

TRAFFORD COUNCIL

Report to: Executive
Date: 27 February 2012
Report for: Decision
Report of: The Executive Member for Finance and Acting Corporate Director of Transformation & Resources

Report Title

**CAPITAL INVESTMENT PROGRAMME MONITORING 2011/12
3rd Quarter (April – December)**

Summary

This report summarises the findings from the budget monitoring for the period to 31 December 2011. The salient features are:

In November 2011 the 2011/12 budget approved was £72.2m. Following a review of all projects, expenditure in 2011/12 is estimated at £64.6m due to :

- £(7.5)m of re-phasing of budgets to 2012/13 and later years.
- £0.2m for new or additional funding for capital schemes.
- £(0.3m) reduction in cost of capital schemes, of which £0.2m is financed from discretionary resources.

(see Appendix 1 for a full breakdown of movements)

Monitoring project delivery milestones, with Project Officers, has identified that £64.3m of the Capital Programme is programmed for delivery this year. At this stage capital expenditure is £36.9m, being 57% of the projected budget. (See appendix 3 for detail by service area).

An update of the Land Sales Programme has identified an additional £0.5m of receipts over the next 3 years and this has been incorporated into the Budget. The increase is due to the disposal of surplus land at Atkinson Court, Sale

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 – 2nd Quarter (April – September)

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.

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.....*

[CORPORATE] DIRECTOR’S SIGNATURE

(electronic).....

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

1. Background

- 1.1 This report provides the current position and progress of the 2011/12 Capital Investment Programme and its financing as at 31 December 2011. It takes into account both financial and scheme progress monitoring as reported by the service area project officers.
- 1.2 Capital expenditure in 2011/12 is currently estimated at £64.6m which is £7.6m lower than the estimate agreed by the Executive in November 2011.

2. Status of 2011/12 Projects

- 2.1 There are 263 individual schemes currently phased to 2012/13 in the programme. Some of the major projects include the rebuild of St Ambrose College, the Long Term Accommodation scheme and 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 : £7.5m
 - Schemes on site : £54.6m - of which £29.4m has been spent
 - Programmed Schemes : £2.2m -schemes not yet committed but programmed to start later in the year.
 - Not yet programmed : £0.3m
- 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 £64.3m in 2011/12 leaving a balance of £0.3m 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)	0.1	0.2
Transformation & Resources	0.2	12.2
Total	0.3	0.4

3. Changes to Current Capital Investment Programme.

- 3.1 Projected expenditure for the year is £64.6m and is £7.6m lower than the Q2 budget. The table below gives a comparison of the current programme compared to the programme approved at Q1 and the Q2 budget approved in November 2011.

Table 3 - Capital Investment Programme 2011/12	Q1 Revised 2011/12 £m	Q2 Revised 2011/12 £m	Q3 Revised 2011/12 £m
Portfolio Analysis :			
Supporting Children & Families	0.3	0.3	0.4
Economic Growth & Prosperity	14.7	23.5	20.7
Adult Care, Health & Wellbeing	4.8	3.5	3.0
Education	37.6	35.4	32.8
Environmental Services	1.3	1.3	1.4
Highways & Transportation	5.1	4.4	4.3
Safe, Strong Communities	0.6	0.6	0.6
Transformation & Resources	2.2	2.2	1.0
Finance	0.3	0.3	0.2
Performance Reward Grant - Unallocated	0.7	0.7	0.2
Total	67.6	72.2	64.6
Service Analysis :			
Children & Young People	37.9	35.8	33.2
Communities & Wellbeing	4.9	3.5	3.0
Economic Growth & Prosperity	14.7	24.0	21.2
Environment Transport & Operations	6.9	5.7	5.8
Transformation & Resources	3.2	3.2	1.4
Total	67.6	72.2	64.6

3.2 The table shows that the budget for 2011/12 has reduced by £7.6m from that approved in the Q2 monitoring report. The reasons for this are summarised below with more detail given in Appendix 1:

- **£0.2m** – for new or enhanced schemes financed from external resources.
- **(£0.3m)** – Savings in current scheme, of which £199k is financed from discretionary resources.
- **(£7.5m)** - Re-phasing of budgets to 2012/13 and later years to account for changes in project programmes and start dates advised by Service Areas as part of Q3 monitoring.

3.3 Details of the re-phasing are included in Appendix 3. The major areas relate to:

- **Schools - £2.7m** : To reflect latest scheme progress information on a number of schemes and waiting on the outcome of prioritisation of unallocated funds .
- **Communities & Wellbeing - £0.6m** : Due to re-phasing of Disabled Facilities Grants. New procurement frameworks have been entered into for the provision of stairlifts and less complicated improvement works.
- **Long Term Accommodation Strategy - £2.4m** : Due to contractor re-sequencing their activities later than originally programmed. The completion date of the scheme remains unaltered.
- **Economic Growth & Prosperity - £0.4m** : Due to re-phasing of the Housing Growth Points budget as a result of on-going negotiations with Housing Associations.

- **ICT - £1.1m** : Due to continued tender negotiations with suppliers for the CRM Upgrade and the Electronic Data Records Management System schemes.
- **Other - £0.3m** : Small variances on 8 schemes across the Capital Programme

4. Actual Expenditure – 3rd Quarter (April – December)

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

Table 4 Capital Investment Programme Expenditure at Quarter 2 2011/12	Q3 Spend £m	Projection for Year £m	% of spend to budget
Portfolio Analysis :			
Supporting Children & Families	0.1	0.4	43.2%
Economic Growth & Prosperity	12.5	20.7	60.4%
Adult Care, Health & Wellbeing	1.3	3.0	43.3%
Education	20.0	32.8	61.0%
Environmental Services	0.4	1.4	28.6%
Highways & Transportation	1.9	4.3	44.2%
Safe, Strong Communities	0.3	0.6	50.0%
Transformation & Resources	0.4	1.0	40.0%
Finance	-	0.2	-
Performance Reward Grant - Unallocated	-	0.2	-
Total	36.9	64.6	57.1%

4.2 Whilst the current projection for the year is £64.6m, an analysis of the final quarter's expenditure, taking into account known scheme progress and previous year Q4 performance indicates that final outturn could be in the region of £59m, which equates to 92% of the budget. This forecast performance is to a better than in previous years. The average expenditure in the last four years was £39.2m equating to 86% of the Q3 projection.

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 £0.5m on previous levels, primarily due to the additional receipt expected from the disposal of surplus land at Atkinson Court, Sale

5.3 As a result of this expected plans for 2012/13 and later years budgets the deficit is now estimated at £2.7m. Details of the annual position are shown in the table below.

<i>Impact on 2011/15 Capital Programme</i>	2011/12 £'000	2012/13 £'000	Later £'000	Total £'000
Resources available :				
Capital receipts estimate	4,057	5,862	4,498	14,417
Receipt in respect of LCCC	20,830			20,830
LSVT VAT receipts	2,308			2,308
Total Resources	27,195	5,862	4,498	37,555
Capital Programme requirement	18,015	18,462	3,761	40,238
Current Surplus/(Deficit) at Q3	9,180	(12,600)	737	(2,683)

- 5.4 The value of the recommended Programme exceeds the available resources by £2.7m. Rather than reduce investment plans to match precisely with the annual resource assumptions it is recommended that the investment programme is agreed as per the table above. The programme is monitored closely and if a deficit does look likely in any year then the Programme will be rephased or temporary financing will be applied in that year.

6. Recommendations

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

Appendix 1

Capital Investment Programme 2011/12 : Budget changes during Quarter 3		Budget 2011/12 £'000	Budget 2011/12 £'000
Budget reported at November 2011			72,191
Amendments during Quarter 3			
New Schemes, Increases & Reductions	Financed by :		
Parks Improvements	S.106	79	
Altair - Bridge Inn demolition	Developer	36	
Schools - Basic Need Allocation	DfE	50	
Wharfside Promenade – Improvements	S.106	30	
Integrated Transport - Match day signing	S.106	(54)	
ICT – Agile Working Pilot (saving)	Receipt	(64)	
Coroners Accommodation (saving)	Receipt	(135)	(58)
Rephasing to later years			
Additional Primary Places		(900)	
Lime Tree Primary School		(10)	
Moorlands Primary School		(200)	
Old Trafford Primary School		(160)	
Partington Primary School		(360)	
St Hugh's Primary School		(580)	
Stretford High School - Sports Facilities		(500)	
Disabled Facilities Grants		(600)	
Housing Growth Points		(320)	
Air Quality		(23)	
Long Term Accommodation Strategy		(2,405)	
SSCF : OT Small Grants Programme		(30)	
Projects supported Performance Reward Grant		(145)	
Pay & Display Equipment		(130)	
Canal Road, Timperley		(8)	
Bridge Assessments & Strengthening		(5)	
Highways Structural Maintenance		68	
Bridgewater Way – Phase 4		(122)	
ICT – CRM Upgrade		(464)	
ICT – EDRMS (Data Records Management)		(650)	(7,544)
Budget at 31 December 2011			64,589

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

Capital Schemes Review Q3 2011/12 - £64.6m

