:

- £15,349 from S106 contributions to carry out street lighting improvements at Compass Close/Maidstone Road, Rochester.

5.2 An opportunity has arisen to acquire the lease of Medway Street car park (Chatham), a site adjacent to the Council-run Globe Lane car park. This is a well-utilised facility and there are various benefits foreseen from having the site under Medway Council management:

- Medway Street car park would be linked/ provide access to Globe Lane car park and this would be advantageous with regard to the development of the new bus facility
- With the imminent closure of the Sir John Hawkins car park, the number of Council-provided parking spaces would be maintained thus negating parking losses arising from the demolition of the flyover, especially with Christmas trading being crucial to the town's traders.
- Consistency of pricing and penalties across the parking sites; there has been some negative publicity surrounding the current provider's level of penalties through use of a clamping firm which has sometimes been erroneously attributed to the Council.

5.3 The current condition of this car park is poor and does not meet with the Council's Health and Safety standards. Surveys of the site indicate that to sufficiently improve the car park, to include levelling, marking out, lighting, CCTV, and the installation of pay and display machines would cost approximately £56,000.

5.4 However, income from the additional 120 car spaces is estimated to be in the region of £150,000 per annum and provided the lease of the car park can be guaranteed for a period in excess of six months the proposal will be self funding. It is proposed to adopt the same car parking charges as currently charged at the Globe Lane Car Park:

Tariff Band	Proposed Charges
0-1	70p
1-2	110p
2-3	120p
3-4	130p
4-5	140p
5+	500p

5.5 It is therefore proposed Council provisionally adds the scheme to the capital programme for approval at its next meeting (13 November 2008) at which time the business case will have been fully developed and the full financial details will be available for Members.

6. Funding Arrangements

- 6.1 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 although this does not include the schemes at 5.1 above.

Table 2: Resources Available

Funding Source	Forecast Spend 2008/2009 £000's	Total Approved Programme £000's
Borrowing through the Single Capital Pot	14,883	17,065
Prudential Borrowing	6,668	7,354
Government Grant	29,383	69,262
Major Repairs Allowance/Reserve	2,944	2,944
Capital Receipts	7,927	10,287
Developer funds/Specific reserves	7,515	8,144
Revenue and Reserves	2,491	2,491
Other contributions	4,450	4,566
Total	76,261	122,113

The £49 million difference between the forecast spend in 2008/2009 and the total approved programme is represented by approved funding for future years.

7. Conclusions

- 7.1 This report provides an update on expenditure to the end of July against the approved capital programme.

8. Financial and Legal Implications

- 8.1 The financial implications are fully analysed in the report and there are no direct legal implications.

9. Recommendations

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

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Background papers:

Report to Council 28 February 2008
Capital and Revenue Budgets 2008/2009