



Capital Monitoring

SUMMARY

- 1.1 Council approved the capital programme for the 2007/08 to 2009/10 period at its meeting on 1 March 2007. Since then, the programme has been updated to reflect the 2006/07 outturn, including approved slippage, changes approved through Contract and Financial Procedure Matters reports and individual departmental cabinet reports. This report provides an update on the projected variance on the programme, with a particular focus on risk budgets.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations.

RECOMMENDATIONS

- 2.1 To recommend to Council changes to the capital programme as set out in paragraph 1.2 and Appendix 2.
- 2.2 To recommend to Council the addition of the schemes detailed in paragraph 1.3 to the 2007/8 capital programme.
- 2.2 To note the projected outturn and variance.
- 2.3 To note the capital risk budgets identified by departments and progress on those schemes.
- 2.4 To recommend to Council scheme commencement for Ivy House Special Needs School, Breadsall Hill Top Junior School replacement windows and Derwent Community School roof modifications.
- 2.5 To recommend to Council the allocation of capital receipts to the Connecting Derby project once the sale of Connecting Derby land at 2-8 St Helen's Street has taken place.



Capital monitoring

SUPPORTING INFORMATION

1. Revisions to the capital programme

- 1.1 The initial capital programme for 2007/08 approved by Council on 1 March 2007 was £109.9m. This was revised to £126.4m in the capital outturn report agreed by Cabinet on 31 July 2007, taking into account slippage and other year-end adjustments. Other changes have been reported through Contract and Financial Procedure Matters reports and in specific reports, such as the Public Realm programme report, giving a latest approved total of £127.5m for 2007/08.
- 1.2 Under Financial Procedure Rules, changes to the capital programme have to be reported to Cabinet if total scheme costs have increased by 10%, or £10,000, whichever is the greater. All new schemes must also be approved. A summary of changes by department is shown at Appendix 2. The most significant of these are:
- £4.348m slippage on Rosehill Market Renewal
 - £100k additional funding for ICT assignment days
 - £290k slippage on Rowditch Recreation ground
 - £835k slippage for the Council House refurbishment
 - £125k addition for windows at Breadsall Hill Top
 - £125k additional works to Nightingale Junior for asbestos removal
 - £125k addition for Derwent Community roof repairs
- 1.3 Contract and Financial procedure rules require cabinet approval for additions to the capital programme. The following schemes require adding to the 2007/8 programme and are reflected in Table 1 and Appendix 2.

Perth House

The Perth House project is being delivered within the multi agency Derby Supported Accommodation Strategy previously ratified by Cabinet. The strategy aim is to reconfigure accommodation provision to the people of Derby by improving the volume and quality of short term respite care and intermediate care facilities to older people. Refurbishment of the ground floor of the existing Perth House residential facility will provide five additional respite and 10 additional intermediate care beds for the city.

The capital project is funded in partnership with Derwent Community Team and all capital funding for the refurbishment works to Commission for Social Care Inspection (CSCI) standards has been secured.

	£
Derwent Community Team	181,000
Care Standards funding	35,000
SCE(R) MH Grant 06 / 08	<u>129,243</u>
Total	<u>345,243</u>

Proposed building works would be complete by March 2008 with the reconfigured unit operational in April 2008. Other than routine maintenance, no further capital injection from the Council is expected.

This project meets the objectives of the Derby Supported Accommodation Strategy, prevent or delay inappropriate admissions to hospital for older people and support the Council's objectives to maintain older people's independence within their own homes.

The change of use at Perth House from residential to intermediate care accommodation will result in an annual loss of income estimated at £69,303. Derby City Primary Care Trust (PCT) has agreed to pay an ongoing contribution to the Council of this sum to compensate for the reduction in income.

LTP/IRRMS

At its meeting on 31 July 2007 Cabinet approved a contribution of £400,000 towards environmental and transport improvements to Allenton and Alvaston district centres from the Council's Public Realm capital programme. This has released Local Transport Plan (LTP) funding originally allocated to these schemes. It is proposed that £270,000 of this funding is now used to support additional spend on the Inner Ring Road Maintenance Scheme (IRRIMS) on extra safety features and unavoidable cost overruns. The remaining £130,000 is required to support other highways and transport capital schemes in 2007/08. A further report will be brought to Cabinet setting out proposals for members to consider.

The previous available budget for 07/08 for the IRRIMS original scheme was £79,000. The additional £270,000 would fund the increase in the total estimated spending for the year to £349,000. The breakdown of this is ...

- £80,000 - works identified as the scheme progressed, including installation of open box beam safety fencing on St Alkmunds Way, in the vicinity of the King Street off Slip, and replacement of the steel parapet to the northern side of Derwent Street Underpass.
- £110,000 costs as a result of a worldwide steel shortage, which delayed the delivery to site of new steel parapets, increasing both the general site costs associated with the contractor remaining on site, and also prolonged the usage of the extensive traffic management measures that were required to keep the roads users safe during this period.
- £10,000 - signage added onto the works to provide a consistent message for road users.
- £117,000 - actual cost of the planned works this financial year. This includes the £79,000 originally allocated, with the remainder of the cost being made up of some over run on the planned works as well as from various small elements of works that need to be completed / tidied up prior to completion.

- £32,000 - 10% contingency sum.

CYP

Replacement of windows at Breadsall Hill Top Junior School

The main block at Breadsall Hill Top Junior School is a Hills system building. The fixings and structural frames to the windows have deteriorated to such an extent that they need replacing or will require fencing off. Discussions had taken place with the school for them to fund repairs and remedial work at a cost of £16,000, however after further investigation the curtain walling is in need of replacement rather than repair. The cost of replacement windows and curtain walling is estimated to be £125,000. The school has agreed to contribute £70,000 (this comprises £44,424 devolved capital, £25,576 revenue funding) towards the scheme which is over and above what the normal capital programme contribution formula would require. It is proposed that the remainder of £55,000 is funded from 2007/08 NDS Modernisation Funding. If the work does not go ahead then there could be health and safety implications to occupants.

Additional funding for asbestos removal and ancillary work at Nightingale Junior School

Work is currently ongoing at Nightingale Junior School to remove asbestos from the ceiling, provide some new heating pipework and undertake other ancillary work. The asbestos consultants were unable to access the area above the ceiling prior to the start of removal for health and safety reasons and so were reliant on a CCTV assessment. Unfortunately the amount of asbestos is significantly higher than originally anticipated. In order to enable the school to re-occupy the affected areas and classrooms as planned, at the beginning of the autumn term, additional resources have been necessary. Additional hours have been spent by asbestos analysts and in relation to asbestos removal. Remedial work has also been required to a boundary wall at a cost of £10,000. The total additional cost to the scheme is estimated to be £125,000. It is proposed that this is funded from part of the Children and Young People's capitalised maintenance budget.

Repair and modification works to roof at Derwent Community School following malicious damage and theft of lead

During the week commencing 6 August 2007 thieves gained access to the roof at Derwent Community School and removed the lead flashings from above and below the roof lights. This has resulted in extensive damage to the roof and has left the school exposed to the weather. Temporary works are currently being arranged to make the area watertight on a temporary basis. The nature of this work will be very difficult due to the arrangement of the roof lights. It is proposed that as part of the permanent solution, the roof lights will be removed and replaced with tiles to avoid the need for lead to be used. The cost of the works has been estimated at £125,000. This will include additional security due to the number of repeat visits thieves are making to the school. The school will contribute one years devolved capital of £35,983 and it is proposed that the balance of £89,017 is funded from 2007/08 NDS Modernisation Funding. Officers are currently liaising with the insurance loss adjuster to negotiate a settlement, the outcome of which could reduce the cost to the school and the capital programme.

1.4 The total revised programme and funding for 2007/08 is summarised below:

Table 1 – Revised 2007/8 Programme and Funding			
Programme	Latest Approved (31 Jul Cabinet) Capital Programme £000's	Further Revisions (Appendix 2) £000's	Revised Programme £000's
Children and Young Peoples Department	53,525	205	53,730
Regeneration and Community Department	27,331	638	27,969
Housing	29,612	(3,549)	26,063
Resources	649	145	794
Environmental Services	5,896	(1,146)	4,751
Corporate and Adult Social Services/Corporate	10,335	(840)	9,495
Public Realm/Asset Management (unallocated)	183	0	183
Total Programme	127,532	(4,547)	122,985
Funding 2007/8	Latest Approved (31 Jul Cabinet) Capital Programme £000's	Further Revisions £000's	Revised Programme £000's
Supported Capital Expenditure (Revenue)	11,311	129	11,440
Supported Capital Expenditure (Capital)	41,536	(3,990)	37,546
<i>Unsupported borrowing</i>			
Corporate Programme	14,633	(972)	13,661
Service Financing	2,703	(112)	2,591
Service Financing Spend to Save	852	11	863
Housing major repairs allowance	7,501	341	7,842
Government grants	27,346	(51)	27,295
Capital receipts	7,899	681	8,580
External contributions	5,293	(97)	5,196
Lottery	1,104	(490)	614
Capital Reserves	1,894	0	1,894
Revenue/Revenue	4,647	249	4,896

Reserves			
S106 External Contributions	811	(246)	565
Total Funding	127,532	(4,547)	122,985

1.5 The programme will be updated throughout the year and will be reprofiled where necessary.

1.6 The indicative programme for 2008/9 to 2009/10 has been updated with any reprofiling and a summary revised programme can be found at Appendix 3.

2. Monitoring of the 2007/08 capital programme

2.1 In monitoring the capital programme, it is important to focus on schemes which have the highest risk to the Council. A scheme could be treated as high risk because:

- it is a high value scheme requiring complex project management
- it has a high public profile
- it has a dependence on external funding sources which may be time-limited
- it involves planning or site issues which carry the risk of unpredictable additional costs.

The capital risk budgets identified by departments are shown in Appendix 4. These are the subject of more detailed monitoring than smaller, more straightforward schemes. Appendix 4 also reports on the projected outturn for these schemes and how they are progressing against timetable.

2.2 The current schemes identified as risk budgets are all currently on target to spend their budget. It should be noted, however, that Rosehill Market Renewal is a complex scheme which has had a protracted procurement process to appoint the projects master planners, this is coming to the closing stages now and once complete will go out for consultation. The project was thought to have been initially a 2 year project but because of the complexity and the partners involved it looks like going well beyond this. This is reflected in the current profiling.

The variance shown in table 2 below relates to the Rosehill slippage.

2.3 The overall projected outturn for the capital programme is shown in Table 2.

Table 2 Risk Budgets Projected Outturn and Variance				
Programme	2007/8 Latest Approved Budget	Spend To Date	Projected Outturn	Variance
	£000's	£000's	£000's	£000's
Children and Young Peoples Department	22,357	2,006	22,357	0
Regeneration and Community Department	18,871	2,292	18,871	0
Housing	8,427	529	4,500	3,927
Resources	0	0	0	0
Environmental Services	380	0	380	0
Corporate and Adult Social Services/Corporate	5,164	99	5,164	0
Total Programme	55,199	4,926	51,272	3,927

3. Scheme Commencements

3.1 The scheme requiring approval is new Ivy House special needs school. This is a replacement school and is due to start on site in the next few weeks. Approval is sought for the scheme commencement. Proposed funding details are shown below.

- Ivy House Special Needs School

Budget	£
2006/7	276,000
2007/8	2,198,00
2008/9	4,685,000
2009/10	169,000
Total	7,328,000
Funding	
Government Grants	5,862,000
SCE (R)	1,466,000
	7,328,000

- Breadsall Hill Top Junior School replacement windows

Budget	£
2007/8	125,000
Funding	
Contributions	70,000
Government Grant SCE (C)	55,000
	125,000

- Derwent Community School roof modifications and repairs

Budget	£
2007/8	125,000
Funding	
Government Grants SCE (C)	89,017
Contributions	35,983
	125,000

3.2 Financial Procedure Rules require Cabinet approval for the commencement of schemes over £100,000. These schemes and associated funding are included in the approved capital programme for 2007/08 - 2009/10.

4. Allocation of Capital Receipts

4.1 Connecting Derby is in discussion with Metropolitan Housing (MH) regarding a scheme to construct a corner building on the end of their development on St Helen's Street. Property at 2-8 St Helen's Street was purchased by Connecting Derby as land is required for the scheme. If the land required by MH is sold to them the proceeds are required to continue to fund the Connecting Derby scheme.

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Background papers:

List of appendices:

Appendix 1 – Implications
Appendix 2 – Proposed changes to capital programme
Appendix 3 – Summary of revised indicative programme for future years
Appendix 4 – Schedule of capital risk budgets and scheme progress

IMPLICATIONS

Financial

1. As detailed in the report and appendices.

Legal

2. None directly arising.

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate priorities

5. Schemes within the capital programme are consistent with the Council's corporate priorities.

Appendix 2

Summary of further changes to the capital programme 2007/2008	Latest Approved Capital Programme 2007/8 £000s	Revised Capital Programme 2007/8 £000's	Change £000's	Category (figures represent £'000)
Children & Young Peoples Department				
Breadsall Hill Top Junior School	0	125	125	55 R2 & 70 A
Nightingale junior school asbestos removal	683	808	125	A
Derwent Community School repairs to roof	5	130	125	89 R2 & 36 A
Littleover Community – fire barriers in roof	58	0	(58)	(28) R1 & (30) R2
Murray Park – fire barriers in roof void	58	0	(58)	(28) R1 & (30) R2
Modernisation fund	475	261	(214)	R2
Darley Abbey Barn	387	432	45	R2
Asterdale Childrens Centre	95	180	85	R2
Brookfield Childrens Centre Car Park	659	689	30	A
Total changes to Children & Young Peoples Department	2,420	2,625	205	
Regeneration & Community Department				
Non LTP				
Cathedral Green	3,600	3,648	48	A1
Friargate Studios	63	86	23	R1
Multi Storey Car Parks	35	14	(21)	R1
Shop Front Improvements (Public Realm)	60	30	(30)	S
LTP				
Connecting Derby	2,906	3,374	468	A
LTP - Maintenance	1,523	1,673	150	A
LTP – local accessibility & Environmental Improvements	1,072	802	(270)	R1
IRRMS	79	349	270	R1
Total changes to Regeneration & Community Department	9,338	9,976	638	
Housing				
HRA				
Kitchens & Bathrooms – post war	1,000	900	(100)	R2
Kitchens & Bathrooms – pre war	1,000	950	(50)	R2
Damp proofing	200	150	(50)	R2
Re-roofing	100	150	50	A
Wimpey & Unity property refurbishment	0	250	250	100 R2 & 150 A
Electrical upgrades	600	650	50	R2
Asbestos removal	100	125	25	A
Communal door entry system	150	200	50	R2
Adaptations for the disabled	700	800	100	4 R2 & 96 A
HELP scheme	0	20	20	A
Contingency/fees	71	67	(4)	R2
Kingdom Hall Trust Car Park	9	0	(9)	R2

Summary of further changes to the capital programme 2007/2008	Latest Approved Capital Programme 2007/8 £000s	Revised Capital Programme 2007/8 £000's	Change £000's	Category (figures represent £'000)
HGF				
Rosehill Market Renewal	8,427	8,848	421	A1
Rosehill Market Renewal	8,848	4,500	(4,348)	S
DASH & Hi4em	773	710	(63)	R1
Facilitation Fund: Kingdom Hall Trust Car Park	0	9	9	R2
Facilitation Fund: Home Loss Payments	0	100	100	A
Total changes to Housing	21,978	18,429	(3,549)	
Resources				
Revenues & Benefits Replacement System	42	87	45	A
ICT Assignment Days	0	100	100	A
Total changes to Resources	42	187	145	
Environmental Services				
Rowditch Recreation	300	10	(290)	S (220) R1 &
Osmaston Park	458	222	(236)	(16) S
Moorway Lane Park	110	0	(110)	S 250 R3, (50) R2 &
Sunnyhill Community Centre	426	300	(126)	30 A, 356 S 80 R2 &
Sunnyhill Rec – MUGA & Play Area	0	170	170	90 A
Playground Improvements	430	0	(430)	R2
Alvaston Park	69	80	11	R2
Oregon Way Play Area	0	80	80	R2
Keldholme Lane Play Area	0	80	80	R2
Highview Neighbourhood Park	46	100	54	R2
Refuse Vehicles & Plant	1,000	888	(112)	R1
Spondon Play Area	0	15	15	R3
Oakwood Community Centre – Carpark resurfacing, lighting & play area refurbishment	0	172	172	100 R2, 50 R3 & 22 A 63 R2, 64 A &
Chaddesden Park Wheeled Sports & Play Area	293	200	(93)	(220) R1 (250) S, (72) R1, 38
Nottingham Road Racecourse Improvements	670	398	(272)	R1 & 12 R2
Air Quality Monitoring	85	26	(59)	R1
Total changes to Environmental Services	3,887	2,741	(1,146)	
Corporate & Adult Social Services				
Property Services				
Perth House	0	345	345	35 R2 & 310 A
National Care Standards	472	437	(35)	R2
Council House Refurbishment	1,500	665	(835)	S

Summary of further changes to the capital programme 2007/2008	Latest Approved Capital Programme 2007/8 £000s	Revised Capital Programme 2007/8 £000's	Change £000's	Category (figures represent £'000)
Planned Maintenance	5,164	4,849	(315)	R3
Total changes to Corporate & Adult Social Services	7,136	6,296	(840)	
TOTAL CHANGES TO PROGRAMME	44,801	40,254	(4,547)	

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
Re-allocation:	
R2	Within Departments programme
R3	To different Departments programme

Revised Indicative Programme 2007/8 -2009/10

Appendix 3

Programme	2007/8	2008/9	2009/10
	£000	£000	£000
Children and Young Peoples Services	53,730	20,119	10,801
Regeneration and Community	27,969	20,531	17,511
Housing	26,063	18,917	15,931
Resources	794	250	250
Environmental Services	4,751	16,901	13,110
Corporate and Adult Social Services/Corporate	9,495	7,267	2,062
Public Realm/Asset Management (unallocated)	183	0	0
Revised Programme	122,985	83,985	59,665

Department	Name of Scheme	2007/08 Budget £'000	2007/08 Spend to Date £'000	2007/08 Projected Outturn £'000	Original Planned Completion Date	Latest Planned Completion Date	Current Status of Scheme	Reason for treatment as a Risk budget & current progress of scheme
Children & Young Peoples Services	Darley Abbey NOF PEA & Arts	298	278	298	June -07	Sep -07	On Site	Major scheme partly funded by Big lottery grant: potential costs of project delays yet to be finalised. Main building is now complete, pump room will be completed in September
Children & Young Peoples Services	PRU Key Stage 3 building Kingsmead	2,386	1228	2,386	Sep-07	Aug 07	On Site	Major scheme. Scheme is on track to meet August deadline
Children & Young Peoples Services	Ivy House School – new build	2,331	47	2,331	Aug-08	Oct-08	Tender	Major scheme. Completed tenders have now been received
Children & Young Peoples Services	New Normanton School	5,338	65	5,338	Aug-08	Aug-08	On Site	Major scheme. On target to meet completion date
Children & Young Peoples Services	Sinfin School – new build	9,292	388	9,292	Mar-09	Aug-08	On Site	Major scheme: small percentage variance will have significant impact on funding
Children & Young Peoples Services	Gayton Junior School – replacement heating system	292		292	Oct-07	Oct-07	On Site	Work carried out on dayworks basis: no fixed cost tender
Children & Young Peoples Services	Nightingale Junior School – asbestos removal	700		700	Oct-07	Oct -07	On Site	Original estimated costs 250k. Potential further increases depending what is revealed by opening up works
Children & Young Peoples Services	Lawn Primary – replacement heating system	720		720	Sep-07	Oct-07	On Site	Work is being carried out on a dayworks basis. Original estimated 440k. Work may run into term time with possibility of moving some year groups to a different school

Children & Young Peoples Services	Derwent New Deal schemes	1,000		1,000	Oct-07	Oct-07	On Site	Time limited funding with specific reporting requirements by funding provider. Work in Roe Farm, Beaufort & Derwent.
Regeneration & Community Services	Quad	7,613	734	7,613	February 2008	February 2008	On Site	Practical completion of main building works continues to be forecast for February 2008. Opening due June 2008 following internal fit out and preparation.
Regeneration & Community Services	East Street	1,700	389	1,700	March 2008	March 2008	On Site	Works are 3-4 weeks behind schedule, measures to be put in place, including a new gang, to bring works back on programme.
Regeneration & Community Services	IRRIMS - footbridge	1,425	700	1,425	2005/2006	2007/2008	On Site	The substructure of the bridge is currently on programme, with associated Public Realm works on programme for completion by the agreed date.
Regeneration & Community Services	Connecting Derby	3,374	420	3,374	2001/2002	2009/2010	On Site	Some additional property purchases are required to enable works to proceed pending full approval from DFT.
Regeneration & Community Services	Flood Defence	1,025	4				1 scheme complete. 3 at feasibility / preliminary design	This comprises 4 schemes. One of which is complete and in the retention stage. Preliminary feasibility and design studies are proposed on the remainder. However prioritising resources to the high risk areas may result in delays to other schemes and slippage. Further details will be reported at Quarter 2 monitoring once the financial impact of this has been assessed.

Regeneration & Community Services	Cathedral Green	3,648	12	3,648	March 2008	March 2008	Tender	A contract has been awarded to Dean & Dyball. Spend will increase once on site, works will begin on Cathedral Green on 28 August 2007. The planning application for the bridge and associated landscaping works was submitted Monday 30 July. Design & project management fees to the value of £68k have been incurred but not yet invoiced.
Regeneration & Community Services	Friargate Studios	86	33	86	November 2006	October 2007	On Site	Building completed and opened November 2006. Kitchen fit out and some carpeting to be installed in 2007/08. Funding secured to cover construction retention (£34k) and kitchen fit out & carpets (£52k)
Housing	Rosehill Market Renewal Pilot Scheme	8,427	529	4,500	31 March 2008	31 March 2009	Ongoing	£5.5m a year funding for two years 2006/2007 and 2007/2008 for pilot project. Around £2.2m spent in first year leaving £8.8m for 2007/2008. Slippage again most likely to occur – estimated at £4.348m – new delivery plan to be submitted for authorisation to carry forward funding to 2008/09. Risk is subsequently not being able to attract further funding from other agencies for further development following completion of the pilot.
Environmental Services	Springwood gym extension & library	300	0	300	Autumn 2008	Autumn 2008	Feasibility	Building details still to be agreed with Architects, tender planned for Autumn 2007, on site build to start Jan 08, with completion by Autumn 2008.

Environmental Services	Alvaston Park	80	0	80	Unknown	Unknown	Feasibility	Proposed scheme details to be approved by Cabinet. Subsequent external funding bids to be sought and building specification to be finalised with Architects.
Resources	FMS system replacement	253	200	253	Unknown	Unknown	Ongoing	Overall scheme costs being re-looked at due to additional consultancy & customisation requests.
Corporate & Adult Services	Planned Maintenance	5,164	99	5,164	31 st March 2008	31 st March 2008	On site	