

BUSINESS SUPPORT

OVERVIEW AND SCRUTINY COMMITTEE

15 OCTOBER 2009

CAPITAL BUDGET MONITORING 2009/2010

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Summary

This report presents the capital monitoring for the period to July 2009, with an outturn forecast for 2009/2010 and future years.

1. Budget 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. It is for the Overview and Scrutiny Committee to hold Cabinet accountable for those actions taken.

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 report, below, represent a commentary on areas of concern or items of particular interest.

2.2 Medway Council has a capital programme for 2009/2010 now approaching 200 individual schemes. Approximately 140 of these are principal schemes, i.e. over £100,000, 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 forecasts on capital schemes within each directorate for the 2009/2010 capital programme. This table summarises Appendix 1. Appendices 2 to 6 show the financial position for each capital scheme by directorate.

Table 1: Spend to Date

Directorate	Approved Programme	Forecast spend 2009/2010	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	19,041	14,423	4,059	298	4,916
Children & Adults	41,631	34,342	1,775	48	7,337
Regeneration, Community & Culture	85,217	40,635	7,218	7	44,589
Members Priorities	2,947	1,739	208	0	1,208
TOTAL	148,836	91,139	13,260	353	58,050

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 Department	27	3	0	30

4.2.1 A full report on the HRA capital programme was considered by this Committee on 2 July 2009.

4.2.2 With regard to the General Fund housing capital programme, the following virements have been approved under delegated authority: This will enable resources to be directed to those areas of greatest need.

Description Of Scheme	2009/2010 Budget £	Virement £	2009/2010 Revised Budget £
Housing Renovation Loans (Funded by Regional Housing Board/Right To Buy Receipts)	888,492	(115,140)	773,352
Solar Water Heating Grant (Funded by Regional Housing Board)	24,370	2,740	27,110
Coldbusters Initiative (Funded by Regional Housing Board)	240,800	62,400	303,200
Energy Efficiency Top-Up Grants (Funded by Regional Housing Board)	25,000	50,000	75,000
Total	1,178,662	0	1,178,662

4.2.3 The review of what works are needed to finalise the New Civic Headquarters moves is still in progress and will be reported to Members as soon as possible.

4.2.4 The ICT Strategic Fund project is reporting good progress regarding the relocation of the servers away from the Civic Centre and into a new shared data centre at Gun Wharf, with funding being provided by Kent County Council as part of the Kent Connects Partnership.

4.3 Children and Adults Directorate

Progress Monitoring	😊	😐	😞	Total Schemes
Children and Adults	62	10	0	72

4.3.1 Since the last report to Members the following additions have been added to the Children and Adults capital programme:

- Strood Academy Environmental Works (Temple and Chapter) - £305,000 funded by DCSF grant
- Early Years – Programme support to Surestart Centres - £82,149 funded by additional Sure Start grant

4.3.1 The Children’s Services Capital group have approved £48,000 to install a new boiler and central heating system at the Old Vicarage, and this is showing as an overspend until the source of funds is established.

4.3.2 There are a number of early years and sure start schemes that are forecasting variances but those schemes that are forecasting an overspend are completely offset by schemes that are underspending.

4.4 Regeneration, Community & Culture

Progress Monitoring	😊	😐	😞	Total Schemes
Regeneration Community & Culture	61	10	1	72

4.4.1 There has been a significant increase in the total budgets for this directorate in this reporting round, to take account of all known capital scheme approvals, predominantly highways funded from DfT, made in advance for future years.

4.4.2 Other additions to the programme are as follows:

- Greening the Gateway - £50,500 (grant funded)
- Asset Management system (Highways) - £57,200 (LTP)
- Church Terrace retaining wall - £847,300 (capital receipts)
- Capstone Farm landfill works - £41,104 (DEFRA grant)

4.4.3 Examples of scheme progress since the last report include:

- The new Jobshop in Chatham (capital works funded by the Learning & Skills Council) is complete and ready to open for business.
- The Compass Close games and recreation area is complete, with an official opening planned for September.
- The Hillyfields project has been a success with the Green Flag status being achieved following the recent inspection.

4.5 Members Priorities

Progress Monitoring	😊	😐	😞	Total Schemes
Members Priorities	25	9	0	34

4.5.1 Since the last report to Members, the following schemes have been approved:

- Wigmore Park play area - £35,000
- Cornwall Road allotments - £24,000
- Rainham Rec youth shelter - £9,000

The refurbishment scheme at Wigmore Park play area has been completed and included a toddler multi unit, a roundabout, a new picnic bench and a multi unit for juniors.

A further 10 plots are being brought back into use at Cornwall Road allotment site incorporating fencing works, tree surgery and a water supply.

Installation of a youth shelter at Rainham Recreation Ground is scheduled for completion by the end of September.

4.5.2 In addition, the remaining £30,000 required to fund the Meresborough Road traffic calming scheme has now been allocated.

4.5.3 The proposal to provide a ball court at Princes Park is delayed whilst a different location is sourced.

4.5.4 At the last meeting of the Committee Members queried the lack of a CCTV camera on the column at Parkwood Green. There was, evidently, a BT technical issue with regards to this installation. Officers have attended a site meeting with BT and established a way forward and the CCTV will be operational no later than 9 October. Measures will be put in place with BT to avoid similar situations in the future.

5. New Schemes and Virements

5.1 Council on 30 July 2009 approved an allocation of £847,300 for the repair of the Church Terrace retaining wall funded from capital receipts (Section 4.4.2 refers).

5.2 In accordance with delegated authority, the following additions to the capital programme have been approved:

- Strood Academy Environmental Works (Temple and Chapter) - £305,000 (Section 4.3.1 refers)
- Early Years – Programme support to SureStart Centres - £82,149 (Section 4.3.1 refers)
- Greening the Gateway - £50,500 (Section 4.4.2 refers)
- Asset Management system (Highways) - £57,200 (Section 4.4.2 refers)
- Capstone Farm landfill works (DEFRA grant) - £41,104 (Section 4.4.2 refers)

5.3 Virements within the General Fund capital programme approved under delegated authority as detailed in Section 4.2.2.

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.

Table 2: Resources Available

Funding Source	Forecast Spend 2009/2010 £000's	Total Approved Programme £000's
Borrowing through the Single Capital Pot	13,454	20,047
Prudential Borrowing	2,437	5,123
Government Grant	52,139	94,370
Major Repairs Allowance/Reserve	5,052	5,052
Capital Receipts	10,817	16,085
Developer and other contributions	5,958	7,213
Reserves/ Revenue	929	945
Currently Unfunded	353	0
Total	91,139	148,836

6.2 The £58m difference between the forecast spend in 2009/2010 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.
- 7.2 In considering this report on 22 September, Cabinet noted:
- The spending and funding forecasts summarised at Tables 1 and 2;
 - Additions to the capital programme as detailed in section 5.1 and 5.2 and
 - The virements as detailed in paragraph 5.3

8. Risk Management

- 8.1 With a total capital programme approaching £149 million there is always a possibility that schemes may not be delivered on time thus not fulfilling the Council's strategic priorities and also schemes may not be delivered within approved external funding approvals thus straining the Council's limited capital resources. The Council has a good track record of managing capital schemes and identifying alternative sources of funding where schemes are subject to unforeseen and unavoidable additional costs.
- 8.2 The most significant risk facing delivery of the Council's capital programme is maximising external funding for regeneration. The current economic climate is deterring investors from committing substantial sums for development at Rochester Riverside, for example, and some Government funding is currently being approved on a year to year basis rather than for the lifetime of the projects. In order to progress the Council's regeneration programme, officers are continually investigating alternative methods of delivery should external funding not be forthcoming

9. Financial and Legal Implications

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

10. Recommendations

- 9.1 That Members note:
- The spending and funding forecasts summarised at Tables 1 and 2 and
 - Additions to the capital programme as detailed in section 5.1 and 5.2
 - The virements as detailed in paragraph 5.3

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Background papers:

Report to Council 26 February 2009, Capital and Revenue Budgets 2009/2010.
Report to Cabinet 14 July 2009 and Business Support Overview and Scrutiny Committee 18 August 2009, Capital Budget Monitoring 2009/2010.
Report to Council 30 July 2009, Church Terrace Retaining Wall, Luton.
Report to Cabinet 22 September 2009, Capital Budget Monitoring 2009/2010.