

Southend-on-Sea Borough Council

Report of Corporate Director of Corporate Services to Cabinet

on
23rd June 2015

Agenda
Item No.

Report prepared by:
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Provisional Capital Outturn 2014/15 Policy and Resources Scrutiny Committee Executive Councillor: Councillor Woodley *A Part 1 Public Agenda Item*

1. Purpose of Report

- 1.1 To inform members of the capital programme outturn for 2014/15 and to seek approval for the relevant budget carry forwards and accelerated delivery requests.
- 1.2 To also seek approval for in year amendments for the current approved programme.

2. Recommendations

That Cabinet:

- 2.1 **Note that the expenditure on the capital programme for 2014/15 totalled £34.752m against a budget of £41.453m, a delivery of 83.8% (sections 3.4 and 3.5).**
- 2.2 **Approve the relevant budget carry forwards and accelerated delivery requests totalling a net £7.005m as set out in Appendices 1 and 2.**
- 2.3 **Note the virements, reprofiles and amendments and new external funding for schemes, as detailed in Appendices 3, 4 and 5.**
- 2.4 **Approve the relevant changes to the budget identified since the approved capital programme was set at Council on 26th February 2015, as detailed in Appendix 6.**
- 2.5 **Note that the above changes will result in an amended Capital Programme of £166.907m for the period 2015/16 to 2018/19 and later years, as detailed in Appendix 7.**

3. Background

- 3.1. Throughout the 2014/15 financial year the capital programme has been subjected to robust monitoring to ensure delivery and alignment with corporate priorities. As a result of this monitoring, revisions were made during the year to the capital programme budgets with the agreement of Cabinet. The last revision was made in February 2015 and approved by Council on 26th February 2015.
- 3.2. In addition to the approved capital programme for 2014/15, there were carry forwards from the previous year's programme for schemes nearing completion but not yet finished. As a result of these changes and other amendments agreed during the year by Cabinet the revised Capital Programme differs from the one originally agreed in February 2014 as part of the 2014/15 budget process.
- 3.3. The changes are summarised in the table below.

	£'000
Original Budget February 2014 Council	59,130
June Cabinet adjustment of carry forwards from 2013/14	4,256
Accelerated Delivery of 2014/15 schemes	(1,510)
Re-profiles, New External funding and other adjustments agreed at July Cabinet	(8,203)
Re-profiles, New External funding and other adjustments agreed at 11 th November Cabinet	(8,412)
Re-profiles and amendments agreed at 12 th February Cabinet	(3,995)
New external funding agreed at 12 th February Cabinet	187
Revised Capital Programme – 26th February 2015 Council	41,453

Brackets indicate a reduction in budget

- 3.4. Best practice and normal accounting convention requires that the approved Capital Programme includes budgets for all potential capital expenditure. Therefore the Capital Programme contains budgets for schemes such as Section 106 funding where expenditure is contingent on a condition being met, grants that are paid to the Council in full are drawn down over a period of time and schemes managed in partnership or by other bodies, e.g. schools. The summary on the next page shows the actual spend against budget for the different types of schemes.

	Revised Budget £000	Actual £000	Variance £000	% Spent
Adult Social Care	369	219	(150)	59
General Fund Housing	916	784	(132)	86
Culture	2,256	1,422	(834)	63
Schools Capital Schemes	8,141	5,945	(2,196)	73
Highways and Transport	9,822	9,237	(585)	94
Enterprise, Tourism & Regeneration	2,602	1,375	(1,227)	53
Public Protection and Waste	65	54	(11)	83
Energy Saving Projects	593	162	(431)	27
Section 106 / Section 38	1,015	361	(654)	36
Accommodation Strategy	4,095	4,533	438	111
ICT Schemes	1,612	1,398	(214)	87
Other Corporate Services	1,653	1,227	(426)	74
HRA Capital Schemes	8,314	8,035	(279)	97
Total	41,453	34,752	(6,701)	84

Brackets indicate an underspend against budget

- 3.5. The outturn for 2014/15 shows a final spend position of £34.752m against a revised budget of £41.453m, which is an 83.8% outturn position.
- 3.6. The key variances in the table in paragraph 3.4 are as follows:

Adult Social Care – the Transforming Care Housing scheme budget will be carried forward so that the project can be properly formulated.

Culture – the final account for the Forum is currently being negotiated and the Belfairs Swim Centre and Chalkwell and Priory Park Tennis Courts are both scheduled to be completed this summer. Net budget carry forward, accelerated delivery requests and other budget adjustments of £830k have been put forward as part of this report;

Schools Capital Schemes – see section below (paragraphs 3.16 to 3.20) ;

Highways and Transport – main construction works for the A127/B1013 Tesco Junction Improvement scheme were completed by the end of March 2015 with completion of landscaping works and signal calibration to be completed during 2015/16. Net budget carry forward and accelerated delivery requests for highways and transport of £546k have been put forward as part of this report;

Enterprise, Tourism & Regeneration – the lagoon element of the Coast Communities Fund works have been delayed due to the requirement for Marine Licence Approval and net budget carry forward and accelerated delivery requests of £1,207k have been put forward as part of this report;

Energy Saving Projects – the schools energy projects are underway with completion in 2015/16 – budget carry forward requests of £426k have been put forward as part of this report;

Section 106 / Section 38 – these budgets are for schemes where the expenditure is contingent on a condition being met, net budget carry forward, accelerated delivery requests and other budget adjustments of £654k have been put forward as part of this report;

Accommodation Strategy – this project is complete and has covered a number of items that were not originally within the scope of the project and net budget adjustments of £438k has been put forward as part of this report;

ICT schemes – a number of projects span financial years and there have been delays to some projects whilst others have delivered ahead of schedule, so net budget carry forward, accelerated delivery requests and other budget adjustments of £219k have been put forward as part of this report;

Other Corporate Services schemes –the Airport Business Park is a long term project which is spread over several financial years and the Tickfield – Creating Capacity project will continue into 2015/16. Net budget carry forward, accelerated delivery requests and other budget adjustments of £424k have been put forward as part of this report;

HRA Capital Schemes – a number of projects span financial years so budget carry forward requests of £279k have been put forward as part of this report.

- 3.7. A range of schemes have been identified that are funded from external contributions and grants. These have been included in the capital programme but there is flexibility in when these schemes are delivered either by the funder determining when it is appropriate or the Council matching delivery to available resources.
- 3.8. In total there are a number of schemes with unspent budgets in 2014/15 where the budget is needed in 2015/16 in order to complete the schemes. These schemes have started but due to various factors have not completed or reached the anticipated stage by the 31st March 2015. These budget commitments total £7.587m and are summarised in Appendix 1.
- 3.9. In addition some schemes have exceeded their 2014/15 budget allocation. The two causes of this are unforeseen costs being incurred or schemes spending ahead of profile in order to accelerate delivery, i.e. multi year schemes being delivered earlier or preliminary works starting on 2015/16 schemes to ensure their prompt completion. The sum of this accelerated delivery totals £0.582m and is analysed in Appendix 2.
- 3.10. Schemes that have exceeded their 2014/15 budget allocation will be financed by compensatory under spending on other schemes and in some cases by extra income received. The net overspend for the whole programme for 2014/15 after carry forward and accelerated delivery requests is £0.304m. This has been adjusted further with budget adjustments of £0.369m with the resulting underspend after all adjustments of £0.065m.

3.11. In summary these adjustments are set out in the following table:

	General Fund £000	Housing Revenue Account £000	Total £000
Net variance	(6,422)	(279)	(6,701)
Carry forward and accelerated delivery requests (Appendices 1 and 2)	6,726	279	7,005
Additional external income received / budget adjustments (Appendix 6)	(369)	-	(369)
Adjusted net variance	(65)	-	(65)

Brackets indicate an underspend against budget and additional income

3.12. An amended Capital Programme reflecting all the changes above is attached at Appendix 7.

Major schemes in 2014/15

3.13 Within the Department for Corporate Services the New Ways of Working programme was a major scheme. All phases of this project are now complete with works in 2014/15 including the ground floor and public wing, the members area and Civic 2. Staff have moved from the Southchurch Road and the site has been handed back to the Asset Management Team for disposal. 2 Crowborough Road has been refurbished and extended to accommodate the Leaving Care Team and the Allan Cole Centre has been re-arranged and upgraded to accommodate the staff from the Marigold Centre. This work has released Focus House for demolition and incorporation in the Better Queensway project area and the Marigold Centre is released from operational use while options are being considered for its future use/disposal/ redevelopment.

3.14 Within the Department for People the major schemes are the schools capital schemes which are set out below in paragraphs 3.16 to 3.20, and the Disabled Facilities Grants scheme which relates to adaptations and installation of equipment in the homes of disabled people.

3.15 Within the Department for Place the A127/B1013 Tesco Junction Improvement scheme supports the development of the Airport Business Park and has improved the junction capacity and access arrangements, reduced congestion and improved accessibility and safety for pedestrians and cyclists. Main construction works were completed by the end of March 2015 to meet the grant conditions. Other major schemes were the Local Transport Plan schemes with the implementation of traffic management and road safety work programmes. The City Deal - Incubation Centre was another major scheme

with the refurbishment and reconfiguration of the top two floors of the former central library to transform the space into an enterprise centre. The incubation centre is now open with nine offices now in place as well as a mix of snugs and co-working space.

Schools Capital Schemes

- 3.16 Expenditure on the education capital programme for 2014/15 was £5.95 million. Of this £2.25million was to complete projects to provide new pupil places at Bournemouth Park, Darlinghurst and Hamstel Primary Schools
- 3.17 £1.89 million was spent on major projects completing in 2015/16 and beyond. These included St Helens, St Marys, Sacred Heart and Thorpe Greenways. These projects are part of the Primary Places Programme (PPP) to expand Primary Schools to meet the demand created by a sustained increase in the birth rate, including the set up and expansion of two year old childcare facilities.
- 3.18 £914,000 was spent on purely condition works that included projects at Blenheim, Chase High, Fairways, Friars and Temple Sutton schools. In addition £333,000 was devolved formula capital to maintained schools to manage their own smaller capital works.
- 3.19 A further £560k was spent continuing the purchase of the houses that separate the two Sacred Heart Primary School Buildings along with kitchen works to various schools to support the free school meals Government scheme.
- 3.20 Much of the schools capital programme scheme involves mutli-year projects. Net budget carry forward, accelerated delivery requests and other budget adjustments of £2,193k have been put forward as part of this report;

Capital Financing of the Programme

- 3.21 The capital programme is fully financed. When the budget is set, estimates are made on the likely levels of capital receipt, grant that will be received during the year, the likely level of borrowing required as well as the proposed level of expenditure. As the actual expenditure differs from the proposed budget, the associated financing needs to be amended also to reflect this.

3.22 The capital expenditure in 2014/15 is financed as follows;

	2014/15 Actual (£m)
Total Capital Expenditure	34.752
Financed by:	
Borrowing	9.023
Capital Receipts	104
Capital Grants Utilised	15.411
Revenue/Reserve Contributions	8.980
Other Contributions	1.234
Total Financing	34.752

Other changes to the budget for 2015/16 onwards

3.23 Since the approved capital programme was set at Council on 26th February 2015, there have been some changes to the capital budget. They are not significant in number but are required to provide a continually updated programme to enhance the delivery of schemes, and are therefore detailed in Appendix 6. These changes are reflected in the amended Capital Programme attached at Appendix 7.

3.24 Removal of budgets no longer required:

A request to remove a few budgets such as within the schools capital programme and an s106 budget that is already included within the schools capital programme are included within this report as they are no longer required.

3.25 Accommodation Strategy:

This project is complete but covered a number of items totalling £557k that were not originally within the scope of the project. A request to include extra budget of £519k financed by revenue contributions is included within this report.

3.26 ICT Re-provision of Carefirst:

Detailed analysis has now been undertaken on the overall scheme cost for the re-provision of the Carefirst system. This now requires an additional budget of £770k which will be funded from relevant earmarked reserves assigned for this project and also a virement from the Disabled Facilities scheme budget. All these changes are reflected in the appendices to this report.

4. Other Options

4.1 None, as this report provides information about activity in 2014/15.

5. Reasons for Recommendations

5.1 This report provides information about activity in 2014/15.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

When the Capital Programme is determined consideration is given to the alignment of the scheme objectives to the Councils priorities.

6.2 Financial Implications

These are dealt with throughout this report.

6.3 Legal Implications

None, as this report provides information about activity in 2014/15.

6.4 People Implications

None, as this report provides information about activity in 2014/15.

6.5 Property Implications

When the Capital Programme is determined consideration is given to the property implications.

6.6 Consultation

When the Capital Programme is determined consideration is given to consultation.

6.7 Equalities and Diversity Implications

When the Capital Programme is determined consideration is given to Equalities and Diversity Implications.

6.8 Risk Assessment

When the Capital Programme is determined consideration is given to the risk assessment.

6.9 Value for Money

When the Capital Programme is determined consideration is given to the value for money.

6.10 Community Safety Implications

When the Capital Programme is determined consideration is given to community safety implications.

6.11 Environmental Impact

When the Capital Programme is determined consideration is given to the environmental impact.

7. Background Papers

None.

8. Appendices

Appendix 1 –Proposed Carry Forwards

Appendix 2 – Proposed Accelerated Delivery Requests

Appendix 3 – Virements Between Approved Schemes

Appendix 4 – Reprofiles

Appendix 5 – New External Funding

Appendix 6 – Summary of Changes to the Capital Programme

Appendix 7 – Amended Capital Programme