



COUNCIL CABINET
11 November 2015

ITEM 15

Report of the Leader of the Council

Quarter 2 Capital Budget Monitoring 2015/16 – 2017/18

SUMMARY

- 1.1 This report provides details of the revised financial position for the 2015/16 Capital Budget for Quarter 2. This is in line with the agreed strategy of reporting capital monitoring figures on a monthly basis to Chief Officer Group and on a quarterly basis to Cabinet for approval and action as necessary.
- 1.2 The report highlights a Capital programme of £88,722,910 for 2015/2016, after reflecting revisions to the Capital programme of (£2,180,000) and accounting for the over programming necessary at the time of setting the budget. The changes required are shown in table 1 of section 4 and detailed in Appendix 2. Significant changes over £200,000 are also detailed by strategy area and scheme in section 4.
- 1.3 A revised indicative programme for 2016/17 – 2017/18 detailed in table 2 paragraph 4.15.
- 1.4 A revised funding position is shown in Table 2 section 5.
- 1.5 Details of additional S106 required to be added to the 2014/15 – 2016/17 capital programme are detailed in paragraph 5.3.
- 1.6 A review of the whole programme is being undertaken as part of the 2016 -19 budget strategy. The results will be considered at the December Cabinet.

RECOMMENDATION

- 2.1 To approve the changes and additions required to the 2015/16 capital programme as detailed in Appendix 2.
- 2.2 To note the revised programme for 2015/16 in table 1 and the revised indicative programme for 2015/16-2016/17 as shown in table 2.
- 2.3 To note the changes to 2015/16 capital funding as detailed in Table 3 Section 5.
- 2.4 To approve the allocation of S106 funding as summarised in paragraph 5.3 table 4.

REASONS FOR RECOMMENDATION

- 3.1 To update Cabinet of the Council's revised capital programme as at quarter 1.
- 3.2 To comply with the agreed strategy of reporting capital budget monitoring figures on a monthly basis to Chief Officer Group and on a quarterly basis to Cabinet for approval and action as necessary.
- 3.3 To comply with the Council's Contract and Financial Procedure rules regarding approval for proposed changes to the capital programme.



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Report of the Chief Executive

SUPPORTING INFORMATION

4 UPDATE ON CAPITAL BUDGET 2015/16

4.1 The latest capital programme totals £88,722,910 for 2015/16 which includes revisions of (£2,180,000) since the last reported position at October Cabinet. This gives a variance to the original indicative programme of (£14,514,000) and is mainly due both to outturn slippage from 2014/15 which was added to the programme at July's Cabinet and realisation of assumed slippage within the 2015/16 programme.

4.2 Delivery of the 2015/16 Programme

The capital programme consists of a number of capital schemes across 11 programme areas. The programme is currently on target to deliver the majority of schemes on time and within budget.

4.3 Revised Capital Programme 2015/16

4.4 Table 1 provides a summary of the revised capital programme with changes totalling (£2,180,000). The quarter 2 position of £88,722,910 forms the baseline on which the 2015/16 outturn position will be performance measured.

Table 1: Summary of Revised Capital Programme

Strategy Area	Original programme 2015/16 £000s	Approved Slippage and revisions to 7Oct Cabinet £000s	Latest Approved capital programme £000s	Further Revisions £000s	Revised Capital Programme Baseline Quarter 2 £000s
Schools	10,945	(2,543)	8,402	(718)	7,684
Highways and Transport	4,109	440	4,549	261	4,810
Property Improvement	2,021	920	2,941	0	2,941
Property Maintenance and Refurbishment	5,651	(2,259)	3,392	0	3,392
Parks & Open Spaces	1,265	709	1,974	0	1,974
Vehicles Plant and Equipment	2,769	88	2,857	(723)	2,134
Flood defence	19,490	(11,524)	7,966	112	8,078
Regeneration	35,010	(542)	34,468	(691)	33,777
Housing General Fund	5,080	(2,812)	2,268	12	2,280
HRA	19,316	348	19,664	321	19,985
ICT	2,328	252	2,580	(754)	1,826
Contingency	0	1,100	1,100	0	1,100
Sub Total	107,984	(15,823)	92,161	(2,180)	89,981
Less Schools Devolved		(1,394)	(1,394)	594	(800)
Less assumed capital slippage	(4,747)	4,289	(458)		(458)
Total Programme	103,237	(12,928)	90,309	(1,586)	88,723

4.5 Forecast Spend 2015/16

Details of the changes are shown in Appendix 2 with a summary of those changes over £200,000 highlighted below.

Although the current programme is forecasting to spend £89,292,000 it is more realistic that the Council will actually spend around £80,000,000 which will include:

Strategy Area	Forecast Spend 2015/16 £
Schools	7,219,000
Transport	4,549,000
HRA	19,136,000
HGF	2,218,000
Parks	1,929,000
ICT	2,580,000
Regeneration	34,683,000
Flood defence	250,000
Property	5,456,000
Total	78,020,000

This is due to some areas of the programme still requiring consideration making accurate forecasting difficult to predict for the year end outturn. The following areas are those that are still uncertain for the reasons specified

- Vehicles Plant and Equipment £2,857,000 due to the decisions as to whether items of plant and equipment will be replaced in 2015/16
- Property rationalisation scheme £671,000 which is still under discussion as to what properties will be kept or disposed of.
- Regeneration, This area has forecasting issues that rely on funding agreements being signed and contract negotiations being agreed and signed which will both have a knock on effect of delaying the start of certain schemes within the programme.
- Flood Defence - £7,670,000 for the Our City Our River scheme as works not due to start on site until February 2016.

4.6 Schools

The schools capital programme requires a net reduction of £718,000 as detailed in Appendix 2. A summary of the significant changes are included below ...

- £594,000 slippage to 2016/17 for the schools devolved formula scheme. This is Devolved Formula Capital grant controlled directly by schools. The DfE allow schools to roll forward funding into future years if it is committed to capital schemes. Schools would be encouraged to roll funding into future years in order to make best use of the capital funds available for more appropriately sized schemes.

4.7 Highways and Transport

The Highways and Transport capital programme requires a net increase of £261,000 as detailed in Appendix 2. There are no significant changes over £200,000.

4.8 Property Improvement

The property Improvement capital programme requires no changes.

4.9 Property Maintenance and Refurbishment

The Property Maintenance capital programme requires net changes totalling nil as detailed in Appendix 2. A summary of the significant changes are included below

- £195,000 reallocation from the planned maintenance pot to:
 - £150,000 for fire risk assessment works and health and safety at the Guildhall and
 - £45,000 for a disabled ramp at Moorways stadium

4.10 Parks and Open Spaces

The Parks and Open Spaces capital programme requires no changes.

4.11 Vehicles Plant and Equipment

The Vehicles Plant and Equipment capital programme requires a net reduction of £723,000 as detailed in Appendix 2. A summary of the significant changes are included below...

- £549,000 reduction for the grounds maintenance scheme consisting of £409,000 slippage to 2016/17 and £140,000 reallocation for refuse vehicles. This is due to ongoing discussions about future service levels in this area has led to a decision to defer the purchase of new equipment in case it is not required in future years.
- £325,000 slippage to 2016/17 for street cleaning. Ongoing discussions about future service levels in this area has led to a decision to defer the purchase of new equipment in case it is not required in future years

4.12 Flood Defence

The Flood Defence capital programme requires net increase of £112,000. There are no significant changes over £200,000.

4.13 Regeneration

The Regeneration capital programme requires net changes totalling a reduction of £691,000 as detailed in Appendix 2. A summary of the significant changes are included below ...

- £197,000 slippage to 2016/17 for the Townscape Heritage Initiative scheme. Whilst slow to start, demand for the THI is now picking up, with the first application now approved. However the original spend profile is no longer realistic so it is proposed to reprofile between 2015-16 and 2016-17. The main funders (HLF) are aware and this revised profile will match the latest information submitted to them.
- £500,000 slippage to 2016/17 for the City Living Scheme. This is a demand led scheme to provide loan funding for the conversion of redundant commercial properties into residential. The successful launch of the scheme has led to receipt of a number of applications, some of which will be taken up in 2016/17 therefore giving rise for the slippage request.

4.14 Housing General Fund

The Housing General Fund capital programme requires an increase of £12,000 as detailed in Appendix 2.

4.15 HRA

The HRA capital programme requires net changes totalling an increase of £321,000 as detailed in Appendix 2. A summary of the significant changes are included below ...

- £466,000 addition of a new build scheme on the former Ashlea site part funded by the HCA
- £207,000 slippage to 2016/17 for the Alison Close scheme due to drainage levels and issues on site necessitating a resubmitted scheme

4.16 ICT

The ICT capital programme requires a net reduction of £754,000 in 2015/16 as detailed in Appendix 2. A summary of the significant changes are included below ...

- £704,000 slippage and reallocations for the E services scheme. Following a review the following changes are proposed:
 - A reduction of 354,000 to be surrendered back to the corporate pot,
 - Slippage of £250,000 to 16/17 &
 - A re-allocation of £100,000 for the new Replacement Highways Management System:

4.17 **Revised Programme 2015/16- 2017/18**

Table 2 shows the 2015/16 – 2017/18 indicative programmes approved at 18th February Cabinet, incorporating the changes from above.

Table 2 Revised Indicative programme 2015/16 – 2017/18

Strategy Area	2015/16 £000	2016/17 £000	2017/18 £000
Schools	7,684	8,911	6,620
Highways & Transport	4,810	10,490	7,100
Property Improvement	2,941	2,676	5,469
Property Maintenance & Refurbishment	3,392	4,737	2,037
Parks & open Spaces	1,974	0	245
Vehicles Plant & Equipment	2,134	26,294	564
Flood defence	8,078	8,074	9,920
Regeneration	33,777	21,715	12,265
Housing General Fund	2,280	3,054	2,297
HRA	19,985	21,731	11,321
ICT	1,826	1,260	10,360
Contingency	1,100	0	0
Programme Sub-Total	89,891	108,942	68,198
Less devolved formula	(800)	(654)	(654)
Less assumed capital slippage	(458)	(1583)	(3,337)
Total Programme	88,723	106,705	64,207

4.18 A review of the whole programme is being undertaken as part of the 2016 -19 budget strategy. The results will be considered at the December Cabinet.

5. **Capital Funding**

5.1 Table 2 provides a revised funding position for the 2015/16 capital programme to take account of the changes detailed above.

Table 2- Revised Funding Position – 2015/16

Funding Source	Original Approved capital Programme £000s	Slippage and revisions £000s	Latest Approved capital programme £000s	Further Revisions £000s	Revised programme at Quarter 2 £000's
Supported Capital Expenditure (Revenue)	70	(3)	67	0	67
Supported Capital Expenditure (Capital)	14,922	(3,201)	11,721	(845)	10,876
Unsupported Borrowing					
Corporate	21,659	4,118	25,777	(771)	25,006
Service Financed	9,562	(3,872)	5,690	(500)	5,190
Service Financed Spend to Save	0	0	0	0	0
External Borrowing	1,330	0	1,330	0	1,330
Government Grants	30,084	(15,257)	14,827	(57)	14,770
Housing Major Repairs Allowance	19,316	257	19,573	305	19,878
Capital Receipts	0	3,023	3,023	0	3,023
External Contributions	3,280	1,704	4,984	19	5,003
Lottery	967	365	1,332	0	1,332
S106 External Contributions	531	120	651	56	707
RCCO	715	316	1,031	207	1,238
Service Reserves	200	60	260	0	260
Capital Reserves	25	18	43	0	43
TOTAL	102,661	(12,352)	90,309	(1,586)	88,723

- 5.2 The devolved formula funding has been deducted from the above table as it is not the council's responsibility to spend the funding it is devolved to schools. The £1,586,000 reduction takes into account any reductions made for over programming. The net changes are due to the following larger movements:

Supported Capital Expenditure (Capital)

The reduction in the SCE C is mainly due to the slippage and reductions in the ICT programme.

Corporate Borrowing

The reduction in the corporate borrowing is mainly due to the slippage and reallocations in the vehicles plant and equipment programme.

Borrowing Service Financed

The reduction in the service financed borrowing is due to the slippage on the City Living scheme.

Government Grants

No significant movements this quarter.

Major Repairs Allowances - MRA

The increase in the MRA is due to the addition of two new projects within the HRA programme.

Lottery

No significant movements this quarter.

External Contributions

No significant movements this quarter.

RCCO

The increase in revenue contributions is mainly due to addition of revenue funding within the Highways and Transport programme.

Service Reserves

No significant movements this quarter.

Devolved Formula

The reduction in the devolved formula schools grant is due to slippage within the schools programme.

5.3 S106 Contributions

It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific contributions are intended to be used for. Any in- year allocations are generally reported through the monthly Contract and Financial Procedures Matters reports, and quarterly Capital Monitoring reports, as they arise. Table 4 outlines the additional S106 contributions allocated this quarter.

Table 4 Additional S106 Allocations

Strategy Area	Scheme	Developer	Ward	£	S106 ref no
Regeneration	War Memorial	Derby College	Mackworth	£10,000	MacC1-11
H&T	Local Traffic Management	Derbyshire Acute Hospital	Littleover	£46,000	Acus1-02

OTHER OPTIONS CONSIDERED

6.1 None

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Amanda Fletcher – Head of Finance Martyn Marples – Director of Finance & Procurement
For more information contact: Background papers: List of appendices:	Nicola Goodacre 01332 643352 e-mail nicola.goodacre@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of further changes to the capital programme 2015/16

IMPLICATIONS

Financial and Value for Money

- 1.1 As detailed in the report.

Legal

- 2.1 Under Section 28 of the Local Government Act 2003 the Council must review its performance against budget and, if there has been deterioration in its financial position, must take appropriate action to deal with the situation.

Personnel

- 3.1 None directly arising.

IT

- 4.1 None directly arising.

Equalities Impact

- 5.1 It is important that any regeneration and maintenance schemes, including schools, in the city liaise closely with the Disabled People's Diversity Forum and the Lead on Equality and Diversity to make sure access for disabled people is built in at the design stage to save costs later on.

Health and Safety

- 6.1 None directly arising.

Environmental Sustainability

- 7.1 None directly arising.

Property and Asset Management

- 8.1 None directly arising.

Risk Management

- 9.1 All projects are run using the Prince 2 methodology and carry individual risk registers. All risk implications are reported and monitored on a monthly basis at the Strategic Asset Management Board.

Corporate objectives and priorities for change

- 10.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.

Appendix 2

Summary of further changes to the capital programme 2015/2016	Latest Approved Capital Programme 2015/16 £000	Revised Capital Programme 2015/16 £000	Change £000	Category
Schools				
Meadow Farm Primary School - Rewire	85	7	(78)	S
Springfield Primary - Access Improvements	93	30	(63)	S
Murray Park - Major condition refurbishment	995	825	(170)	R2
Design works for schemes to be carried out in 2016/17	0	75	75	R2
Rosehill Infant School - Extension and remodelling	0	75	75	R2
Oakwood Junior School - FRA Works	0	20	20	R2
School Devolved Formula Capital	1,394	800	(594)	S
St Clare's - windows phase 1	5	0	(5)	R2
St Clare's - windows phase 2	95	100	(5)	R2
Rosehill Infant - Window Replacement phase 1	15	12	(3)	R2
Rosehill Infant - Window Replacement phase 2	116	119	3	R2
Schools Access Initiative	30	23	(7)	R2
Beaufort Primary School - Changing Facilities	0	3	3	R2
Reigate Primary - SEN Access	0	4	4	R2
Redwood Primary School - Kitchen UIFSM	200	208	8	A1
St Giles - Kitchen UIFSM	122	124	2	A1
Fire Risk Assessment	68	58	(10)	R2
Pear Tree Infant - Fire Risk Assessment Works	0	24	24	"10 R2
Property Adaptations for Foster Carers	41	34	(7)	1 A1
Total Schools	3,259	2,541	(718)	

Highways & Transport				
Asset Management - Highways Maintenance	2,281	2,292	11	R2
Asset Management - Structures Maintenance	527	543	16	R2
Network Management - Local Traffic Management	401	481	80	R2
Local Traffic Management	481	527	46	A
Highways Maintenance	2,292	2,400	108	A
Total Changes to the Highways and Transport Programme	5,982	6,243	261	
Property Maintenance				
Planned Maintenance	442	247	(195)	R2
Guildhall FRA and H&S works	0	150	150	R2
Southgate Youth Club Replacement Windows	345	0	(345)	R2
Southgate Youth Club Replacement Windows	28	373	345	R2
Moorways Stadium Disabled Ramp and Associated works	0	45	45	R2
Total Changes to the Property Maintenance Programme	815	815	0	
Vehicles Plant				
Grounds Maintenance	1,049	500	(549)	S/R2
Refuse	1,260	1,400	140	R2
Street Cleansing	325	0	(325)	S
Highways Vehicles	135	146	11	R2
Total Changes to the Vehicles plant and Equipment Programme	2,769	2,046	(723)	
Flood Defence				
Sandringham Drive Flood Study	25	15	(10)	R3
Willowcroft Road Flood Study	25	0	(25)	R3 - £10k, R2 - £15k
Cavendish Culvert	46	138	92	R2- £40k, R1 - £52k
Markeaton Lane Flood Alleviation Works	25	0	(25)	R2
Eggington	0	80	80	A

Total Changes to the Flood Defence Programme	121	233	112	
Regeneration				
Friar Gate Bridge	100	40	(60)	S
Townscape Heritage Initiative	297	100	(197)	S
Mackworth War Memorial	0	19	19	A
Infinity Park Derby	11,506	11,553	47	R1
City Living Initiative	2,050	1,550	(500)	S
Total Changes to The Regeneration Programme	13,953	13,262	(691)	
Housing General Fund				
Autism Innovation	0	12	12	A
Total Changes to The HGF Programme	0	12	12	
HRA				
Peel Street	0	120	120	A
Ashlea	0	466	466	A
Alison Close	219	12	(207)	S
Edmund Road	60	2	(58)	S
Total Changes to The HRA Programme	279	600	321	
ICT				
CRM System	8	4	(4)	R2
GIS	27	22	(5)	R2
Hardware Renewal	200	223	23	R2
e-Services	754	50	(704)	R1, S & R2
Income Management	23	9	(14)	R2
Planning System	200	50	(150)	S

Replacement Highways Management System	0	100	100	R2
Total Changes to The ICT Programme	1,212	458	(754)	
TOTAL CHANGES TO PROGRAMME	28,277	26,097	(2,180)	
	Key of Categories			
	A	Additional schemes from new funding secured		
	A1	Scheme increase funded by previous years' reserves income		
	S	Re-phasing		
	R1	Other Adjustments - Scheme Reductions/Increases		
	R2	Re-allocated Within Departments Programme		
	R3	Re-allocated To Different Departments Programme		

