

# Business Support Overview and Scrutiny Committee – Supplementary agenda

**A meeting of the Business Support Overview and Scrutiny Committee will be held on:**

**Date:** 4 August 2011

**Time:** 6.30pm

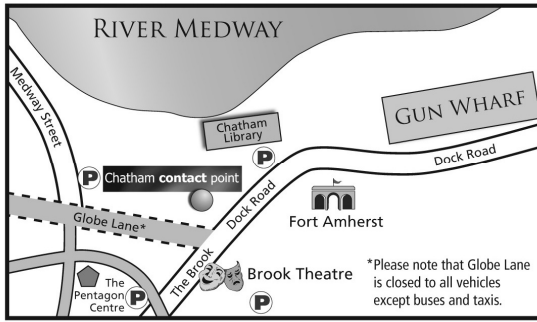
**Venue:** Meeting Room 2 - Level 3, Gun Wharf, Dock Road, Chatham ME4 4TR

## Items

- |          |   |                           |
|----------|---|---------------------------|
| <b>8</b> | <b>First Quarter Revenue Budget Monitoring 2011/2012</b><br><br>This report sets out the latest revenue budget monitoring position. | <b>(Pages<br/>1 - 8)</b>  |
| <b>9</b> | <b>First Quarter Capital Budget Monitoring 2011/2012</b><br><br>This report sets out the latest capital budget monitoring position. | <b>(Pages<br/>9 - 32)</b> |

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Date: 28 July 2011



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## **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**4 AUGUST 2011**

### **REVENUE BUDGET MONITORING 2011/2012**

Report from: Mick Hayward, Chief Finance Officer

Author: Phil Watts, Finance Manager, Children & Adults  
Kevin Woolmer, Finance Manager, Business Support  
and Regeneration, Community and Culture

#### **Summary**

This report details the revenue budget forecasts as at the end of Quarter 1 (April – June 2011) and highlights the major financial risks remaining in respect of the 2011/2012 General Fund revenue budget.

#### **1. Budget and Policy Framework**

- 1.1 It is the responsibility of Cabinet to ensure that income and expenditure remains within the budget approved by Council.
- 1.2 This committee is asked to accept this report as urgent to enable consideration of the first quarter budget monitoring information at the earliest opportunity.

#### **2. Background**

- 2.1. Cabinet Members, in considering this report on 2 August, will be requested to note the forecast position from the first round of revenue monitoring for 2011/2012 and any proposed management action to achieve the target savings.
- 2.2. At its meeting on 24 February 2011, the Council set a General Fund net budget requirement of £184.959 million for 2011/2012 (Medway Council £184.619 million, Parish Councils £0.341 million). Council tax was frozen at 2010/11 levels.
- 2.3. This is the first quarterly report, summarising reports that have previously been submitted to directorate management teams, based on returns from individual budget managers. In preparing their returns budget managers have been asked to take account of last years outturn, actual income and expenditure for the year to date and, most importantly, their knowledge of

commitments and income trends anticipated for the remainder of the financial year.

2.4. Table 1 below contains the summary data with additional detail shown at Appendix 1.

### 3. Summary Revenue Budget Position 2010/2011

3.1 It can be seen from Table 1 that, after management action, the outturn forecast for 2011/2012 currently stands at a £4.0 million overspend.

**Table 1: Directorate Summary**

Directorate	Budget 2011/2012 £000s	Forecast Outturn £000s	Forecast variance £000s
Children and Adult Services:			
- DSG funded services	197,790	197,790	0
- General fund services	124,896	127,072	2,176
Regeneration, Community and Culture	50,110	51,468	1,358
Business Support	16,691	16,912	221
Public Health	227	224	(3)
<b>Directorate sub – total (Appendix 1)</b>	<b>389,714</b>	<b>393,466</b>	<b>3,752</b>
Interest & Financing	15,293	15,543	250
Levies	974	974	0
Dedicated Schools Grant	(197,789)	(197,789)	0
Tax Freeze Grant	(2,463)	(2,463)	0
Specific Grants	(19,335)	(19,335)	0
Planned Use of General Reserves	(587)	(587)	0
New Homes Bonus	(1,188)	(1,188)	0
<b>Budget Requirement</b>	<b>184,619</b>	<b>188,621</b>	<b>4,002</b>
Council Tax	(98,523)		
Formula Grant (Revenue Support Grant & share of Non-Domestic Rate Pool	(86,096)		

### 4. Children and Adult Services

4.1 The directorate is forecasting a £2.2 million overspend, the principal reasons for which are:

- £1.4 million pressure in Children's Care, driven by an increase in the number of looked after children, who are having to be placed in through expensive independent fostering agencies, as in-house capacity has been reached. Overall LAC numbers have increased from 349 in March 2010 to 441 as at June 2011;
- £1.1 million pressure on SEN Transport, which is a reflection of the outturn position for last year. The escalating cost of transport during 2010/2011 was never reflected in the monitoring and only came to light when the

outturn was finalised and as a consequence the budget build process for 2011/2012 did not recognise the inherent pressure. Improved procedures involving closer working between the inclusion division and the transport procurement unit have been implemented this year, in order to reach an agreed understanding of the position.

## **5. Regeneration, Community and Culture**

- 5.1 The directorate is forecasting an overspend of £1.4m the principle reasons being:
- Underprovision for contractual inflation on waste services £625,000, with the budget including 2% whereas RPI, upon which the uplift is driven was 5%;
  - Car Parking, cost pressures of £156,000, plus under achievement against the income target £50,000;
  - Increased NNDR liability (Medway Park) £139,000;
  - Public Convenience, pressure in respect of cleaning and maintenance £122,000;
  - Waste, continued issue of clear sacks to July 2011 £96,000.
- 5.2 A stringent review of all pressures will be undertaken during quarter 2 along with the identification of further mitigating savings where possible.
- 5.3 Many of the significant financial risks, previously noted as existing in the agreed budget, are now confirmed and included in the forecasts. The exceptions are the potential impact of prolonged severe winter weather and the cost implications of the continued issue of clear sacks (as part of the waste service). The latter has a potential impact of £500,000 in addition to the current forecast overspend.

## **6. Business Support**

- 6.1 The division is currently forecasting an overspend of £221,000, contained in which are the following major variations:
- Asset & Property Management forecast overspend £358,000 driven mainly by unbudgeted Carbon Reduction Commitment costs of £230,000 and slippage in achievement of budget saving re. depot rationalisation of £150,000);
  - Housing Solutions £167,000 pressure, principally arising from loss of rental income stream for Trafalgar House and increased provision for bad debts;
  - Building and Design £132,000, shortfall against income target;
  - H&CS overhead budgets, forecast saving £117,000
  - Finance Services, combined underspend of £321,000 mainly as a result of staff vacancies;
  - Human Resources forecast overspend £152,000 (includes reduced net income from the temp agency £82,000 and lower than budgeted income from schools 'buy back' £60,000.

## **7. Public Health**

7.1. Forecasting a £3,000 underspend.

## **8. Interest & Financing**

8.1 Interest rates continue to be at an all-time low and despite some optimism that rates would begin to rise this year, the current forecast are that this will not occur before June 2012. This results in a likely pressure for this budget of £250,000.

## **9. Levies**

9.1 These levies are not directly 'controllable' by the Council, the amounts notified for 2011/12 which are in accord with the budget are:

- Coroners Service (via KCC) £500,000
- Kent & East Fisheries £38,000
- Environment Agency £55,000
- Flood & Coast Protection £381,000

## **10. Dedicated Schools Grant**

10.1 This grant is ring fenced to school services and any increase/decrease is matched by a compensating change in schools budgets/contingencies.

## **11. Council Tax Freeze Grant**

11.1 The Government funded the equivalent of a 2.5% increase in council tax as a result of the Council not increase the charge for 2011/12. However, this is a one-off revenue stream that will create a budget pressure for 2012/13 unless Government announces further grant which the Spending Review 2010 suggested would be the case.

## **12. Specific Grants**

12.1 These are the Early Intervention Grant (£10.236m) and the Learning Disability & Health Reform Grant (£9.098m).

## **13. Planned Use of Reserves**

13.1 Council agreed to use £587,000 from the General Reserve to fund one-off initiatives as:

- £37,000 (royal wedding parties / Armed Forces Day); and recurring items
- Free swimming £200,000;
- Freedom Pass £250,000; and
- Apprenticeship schemes £100,000).

Members should note that the recurring items will become a budget pressure from 2012/13.

## **14. New Homes Bonus**

14.1 This comes from the Government being match funding of the additional Council Tax derived from new properties and properties bought back into use. Increased bonus accrues from the delivery of affordable homes.

## **15. Housing Revenue Account**

- 15.1. The Housing Revenue Account is forecasting a surplus of £894,800, an increased surplus of £47,900 against its budgeted surplus of £846,900.

## **16. Conclusions**

- 16.1 The first quarter returns from budget managers forecast a potential overspend of £4 million for non-DSG services. This is historically the most pessimistic forecast of the year with managers being optimistic about spending fully against most budgets and a not uncommon view that risks will materialise. At this point last year the forecast was for an overspend of £1.6 million that became an underspending of £3.6 million. However it is clear that the position has a serious potential for undermining the financial stability of the Council and this needs to be rectified, especially when set against the difficult financial environment for all Local Authorities.

## **17. Financial, legal and risk implications**

- 17.1. The financial and legal implications are set out in the body of the report.
- 17.2. The more significant risks facing the Council are summarised in the body of the report. Directorate management teams continually review revenue expenditure and take corrective action where appropriate.

## **18. Recommendations**

- 18.1. Members are invited to comment on the forecast outturn position for 2010/2011 and any proposed management action to reduce the potential deficit.

### **Lead officer contacts**

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### **Background papers**

Revenue budget approved by Council 24 February 2011  
Monthly monitoring returns submitted by budget managers  
Revenue Budget Monitoring 2011/2012 report to Cabinet 2 August 2011





## GENERAL FUND REVENUE MONITORING - Quarter 1 2011/12

Assistant Director	Expenditure				Income				Net Forecast Variance £000's
	2011/2012 Budget £000's	Actual to date £000's	2010/2012 Forecast £000's	Forecast Variance £000's	2011/2012 Budget £000's	Actual to date £000's	2011/2012 Forecast £000's	Forecast Variance £000's	
<b>Children and Adult Services</b>									
Adult Social Care	92,306	15,305	91,662	(644)	(17,659)	(1,727)	(17,038)	622	(22)
Children's Care	27,166	3,520	29,405	2,239	(314)	(285)	(1,076)	(762)	1,478
Commissioning	8,019	1,857	8,445	426	(2,365)	(1,123)	(2,780)	(415)	12
Inclusion	44,231	8,607	44,725	494	(5,661)	902	(5,638)	24	518
Schools Retained Funding and Grants	2,667	569	4,433	1,766	(30,047)	(3,779)	(31,623)	(1,576)	191
Schools Delegated Funding	204,345	13,529	204,706	361	0	(361)	(361)	(361)	0
	<b>378,733</b>	<b>43,388</b>	<b>383,376</b>	<b>4,644</b>	<b>(56,048)</b>	<b>(6,373)</b>	<b>(58,515)</b>	<b>(2,468)</b>	<b>2,176</b>
<b>Regeneration, Community and Culture</b>									
Front Line Services	39,332	12,403	40,679	1,347	(11,320)	(1,329)	(11,608)	(288)	1,059
Development and Transport	14,432	2,555	15,787	1,355	(3,566)	(367)	(4,779)	(1,292)	63
Medway Renaissance	0	82	170	170	0	0	(170)	(170)	0
Leisure and Culture	18,023	4,225	18,168	145	(7,737)	(1,183)	(7,646)	91	236
Directors Office	975	99	1,000	25	(29)	(38)	(55)	(26)	(1)
	<b>72,762</b>	<b>19,364</b>	<b>75,804</b>	<b>3,042</b>	<b>(22,652)</b>	<b>(2,917)</b>	<b>(24,258)</b>	<b>(1,685)</b>	<b>1,358</b>
<b>Business Support Department</b>									
Financial Services	126,035	20,135	131,420	5,385	(117,349)	(22,922)	(123,055)	(5,706)	(321)
Housing and Corporate Services	12,268	3,687	12,573	305	(10,740)	(3,575)	(10,563)	177	482
Democracy and Customer First	12,293	3,975	12,561	268	(5,777)	(3,028)	(6,104)	(327)	(59)
Communications, Performance and Partnerships	3,549	1,051	3,715	166	(2,777)	(1,363)	(2,945)	(168)	(2)
Organisational Services	12,404	4,152	12,668	264	(13,214)	(4,612)	(13,357)	(143)	121
	<b>166,549</b>	<b>33,000</b>	<b>172,937</b>	<b>6,388</b>	<b>(149,857)</b>	<b>(35,520)</b>	<b>(156,024)</b>	<b>(6,167)</b>	<b>221</b>
<b>Director of Public Health</b>									
	<b>1,011</b>	<b>189</b>	<b>1,690</b>	<b>678</b>	<b>(782)</b>	<b>(1,138)</b>	<b>(1,463)</b>	<b>(681)</b>	<b>(3)</b>
<b>Directorate Total</b>	<b>619,055</b>	<b>95,941</b>	<b>633,807</b>	<b>14,752</b>	<b>(229,339)</b>	<b>(45,948)</b>	<b>(240,261)</b>	<b>(11,001)</b>	<b>3,752</b>

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## **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**4 AUGUST 2011**

### **CAPITAL BUDGET MONITORING 2011/2012**

Report from: Mick Hayward, Chief Finance Officer

Author: Phil Watts, Finance Manager, Children & Adults

Kevin Woolmer, Finance Manager, Business Support  
and Regeneration, Community and Culture

#### **Summary**

This report presents the capital monitoring for the period to June 2011, with an outturn forecast for 2011/12.

#### **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 Overview and Scrutiny Committee to hold Cabinet accountable for those actions taken.
- 1.1 The Committee is asked to accept this report as urgent to enable consideration, of the first quarter budget monitoring information, at the earliest opportunity.

#### **2. Background**

- 2.1 Cabinet Members will be considering this report on 2 August and their recommendations will be reported to this meeting.
- 2.2 The approved capital programme for 2011/12 and future years is £107.7m, being £53.6m in respect of brought forward schemes and £54.1m in respect of new approvals.
- 2.3 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.

### 3. Progress

3.1 Table 1 below summarises the current overall expenditure and forecasts against each directorate's 2011/12 capital programme and represents a summary of the detailed information at Appendix 1. Appendices 2 to 6 show the position by directorate.

**Table 1: Summary – capital spend and forecasts**

Directorate	Approved Programme	Spend to March 2011	Forecast spend 2011-12	Forecast spend in later years	Forecast Variance
	£'000	£'000	£'000	£'000	£'000
Business Support Dept	54,359	37,658	11,285	5,403	(13)
Children & Adult Services	130,188	65,241	44,616	20,331	0
Regeneration, Community & Culture	141,113	116,553	20,630	5,568	1,638
Member Priorities	2,904	1,392	1,502	2	(8)
<b>TOTAL</b>	<b>328,564</b>	<b>220,844</b>	<b>78,033</b>	<b>31,305</b>	<b>1,617</b>

3.2 The progress reports utilise a 'smiley face' project monitoring system that indicates progress at a glance. With only a few exceptions, the relevant budget manager has provided the information in the progress fields of the report. The criteria for the 'smiley' rating is as follows:







-  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.

Table 2 summarises the projects progress. Full detail is shown in the appendices:

**Table 2: Project Progress Summary**

Progress Monitoring				Total Schemes
<b>BSD</b>	<b>16</b>	<b>3</b>	<b>0</b>	<b>19</b>
<b>Children &amp; Adults</b>	<b>75</b>	<b>8</b>	<b>0</b>	<b>83</b>
<b>RCC</b>	<b>54</b>	<b>5</b>	<b>5</b>	<b>64</b>
<b>Member Priorities</b>	<b>18</b>	<b>2</b>	<b>0</b>	<b>20</b>
<b>Total</b>	<b>163</b>	<b>18</b>	<b>5</b>	<b>186</b>

#### **4. Specific Scheme Monitoring Issues and Completions**

87% of schemes are progressing well, forecast to complete on time and to budget.

##### **4.1 Business Support**

4.1.1 The current Business Support directorate capital programme of £16.7m is made up of brought forward approvals for existing schemes, £8.2m, plus the following new approvals

- £1m building repair & maintenance fund
- £300,000 housing renovation loans
- £90,000 housing crisis grants
- £1,232,000 disabled facilities grant
- £45,000 Beechings Way flat conversion
- £2.4m Better for Less
- HRA £3.3m housing repairs
- HRA £150,000 disabled adaptations

4.1.2 There are no areas of concern to report this cycle.

##### **4.2 Children and Adults**

4.2.1 At its meeting on 24 February, Council agreed a 2011/12 capital programme of £14,820,930 for the Children and Adult Services directorate. To this has been added £25,845,137 rolled forward from the 2010/11 programme, together with a number of other new funding streams, as outlined below, and giving a total capital budget for the directorate of £64,946,935:

- Partnerships for Schools approved the final business case for the Strood Academy, together with a grant of £25,855,124.
- £203,638 of Aiming High grant.
- The 2010/11 Targeted Capital (SEN) grant was reduced by £657,895, but not reflected in the 2010-11 programme.
- £1,120,000 of developer contributions were brought forward from the 2011-12 programme to fund capital schemes at Robert Napier School and the Sir Joseph Williamson Math School. Any unspent balance is reflected in the 2010-11 roll forward.

4.2.2 Since the broad 2011/12 capital allocations were agreed by Council, a number of larger schemes have progressed through procurement gateway 3 and funding has been allocated to these specific projects, whilst other capital budgets have been subdivided to reflect the detailed proposals behind the headline figures. These virements comprise the following:

- The former components of the Adult Social Care single capital pot, have been aggregated into a single grant, however this has been allocated out to fund the division's key capital priorities – mobile working, 'changing places' and the annual allocation for occupational therapy adaptations.
- The rolled forward budget for the Primary Capital Programme has now been allocated to individual schemes in accordance with Cabinet decisions regarding gateway 3 reports. The balance is expected to be spent on other schools included in the primary strategy, including Twydall, Gordon Road and Barnsole.
- The 2011/12 Condition Programme has been sub-analysed across broad headings, including roofing works and boiler replacements.

4.2.3 Against this revised £64,946,935 programme the directorate has forecast a roll forward of £20,331,298 into future years, reflecting the planned phasing of schemes and which it is anticipated will be spent in full in future years. No over or underspending is forecast against broad headings or individual projects.

4.2.4 In addition to the 'good news' that Members have already been made aware of – Riverside SEN unit, provision for secondary age pupils at Abbey Court, completion of the Surestart programme, the Robert Napier sixth form block and not least approval of the final business case for the Strood Academy – more recently Cabinet have agreed to let contracts for a number of primary strategy schemes, so building works can now commence on these.

4.2.5 The capital monitoring includes a standing item to update Members on the progress of the Council's Academies programme:

#### Strood Academy

Works are progressing to time and budget on site at Strood. The Considerate Contractor scheme inspector has visited the site and undertaken an audit, which rated BAM Construction Limited extremely highly as good neighbours and contractors. They are working well on the education and employment aspects of their offer with the following activities taking place since the last capital monitoring report:

- Apprenticeship scheme developed in partnership with Mid-Kent College for 6 apprentices sponsored by BAM. (6 apprenticeships will be offered to Bishop of Rochester and Brompton students next year).
- Insect hotel project at the academy site for science projects.
- Construction project building models and testing them with the students.
- Student and staff site visits.
- SEN project to explain the construction process to SEN students.
- Over 50% of labour on site from within a 20 mile radius of the site.
- Supplier open day held in partnership with the Council's economic development team and Employ Medway.

The next key milestone on site will be when the building is watertight in September 2011.

#### Bishop of Rochester Academy

Contract award was approved by Cabinet on 5 July 2011. Contract documents being finalised and planning application will be considered at Planning Committee on 3 August 2011. Works start on site during the school holidays.

#### Brompton Academy

Contract award was approved by Cabinet on 5 July 2011. The contract documents are being finalised and the planning application will be considered at Planning Committee on 3 August 2011. Works start on site during the school holidays. Works are underway to fit out space for Key Training at the adult education centre in Green Street to enable Youth House to be vacated during the summer holidays ready for demolition on programme.

### **4.3 Regeneration, Community and Culture**

4.3.1 The current RCC capital programme of £24.559m is made up of brought forward approvals for existing schemes of £18.210m, plus 2011/12 approvals of £6.349m namely:-

Schemes agreed in budget setting

- Council investment in highway maintenance £2.250m
- LTP funded highway maintenance programme £2.353m
- LTP funded integrated transport measures £1.477m

New approvals

- Walls & Gardens £235,000 (EU funded)
- Greenspace initiatives £25,330 (s106 funded)
- Playbuilder scheme £28,055 (s106 funded)
- Brook Pumping Station £43,000 (virement from Church Wall underspend)
- Reduced 'EU funded' approvals Guildhall Museum £50,000, Upnor Castle £8,511

4.3.2 In addition to noting the five new approvals listed above, the directorate is reporting an overspend of £1.6m on the Homes and Communities Agency (HCA)/Community Infrastructure Fund (CIF) funded programme of schemes as discussed in paragraphs 4.4 and 4.5 below.

### **4.4 Homes and Communities Agency (HCA) funded schemes**

4.4.1 Medway Council has delivered a portfolio of strategic capital infrastructure projects funded by the HCA, amounting to over £127 million over the last six years.

The funding of this programme by the HCA ended on 31 March 2011 and is now in the process of being formerly closed down, with outstanding final accounts for projects being produced and final claims submitted. By the end of June the council had submitted claims to draw down the total funding available from the HCA and at the time of drafting this report the final payment of some £1.5 million is awaited. In terms of expenditure, as reported here, works are still ongoing with a number of schemes and these forecasts represent an

informed judgment of final costs but will be subject to negotiations with contractors for final accounts.

4.4.2 The total variance for these schemes is now forecast at £1,213,379 (or 0.9% of budget) which is a major achievement given that individual projects have had to be developed without contingency sums to cover the almost inevitable difficulties that occur in construction projects. The HCA solution is flexibility across projects for funding and whilst this has been useful during the lifetime of the regeneration projects, the flexibility becomes far less useful as the end of the funding stream approaches, and in the final reckoning, as now, it is of no value. The projected outturn is in excess of the funding allocations, despite maximum draw down of the HCA funding available. Options for funding the remaining spend will be presented to the next meeting of the Council. The funding shortfall is spread across various HCA schemes as set out in the following paragraphs.

#### 4.4.3 Chatham Waterfront Bus Station (Variance £434,873)

The projected outturn for the project is £6,898,267 with a projected cost overrun of £434,873 or 6.7%. This is despite additional costs of £923,000 incurred as a consequence of the decision to amend the original design of the bus station in response to planning concerns. The additional design costs relate both to architect's fees of £173,000 and more significantly the costs of re-designing services (roads, drainage, utilities etc) to suit the re-configured site, at £750,000.

These additional costs were significantly reduced by changes to the construction but these reductions have been subject to other cost escalation resulting from poor weather conditions causing delays to the programme, ground conditions and the poor fabric of the White House building.

#### 4.4.4 Union Street and The Brook, roads project (Projected Variance against agreed budget £778,506):

The projected outturn for the project is £8,957,188, with a projected cost overrun of £778,506, or 9.5% above the budget. Variations to the construction project total in excess of £800,000 to date which, given the nature of the ground and history of the area, is not an unexpected occurrence albeit HCA rules precluded the addition of contingency sums. Some compensation has been made through the changes to allocations for improvements to the public realm but as an explanation some of the more significant issues are highlighted below:

- Additional fuel tanks found at the old petrol station site £39,500
- Additional design and construction costs to construct off highway bus lay-bys near Queens Street
- Programme constraints and inability to acquire Crown House land in time required redesign £119,100
- Extension of Time on Site, including severe weather delays £90,500
- Additional Designs and Land Acquisition for Gala Bingo land £60,000
- Utility diversions £44,000
- Uncharted buried chambers, walls, wells and soakaways £107,100



- Changes and increases in the scope of works to the kerbs, footways and landscaping £69,866

#### **4.5 Community Infrastructure Fund (CIF) funded schemes**

- 4.5.1 Traffic management and bus corridors (UTMC & QPTC) – projected variance of £421,105.

The projected outturn for these projects is £13,066,805 representing a projected cost overrun of £421,105 or 3.3%. The nature of the contracts used as a result of time constraints for the expenditure of funds increased the risk of variations and this has been compounded by delays and conditions imposed by English Heritage (Canal Road locks), weather and ground conditions. Savings were made against the abandoned project for North Dane Way and changes to the Corporation Street specification but these were offset by funding reductions imposed at mid-year.

#### **4.6 Members Priorities**

- 4.6.1 Allocations to the programme for quarter 1 are
- Theodore Place road improvements £28,000
  - The Close, new street lighting £15,000
  - Allotments phase 8 £50,000
  - Adult play schemes £75,000
  - Magpie Hall Rd / Ansell Rd sewer connection £12,000

### **5. New Schemes and Virements**

- 5.1 The Cabinet will be requested to recommend to Council the following additions and amendments to the agreed capital programme in addition to the funding shortfall for HCA schemes (£1.634m) as indicated in 4.4.2 & 4.5.1:

- £25,855,124 for the new Strood Academy, to be funded from specific grant, following approval of the final business case by partnerships for Schools.
- £203,638 for specific projects providing respite opportunities for disabled children and to be funded from Aiming High grant.
- £657,895 reduction in the SEN programme, reflecting the Department for Education's decision to reduce the Council's 2010-11 Targeted Capital grant.

- 5.2 The following allocations have been added to, or vired within, the capital programme under delegated authority as reported in Section 4:

- Walls & Gardens £235,000 (EU funded)
- Greenspace initiatives £25,330 (s106 funded)
- Playbuilder scheme £28,055 (s106 funded)
- Brook Pumping Station £43,000 (virement from Church Wall underspend)

## 6. Funding Arrangements

- 6.1 Expenditure on capital projects is backed by cash or borrowing. The following Table 3 shows the resource allocation to support the remaining expenditure of £109.338m for 2011/12 and future years.

**Table 3: Resources Available**

<b>Funding Source</b>	<b>Forecast Spend 2011/2012 &amp; future years £000's</b>
Supported Borrowing	4,638
Prudential Borrowing	4,489
Government Grant	70,402
Major Repairs Allowance/Reserve	3,312
Capital Receipts	11,865
Developer and other contributions	8,690
Reserves/ Revenue	4,325
Unfunded spending requirement	1,617
<b>Total</b>	<b>109,338</b>

## 7. Conclusions

- 7.1 This report provides an update on expenditure, to the end of Quarter 1, against the approved capital programme.

## 8. Risk Management

- 8.1 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, although a limited scheme is now in progress with Hyde Housing Association.

## 9. Financial and Legal Implications

- 9.1 The financial and legal implications are fully analysed in the report.

## 10. Recommendations

- 10.1 That Members note the spending and funding forecasts summarised at Tables 1 and 3.

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**Background papers**

Capital Budget approved by Council 24 February 2011

Monthly monitoring returns submitted by budget managers



Name of Directorate	Approved gross cost of scheme	Total Expenditure from adoption to 31 March 2011	2011-2012 Approved Programme						Approved Spend forecast for later years			Variance	
			Rolled forward from earlier years	New Approvals for 2011-2012	Remaining scheme budget	Spend and commitments to date	Forecast spend in 2011-2012	2012-2013	2013-2014	2014-2015			
	£	£	£	£	£	£	£	£	£	£	£	£	£
	(b)	(c)	(d)	(e)	(d)+(e)	(g)	(h)	(i)	(j)	(k)	(c)+(h)+(i)-(j)+(k)-(b)		
<b>Business Support</b>	54,358,768	37,658,352	8,186,939	8,513,478	16,700,417	1,485,894	11,285,062	4,979,062	423,755	0	(12,537)		
<b>Children &amp; Adults</b>	130,187,528	65,240,593	25,845,137	39,101,798	64,946,935	3,769,819	44,615,637	20,173,816	157,482	0	0		
<b>Regeneration Community &amp; Culture</b>	141,112,912	116,553,486	18,210,567	6,348,859	24,559,426	8,285,208	20,630,095	2,744,251	2,823,670	0	1,638,590		
<b>Member's Priorities</b>	2,905,231	1,391,711	1,386,025	127,495	1,513,520	120,182	1,502,559	2,000	0	0	(8,961)		
<b>Grand Total</b>	<b>328,564,439</b>	<b>220,844,142</b>	<b>53,628,668</b>	<b>54,091,630</b>	<b>107,720,298</b>	<b>13,661,103</b>	<b>78,033,353</b>	<b>27,899,129</b>	<b>3,404,907</b>	<b>0</b>	<b>1,617,092</b>		









Description Of Scheme	Total Scheme Budget	Total Expenditure from date of adoption to 31 March 2010	Remaining Approval				Spending Forecast for Later Years			Total Project Variance	Status
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget	Spend and Commitments	Forecast Outturn	2011/2012	2012/2013		
Modernisation and Transformation	1,349,975	858,242	417,750	73,983	491,733	2,18,000	491,733	0	0	0	☺
Occupational Therapy Adaptations	846,484	623,321	(6,837)	230,000	223,163	60,000	223,163	0	0	0	☺
Mental Health - Vocational Rehabilitation, Community bridge-building and basic IT skills provision	569,705	252,442	317,263	0	317,263	10,562	42,249	137,507	137,507	0	☺
Changing Places	105,000	550	33,450	71,000	104,450	550	104,450	0	0	0	☺
ASC Mobile Working	114,501	0	0	114,501	114,501	0	114,501	0	0	0	☺
<b>Adult Social Care</b>	<b>2,985,665</b>	<b>1,734,555</b>	<b>761,626</b>	<b>489,484</b>	<b>1,251,110</b>	<b>289,112</b>	<b>976,096</b>	<b>137,507</b>	<b>137,507</b>	<b>0</b>	☺
Woodlands Place Car Park	25,462	25,462	(462)	462	0	(462)	0	0	0	0	☺
<b>Children's Care</b>	<b>25,462</b>	<b>25,462</b>	<b>(462)</b>	<b>462</b>	<b>0</b>	<b>(462)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	☺
Aiming High for Disabled Children	595,546	391,950	(42)	203,638	203,596	0	203,596	0	0	0	☺
<b>Commissioning</b>	<b>595,546</b>	<b>391,950</b>	<b>(42)</b>	<b>203,638</b>	<b>203,596</b>	<b>0</b>	<b>203,596</b>	<b>0</b>	<b>0</b>	<b>0</b>	☺
Various Schools - Extended Schools	825,790	825,790	0	0	0	0	0	0	0	0	☺
<b>Inclusion</b>	<b>825,790</b>	<b>825,790</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	☺
Wave 3 Children's Centres	1,098,346	1,098,346	(258)	258	0	(5,810)	0	0	0	0	☺
Temple Mill Primary Children's Centre	380,751	380,751	0	0	0	(7,323)	0	0	0	0	☺
Wave 1 & 2	1,425,663	1,425,663	0	0	0	(13,654)	0	0	0	0	☺
St Marys RC Primary School	453,884	453,884	0	0	0	(10,015)	0	0	0	0	☺
New Road Primary School	384,655	384,655	0	0	0	(8,422)	0	0	0	0	☺
Skinner Street Primary	170,714	170,714	0	0	0	(2,557)	0	0	0	0	☺
Hilltop Primary	286,162	286,162	0	0	0	(6,461)	0	0	0	0	☺
<b>Early Years</b>	<b>4,200,175</b>	<b>4,200,175</b>	<b>(258)</b>	<b>258</b>	<b>0</b>	<b>(54,242)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	☺
Medway Grid for Learning - Broadband Connectivity	2,382,515	1,356,029	1,026,486	0	1,026,486	33,188	626,486	400,000	0	0	☺
Diploma Gateway - Medway Partnership	1,000,000	800,211	199,789	0	199,789	100,000	100,000	99,789	0	0	☺
<b>Advisors Projects</b>	<b>3,382,515</b>	<b>2,156,240</b>	<b>1,226,275</b>	<b>0</b>	<b>1,226,275</b>	<b>133,188</b>	<b>726,486</b>	<b>499,789</b>	<b>0</b>	<b>0</b>	☺
Walderslade Primary - New Build	5,510,000	3,767,346	1,245,130	497,524	1,742,654	755,467	1,742,654	0	0	0	☺
Primary Strategy Programme	10,599,360	1,901,368	9,195,515	(497,523)	8,697,992	446,314	7,543,795	1,154,197	0	0	☺
<b>Total for Primary Strategy</b>	<b>16,109,360</b>	<b>5,668,714</b>	<b>10,440,645</b>	<b>1</b>	<b>10,440,646</b>	<b>1,201,781</b>	<b>9,286,449</b>	<b>1,154,197</b>	<b>0</b>	<b>0</b>	☺
Vocational Education Centre - Strood	2,000,000	4,000	1,996,000	0	1,996,000	0	1,496,000	500,000	0	0	☺
Academy Prog Proj Mgmt & Tech Advisory	1,510,279	1,163,279	0	347,000	347,000	111,991	347,000	0	0	0	☺
Strood Academy - SEN	607,220	30,480	576,740	0	576,740	0	200,000	376,740	0	0	☺
Bishop of Rochester - SEN	600,170	2,467	597,703	0	597,703	0	200,000	397,703	0	0	☺
Brompton Academy - SEN	3,066,607	226	3,066,381	0	3,066,381	0	1,000,000	2,066,381	0	0	☺
Brompton Academy Environmental Works	152,377	150,691	1,686	0	1,686	20,390	1,686	0	0	0	☺
Batched ICT procurement for the Academy programme	40,000	8,100	31,900	0	31,900	7,020	31,900	0	0	0	☺
Brompton Academy - New Build	65,000	1,900	63,100	0	63,100	150	50,000	13,100	0	0	☺
Decommission Youth House	298,108	0	298,108	0	298,108	0	298,108	0	0	0	☺
Lift, MOD Restrictive Covenant	30,000	0	0	30,000	30,000	0	30,000	0	0	0	☺







Description Of Scheme	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2011	Remaining Approval				2011/2012				Spend Forecast for Later Years			Total Project Variance	Status	
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget	Spend and Commitments	Forecast Outturn	2012/2013	2013/2014	2014/2015 and future years						
Building Safer Communities	187,534	159,864	27,670	0	27,670	0	27,670	0	27,670	0	0	0	0	0	0	☺
Highways - Planned Works Fabric	1,640,813	1,347,206	42,607	251,000	293,607	70,607	293,607	0	293,607	0	0	0	0	0	0	☺
Road Safety Grant	165,390	152,386	13,004	0	13,004	12,984	13,004	0	13,004	0	0	0	0	0	0	☺
Structural Maintenance on Roads&Bridges	6,089,039	5,994,085	94,954	0	94,954	94,954	94,954	0	94,954	0	0	0	0	0	0	☺
Bridge Assess and Strengthening	1,351,961	1,270,800	81,161	0	81,161	81,161	81,161	0	81,161	0	0	0	0	0	0	☺
Medway Tunnel	6,400,000	1,125,828	5,274,172	0	5,274,172	744,804	744,804	2,000,000	2,000,000	2,529,368	0	0	0	0	0	☺
Maintenance of Traffic Signals	382,000	232,255	149,745	0	149,745	149,745	149,745	0	149,745	0	0	0	0	0	0	☺
Maintenance of Street Lighting	337,000	285,847	51,153	0	51,153	51,153	51,153	0	51,153	0	0	0	0	0	0	☺
Maintenance of Footway	642,000	608,056	33,944	0	33,944	33,944	33,944	0	33,944	0	0	0	0	0	0	☺
Maintenance of Highway Drainage Systems	381,000	374,710	6,290	0	6,290	6,290	6,290	0	6,290	0	0	0	0	0	0	☺
Maintenance of Off Carriageway Cycle tracks	137,617	111,955	25,662	0	25,662	25,662	25,662	0	25,662	0	0	0	0	0	0	☺
Highways Investment Programme	4,000,000	3,503,837	496,163	0	496,163	496,163	496,163	0	496,163	0	0	0	0	0	0	☺
Highways - Design and Resurfacing	5,210,725	4,079,033	192,692	939,000	1,131,692	630,565	1,131,692	0	630,565	0	0	0	0	0	0	☺
Highways - Structures and Tunnels	1,628,462	1,054,982	263,480	310,000	573,480	67,875	573,480	0	67,875	0	0	0	0	0	0	☺
Highways Responsive Large Patching	250,000	0	0	250,000	250,000	0	250,000	0	0	0	0	0	0	0	0	☺
Highways Responsive Resurfacing	500,000	0	0	500,000	500,000	0	500,000	0	0	0	0	0	0	0	0	☺
Highways Maintenance LTP3	2,353,000	0	0	2,353,000	2,353,000	50,000	2,353,000	0	50,000	0	0	0	0	0	0	☺
Darnley Arches Subway	566,789	134,120	432,669	0	432,669	1,000	432,669	180,000	1,000	202,669	0	0	0	0	0	☺
Integrated Transport Measures 2010-11	4,625,542	4,297,992	327,550	0	327,550	200,000	327,550	0	200,000	0	0	0	0	0	0	☺
Floodlighting	27,000	22,946	4,054	0	4,054	0	4,054	2,054	0	2,054	0	0	0	0	0	☺
A228 Outstanding Contractor Issues	21,837,492	21,829,477	8,015	0	8,015	0	8,015	0	0	0	0	0	0	0	0	☺
Sir Evelyn Road	860,000	860,000	0	0	0	0	0	0	0	0	0	0	0	0	0	☺
Stoke Crossing	13,912,006	11,812,602	2,099,404	0	2,099,404	450,000	1,880,000	200,000	450,000	19,404	0	0	0	0	0	☺
Integrated Transport L TP3	1,477,000	0	0	1,477,000	1,477,000	50,000	1,440,000	37,000	50,000	0	0	0	0	0	0	☺
Asset Management	257,200	241,137	16,063	0	16,063	13,963	16,063	0	13,963	0	0	0	0	0	0	☺
Sir John Hawkins Car Park	230,000	164,451	65,549	0	65,549	86	86	0	86	0	0	0	0	0	0	☺
Civic Centre Car Park	300,000	51,126	248,874	0	248,874	128,180	248,874	0	128,180	0	0	0	0	0	0	☺
Railway Street Car Park	170,001	6,406	163,595	0	163,595	6,488	250,000	0	6,488	0	0	0	0	0	0	☺
Waste Performance Grant	1,668,785	1,633,572	35,213	0	35,213	29,657	35,213	0	29,657	0	0	0	0	0	0	☺
<b>Total for Front Line Services</b>	<b>77,588,358</b>	<b>61,354,675</b>	<b>10,153,683</b>	<b>6,080,000</b>	<b>16,233,683</b>	<b>3,395,281</b>	<b>11,084,130</b>	<b>2,419,054</b>	<b>3,395,281</b>	<b>2,751,441</b>	<b>20,942</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,942</b>	

Description Of Scheme	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2011	Remaining Approval				2011/2012				Spend Forecast for Later Years			Total Project Variance	Status
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget	Spend and Commitments	Forecast Outturn	2012/2013	2013/2014	2014/2015 and future years					
World Heritage Site & Great Lines Heritage Park	373,815	280,021	93,794	0	93,794	22,947	79,284	14,510	0	0	0	0	0	0	😊
Artlands North Kent	122,000	51,852	70,148	0	70,148	12,505	70,148	0	0	0	0	0	0	0	😊
Townscape Heritage Initiatives	1,600,001	1,434,979	165,022	0	165,022	76,437	165,022	0	0	0	0	0	0	0	😊
Innovation Centre Medway Phase 2	8,890,000	8,825,283	64,717	0	64,717	30,048	64,717	0	0	0	0	0	0	0	😊
Watermill Wharf Strood	434,501	431,501	3,000	0	3,000	0	3,000	0	0	0	0	0	0	0	😊
CIF UTMC/Quality Bus Corridor	12,645,700	12,078,273	567,427	0	567,427	810,945	983,532	5,000	0	0	0	0	0	421,105	😞
Gillingham Gateway	321,128	10,289	310,839	0	310,839	10,289	279,755	31,084	0	0	0	0	0	0	😊
Gillingham Train Station Improvements	1,450,000	1,465,905	(15,905)	0	(15,905)	0	0	0	0	0	0	0	0	15,905	😊
Walls & Gardens	230,985	0	230,985	0	230,985	0	66,272	164,713	0	0	0	0	0	0	😊
<b>Total for Development, Economy &amp; Transport</b>	<b>26,068,130</b>	<b>24,578,103</b>	<b>1,259,042</b>	<b>230,985</b>	<b>1,490,027</b>	<b>963,171</b>	<b>1,711,730</b>	<b>215,307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>437,010</b>	
Compass Close Amenity Works	257,597	253,803	3,795	0	3,795	0	3,795	0	0	0	0	0	0	0	😊
Gillingham Park	553,858	458,805	95,053	0	95,053	57,047	95,053	0	0	0	0	0	0	0	😊
Ranscombe Country Park	232,340	137,846	94,494	0	94,494	0	94,494	0	0	0	0	0	0	0	😊
Wildlife Habitat at Motney Fields	70,000	57,617	12,383	0	12,383	9,650	12,383	0	0	0	0	0	0	0	😊
Play Area Initiatives	666,470	660,122	6,348	0	6,348	2,586	6,348	0	0	0	0	0	0	0	😊
Hard Landscaping within Grounds Maintenance Contract	140,000	138,117	1,883	0	1,883	0	1,883	0	0	0	0	0	0	0	😊
Greenspace Initiatives	405,200	262,221	117,649	25,330	142,979	3,868	142,979	0	0	0	0	0	0	0	😊
Inspire Play For All	66,000	2,932	63,068	0	63,068	42,216	63,068	0	0	0	0	0	0	0	😊
Broomhill Community Spaces	49,999	35,075	14,924	0	14,924	8,695	14,924	0	0	0	0	0	0	0	😊
Play Builder Year 2	368,727	60	340,612	28,055	368,667	330,283	368,667	0	0	0	0	0	0	0	😊
Brook Pumping Station Subsidence	208,000	197,001	(32,001)	43,000	10,999	2,501	10,999	0	0	0	0	0	0	0	😊
Opening the Doors - Guildhall Museum	180,000	114,995	115,005	(50,000)	65,005	3,115	55,005	10,000	0	0	0	0	0	0	😊
Medway Park Development at Black Lion	11,100,000	10,926,266	173,734	0	173,734	57,918	173,734	0	0	0	0	0	0	0	😊
Eastgate House Improvements	156,183	89,054	67,129	0	67,129	0	20,000	25,000	22,129	0	0	0	0	0	😊
English Heritage - Local Management Arrangement	710,000	579,900	130,100	0	130,100	9,000	30,000	50,000	50,100	0	0	0	0	0	😊
Upnor Castle Visitor Interpretation	91,489	11,489	88,511	(8,511)	80,000	10,390	80,000	0	0	0	0	0	0	0	😊
Rochester Castle Retaining Wall Repairs	150,000	102,260	47,740	0	47,740	0	15,000	0	0	0	0	0	0	(32,740)	😊
Rochester Castle Keep Floodlighting	90,000	0	90,000	0	90,000	6,000	90,000	0	0	0	0	0	0	0	😊
Eastgate House HLF Bid - Round 2	105,000	110	104,890	0	104,890	110	80,000	24,890	0	0	0	0	0	0	😊
<b>Total for Leisure and Culture</b>	<b>15,600,863</b>	<b>14,027,671</b>	<b>1,535,318</b>	<b>37,874</b>	<b>1,573,192</b>	<b>543,379</b>	<b>1,358,332</b>	<b>109,890</b>	<b>72,229</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,741)</b>	
<b>Grand Total</b>	<b>119,257,351</b>	<b>99,960,449</b>	<b>12,948,043</b>	<b>6,348,859</b>	<b>19,296,902</b>	<b>4,901,831</b>	<b>14,154,192</b>	<b>2,744,251</b>	<b>2,823,670</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>425,211</b>	

Description Of Scheme	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2011	Remaining Approval			2011/2012			Spend Forecast for Later Years			Total Project Variance	Status
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget	Spend and Commitments	Forecast Outturn	2012/2013	2013/2014	2014/2015 and future years			
Chatham Town Centre Phase 1	1,791,371	1,772,452	18,919	0	18,919	5,500	18,919	0	0	0	0	0	☺
Chatham Road Network Phase 2 and 3	8,178,682	8,323,979	(145,297)	0	(145,297)	354,762	633,209	0	0	0	0	778,506	☹
Chatham Bus Facility	6,463,394	4,143,554	2,319,840	0	2,319,840	1,500,735	2,754,713	0	0	0	0	434,873	☹
Rochester Riverside Phase 1a Other	593,002	0	593,002	0	593,002	2,135	593,002	0	0	0	0	0	☺
Rochester Riverside Phase 1a Infrastructure	2,500,000	36,777	2,463,223	0	2,463,223	1,514,196	2,463,223	0	0	0	0	0	☺
Great Lines Heritage Park	2,329,112	2,316,275	12,837	0	12,837	6,049	12,837	0	0	0	0	0	☺
<b>Grand Total</b>	<b>21,855,561</b>	<b>16,593,037</b>	<b>5,262,524</b>	<b>0</b>	<b>5,262,524</b>	<b>3,383,377</b>	<b>6,475,903</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,213,379</b>	
Non Medway Parklands Programme	8,069,107	6,721,345	1,347,762	0	1,347,762	240,115	1,347,762	0	0	0	0	0	☺







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