

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

3 APRIL 2013

CAPITAL BUDGET MONITORING 2012/2013

Portfolio Holder: Councillor Alan Jarrett, Finance
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Summary

This report presents the capital monitoring for the period to December 2012, with an outturn forecast for 2012/13.

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.

2. Background

- 2.1 The approved capital programme for 2012/13 and future years amounts to £110.6million, comprising £83.0million in respect of brought forward schemes and £27.6million of new approvals.
- 2.2 This report consolidates the capital monitoring undertaken by each directorate and this 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 the forecast position against the capital programme, representing 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 2012	Forecast spend 2012-13	Forecast spend in later years	Forecast Variance
	£'000	£'000	£'000	£'000	£'000
Business Support Department	34,138	26,886	3,192	4,060	0
Children and Adult Services	162,583	90,280	51,888	20,325	(90)
Regeneration, Community and Culture	93,482	63,479	18,075	11,249	(679)
Member Priorities	1,993	996	515	460	(22)
TOTAL	292,195	181,642	73,670	36,094	(790)

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
BSD	11	1	0	12
Children & Adults	45	29	0	74
RCC	45	5	1	51
Member Priorities	23	1	0	24
Total	124	36	1	161

4. Specific Scheme Monitoring Issues and Completions

77% of schemes are progressing well, forecast to complete on time and to budget.

4.1 Business Support

4.1.1 There have been no changes to the approved programme since the previous report and no schemes are predicting a variance to budget.

4.1.2 However, the scheme in respect of demolition of the Civic Centre was underpinned by anticipated funding of £250,000 from rental income. This will not now be forthcoming and alternative means of funding are being explored.

4.2 Children and Adults

4.2.1 The 2012-13 capital budget reported to Cabinet on 30 October 2012 was £72.0 million, comprising rolled-forward budget of £63.8 million, together with new approvals amounting to £8.1 million.

4.2.2 Since Quarter 2 £325,000 has been added to the condition programme, increasing the directorate's total capital programme to £72.3 million. This represents the extent to which school contributions have supplemented the funds available to undertake schools condition works.

4.2.3 The 2012/13 Condition Programme (CP) budgets were re-aligned to better reflect expenditure allocation within the CP.

4.2.4 Against the programme the directorate is forecasting expenditure of £51.9 million this year and £20.3 million in future years, with a net underspend against the programme of £89,000.

4.2.5 There are no issues to report in relation to the academies programme.

4.3 Regeneration, Community and Culture

4.3.1 Since the previous quarterly report the following additions have been made to the Directorate's capital programme:

- Rochester Riverside infrastructure £4.410m (Loan funded)
- Rochester Castle Keep Floodlighting £32,000 (Revenue & Grant)
- Section 106 funded schemes £23,000
- Artlands North Kent £17,000 (Grant)
- Bus Shelters £4,000 (Ward Improvement Fund)
- At Fort Project £185,000 (Grant)

4.3.2 The scheme for works to improve pedestrian routes at Darnley Arches is showing as 'unsatisfactory' as the original proposal could not be progressed within the available timescale. Alternative options are being investigated.

4.4 HCA funded schemes

4.4.1 A number of schemes were completed prior to 2012/13 and consequently do not appear in the appendices (all anticipated costs were accrued into previous years). However, an update will continue to be provided until the final accounts (and requisite funding through prudential borrowing) are confirmed.

4.4.2 The attached appendix indicates that expenditure on the Stoke Crossing Scheme (and the subsequent prudential borrowing requirement) is forecast to be £520,000 less than the capital programme provision. Consequently, the total forecast prudential borrowing requirement is currently £2.929m (see Table 3 below), £539,000 less than that approved. **However, this only allows for agreed costs and does not include any allowance for further contractor or statutory undertaker claims.**

Table 3

Scheme	Prudential Borrowing Approved (£000s)	Pru. Borr. Utilised to 31/3/2012 (£000s)	Forecast Spend 2012/13 & beyond (£000s)	Pru. Borr 2012/13 & beyond (£000s)	Total Pru Borr. utilised (£000s)	Pru Borr variance (£000s)
Chatham Roads	1,301	1,188	129	129	1,317	16
Bus station	523	551	0	0	551	28
Bus priority / traffic management system	421	358	0	0	358	(63)
Sub total completed schemes	2,245	2,097	129	129	2,226	(19)
Stoke Crossing	1,223		1,512	703	703	(520)
Total	3,468	2,097	1,641	832	2,929	(539)

4.4.3 It should also be noted that the A228 / Stoke Crossing programme assumed s106 funding of **£1.136m which has not been forthcoming**. Any unused borrowing approval could be used to mitigate this shortfall, as could an un-required provision of £150,000 brought forward from a previous A228 scheme.

4.4.4 However, if no further s106 funding is identified then a significant shortfall will remain which would increase if any further costs on the HCA related schemes became payable.

4.5 Members Priorities

4.5.1 The total scheme value is £1.993m of which £0.997m has been carried forward. A sum of £0.406m is currently unallocated to specific schemes. Allocations to the programme made since the previous report are;

- Brendon Ave street lighting £3,000
- Magpie Centre £23,000
- Priestfield Play Area £35,000

5. New Schemes and Virements

- 5.1 Members are asked to note the various virements and reallocations outlined in the body of this report, approved under Directors delegated authority (paragraphs 4.2.2, 4.2.3 and 4.3.1 refer).

6. Conclusions

- 6.1 This report provides an update on expenditure, to the end of Quarter 3, against the approved capital programme.

7. Risk Management

- 7.1 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 and further infrastructure works are programmed through the Growing Places Fund within the Local Enterprise partnership (LEP).

8. Financial and Legal Implications

- 8.1 The financial implications are fully analysed in the report.

9. Recommendations

- 9.1 That Members note:
- The spending forecasts summarised at Tables 1;
 - budget virements and additions as detailed in paragraphs 4.2.2, 4.2.3 and 4.3.1.

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Background Papers

Capital budget approved by Council 23 February 2012

Capital Budget Monitoring Q1 2012/2013 to Cabinet 7 August 2012

Capital Budget Monitoring Q2 2012/2013 to Cabinet 30 October 2012