

Southend-on-Sea Borough Council

Report of Corporate Director for Corporate Services to Cabinet

on
18th June 2013

Agenda
Item No.

Report prepared by:
Joe Chesterton - Head of Finance and Resources

Provisional Capital Outturn 2012/13
Policy and Resources Scrutiny Committee
Executive Councillor: Councillor Holdcroft
A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To inform members of the capital programme outturn for 2012/13 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 2012/13 totalled £60.972m against a budget of £62.258m, a delivery of 97.9% (sections 3.4 and 3.5).**
- 2.2 **Approve the relevant budget carry forwards and accelerated delivery requests totalling a net £4.196m as set out in Appendices 1 and 2.**
- 2.3 **Approve the relevant changes to the budget identified since the approved capital programme was set at Council on 28th February 2013, as detailed in Appendix 3.**
- 2.4 **Note that the above changes will result in an amended Capital Programme of £117.238m for the period 2013/14 to 2016/17, as detailed in Appendix 4.**

3. Background

- 3.1. Throughout the 2012/13 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 2013 and approved by Council on 28th February 2013.
- 3.2. In addition to the approved capital programme for 2012/13, there were carry forwards from previous year's programme for schemes nearing completion but not yet finished. As a result of these changes and other minor amendments agreed during the year by Cabinet the revised Capital Programme differs from the one originally agreed in March 2012 as part of the 2012/13 budget process.
- 3.3. The changes are summarised in the table below.

	£'000
Original Budget March 2012 Council	68,434
June Cabinet adjustment of carry forwards from 2011/12	6,221
Accelerated Delivery of 12/13 schemes	(3,798)
Re-profiles, New External funding and other adjustments agreed at June Cabinet	3,765
Re-profiles, New External funding and other adjustments agreed at 6 th November Cabinet	(4,879)
Re-profiles and amendments agreed at 12 th February Cabinet	(7,744)
New external funding agreed at 12 th February Cabinet	259
Revised Capital Programme – 28th February 2013 Council	62,258

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	102	102	0	100
General Fund Housing	544	400	(144)	74
Culture	13,909	17,316	3,407	124
Schools Capital Schemes	7,445	7,258	(187)	97
Highways and Transport	9,686	8,271	(1,415)	85
Enterprise, Tourism & Regeneration	6,311	5,764	(547)	91
Public Protection and Waste	243	181	(62)	74
Section 106 / Section 38	972	194	(778)	20
Accommodation Strategy	7,468	7,379	(89)	99
ICT Schemes	1,790	1,308	(482)	73
Other Support Services	758	205	(553)	27
HRA Capital Schemes	13,030	12,594	(436)	97
Total	62,258	60,972	(1,286)	98

Brackets indicate an underspend against budget

- 3.5. The outturn for 2012/13 shows a final spend position of £60.972m against a revised budget of £62.258m, which is a 97.9% outturn position.
- 3.6. The key variances in the table in paragraph 3.4 are as follows:

General Fund Housing – the waiting list for Disabled Facilities Grants for Adults is being addressed, the unspent budget will be needed in 2013/14 so a budget carry forward request of £142k has been put forward as part of this report;

Culture – the budget includes only Southend-on-Sea Borough Council's expenditure on the Elmer Square Library Project but the expenditure for all partners will be recorded here, with invoices raised to the University of Essex and the Southend College for their element of the costs. New external funding budget adjustments for 2012/13 and 2013/14 of £3,494k and £11,405k respectively have been requested as part of this report;

Highways and Transportation – the Airport Access Enhancement contribution was not paid to the airport in 2012/13 due to the on-going consultation but is expected to be paid in 2013/14. A budget carry forward request of £1,000k has been put forward as part of this report. A budget carry forward request of £237k in respect of the Bus Bid Element projects has been put forward as part of this report, as the work on bus shelters will take place in 2013/14;

Enterprise, Tourism & Regeneration – the Western Esplanade Cliffs Stabilisation project has experienced delays due to the weather affecting the

landscaping, so a budget carry forward request of £467k has been put forward as part of this report;

Public Protection and Waste – the Essex Safety Camera Group project is no longer progressing, so a budget adjustment of £63k to remove this budget has 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 and accelerated delivery requests of £782k 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 due to contract negotiations, so a budget carry forward request of £434k has been put forward as part of this report;

Other Support Services schemes – the Paving Improvements – Civic Centre to Central Library project was delayed due to the weather and is due to complete in July 2013, so a budget carry forward request of £307k has been put forward as part of this report; The unspent budgets for Urgent and Priority Works and Urgent Works to Property are not required and a budget removal adjustment of £183k has been requested 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 2012/13 where the budget is needed in 2013/14 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 2013. These budget commitments total £4.965m and are summarised in Appendix 1.
- 3.9. In addition some schemes have exceeded their 2012/13 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 2013/14 schemes to ensure their prompt completion. The sum of this accelerated delivery totals £0.769m and is analysed in Appendix 2.
- 3.10. Schemes that have exceeded their 2012/13 budget allocation will be financed by compensatory under spending on other schemes and in some cases by extra income received. The net overspend after carry forward and accelerated delivery requests is £2.911m but this has been offset by budget adjustments and extra income of £3.209m received through additional external contributions. A net underspend of £0.114m belongs to the Housing Revenue Account (HRA) is to be returned to finance future schemes in the HRA.

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

	General Fund £000	Housing Revenue Account £000	Total £000
Net variance	(850)	(436)	(1,286)
Carry forward and accelerated delivery requests	3,874	322	4,196
Additional external income received / budget adjustments	(3,209)	-	(3,209)
Adjusted net variance	(185)	(114)	(299)

Brackets indicate an underspend against budget and additional income

3.12. An amended Capital Programme reflecting all the changes above is attached at Appendix 4 and is now presented in the new departmental format.

Major schemes in 2012/13

3.13 Within the Adult & Community Services directorate the major scheme is the Elmer Square Library Project. The building achieved weather tightness in February 2013 and works are progressing across all floors. All chilled beams and radiators have been installed as have the raised floor to all areas and 1st fix electrics. The lecture theatre has been completed with the exception of the wood flooring and the public screen has been installed. Glazing and balustrading to the atrium is well advanced with the majority of internal partitions now completed. The contractor is currently reporting that they are two and a half weeks behind the critical path set out in the agreed Target Delivery Programme. Whilst they are anticipating that practical completion will be achieved on time, the installation of bespoke joinery to Focal Point Gallery and snagging works to part of the ground floor may extend beyond this date. Overall the project remains on programme with main contract completion scheduled for 26th July and opening on 30th September. The partners have agreed to plan for a seven week client fit out period and the programme for this activity is being scheduled on that basis.

3.14 Within the Enterprise, Tourism & Environment directorate the major schemes are the Pier Infrastructure and Development project and the Western Esplanade Cliff Stabilisation project. The new sprinkler system and Pier Head development of a cultural centre were both delivered within the 2012/13 financial year. The sprinkler system now provides fire protection for the full length of the Pier and the new cultural centre is included in a host of design and contractor awards as well as helping the pier to attract new audiences. Regarding the Western Esplanade Cliff Stabilisation project, works were completed in April 2013 and this scheme is now in place with landscaping and planting returning the area to an attractive and stable condition. Works have been completed to facilitate the introduction of the new museum in future years once funding has been confirmed.

- 3.15 Within the Support Services directorate the major scheme is the New Ways of Working project. Works to phase 1 are now complete, these works have ensured that the Civic Centre will be a focal point for services for years to come in Southend. The efficiency works have already enabled the building to support 26% more staff than prior to the works commencing. Queensway House has now been fully emptied and decommissioned and contractors are due on site shortly to start the process of demolition constructing a new surface car park.
- 3.16 Staff located in 283 London have now been relocated to the Civic Centre and the office emptied and re-let. Reductions in running costs of Queensway House and 283 London Road are already aiding the Council financial position. The current efficiency works have enabled a whole floor of the Civic Centre to be freed up. Detailed discussions have started with an interested tenant, with a potential income stream from rent and service charges in excess of £100k per annum.

Children & Learning schemes

- 3.17 Expenditure on the education capital programme for 2012/13 was £7.26 million. Of this £4.20 million was on major multi-year projects at Belfairs High School, Hinguar Primary School, Prince Avenue Primary School, Barons Court Primary School and Lancaster Special School that are now mainly completed with final snagging and accounts to be signed off.
- 3.18 £1.55 million was spent on major projects completing in 2013/14 and beyond. These include the 3 new classbases at Hamstel Junior School, the replacement of relocatables and the old nursery building as well as adding new classbases at Milton Hall Primary School; both projects will enable an increase in pupil places. In addition £450,000 of Basic Need funding was also contributed to The Westborough Primary School to enable them to increase their numbers.
- 3.19 £547,000 was spent on purely condition works that included projects at Earls Hall Infant and Junior Schools, Fairways Primary School, Prince Avenue Primary School, Temple Sutton Primary School, and Thorpe Greenways Infant and Junior Schools. In addition £372,000 was devolved formula capital to maintained schools to manage their own smaller capital works.
- 3.20 £136,000 of the spend covered new projects started in 2012/13 that are programmed to continue into 2013/14 and beyond. This included the provision of additional primary places at Temple Sutton Primary School, St Mary's Primary School and St Helen's Primary School.

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 2012/13 is financed as follows;

		2012/13 Actual (£m)
Total Capital Expenditure		60.972
Financed by:		
	Borrowing	32.109
	Capital Receipts	2
	Capital Grants Utilised	19.973
	Revenue/Reserve Contributions	526
	Other Contributions	8.362
Total Financing		60.972

Other changes to the budget for 2013/14 onwards

3.23 Since the approved capital programme was set at Council on 28th February 2013, 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 3. These changes are reflected in the amended Capital Programme attached at Appendix 4.

4. Other Options

None – this report provides information about activity in 2012/13.

5. Reasons for Recommendations

None – this report provides information about activity in 2012/13.

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 – this report provides information about activity in 2012/13.

6.4 People Implications

None – this report provides information about activity in 2012/13.

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 – Summary of Changes to the Capital Programme
- Appendix 4 – Amended Capital Programme