



Capital Monitoring 2007/08 Update

SUMMARY

- 1.1 Cabinet approved the latest capital programme for the 2007/08 to 2009/10 period at its meeting on 4 September 2007. Since then, the programme has been updated to reflect 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 approve changes to the capital programme as set out in paragraph 1.2 and Appendix 2.
- 2.2 To approve the addition of the schemes detailed in paragraph 1.3 to the 2007/08 capital programme.
- 2.3 To note the projected outturn and variance shown in Table 2.
- 2.4 To note the capital risk budgets identified by departments and progress on those schemes. These are listed in Appendix 4.



Capital monitoring

SUPPORTING INFORMATION

1. Revisions to the capital programme

- 1.1 The latest capital programme for 2007/08 approved by Cabinet on 4 September 2007 was £122.9m. Further changes have been reported through Contract and Financial Procedure Matters reports and in specific reports, giving a latest approved total of £117.3m 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:
- £162k additional grant to improve care homes
 - £1,258k slippage on planned maintenance due to lengthy lead times required for some projects
 - £105k additional Local Area Agreement (LAA) funding for the Neighbourhood Environmental Action Team (NEAT) programme
 - £1,030k slippage for the housing PFI scheme due to ongoing negotiations regarding the PFI which have led to reprofiling of development costs into later years.
 - £1,415k reduction for the assessment centre in Green Lane is based on the latest expenditure forecasts which indicate a lower projected scheme cost
 - £90k additional grant funding for security grants
 - £689k slippage for the neighbourhood libraries because of the need to wait for confirmation of the lottery funding and the need to appoint a temporary project manager to deliver the scheme. There will be no expenditure until the recruitment process is complete which is expected to be January 2008
 - £246k reduction on St Benedict's Multi Use Games Area to reflect the actual receipt received
 - £179k slippage on Sinfin Children's Centre due to the works not commencing until February 2008.
 - £633k slippage on Cathedral Green due to delay in getting environmental agency consent for works within 8 metres of the river bed.
 - £370k slippage on project management and minor miscellaneous environmental improvements for the public realm works due to no public realm team being in place as yet. However approval has now been given from the public realm board for an interim project manager.
 - £100k addition for the riverside path tarmacing

- £1.9m reductions and reprofiling of Public Realm schemes relating to the Eagle Centre Market and Theatre Walk

1.3 Contract and Financial procedure rules require cabinet approval for additions to the capital programme. The following schemes require adding to the 2007/08 programme and are reflected in Table 1 and Appendix 2.

Corporate and Adult Services Department

Adult Services has received a grant to enhance the physical environment in care homes registered to provide nursing or personal care where the majority of places are for older people. The £390,000 grant was approved by the Department of Health following bids from the Independent Sector and Derby City Council's in-house residential care home provision. £161,551 of this grant needs to be included in the Corporate and Adult Services Capital Programme 2007/08 to be spent on the Council's homes as follows:

Home	£	Purpose
Arboretum House	17,696	Improvements to kitchen & IT facilities
Arthur Neal	21,363	Refurbishment of reception & bathroom facilities and internal redecoration
Coleridge House	44,300	Improvements to kitchen facilities and summer house
Merrill House	28,425	Adaptations to bathrooms
Perth House	12,118	Conversion of bathroom into shower room
Raynesway View	20,696	Bedroom redecoration, improvements to kitchenette and creation of hairdressing salon
Warwick House	8,440	Conversion of bathroom into shower room
Various	8,513	Decoration of communal area
Total	161,551	

The remainder of the grant will be paid over to the independent sector care homes on behalf of the government.

Environmental Services Department

The Community Safety Partnership – Area and Neighbourhood Board approved £105,000 for the purchase of:

- Litter and recycling bins £20k
- Street Scrubber (for city centre) £85k.

This will be funded through the LAA Safer and Stronger Communities block for the NEAT programme.

Children and Young Peoples Department

Derwent Youth Centre had £300k approved from the New Deal and Communities programme and have since been granted an additional £115k to increase the forecast spend to £415k to modernise the building and extend the youth service provision. A bid for £70k has been agreed from the Youth Opportunities Fund and £78k has been agreed from the planned maintenance programme.

Regeneration and Community Department

Additional grant funding will permit continuation of the existing scheme to provide grants to businesses in the Normanton area to improve security of premises, until December 2007

Public Realm Programme

Following the recent board meeting various live projects and several of the bigger projects yet to be committed have forecast different outturn figures from those previously produced. This has in turn reduced the previously reported over commitment to an under commitment of £999k.

As well as slippage and reductions to the programme an addition of £100k has been allocated for the riverside path scheme which will tarmac the final gravelled part of the footpath/cycle path to make safe for all users.

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 (2nd Oct Cabinet) Capital Programme £000's	Further Revisions (Appendix 2) £000's	Revised Programme £000's
Children and Young Peoples Department	46,253	(22)	46,231
Regeneration and Community Department	28,862	(2,296)	26,566
Corporate and Adult Services – Housing	26,913	(3,293)	23,620
Resources – e Services	794	0	794
Environmental Services	4,771	202	4,973
Corporate and Adult Services	9,495	(2,897)	6,597
Public Realm/Asset Management (unallocated)	183	816	999
Total Programme	117,271	(7,491)	109,780
Funding 2007/8	Latest Approved (2 Oct Cabinet) Capital Programme £000's	Further Revisions £000's	Revised Programme £000's
Supported Capital Expenditure (Revenue)	11,441	(1)	11,440
Supported Capital Expenditure (Capital)	27,569	0	27,569
<i>Unsupported borrowing</i>			
Corporate Programme	13,661	(3,126)	10,535
Service Financing	2,252	0	2,252
Service Financing Spend to Save	863	0	863
Housing major repairs allowance	7,842	0	7,842
Government grants	27,707	(1,400)	26,307
Capital receipts	9,580	(2,488)	7,092
External contributions	8,065	237	8,302
Lottery	614		614
Capital Reserves	1,876	365	2,241
Revenue/Revenue Reserves	5,236	(1,128)	4,108
S106 External Contributions	565	50	615
Total Funding	117,271	(7,491)	109,780

- 1.5 The programme will continue to be updated and reprofiled where necessary.
- 1.6 The indicative programme for 2008/09 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 majority of the current schemes identified as risk budgets are on target to spend their budget with the exception of ...

- Derwent Youth Centre – projected outturn £415k, as mentioned above in the monitoring changes is a recently approved project with a further £115k additional funding given since the original approval. This is a time limited funding stream which must be defrayed by 31 March 2008, however as the scheme isn't due to start until January 2008 there is a potential risk of it not being spent in time. As there are no alternative sources of funding within CYP budgets to fund this scheme should it slip or overspend it is proposed that the situation be reviewed in January. Should the project at this stage not be on course to complete by the end of the financial year then project viability will be reviewed.
- Inner Ring Road Integrated Maintenance Scheme – St Alkmunds footbridge projected outturn £1,630k, the majority of the works have been completed on site but the costs have increased and this therefore means an estimated shortfall of £205k. The reasons for this are as follows ...
 - An increase in the predicted demolition costs associated with the original footbridge, £20k, and ancillary works required facilitating the safe demolition, £15k.
 - The work required to alter the existing abutments / sub-structure to accept the new wider bridge, proved to be more difficult than anticipated, £30k.
 - There were under-estimates in the Public Realm Works associated with the scheme, which were added on to the original footbridge scheme, £20k.
 - Because the scheme design, incorporating the Public Art elements, took some time to complete not all of the details were available to the contractor when they were providing information for use in the cost estimates; there has been an increase in the cost of substructure works by something in the region of £100k.

- The funding shortfall will come from the LTP programme but as yet the specific area within the LTP budgets has not been identified, therefore, a further report will be brought back to Cabinet to identify which budgets should be reduced to accommodate this.
- Flood Defence – projected outturn £625k, due to the prioritisation of resources to the high risk areas the preliminary schemes will be delayed and therefore slippage of £400k and associated funding will be required.
- Planned Maintenance – projected outturn £3,656k. An estimated slippage of £1,258k has been identified because of the considerable lead in time in some priority projects which have impacts on service delivery. Some priority schemes have been delayed due to external influences e.g. Guildhall repairs delayed by the Christmas ice rink.

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 People's Department	22,990	6,295	23,105	115
Regeneration and Community Department	15,497	4,567	15,592	95
Corporate and Adult Services – Housing	4,500	920	4,500	0
Resources – e Services	253	214	253	0
Environmental Services	380	0	380	0
Corporate and Adult Services – planned maintenance	4,849	813	3,656	(1,193)
Total Programme	48,469	12,809	47,486	(983)

2.4 Other than the changes shown in Appendix 2 there are no other major issues to note against the whole of the revised capital programme shown in Table 1 above.

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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.

Proposed Changes to the Capital Programme

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 People's Department				
Da Vinci Telecommunications	60	126	66	R1
Contingency	0	50	50	A1
Capitalised Salaries	0	75	75	A1
Various Schools - Gas Mains	98	0	(98)	R2
Gas Mains	9	107	98	R2
Various Schools - Asbestos	195	0	(195)	R2
Asbestos removal & weather foil heater replacement	118	313	195	R2
Derwent Youth Centre	300	415	115	A
Becket Primary Children's Centre	92	142	50	R1
St Benedict's Multi Use Games Area & Changing	2,548	2,302	(246)	R1
Derby Moor Football Foundation	764	766	2	R1
Surestart Brookfield Primary Phase 2 Children's Centre	655	640	(15)	R1
Sinfin (Carlton) Children's Centre Phase 2	1,306	1,127	(179)	S (171 08/09 & 8 09/10)
Ivy House Special School	350	410	60	R1
Total changes to Children & Young Peoples Department	6,495	6,473	(22)	
Regeneration & Community Department				
Non LTP				
Security Grants	4	94	90	A
Flood Defence – Littleover Brook Culvert	709	309	(400)	R1
Neighbourhood Scheme – Community Libraries	701	12	(689)	S
Cathedral Green	3,648	3,015	(633)	S
Project Management & minor miscellaneous environmental improvements	500	60	(440)	(370) S 09/10 & (70) R1
Market Place East End Improvements	350	130	(220)	S
Castle Boulevard fees	25	235	210	R2
Design & Consultation	375	80	(295)	(210) R2 & (85) S (20) S
Shop Front Improvements	30	10	(20)	09/10
Riverside Path	0	100	100	A
LTP				
Maintenance of Transport Infrastructure	1,673	1,468	(205)	R2
Footbridge & Associated Public Realm works (St Alkmunds)	1,425	1,630	205	R2
Total changes to Regeneration & Community Department	9,440	7,143	(2,297)	
Corporate and Adult Services - Housing				
HRA				
Rebecca House refurbishment	850	100	(750)	R2 & S
Kitchens & Bathrooms – pre war	950	850	(100)	R2
HGF				
Supported Accommodation Strategy	200	0	(200)	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)
PFI Scheme	2,070	1,040	(1,030)	S
Assessment Centre (Green Lane Night Shelter)	3,144	1,729	(1,415)	R1
Facilitation Fund: Affordable Housing Full Street	0	202	202	A
Total changes to Corporate and Adult Services - Housing	7,214	3,921	(3,293)	
Resources				
Core Backbone Network Upgrade	35	140	105	R2
K2 Enterprise Agreement	105	0	(105)	R2
Total changes to Resources	140	140	0	
Environmental Services				
NEAT Vehicles & Equipment	0	105	105	A
Osmaston Park Facility improvements	222	239	17	A
Sunnyhill Multi Use Games Area	170	250	80	110 A & (30) S
Total changes to Environmental Services	392	594	202	
Corporate and Adult Services				
Property Services				
Planned Maintenance	4,849	4,914	65	R3
Planned Maintenance	4,914	3,656	(1,258)	S
Theatre Walk (Public Realm)	800	0	(800)	(300) S & (500) R1
Improvements to Eagle Centre Market (East Street entrance)	1,100	0	(1,100)	R1
Capitalised Salaries - valuer	0	34	34	A
Adult Services				
Improving Care Homes for Older People Grant	0	162	162	A
Total changes to Corporate and Adult Services	11,663	8,766	(2,897)	
Public Realm unallocated funding	183	999	816	R1
TOTAL CHANGES TO PROGRAMME	35,527	28,036	(7,491)	

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	46,231	27,569	10,937
Regeneration and Community	26,566	12,667	16,474
Corporate and Adult Services – Housing	23,620	19,642	16,686
Resources	794	250	250
Environmental Services	4,973	17,663	13,110
Corporate and Adult Services	6,597	8,781	2,096
Public Realm/Asset Management (unallocated)	999	0	0
Revised Programme	109,780	86,572	59,553

Schedule of Capital Risk budgets and Scheme Progress

Appendix 4

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	432	338	432	June 2007	September 2007	Complete	Scheme now complete, final account still outstanding.
Children & Young Peoples Services	PRU Key Stage 3 building Kingsmead	2,386	1,996	2,386	September 2007	August 2007	Complete	Scheme complete, final account still outstanding.
Children & Young Peoples Services	Ivy House School – new build	2,331	282	2,331	August 2008	October 2008	On Site	Scheme progressing well, with an anticipated completion date of October 2008.
Children & Young Peoples Services	New Normanton School	5,338	826	5,338	August 2008	August 2008	On Site	Scheme progressing well. Relocation of phone masts could cause a delay to scheme completion.
Children & Young Peoples Services	Sinfin School – new build	9,414	2,498	9,414	March 2009	August 2008	On Site	Main building due to be occupied by August 2008, with some external works to be completed after this date up until March 2009.
Children & Young Peoples Services	Gayton Junior School – replacement heating system	292	0	292	October 2007	October 2007	Complete	Scheme complete, outstanding invoices still to be processed.
Children & Young Peoples Services	Nightingale Junior School – asbestos removal	819	0	819	October 2007	October 2007	Complete	Scheme complete, final costs likely to exceed budget but as yet final account not confirmed. Invoices still to be processed.
Children & Young Peoples Services	Lawn Primary – replacement heating system	709	0	709	September 2007	October 2007	Complete	Scheme complete, final costs likely to exceed budget but as yet final account not confirmed. Invoices still to be processed.
Children & Young Peoples Services	Derwent New Deal schemes	969	355	969	October 2007	October 2007	On Site	Additional funding is being made available; consideration is to take place as to what enhanced works are to take place on the 3 sites – Derwent, Roe Farm & Beaufort.

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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	Derwent Youth Centre	300	0	415				Additional NDC grant of £115k has been awarded, making total NDC grant towards this scheme £415k all of which is time limited to be spent by March 2008. In addition, £70k has been secured from the Youth Opportunity Fund for 2008/09.
Regeneration & Community Services	Quad	7,613	2,019	7,903	February 2008	February 2008	On site	Practical completion of main building works continues to be forecast for February 2008. Opening due August 2008 following internal fit out and preparation. Additional costs incurred during construction including ground obstructions. Successful bid to Derby and Derbyshire Economic Partnership for funding for improving the public realm at the eastern end of the Market Place would enable funding to be reallocated, subject to Cabinet approval.
Regeneration & Community Services	East Street	1,700	1,105	1,700	March 2008	March 2008	Works practically complete	Work currently underway to assess value of outstanding invoices, fees and retentions due to contractors
Regeneration & Community Services	IRRIMS – footbridge (St Alkmunds)	1,425	1,271	1,630	05/06	07/08	On site	£205 to be managed within the overall LTP block capital funding.
Regeneration & Community Services	Flood Defence	1,025	6	625			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 remaining schemes, the works on which could span several years. However prioritising resources to the high risk areas may result in delays to other schemes and slippage. Further details will be reported once the financial impact of this has been assessed.

Schedule of Capital Risk budgets and Scheme Progress

Appendix 4

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
Regeneration & Community Services	Cathedral Green	3,648	133	3,648	March 2008	March 2008	On site	The site is now in the control of the contractors, Dean & Dyball. Planning consent has been granted for all works to the landscaping and bridge. The project currently has a week's delay due to Environment Agency concerns but these have now been resolved and work is underway.
Regeneration & Community Services	Friargate Studios	86	33	86	November 2006	March 2008	In progress	Building completed and opened November 2006. Retention payment to contractor (£34k) still to be paid. Further works to improve & upgrade interior to be commenced subject to securing additional funding from DDEP.
Corporate and Adult Services – Housing	Rosehill Market Renewal Pilot Scheme	4,500	920	4,500	31 March 2008	31 March 2009	Ongoing	£5.5m a year funding for two years 2006/07 and 2007/08 for pilot project. Around £2.2m spent in first year leaving £8.8m for 2007/08. Slippage again most likely to occur – estimated at £4.348m – new delivery plan to be submitted for authorisation to carry forward funding into 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 2008, with completion by Autumn 2008.

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Appendix 4

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
Environmental Services	Alvaston Park	80	0	80	Unknown	April 2009	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 – e Services	FMS system replacement	253	214	253	Unknown	Unknown	Ongoing	Oracle was successfully implemented for the 'go live' day of the 1 st April, and further development work is required to before the system implementation is complete.
Corporate and Adult Services	Planned Maintenance	4,849	813	3,656	March 2008	March 2008	On Site	Approximately 100 separate schemes. Currently under review to quantify forecast slippage, provisional estimate of £1,258k has slipped into 08/09 as well as a correction of an allocation to another department reducing the budget to £3,656k.