

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

7 OCTOBER 2014

CAPITAL BUDGET MONITORING 2014/2015 – ROUND 1

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Summary

This report presents the capital monitoring for the period to July 2014, with an outturn forecast for 2014/15.

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.
- 1.2 The Overview and Scrutiny Committee has the responsibility to scrutinise performance and the budget strategy.

2. Background

- 2.1 The approved capital programme for 2014/15 and future years is £83.8 million, being £56 million in respect of brought forward schemes and £27.8 million in respect of new approvals.
- 2.2 This report consolidates the capital monitoring undertaken by each directorate and this is summarised in the appendices. The accompanying narrative provides a brief description of each scheme, describing the progress of each and the outputs achieved. 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 5 show the position by directorate, with narrative from the project managers providing a more detailed explanation of the progress of each scheme against its plan.

Table 1: Summary – capital spend and forecasts

Directorate	Approved Programme	Spend to March 2014	Forecast spend 2014-15	Forecast spend in later years	Forecast Variance
	£'000	£'000	£'000	£'000	£'000
Business Support Department	34,855	31,180	2,070	1,606	0
Children and Adult Services	163,042	128,885	30,046	4,955	843
Regeneration, Community and Culture	112,001	66,637	26,207	19,156	0
Member Priorities	837	247	575	0	(15)
TOTAL	310,735	226,949	58,897	25,718	828

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	8	4	0	12
Children & Adults	53	5	1	59
RCC	57	0	0	57
Member Priorities	10	1	0	11
Total	125	13	1	139

4. Specific Scheme Monitoring Issues and Completions

86% of schemes are progressing well, forecast to complete on time and to budget.

4.1 Business Support (Appendix 2)

- 4.1.1 Council has agreed an addition to the Business Support Department's capital programme for 2014-2015. This is an increase of £185,000 in respect of the relocation of Children's Services to Broadside, MHS headquarters, and work to be undertaken at Eagle Court to transform it into a conference facility. A further £475,000 has also been added to the Mercury Abatement scheme. £3.02 million was rolled forward from the 2013/14 programme, giving the Department a total capital programme of £3.68 million this year.
- 4.1.2 The Department's forecast reflects the planned phasing of expenditure and anticipates a roll forward of £1.61 million into future years.
- 4.1.3 The Cabinet on 30 September 2014 is being asked to approve a £400,000 addition to the capital programme to take forward the Smarter Working @ Gun Wharf project. This would be funded through a virement from the non-ringfenced Adult Social Care Capital Grant.

4.2 Children and Adults (Appendix 3)

- 4.2.1 In agreeing the 2014/15 capital programme Council agreed the grant settlement comprising the following:
- Condition Programme - £2.5 million;
 - Basic Need - £4.6 million, covering 2015/16 and 2016/17;
 - Adult Social Care - £547,000;
 - Schools Devolved Formula Capital - £452,000.
 - Universal Infant School Means - £567,000
- 4.2.2 The schools forum agreed to include the use of £2.0 million of DSG Reserves.
- 4.2.3 Remaining approvals rolled forward from 2013/14 amounted to £23.4 million
- 4.2.4 Resulting in a Children and Adult Services 2014/15 capital programme of £34.2 million.
- 4.2.5 Based on the first round of monitoring returns, the directorate is forecasting capital expenditure of £30.0 million this year, £5.0 million in future years, and a total overspend of £843,000.
- 4.2.6 The Wainscott Primary Expansion scheme is forecast to overspend by £177,000 million, due to the discovery and subsequent removal of slow worms and the extensive highway improvement works required to gain planning permission at the site. The Napier Primary Project is forecast to overspend by £35,000. These overspends could be met during the year by transferring budgets from the Basic Needs programme, the impact being that future basic needs schemes would be met from uncommitted developer contributions.

- 4.2.7 The academies programme is forecasting an overspend of £451,000 due to a legal challenge by BAM over the council's cost liability towards removing asbestos found at Brompton and Strood Academy. Although BAM sought to claim 100% of the cost, the arbiter determined that the Council was only liable for around 25% of the total cost of removing the asbestos. This too can be met from the Basic Need Grant, with the resultant shortfall on future basic needs schemes being met from uncommitted developer contributions.
- 4.2.8 BAM are also claiming for additional time and cost of asbestos at the Bishop of Rochester Academy site but the Council is disputing this liability.
- 4.2.9 The New Horizon children's Academy is forecasting an overspend of £165,000 million, however this overspend can be managed by utilising part of the £1.0 million balance of Targeted Basic Needs funding set aside for phase 2.
- 4.2.10 Finally, Cabinet on 30 September 2014 is ~~being requested~~[being requested](#) to endorse the virement of £120,000 from the Adult Social Care Transformation budget to fund expansion works at the Old Vicarage. A Gateway report seeking permission to commence the procurement of transferring The Old Vicarage Children's Home to the independent sector will also be considered by Cabinet on 30 September 2014.

4.3 Regeneration, Community and Culture (Appendix 4)

- 4.3.1 In agreeing the 2014/15 programme, Council approved additions to the capital programme totalling £16.176m:
- Local Transport Plan £4.337m
 - Highway Investment £4.621m
 - HRA related £5.62m
 - Disabled Facility Grants £1.265m
 - Play Areas £0.2m
 - Conservation and development works to Rochester Castle, Temple Manor and Upnor Castle £0.042
 - Broomhill Park £0.062
 - Beechings Way Pavillion £0.014
 - Capstone Park £0.012

4.3.2 Remaining approvals rolled forward from 2013/14 amounted to £29.187m.

4.3.3 There are currently no schemes forecasting an overspend.

4.4 Member Priorities (Appendix 5)

4.4.1 Approvals outstanding are RCC £198,538 and BSD £14,900 leaving an unallocated balance in BSD of £176,288 plus £200,000 for new approvals in 2014/15.

5. New Schemes and Virements

5.1 The Cabinet on 30 September 2014 will be asked to approve several virements, described at paragraphs 4.1.3, 4.2.6, 4.2.7, 4.2.9 and 4.2.10, all of which exceed the £150,000 delegated limit for Directors.

6. Conclusions

- 6.1 This report provides an analysis of the projected expenditure against the Council's capital programme, based upon the first round of monitoring returns submitted by managers during July 2014.

7. Risk Management

- 7.1 The risk of overspending against the programme is managed through regular monitoring and remedial action as appropriate throughout the year. There are no specific risks to report at this time.

8. Financial and Legal Implications

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

9. Cabinet

- 9.1 The Cabinet will consider this report on 30 September 2014 and Members will be updated as to the outcome of that discussion at the meeting.

10. Recommendations

10.1 Members are requested to note:

- (a) the spending forecasts summarised at Table 1 and the following virements, in accordance with the Council's delegated financial limits:
- the transfer £202,000 from the Basic Need Programme to fund the forecast overspends against the Wainscott Primary and Napier Primary schemes;
 - the transfer £451,000 from the Basic Need Programme to the Academies Programme to part fund the cost of asbestos removal;
 - the transfer £165,000 from the Basic Needs Programme (funded from the Targeted Basic Needs Grant) to fund the overspend on the New Horizons project.
- (b) the recommendation to Council that the following additions to the capital programme, both of which are to be funded through virements from the Adult Social Care Transformation budget:
- the transfer £400,000 from Adult Social Care Transformation to fund the Smarter Working @ Gun Wharf project;
 - the transfer £120,000 from Adult Social Care Transformation to fund the construction of additional provision on the Old Vicarage site.

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Background papers

Capital budget approved by Full Council 20 February 2014

<http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Ild=11659>