

# Southend-on-Sea Borough Council

## Report of Corporate Director of Support Services to Cabinet

on  
6<sup>th</sup> November 2012

Report prepared by: Joe Chesterton  
Head of Finance and Resources

Agenda  
Item No.

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### Capital Monitoring for 2012/13 and Revised Capital Programme 2012/13 to 2015/16 Economic & Environmental Scrutiny Executive Councillor: Councillor AJ Moring *A Part 1 Public Agenda Item*

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#### 1. Purpose of Report

- 1.1 The purpose of this report is to set out the capital expenditure as at 30<sup>th</sup> September 2012 and to recommend in-year amendments to the approved Capital Programme for 2012/13 to 2015/16.

#### 2. Recommendations

That the Cabinet recommend to Council that it;

- 2.1 Note the actual capital expenditure position as at 30<sup>th</sup> September of £26.784million, representing 36% of the revised budget, as shown in Appendix 1.
- 2.2 Note the financing position of the Capital programme as at 30<sup>th</sup> September 2012 (as set out in Section 5 of this report).
- 2.3 Approve the proposed changes to the Capital Programme as set out in Appendix 3 to this report.
- 2.4 Approve the revised Capital Programme for 2012/13 to 2015/16 that results from these changes, as set out in Appendix 7.

#### 3. Introduction and Background

- 3.1 In March 2012 the Council approved a Capital Programme for 2012/13 to 2015/16 totalling £129.0 million.
- 3.2 The Capital Outturn report (June 2012) agreed a number of schemes where there were budget under spends but financial commitments in 2012/13. In addition, due to the Council's improved ability to deliver capital schemes, some

capital expenditure due in 2012/13 was delivered early in 2011/12. These revisions were agreed at the Cabinet meeting on 19<sup>th</sup> June 2012.

3.3 Throughout the year Capital Board notes changes to the approved capital programme to be put forward to Cabinet for approval and also reviews the latest spending position of the programme. This report sets out the capital expenditure as at 30<sup>th</sup> September 2012 and the in-year amendments to the approved Capital Programme for 2012/13 to 2015/16, with the following appendices:

- Appendix 1 - latest capital expenditure position for the financial year;
- Appendix 2 – graph showing the capital delivery over the last 5 years;
- Appendix 3 - summary of the changes to the approved Capital Programme agreed to date and proposed changes;
- Appendix 4 - proposed virements between approved schemes;
- Appendix 5 - proposed re-profile of budgets between years;
- Appendix 6 – new schemes financed by new external funding (e.g. s106 and other grants);
- Appendix 7 – amended Capital Programme for 2012/13 to 2015/16.

#### 4. Capital Expenditure Position As at 30<sup>th</sup> September 2012

4.1 For this report Appendix 1 shows the latest budget and the expected capital expenditure outturn position as at 30<sup>th</sup> September 2012.

4.2 The revised Capital budget for the 2012/13 financial year at 30<sup>th</sup> of September was £74.622million. This includes all changes and budgets carried forward from the previous year as agreed as part of the 2011/12 capital outturn report at June Cabinet. Actual Capital spend at 30<sup>th</sup> September was £26.784million representing 36% of the revised budget. The budget and spend to date is broken down by Directorate as follows:

Directorate	Revised Budget 2012/13 £'000	Actual 2012/13 £'000	Expected outturn 2012/13 £'000	Expected Variance to Revised Budget 2012/13 £'000
Adult & Community Services	17,899	6,558	15,640	-2,259
Children & Learning	8,590	3,702	6,839	-1,751
Enterprise, Tourism & Environment	22,135	7,173	19,938	-2197
Support Services	12,468	4,888	12,489	21
Housing Revenue Account (HRA)	13,530	4,463	13,040	-490
<b>Total</b>	<b>74,622</b>	<b>26,784</b>	<b>67,946</b>	<b>-6,676</b>

Since June Cabinet, there have been further revisions noted at Capital Board and further revisions proposed to include additional external funding and re-profiling of existing budgets between years and these will be considered for approval as part of this report.

#### 4.3 Adult & Community Services (ACS)

4.3.1 The Adult and Community revised Capital budget totals £17.899million.

Adult & Community Services	Revised Budget 2012/13 £'000	Actual 2012/13 £'000	Forecast outturn 2012/13 £'000	Variance to year end 2012/13 £'000
Adult Social Care	341	81	422	81
Culture	14,725	6,380	13,852	-873
General Fund Housing	2,833	97	1,366	-1,467
<b>Total</b>	<b>17,899</b>	<b>6,558</b>	<b>15,640</b>	<b>-2,259</b>

4.3.2 Expected outturn of £15.640million represents 87% of the available budget for 2012/13. This reflects the expectations of the Project managers as at the end of September, and may vary depending on other factors affecting the projects.

4.3.3 The key projects giving rise to the forecast underspend are projects such as the Belfairs Woodland Centre (£800k), the Pump Priming Project (£320k), Adult Disabled Facilities (£515k) and Private Sector Renewal (£690k) as their completion dates are now beyond 2012/13. These projects will continue to be monitored and carry forward requests will be considered for approval as part of this report.

#### 4.4 Children and Learning Services

4.4.1 Children and Learning services have a revised capital budget of £8.590million. This includes £370k agreed by Cabinet in June for St Mary's Primary School. Budget and spend breakdown of the key capital schemes are tabulated below.

Children & Learning Services	Revised Budget 2012/13 £'000	Actual 2012/13 £'000	Expected outturn 2012/13 £'000	Expected Variance to Year End 2012/13 £'000
Building Schools for the future	2,039	1,315	1,789	-250
Children and Learning (Other Schemes)	2,904	1,081	2,904	0
Condition	859	279	645	-214
Devolved Capital	370	372	372	2
Early Years	0	-16	0	0
ICT Programme	79	31	79	0
Primary School Places	2,339	640	1,050	-1,289
<b>Total</b>	<b>8,590</b>	<b>3,702</b>	<b>6,839</b>	<b>-1,751</b>

4.4.2 At the end of September a 43% spend of the budget has been achieved plus a 20% under spend currently forecasted. In addition, 17% is being re profiled into 2013/14 as a result of Hamstel Junior School and Temple Sutton Primary requiring more detailed design work, a delayed start at St Mary's Primary to minimise disruption of their playground during term time and slippage to next year at Porters Grange Primary as the proposed expansion has not taken place this year.

4.4.3 The final milestones for Belfairs are now paid with retention of £450,000 due to be paid towards the end of the financial year and £250,000 is to be returned to the Council as an under spend on this project.

4.4.4 This slippage of spend is being balanced against an accelerated re profile at Milton Hall Primary School (10% of Education Capital Programme budget) to give a completion date in 2013/14 and not 2014/15 as previous programmed.

4.4.5 Condition projects scheduled for the 2012 school summer holidays are completed. The main spend on this programme is now starting to be reflected in the relevant budget heads.

#### 4.5 Enterprise, Tourism & Environment (ETE)

4.5.1 The revised capital budget for ETE is £22.135million. The budget is distributed across various scheme areas as follows:

Enterprise, Tourism & Regeneration	Revised Budget 2012/13 £'000	Actual 2012/13 £'000	Expected outturn 2012/13 £'000	Expected Variance to Year End 2012/13 £'000
Local Sustainable Transport Fund (LSTF)	1,005	162	1,016	11
Regeneration	2,282	2,086	2,282	0
Coastal Defence & Foreshore	4,148	361	4,157	9
ETE Other Schemes	4,000	87	1,737	-2,263
Sec 38 & Sec 106 Schemes	1,221	0	1,204	-17
Planning (ICT)	107	2	107	0
Car Park Management	3,160	3,029	3,160	0
Local Transport Plans (LTP Schemes)	2,872	1,155	2,900	28
Highways and Infrastructure	2,000	21	2,021	21
Public Protection	23	0	23	0
Transport	574	115	588	14
Better Bus	587	4	587	0
Waste	156	151	156	0
<b>Total</b>	<b>22,135</b>	<b>7,173</b>	<b>19,938</b>	<b>-2,197</b>

4.5.2 Actual spend at 30th September stands at £7.173million. This represents 32% of the total available budget.

4.5.3 The key projects giving rise to the forecast underspend include Cinder Path (£900k) and South Essex Rapid Transport (£1,200k). Both projects have been delayed and requests have been made to carry forward the unspent budgets. These requests will be considered for approval as part of this report.

4.5.4 Under the Local Sustainable Transport Plan, the works on Prittlebrook are ongoing and are on target to complete the entire route in 2012/13. On Victoria Avenue, St Mary's Road to Priory Crescent and the Contraflow on Sutton Road are in the design stage and due for construction in 2012/13.

4.5.5 There are a number of different projects funded through the Local Transport Plan, comprising of the integrated block and highway maintenance. For the Integrated Transport block, project plans have been agreed and arrangements

are in place to undertake consultation and design implementation has already commenced.

4.5.6 Works have already commenced for highway maintenance, bridges and street lighting schemes and plans are in place to make best use of the available resources in an efficient and effective manner. The schedule of work is on target to achieve full spend.

4.5.7 The Street Lighting programme is under review as part of the energy and contract rationalisation to examine ways to reduce energy costs and to look at LED and other technological developments to renew lighting stock with built-in savings. The current allocation will be spent on renewing Category 1 defective columns and to replace lanterns with more efficient output.

4.5.8 Pier and Coastal Defence – arrangements are in place for design, consultation and procurement to ensure the allocated resources are best spent to deliver efficiency and value for money. Spend and works profile are on target to achieve our overall objectives.

#### 4.6 Support Services

4.6.1 The revised capital budget for Support Services is £12.468million. This includes all carry forwards from the 2011/12 financial year and any additional external funding received. The budget is distributed across various scheme areas as follows:

Support Services	Revised Budget 2012/13 £'000	Actual 2012/13 £'000	Expected outturn 2012/13 £'000	Forecast Variance to Year End 2012/13 £'000
Accommodation Strategy	8,269	4,429	8,272	3
Civic Centre ( Lift Works)	55	0	55	0
Asset Management (Property)	229	7	234	5
Cemetery & Crematoria	616	1	616	0
ICT	1,746	428	1,759	13
Health & Safety Works	1,128	-3	1,128	0
Other Support Services	425	26	425	0
<b>Total</b>	<b>12,468</b>	<b>4,888</b>	<b>12,489</b>	<b>21</b>

4.6.2 The New Ways of Working project is the major scheme within Support Services. Floors 1-5 are now complete and furniture and ICT installation started from 9<sup>th</sup> October. Staff moves will take place over November which will then see the completion of the third phase of the Civic Centre tower efficiency works.

4.6.3 Concurrent ICT schemes, including Electronic Document and Records Management System and Internet Protocol Telephony are also progressing along with the refurbishment of the Civic Centre. These works will be completed as planned, within time and budget.

#### 4.7 Housing Revenue Account

4.7.1 The revised budget for the Housing Revenue Account capital programme for 2012/13 is £13.530million. This includes a re-profile of £0.500million from 2013/14 Disabled Adaptations works. The latest budget and spend position is as follows:

Housing Revenue Account	Revised Budget 2012/13 £'000	Actual 2012/13 £'000	Expected outturn 2012/13 £'000	Forecast Variance to Year End 2012/13 £'000
Decent Homes Programme	11,630	3,585	11,636	6
Council House Adaptions	500	135	500	0
Sheltered Housing Remodelling	1,400	743	904	-496
<b>Total</b>	<b>13,530</b>	<b>4,463</b>	<b>13,040</b>	<b>-490</b>

4.7.2 The actual spend at 30<sup>th</sup> September of £4.463million represents 33% of the HRA capital budget for the year. The project status and South Essex Homes records however show that a number of works have been committed for which invoices are yet to be received.

4.7.3 The Decent Homes works are progressing according to forecasts and it is anticipated that this will be completed by the end of February 2013. The programmes for Bathrooms, Kitchens, Heating systems, Roofing and Rewiring are all running to target. The Windows Contract has been awarded and is due to commence in October.

4.7.4 There are currently no plans to spend the £500k allocated for the Sheltered Housing Refurbishment works in 2012/13. A request has been made to carry forward this budget into 2013/14 and will be considered as part of this report.

## 5. Capital Financial Position as at 30<sup>th</sup> September 2012

5.1 The Capital programme for 2012/13 is expected to be financed as follows:

Directorate	External Funding			Total Budget £'000
	SBC Budget	Grant Budget	Developer & Other Contributions	
	£'000	£'000	£'000	
Adult & Community Services	15,411	2,233	255	<b>17,899</b>
Children & Learning	1,614	6,941	35	<b>8,590</b>
Enterprise, Tourism & Environment	14,592	6,378	1,165	<b>22,135</b>
Support Services	12,195	248	25	<b>12,468</b>
Housing Revenue Account	7,030	6500	0	<b>13,530</b>
<b>Total</b>	<b>50,842</b>	<b>22,300</b>	<b>1,480</b>	<b>74,622</b>

The funding mix for the total programme could change depending on how much grant and external contributions are received by the Council by the end of the year.

5.2 The grants and external contributions received as at 30<sup>th</sup> September are as follows:

Directorate	Grant Budget	Developer & Other Contributions Budget	Total external funding budget	External funding received	External funding outstanding
	£'000	£'000	£'000	£'000	£'000
Adult & Community	2,233	255	2,488	1,555	<b>933</b>
Children & Learning	6,941	35	6,976	4,061	<b>2,915</b>
Enterprise, Tourism & Environment	6,378	1,165	7,543	2,917	<b>4,626</b>
Support Services	248	25	273	0	<b>273</b>
Housing Revenue Account	6,500	0	6,500	1,625	<b>4,875</b>
<b>Total</b>	<b>22,300</b>	<b>1,480</b>	<b>23,780</b>	<b>10,158</b>	<b>13,622</b>



5.3 New Schemes to be financed by new external funding are set out in appendix 6.

## 6. Summarised Changes (as set out in appendix 3)

6.1 On 1<sup>st</sup> March 2012 the Capital Programme for the Council was approved as follows:

2012/13 Budget £000	2013/14 Budget £000	2014/15 Budget £000	2015/16 Budget £000	Total Current Budget £000
68,434	29,410	20,239	10,931	129,014

6.2 On 19<sup>th</sup> June 2012 members approved further changes which subsequently changed the 2012/13 budget from £68.434million to £74.622million. These changes included the carry forward and accelerated delivery of previous year's programme of £2.423million, and the allocation of £995k for the repurchase of Alexander/Clarence Road car parks and £25k for the Park View Suite loan. Also included was a budget re-profile of £500k and new external funding of £2,245k.

6.3 Further changes now requested will bring the 2012/13 budget to £69.641million. These include the removal of budgets identified as no longer required; £250k for Belfairs Adult College now that the project milestones are complete. There is the need to update the programme by £500k for the relocation of the CCTV team and the need to upgrade the equipment. The changes also include the following:

6.4 Virement Requests (as set out in appendix 4)

This is reported in appendix 4 and it is to ensure that budgets are properly aligned to schemes. There is no change to the overall budget and there are no adverse financial implications as a result of these virements.

6.5 Re-profile Request (as set out in appendix 5)

The funding profiles of a number of schemes have been revised in line with actual works. This is to ensure that the actual works done or earmarked is aligned to spend profile of the budget. This will have the effect of carrying forward £6.759million from 2012/13 into 2013/14 and an accelerated spend of £868k in 2012/13 which will be financed from the 2013/14 and 2014/15 programmes. This does not alter the overall budget for the programme.

6.6 New Schemes Financed by New External Funding (as set out in appendix 6)

There is new funding of £660k to support programmes in 2012/13 in the Adult and Community Services Directorate.

## **7. Spending Plans**

- 7.1 The Council's revised Capital Programme for 2012/13 to 2015/16 is attached as Appendix 7 which includes all of the adjustments set out in Appendix 3.
- 7.2 The proposed capital programme represents a significant investment of £136million on the part of the Council in the Southend area and the projected investment in 2012/13 alone amounts to some £70million.

## **8. Other Options**

The proposed Capital Programme is made from a number of individual projects, any of which can be agreed or rejected independently of the other projects.

## **9. Reasons for Recommendations**

To approve changes to the Capital Programme as noted at Capital Board and other proposed changes since the last Cabinet meeting on 19<sup>th</sup> June 2012.

## **10. Corporate Implications**

### **10.1 Contribution to Council's Vision & Corporate Priorities**

The projects directly contribute to the delivery and achievement of the Council's Corporate Priorities.

### **10.2 Financial Implications**

As set out in the report.

### **10.3 Legal Implications**

None at this stage.

### **10.4 People Implications**

None at this stage.

### **10.5 Property Implications**

None at this stage.

### **10.6 Consultation**

Consultation has taken place as agreed in the budget timetable.

### **10.7 Equalities and Diversity Implications**

Assessments have been carried out for all capital investment proposals.

## 10.8 Risk Assessment

All capital projects are delivered using best practice project management tools as appropriate. This requires a full risk assessment and management review to be carried out. The programme includes an appropriate sum within each project to cover build risk and claims.

## 10.9 Value for Money

All projects are required to follow and adhere to procurement guidance issued by the Council. They must also comply with procedure rules for entering into and managing contracts with suppliers.

## 10.10 Community Safety Implications

Assessments have been carried out for all capital investment proposals where appropriate.

## 10.11 Environmental Impact

Assessments have been carried out for all capital investment proposals where appropriate.

## 11. Background Papers

None.

## 12. Appendices

Appendix 1 - latest capital expenditure position for the financial year;

Appendix 2 - graph showing the capital delivery over the last 5 years;

Appendix 3 - summary of the changes to the approved capital programme agreed to date and proposed changes;

Appendix 4 - proposed virements between approved schemes;

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