

TRAFFORD COUNCIL

Report to: Executive
Date: 28 November 2011
Report for: Decision
Report of: The Executive Member for Finance and
the Director of Finance

Report Title

CAPITAL INVESTMENT PROGRAMME MONITORING 2011/12
2nd Quarter (April – September)

Summary

This report summarises the findings from the budget monitoring for the period to 30 September 2011. The salient features are:

In July 2011 the 2011/12 budget approved was £67.6m. Following a review of all projects, expenditure in 2011/12 is now estimated at £72.2m due to :

- £(3.6)m of re-phasing of budgets to 2012/13 and later years.
(See para 3.5)
- £8.8m for new or additional funding for capital schemes.
(£8.6m being Lancashire Cricket Club redevelopment – see para 3.3)
- £(0.6m) reduction in Department for Education grant funding.
(see Appendix 1 for a full breakdown of movements)

The introduction of monitoring project delivery milestones, with Project Officers, has identified that 99% of the Capital Programme is programmed for delivery this year. At this stage capital expenditure is £19.5m, being 27% of the projected budget. (see appendix 3 for detail by service area).

An update of the Land Sales Programme has identified an additional £0.3m of receipts over the next 3 years, which has reduced the resourcing deficit to £1.1m. (see Section 5)

Performance Reward Grant of £677k is to be allocated during the next quarter. It is currently shown as an un-allocated budget in Section 3.

Recommendation(s)

1. That the amendments to the 2011/12 Capital Investment Programme be approved.
2. That the monitoring report be noted.

Contact person for access to background papers and further information:

Name: Graeme Bentley

Extension: 4336

Background Papers – Capital Investment Programme Monitoring 2011/12 – 1st Quarter
(April to June)

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Capital expenditure to be been contained within available resources in 2011/12.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	A number of improvement schemes are being undertaken in 2011/12.
Risk Management Implications	Not Applicable
Health and Safety Implications	A number of schemes are being undertaken in 2011/12 on the grounds of health and safety.

1. Background

- 1.1 This report provides the current position and progress of the 2011/12 Capital Investment Programme and its' financing as at 30 September 2011. It takes into account both financial and scheme progress monitoring undertaken with service area project officers.
- 1.2 Capital expenditure in 2011/12 is currently estimated at £72.2m which is £4.6m higher than the estimate agreed by the Executive in July 2011. The changes to the budget are detailed in Appendix 1 and are summarised as follows:-

<i>Table 1 – Changes to the 2011/12 Capital Budget</i>	£m
Q1 Approved Budget	67.6
Quarter 2 Changes:-	
New schemes	8.8
Reductions to grant allocation	(0.6)
Rephasing to later years	(3.6)
Current Projected Expenditure	72.2

- 1.3 The 2011/12 budget agreed by the Executive in July 2011 was £67.6m. This has since been updated to £72.2m to include the £20.8m Lancashire Council Cricket Club scheme (£8.6m in 2011/12) and re-phasing of budgets to 2012/13. In view of the past years' spending performance against budget each individual scheme in the programme has been reviewed to identify the key delivery dates. The objective of this was to identify those budgets that would be utilised and more importantly those that would not, thus identifying the scope for identifying new projects that could be delivered in the year.

2. Status of 2011/12 Projects

- 2.1 There are just over 300 individual schemes currently allocated in the programme. These include some major projects including the rebuild of St Ambrose College, the Long Term Accommodation scheme and the recently included redevelopment of Lancashire County Cricket Ground. All schemes have been reviewed into the following categories to identify the level of projected expenditure in 2011/12:-
- Already complete £6.8m
 - Schemes on site £56.1m
 - Programmed Schemes - Schemes not yet committed but programmed to start later in the year £8.6m
 - Not yet programmed £0.7m
- 2.2 The first three categories give a good indication of the level of confirmed expenditure that will be undertaken during the year. An analysis by service area is shown in Appendix 2 and shows confirmed expenditure totalling £71.5m in 2011/12 leaving a balance of £0.7m on a number of schemes across the Programme.

Table 2 Analysis of unprogrammed budgets		
Budgets not yet allocated	£m	% of Adjusted Budget
Children & Young People (Schools)	0.2	0.4
Environment Transport & Operations	0.1	0.3
Transformation & Resources	0.4	1.1
Total	0.7	1.0

2.3 Regular monitoring is being undertaken to ensure schemes are delivered in accordance with current planned milestones.

3. Changes to Current Capital Investment Programme.

3.1 Projected expenditure for the year is £72.4m and is £4.8m higher than the Q1 budget. The table below gives a comparison of the current programme compared to the original programme approved in February 2011 and the Q1 budget approved in July 2011.

Table 3 - Capital Investment Programme 2011/12	Original 2011/12 £m	Q1 Revised 2011/12 £m	Q2 Revised 2011/12 £m
Portfolio Analysis :			
Supporting Children & Families	0.0	0.3	0.3
Economic Growth & Prosperity	14.1	14.7	23.5
Adult Care, Health & Wellbeing	3.9	4.8	3.5
Education	44.4	37.6	35.4
Environmental Services	1.0	1.3	1.3
Highways & Transportation	5.7	5.1	4.4
Safe, Strong Communities	0.3	0.6	0.6
Transformation & Resources	2.1	2.2	2.2
Finance	0.3	0.3	0.3
Performance Reward Grant - Unallocated		0.7	0.7
Total	71.8	67.6	72.2
Service Analysis :			
Children & Young People	44.5	37.9	35.8
Communities & Wellbeing	3.9	4.9	3.5
Economic Growth & Prosperity	14.5	14.7	24.0
Environment Transport & Operations	6.8	6.9	5.7
Transformation & Resources	2.1	3.2	3.2
Total	71.8	67.6	72.2

3.2 The table shows that the budget for 2011/12 has increased by £4.6m from that approved in the Q1 monitoring report. The reasons for this are summarised below with more detail given in Appendix 1:

- **£8.8m** – for new or enhanced schemes financed from external resources.
- **(£0.6m)** – Reduction in DfE grant recently advised by PfS.

- **(£3.6m)** - Re-phasing of budgets to 2012/13 & later years to account for changes in project programmes and start dates advised by Service Areas as part of Q2 monitoring.

3.3 The increase is due primarily to the inclusion of the scheme to redevelop Lancashire County Cricket Ground. A scheme totalling nearly £30m is being undertaken by Lancashire CCC and the Council is contributing £20.9m toward the costs of the redevelopment, of which £8.6m is phased to the current year. This is financed entirely from the proceeds from the sale of land on Chester Road Stretford. This followed from the approval of a sports led regeneration proposal for the Stretford area which included improvements at the cricket ground and the provision of a retail development on the Chester Road site. The receipt was conditional upon the success of the planning application and on the Council agreeing to commit £20.9m from the total receipt (£29m) as a contribution to the total cost of the LCCC improvements. Had the latter not been agreed then Tesco would not have proceeded with the deal at that price. In such circumstances both parties would have been legally obliged to complete the original agreement for lease from which the Council would have received £7.69m.

3.4 As part of the Comprehensive Spending Review the Dept for Education grant for 14-19 Diploma Targeted Capital was reduced by £658k. We were advised of this reduction by Partnerships for Schools recently and therefore have reduced the budget accordingly. In anticipation of this reduction the work programme has been reduced without detrimentally affecting committed schemes.

3.5 The major areas of re-phasing relate to:

- **Schools - £1.5m** : Due to a scheme for the replacement of Worthington Primary School (£0.4m rephasing) which is at the preliminary stages and the project is now not expected to start until early 2012 and re-phasing of Devolved Formula Capital (£1m) which are schools led budgets.
- **Communities & Wellbeing - £1.4m** : Replacement of Social Care system is currently being evaluated. Budgets re-phased to 2012/13 to reflect the expected start on implementing the replacement.
- **Highway Improvements - £0.7m** : Re-phasing of budget to 2012/13 for the schemes at Carrington Lane / Flixton Road junction and Canal Road, Timperley have been identified in this quarter.

Details of these are included in Appendix 3.

4. Actual Expenditure – 2nd Quarter (April – September)

4.1 Actual expenditure for the second quarter of the financial year is shown below, with further details of the service areas in Appendix 3.

<i>Table 4 Capital Investment Programme Expenditure at Quarter 2 2011/12</i>	Q2 Spend £m	Projection for Year £m	% of spend to budget
Portfolio Analysis :			
Supporting Children & Families	0.2	0.3	66.7%
Economic Growth & Prosperity	2.8	23.5	11.9%
Adult Care, Health & Wellbeing	1.3	3.5	37.1%
Education	13.9	35.4	39.3%
Environmental Services	0.2	1.3	15.4%
Highways & Transportation	0.7	4.4	15.9%

Safe, Strong Communities	0.1	0.6	16.7%
Transformation & Resources	0.3	2.2	13.6%
Finance	-	0.3	0.0%
Performance Reward Grant - Unallocated	-	0.7	0.0%
Total	19.5	72.2	27.0%

5 Resourcing

- 5.1 The resourcing of the Capital Programme is made up of a number of funding streams and these have been re-phased in line with the changes in the expenditure budgets reported in Section 3.
- 5.2 The latest estimate of capital receipts shows an overall increase of £0.3m on previous levels which has the positive impact of reducing the overall resourcing deficit on the capital programme to £1.1m. However, due to the ongoing negotiations on the Urmston Town Centre scheme, the £2.5m reimbursement of vacant possession costs has been re-phased to 2013/14.
- 5.2 As a result of this re-phasing there is a need to review the Capital Programme in 2012/13 due to the in-year deficit of £5.4m. This will be done as part of the bidding programme with a view to phasing back schemes into 2013/14 where appropriate.

<i>Impact on 2011/14 Capital Programme</i>	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
Resources available :				
Capital receipts estimate	6,530	1,006	6,032	13,568
Receipt in respect of LCCC	20,830			20,830
LSVT VAT receipts	2,308			2,308
Total discretionary Resources	29,668	1,006	6,032	36,706
Capital Programme requirement	19,122	18,134	562	37,818
Current Surplus/(Deficit) at Q2	10,546	(17,128)	5,470	(1,112)
Deficit excluding LCCC	(1,649)	(5,395)	5,932	(1,112)

- 5.3 The level of available capital resources is assessed throughout the year to ensure the Capital Programme remains affordable. The level of deficit in 2011/12 will be monitored to ensure the Council's investment plans remain affordable. If a deficit does arise in 2011/12 temporary financing will be applied in the year and recovered in 2013/14. This position will be monitored throughout the remaining part of the year.

6. Recommendations

- 6.1 That the amendments to the 2011/12 Capital Investment Programme be approved. That the monitoring report be noted.

Other Options

The Executive could decide to put a hold on any new commitments where potential schemes are supported by Trafford's internal resources. This would provide some

benefit to the revenue account as interest costs would be avoided and also provide a source of capital resources that could be used to support any invest to save proposals that come forward as part of the 2012/13 revenue budget process.

Consultation

Consultation has taken place with budget holders, responsible officers and professional services to ascertain the best projection of capital expenditure to be incurred in 2011/12.

Reasons for Recommendation

The Authority is regularly assessed on the performance of its Capital Investment Programme and how delivery matches corporate policies and proposed spending plans. To reflect budgets in line with revised expectations will assist in evidencing that compliance with the above criteria is being met.

Finance Officer Clearance (type in initials).....GB.....

Legal Officer Clearance (type in initials).....JL.....

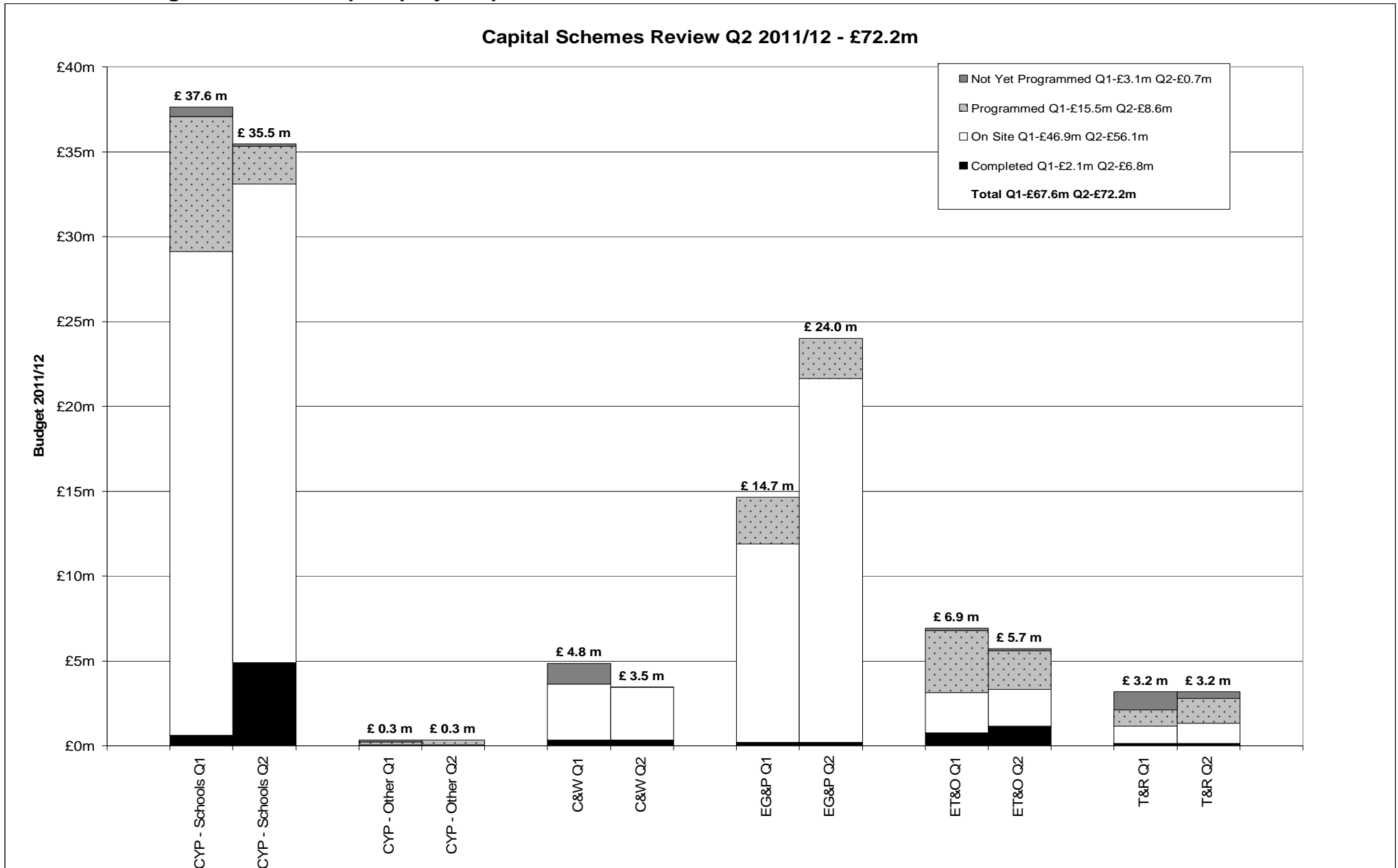
[CORPORATE] DIRECTOR'S SIGNATURE (electronic).....

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

Appendix 1

Capital Investment Programme 2011/12 : Budget changes during Quarter 2		Budget 2011/12 £'000	Budget 2011/12 £'000
Budget reported at July 2011			67,618
Amendments during Quarter 2			
New Schemes, Increases & Reductions	Financed by :		
14-19 Diploma Schools Grant	DfE	(658)	
Wharfside Promenade – Redevelopment	S.106	200	
Lancashire County Cricket Club – Ground redevelopment	Capital Receipt	8,635	8,177
Rephasing to later years			
Worthington Primary School		(400)	
Schools Devolved Formula Capital		(1,000)	
Schools Improvements Works		(100)	
Mental Health Supported Grant		(245)	
Mental Health & Operational Services : ICT Upgrade		(423)	
Personal Social Services Grant		(496)	
Social Care ICT Upgrade		(204)	
Carrington Lane / Flixton Rd – Junction		(641)	
Canal Road, Timperley : Footpath works		(95)	(3,604)
Budget at 30 September 2011			72,191

Charts showing the status of capital projects planned for 2011/12



Children & Young People

Capital Investment Programme 2011/12	Number of Schemes	Q2 Budget 2011/12 £m	Q2 Expend 2011/12 £m	% of spend to budget
Budget approved July 2011		37.9		
Q2 Adjustments :				
Reduction in of DfE Grant		(0.6)		
Re-phasing to 2012/13		(1.5)		
Revised Budget		35.8		
Schools	55	35.4	13.9	39.3%
Primary Schools	12	6.1	2.8	45.9%
Secondary Schools	16	24.0	10.5	43.7%
Other Schemes	27	5.3	0.7	13.2%
Youth Service	1	0.2		
Children's Service	3	0.2	0.1	50.0%
Total	59	35.8	14.0	39.1%

The 2011/12 budget approved in July was £38.0m. The Q2 monitoring undertaken has resulted in the budget being reduced to current levels of £35.8m, being the reduction in DfE grant of £0.7m and the re-phasing of budgets of £1.5m to 2012/13 and later years.

Whilst the current levels of expenditure are lower than what would be expected half-way through the year, a lot of work has been undertaken over the school summer holidays and costs should start to come through.

Major Projects in 2011/12:-	Budgeted Expenditure in 2011/12 £m
Schemes Already Complete : - (including)	5.1
Altrincham College of Arts – 6 th Form	1.9
Woodheys PS, Sale Primary Capital Strategy (PCS)	1.3
Partington PS – PCS	0.7
Schemes on site:- (including)	28.2
St Ambrose College Rebuild	18.1
Bollin PS Bowdon – Primary Capital Strategy	1.3
St Hughs PS Classrooms – Basic Need	0.7
Primary Schools – Additional Places	1.0
Targeted Capital Fund – PCS	0.9
Devolved Formula Capital	2.1
Capital Maintenance & Modernisation Grant	2.3
Programmed Schemes not yet on site :- (including)	2.5
Stretford HS Community Sports Provision	1.8

As part of the Comprehensive Spending Review the grant award for 14-19 Diploma Funding was reduced but this has only been advised to us by Partnerships for Schools recently resulting in a loss of grant of £658k. This has been removed from the 2011/12 Capital Programme without detrimentally affecting committed schemes.

The major areas of re-phasing include:

- **Schools - Devolved Formula Capital - £1.0m** : Responsibility for this budget is held with the school and the school has 3 years in which to spend its allocation. The latest advice from schools indicates that there will be a need to re-phase some of the allocation to 2012/13.
- **Schools - Basic Need Works - £0.4m** : The replacement of Worthington Primary School is at the preliminary stages and the project is now not expected to start until summer 2012.

Communities & Wellbeing

Capital Investment Programme 2011/12	Number of Schemes	Q2 Budget 2011/12 £m	Q2 Expend 2011/12 £m	% of spend to budget
Budget approved July 2011		4.9		
Q2 Adjustments :		-		
Re-phasing to 2012/13		(1.4)		
Revised Budget		3.5		
Services for Adults	7	3.5	1.3	37.1%
Total	7	3.5	1.3	35.1%

The 2011/12 budget approved in July was £4.8m. The Q2 monitoring undertaken has resulted in the budget being reduced to current levels of £3.5m, being re-phasing of budgets of £1.3m to 2012/13 and later years.

The replacement of Social Care system is currently being evaluated and the budgets for Mental Health & Operational Services: ICT Upgrade (£423k), Personal Social Services Grant (£496k) and Social Care ICT Upgrade (£204k) have been identified as resources to fund the replacement system. As a result on the evaluation, the scheme is not expected to start until 2012/13 and the budgets have been re-phased accordingly.

Market Accommodation Transformation (£245k) – A review of mental health services has been done and schemes for alternative provision are being reviewed. It is not anticipated that schemes will be sufficiently advanced to utilise this in year.

Major Projects in 2011/12:-	Budgeted Expenditure in 2011/12 £m
Schemes Already Complete :- (including)	0.4
Specialist Housing Scheme – Shawe View	0.3
Schemes on site/in progress:- (including)	3.1
DFGs	3.1

Economic Growth & Prosperity

Capital Investment Programme 2011/12	Number of Schemes	Q2 Budget 2011/12 £m	Q2 Expend 2011/12 £m	% of spend to budget
Budget approved July 2011		14.7		
Q2 Adjustments :				
New / additional schemes		8.8		
Service transfer from ETO		0.5		
Revised Budget		24.0		
Corporate Landlord		13.3	2.3	17.3%
Mechanical & Electrical	11	0.9	0.1	11.1%
Health & Safety	25	0.7	0.1	14.3%
Public Building Repairs	16	0.9	0.2	22.2%
Long Term Accommodation	1	10.8	1.9	17.6%
Regeneration	4	9.0	-	0.0%
Strategic Planning	1	1.7	0.6	35.3%
Total	57	24.0	2.9	12.1%

The Q2 monitoring undertaken has resulted in the budget being increased to current levels of £26.0m. The Lancashire County Cricket Club redevelopment scheme has now been agreed and the budget of £20.8m is now included in the Capital Programme. £8.6m is phased to 2011/12, the balance in later years.

To link in with work being undertaken by BBC, MediaCityUK and ITV a project to renovate Trafford Wharfside has been approved. The £200k budget is financed by S.106 contributions.

Major Projects in 2011/12:-	Budgeted Expenditure in 2011/12 £m
Schemes Already Complete	0.2
Schemes on site:- (including)	21.5
Long Term Accommodation	10.8
Public Building Repairs(Various)	0.6
M&E Works/Energy Efficiency (Various)	0.6
Lancashire County Cricket Club – Ground redevelopment	8.6
Wharfside Promenade Development	0.2
Programmed Schemes not yet on site :- (including)	2.3
Altair – land compensation	1.2
DDA Compliance Schemes (Various)	0.4
M/E Schemes (Various)	0.4

Environment Transport & Operations

Capital Investment Programme 2011/12	Number of Schemes	Q2 Budget 2011/12 £m	Q2 Expend 2011/12 £m	% of spend to budget
Budget approved July 2011		6.9		
Q1 Adjustments :				
Re-phasing to 2012/13		(0.7)		
Service transfer to EGP		(0.5)		
Revised Budget		5.7		
Highways		4.4	0.7	16.3%
Traffic & Transport	24	1.2	0.3	25.0%
Highway Maintenance	50	2.9	0.4	13.8%
Bridges	13	0.3	-	0.0%
Sustainability & Greenspace	18	0.5	0.2	40.0%
Public Protection	4	0.6	-	0.0%
Waste Management	2	0.2	0.1	50.0%
Total		5.7	1.0	17.5%

The 2011/12 budget approved in July was £6.9m. The Q2 monitoring undertaken has resulted in the budget being reduced to current levels of £5.7m. This includes re-phasing to 2012/13 and later years of £0.8m and moving some schemes to EGP as a result of a change in service areas.

Major Projects in 2011/12:-	Budgeted Expenditure in 2011/12 £m
Schemes Already Complete :- (including)	1.2
Altrincham Interchange – Contribution to Canopy	0.2
Waste and Rock Salt Protection Scheme	0.2
Schemes on site:- (including)	2.2
Highway Structural Maintenance and Bridges (Various)	1.1
Street Lighting	0.5
Programmed Schemes not yet on site:- (including)	2.3
Highways Schemes (Various)	0.6
Additional Burial Land	0.4
Parks Projects (Various)	0.4

The major areas of re-phasing include:

Highway Improvements - £0.7m :

Carrington Lane / Flixton Road junction improvement - £641k : The negotiations to get agreement with both landowners on this scheme have been protracted. This agreement has now been successfully achieved and we are currently in the process of exchanging contracts. The scheme is now planned to be on site in the new financial year.

Canal Road, Timperley - £95k : The TMU Traffic Order process has been protracted which has resulted in the works being delayed until the start of the next financial year. The scheme is funded by S.106 contributions (no risk of loss if scheme undertaken next year).

Transformation & Resources

Capital Investment Programme 2011/12	Number of Schemes	Q2 Budget 2011/12 £m	Q2 Expend 2011/12 £m	% of spend to budget
Budget approved July 2011		3.2		
Q2 Adjustments :		-		
Revised Budget		3.2		
Performance & Improvement	2	1.0	-	-
Information Technology	19	1.8	0.1	5.6%
SWiTch – HR / Payroll	1	0.4	0.2	50.0%
Total	22	3.2	0.3	9.4%

The Q2 budget remains unchanged, at £3.2m. A number of ICT are progressing well, as is the SWiTch project. Projects from Round 1 of the LAA Reward Grant have been agreed and Round 2 bids are currently evaluated with approval due to be made in mid-November. It is expected that all grant will be spent in year.

Major Projects in 2011/12:-	Budgeted Expenditure in 2011/12 £m
Schemes Already Complete	0.1
Schemes on site:- (including)	1.2
CRM Upgrade	0.6
SWiTch Project	0.4
Programmed Schemes not yet on site:- (including)	1.5
Electronic Data Records System (EDRMS)	0.7
Performance Reward Grant (Round 2)	0.5
Schemes not yet Programmed :- (including)	0.4
Coroners Accommodation	0.3