

TRAFFORD COUNCIL

Report to: Executive
Date: 1 December 2014
Report for: Decision
Report of: The Executive Member for Finance and the Director of Finance

Report Title

CAPITAL INVESTMENT PROGRAMME MONITORING 2014/15
2nd Quarter (April – September)

Summary

This report summarises the findings from the budget monitoring for the period to 30 September 2014. The salient features are:

- The revised Q1 2014/15 budget approved in July 2014 was £42.3m. Taking into account additions and changes to schemes in the second quarter the programme has increased to £42.4m.
- Capital expenditure to date is £11.5m, being 27% of the budget with an outturn projection for 2014/15 of £37.7m (see Appendix 2 for detail by service area).
- The level of available resources has been updated to reflect the latest Land Sales Programme and provides a surplus of £0.5m after financing all current capital priorities. This surplus will be taken into consideration when setting the Capital Investment Programme for 2015/18.

Recommendation(s)

1. That the amendments to the 2014/15 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

Implications :

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Capital expenditure to be contained within available resources in 2014/15.
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 2014/15.
Risk Management Implications	Not Applicable
Health & Wellbeing Implications	Not Applicable
Health and Safety Implications	A number of schemes are being undertaken in 2014/15 on the grounds of health and safety.

1. Capital Investment Programme Update

- 1.1 This report summarises the current position and progress of the 2014/15 Capital Investment Programme and its' financing as at 30 September 2014. It takes into account both financial and scheme progress monitoring undertaken with service area project officers.
- 1.2 The capital budget for 2014/15 is currently estimated at £42.4m, an increase of £150k from the budget reported in the Q1 Monitor Report, with a projected outturn of £37.7m. Changes to the budget are detailed in Appendix 1 and are summarised as follows:-

Capital Investment Programme 2014/15	Q2 Revised 2014/15 £m	Outturn Projection 2014/15 £m
Portfolio Analysis :		
Adult Social Services & Community Wellbeing	4.3	3.7
Children's Services	18.8	17.3
Communities & Partnerships	0.4	0.4
Economic Growth & Planning	4.2	3.5
Environment & Operations	10.5	10.0
Transformation & Resources	4.2	2.8
Total	42.4	37.7
Service Analysis :		
Children, Families & Wellbeing	23.1	21.0
Economic Growth, Environment & Infrastructure	15.1	13.9
Transformation & Resources	4.2	2.8
Total	42.4	37.7

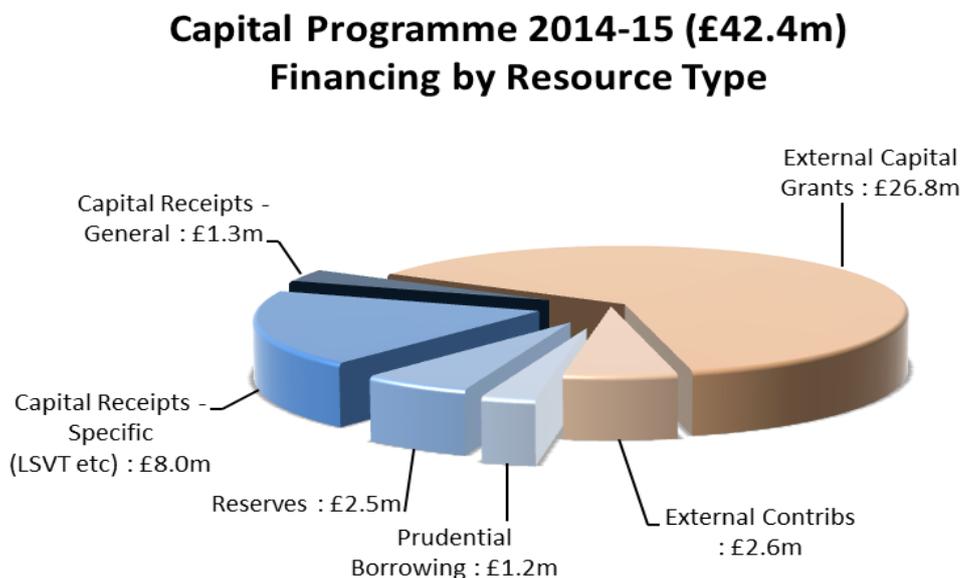
- 1.3 Changes to the budget can be summarised as follows :

- A S.106 contribution of £7k in respect of development work in Davyhulme has been received to support the provision of education facilities within the vicinity. The contribution has been added to the Capital Programme to support disabled access works, costing £100k, at Woodhouse Primary School.

- The Environment & Operation Progress Update Report taken to Executive on 27 October 2014, sets out additions, totalling £150k, to a number of Parks Infrastructure projects that can be delivered this year.
- Two ICT systems are in urgent need of replacement. A sum of £46k is required to replace all network and telephony switch infrastructure at Sale Waterside. A vulnerability has been identified that needs to be addressed as part of our Public Services Network (PSN) Accreditation. A further £56k is required to replace the current data back-up infrastructure which is now at full capacity. The proposed solution will deliver approximately £16k per annum revenue maintenance savings compared to the current system which is included in the draft 2015/16 revenue budget. A review of internally funded projects was undertaken and a saving has been identified on the Weekly Food Waste Collection project of £74k. Further savings of £28k have been identified on IT projects now completed, including the Juniper Network Connection. As a result a budget of £102k is available to finance the two new projects.

2 Resourcing

- 2.1 The chart below shows the types and levels of resource available to finance the Capital Investment Programme. Internal funding of £13.0m equates to 31% of the total requirement, whilst external funding makes up the balance of £29.4m, 91% of this being government grants (£26.8m).



- 2.2 The current estimate of capital receipts has been updated to reflect the latest information from the Land Sales Programme (LSP) which shows a net increase of £1.1m. Included in the latest report is the addition of £1.2m of estimated receipts relating to the sale of Brentwood School at £1.0m and £0.2m for the sale of 71 Chapel Road, Sale.
- 2.3 When the Q1 Capital Programme was approved by Executive in July 2014 the value of the indicative programme exceeded overall resources by £0.6m. The table below reflects the additional receipts reported in the LSP report and as a result the resource position has moved to a surplus of £0.5m.

Impact on 2014/17 Capital Investment Programme	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Resources available :				
Gross value of Land Sales Programme	(9.5)	(5.8)		(15.3)
Disposal costs	0.2	0.2		0.4
Voluntary repayment of debt (re LTA)		1.4		1.4
Specific / ringfenced receipts	1.8	1.9		3.7
Net Value of LSP	(7.5)	(2.3)	-	(9.8)
Capital Programme requirement	1.3	4.8	3.2	9.3
Current (Surplus)/Deficit at Q2	(6.2)	2.5	3.2	(0.5)

- 2.4 A review will be undertaken to ensure available resources in later years are allocated to Council priorities in view of any new capital expenditure pressures arising for 2015/16 and onwards.

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

- 3.1 There are 259 individual schemes currently allocated in the Capital Investment Programme. All schemes have been reviewed with project officers for both physical and financial progress. The review provides a robust plan for schemes and projections of expenditure in the year.
- 3.2 Actual expenditure for the second quarter of the financial year is £11.5m and a service area breakdown is shown below. Further service area details are shown in Appendix 2.

Capital Investment Programme : Expenditure at Quarter 2 2014/15	Q2 Spend £m	Budget for year £m	Proportion of budget
Portfolio Analysis :			
Adult Social Services & Community Wellbeing	1.0	4.3	21%
Children's Services	5.9	18.8	31%
Communities & Partnerships	0.0	0.4	0%
Economic Growth & Planning	1.4	4.2	33%
Environment & Operations	2.7	10.5	26%
Transformation & Resources	0.5	4.2	12%
Total	11.5	42.4	27%
Service Analysis :			
Children, Families & Wellbeing	6.9	23.1	30%
Economic Growth, Environment & Infrastructure	4.1	15.1	27%
Transformation & Resources	0.5	4.2	12%
Total	11.5	42.4	27%

- 3.3 Expenditure incurred to date amounts to £11.5m, which equates to 27% of the total budget for the year. The main areas of spend are:
- £5.9m on a number of ongoing schools schemes which will provide additional school places and address condition issues through rewire, boiler, roof and kitchen ventilation works.
 - £0.7m on Disabled Facilities Grants which provide adaptations to properties to allow residents to remain in their own homes.
 - £2.6m of a budget of £9.2m for a range of highways & transport schemes, that have now been approved and preliminary work started.
 - £1.2m on the development of Altrincham town centre, in particular the redevelopment of the historic market quarter and deposit on premium for the new library.
 - £0.3m contribution to the Greater Manchester Rural Broadband initiative. Lead by Stockport Council on behalf of the Greater Manchester authorities.

4 Status of 2014/15 Projects

- 4.1 As part of the monitoring process a record of the “milestones” reached by each project is kept to show the progress of the scheme from inclusion in the Programme through to completion. The table below shows the value of the budget across the milestone categories.

Status on 2014/15 Projects	Quarter 2 Budget £m	Percentage of Budget
Already complete	9.8	23%
On site	23.6	56%
Programmed to start later in year	6.0	14%
Not yet programmed	3.0	7%
Total	42.4	100%

- 4.2 The first three categories give a good indication as to the level of confirmed expenditure to be incurred during the year. As can be seen £39.4m (93%) of the budget has now been committed. Schemes worth £31.4m (74%) are expected to complete in year, with the balance of £10.9m (26%) having budgets phased to complete in 2015-16 or later years. A more detailed analysis, by service area, is shown in the chart at Appendix 2.
- 4.3 The £3.0m of schemes classed as “Not yet programmed” relates to budgets where definite projects have not yet been agreed or budgets that have yet to have a start date. Included in this category are :
- **Community Capacity Grant - £0.5m** : to be used to cover issues flowing from the introduction of the Care Act.
 - **Corporate Landlord Budgets - £1.1m** : Schemes covering a range works to council owned buildings are not yet programmed as priority has been given to work required at schools prior to commencement of the new school year.
 - **Town Centre Development - £0.4m** : A range of public realm works for Altrincham & Stretford town centres are budgeted for in the Capital Programme. A programme of work is currently being finalised to fit with the level of available resources, including s106 developer contributions.

- **ICT Projects - £0.8m** : The delivery of the Electronic Data Records Management & Web/Customer Strategy projects are linked to the CRM project which is due to complete in 2015/16.

4.4 Whilst the current 2014/15 budget is £42.4m the latest outturn projection is estimated at £37.7m. This projection assumes the budgets referred to in Para 4.3 will be underspent along with some schools related expenditure for which we have now received more accurate milestone dates. As a result whilst the school schemes are programmed and committed the level of expenditure in 2014/15 is expected to be £1.7m lower than budgeted and will now fall in 2015/16.

5 Recommendations

- 5.1 That the amendments to the 2014/15 Capital Investment Programme be approved. That the monitoring report be noted.

Other Options

The Executive could decide to use capital receipts to repay debt which would generate revenue savings on the Medium Term Financial Plan.

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 2014/15.

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).....HK.....

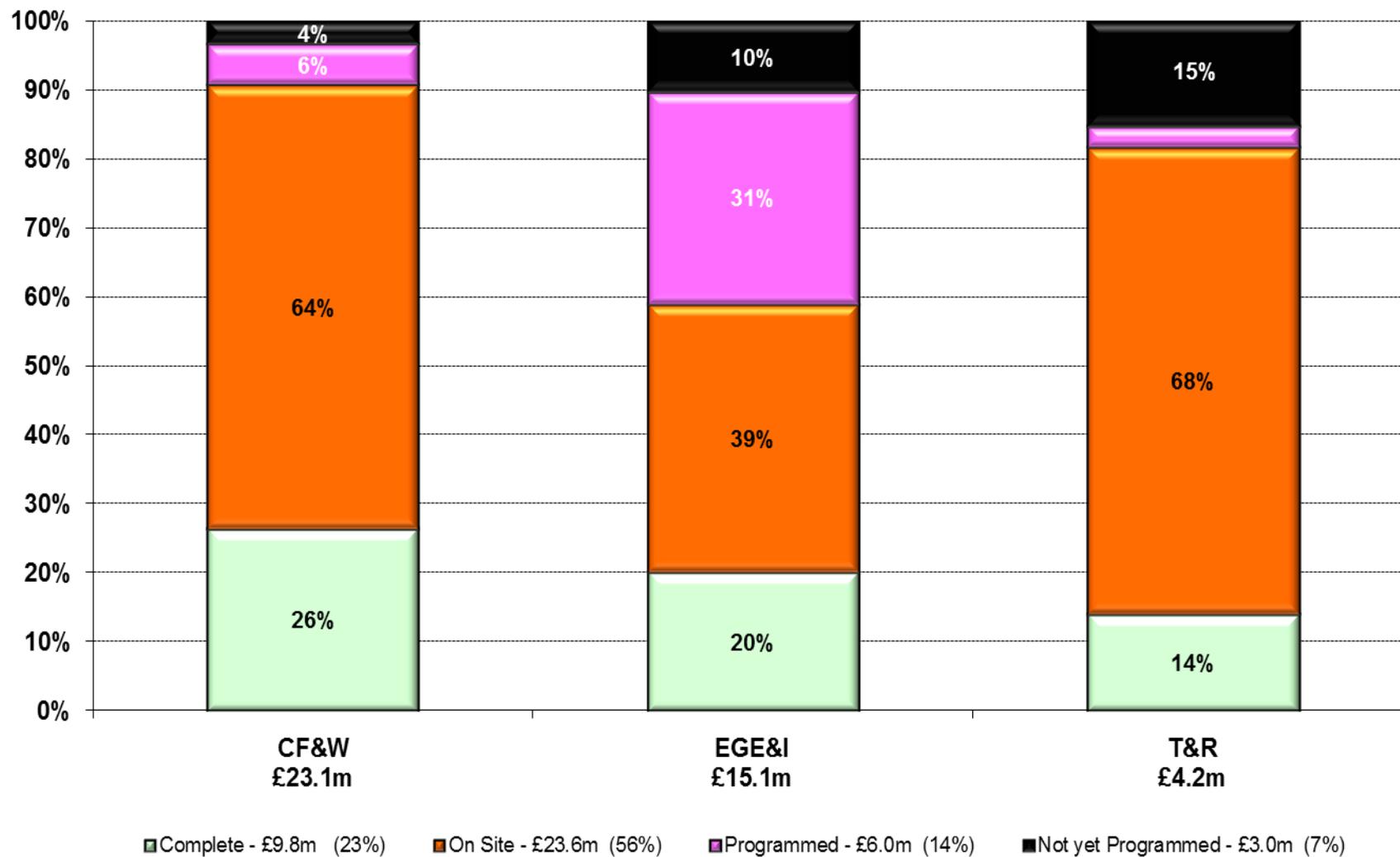
Director of Finance

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

Appendix 1

Capital Investment Programme 2014/15 : Budget changes during Quarter 2		Budget 2014/15 £'000	Budget 2014/15 £'000
<i>Budget reported at Quarter 1</i>			42,253
<i>Amendments during Quarter 2</i>			
Increases to schemes	Financed by :		
Bringing Towns Centres Alive : Stretford Loans Fund	Receipts	(3)	
Schools Access : Woodhouse Primary School	S106 contribs	7	
Parks Infrastructure Improvements	Receipts	150	154
Budget changes (between service areas)			
Food Waste Collection Equipment	Virement	(74)	
Data & Telephony Switches : Sale Waterside	Virement	46	
ICT – Data Back-up Solution	Virement	28	
Budget at 30 September 2014			42,407

Capital Programme 2014/15 - Status of schemes by Service Area



Children, Families & Wellbeing

Capital Investment Programme 2014/15	Number of Schemes	Budget 2014/15 £m	Q2 Expend 2014/15 £m	Proportion of budget
Quarter 2 Budget		23.1		
Schools				
Primary Schools	33	14.4	5.1	35.4%
Secondary Schools	6	0.6	0.2	33.3%
Special Schools	6	1.8	0.2	11.1%
Other Schemes	7	1.9	0.4	21.0%
Children's Service	3	0.1	-	-
Services for Adults	11	4.3	1.0	23.3%
Total	66	23.1	6.9	29.9%

Schools – The major schemes within this area include:

- **Schools Basic Need Grant** : 11 new projects with a budget of £24.2m are programmed to start in 2014/15 to address the increase in pupil numbers and are phased across the next 3 years. The major projects to be undertaken include :
 - Brentwood School - £8.9m : Replacement of school on a new site at Cherry Manor Centre.
 - Bowdon CoE Primary School - £6.2m : Replacement of a 2FE school with a 3FE school.
 - Oldfield Brow Primary School - £4.3m : Increase school capacity from 1FE to 2FE with the provision of 8 new classrooms.
 Commencement of these new projects along with the completion of schemes from 2013/14 means that there is a budget of £13.5m phased to 2014/15.
- **Capital Maintenance Grant** : 12 schemes totalling £2.7m which cover a range of condition issues, including rewires, boilers, roofs and kitchen ventilation were programmed and completed during the summer holidays.

Services for Adults – The major schemes within this area include:

- **Disabled Facilities Grants : £1.9m** : The provision of grants support to older and disabled people to remain in their own homes, promoting independence and quality of life while avoiding reliance on expensive long term social care and health services.
- **Replacement ICT System for Social Care : £0.8m** – To replace the Softbox Social Care ICT system with a Liquid Logic system. The scheme is currently being implemented and is expected to complete, within the adjusted budget, in January 2015.
- **Telecare System : £0.4m** – Continuing the programme, started in 2013/14, for the provision of equipment to help monitor people at risk in their own homes, improving their safety and helping them to stay independent and healthy for longer.
- **Old Trafford Extra Care Facility : £0.5m** - The development of an Extra Care Facility in Old Trafford was approved by the Executive on 24 March 2014. This budget of £465k is Trafford's contribution toward the cost of the scheme being undertaken by Trafford Housing Trust and financed by specific capital receipts.

- **Personal Social Services Grant : £0.5m** – Grant to support the provision of services for vulnerable adults within the key areas of personalisation, reform and efficiency and support issues flowing from the introduction of The Care Act.

Economic Growth, Environment & Infrastructure

Capital Investment Programme 2014/15	Number of Schemes	Budget 2014/15 £m	Q2 Expend 2014/15 £m	Proportion of budget
Quarter 2 Budget		15.1		
Corporate Landlord				
Mechanical & Electrical	10	0.4	-	-
Health & Safety (inc DDA)	12	0.3	0.1	33.3%
Public Building Repairs	14	1.5	0.1	6.7%
Long Term Accommodation	1	0.1	-	-
Regeneration & Strategic Planning	10	1.6	1.2	75.0%
Housing Services	3	0.3	-	-
Highways				
Traffic & Transport	29	4.1	0.8	19.5%
Highway Maintenance	58	4.9	1.8	36.7%
Bridges	10	0.3	-	-
Bereavement Services	2	0.5	-	-
Sustainability & Greenspace	22	0.6	0.1	16.7%
Public Protection	4	0.4	-	-
Waste Management	1	0.1	-	-
Total	176	15.1	4.1	27.3%

The major schemes within this Service Area are:

- **Corporate Landlord Works : £2.3m** – Work to protect the Council’s assets including mechanical & electrical, DDA and other improvements to buildings to ensure that Council services can be delivered in a safe and secure environment. 2014/15 priorities are currently being finalised by the Corporate Landlord Group based on the Asset Management Plan condition priorities. The budget also includes £0.5m for community asset transfer for which a number of potential transfers are currently being considered and £85k for a new corporate landlord IT system. The majority of these budgets are yet to be allocated as priority has been given to work required at schools prior to commencement of the new school year.
- **Town Centre Regeneration : £1.6m** – Work to bring town centres back to life and to encourage business opportunities. Includes Altrincham Historic Market Quarter improvements and initiatives such as “Bringing Town Centres Alive”. The development of Altrincham and Stretford town centres are at the design & consultation stage and works will commence once external funding has been secured.

- **Highways Related Schemes : £9.3m** – This area includes road safety and integrated transport schemes, programmed structural maintenance works, street lighting and major junction improvements works.
- **Sustainability & Greenspace: £0.6m** – Schemes for the improvement and provision of open spaces, parks and play areas including the upgrade of equipment and the improvement of paths and lighting. A range of schemes will be carried out throughout the year, with the expectation that all will be complete in year. The Environment & Operation Progress Update Report taken to Executive on 27 October 2014 sets out additions, totalling £150k, to a number of Parks Infrastructure projects. The assumption is that these will be financed by accelerating the 2015/16 Parks Infrastructure capital budget unless further savings on the 2014/15 capital programme are achieved.
- **Bereavement Services - £0.5m** – Negotiations for the purchase of additional burial land in Altrincham is still ongoing and is expected to complete this year with the associated infrastructure works expected to commence in 2015/16. Also a new scheme for the replacement of the 2 cremators has been added to the Capital Programme at a cost of £350k. The first is to be replaced this year at a cost of £200k with the second in 2015/16.

Transformation & Resources

Capital Investment Programme 2014/15	Number of Schemes	Budget 2014/15 £m	Q2 Expend 2014/15 £m	Proportion of budget
Quarter 2 Budget		4.2		
Performance & Improvement	3	0.2	-	-
Information Technology	14	4.0	0.5	12.5%
Total	17	4.2	0.5	11.9%

The majority of the budget within this Service Area relates to ICT schemes

The major schemes programmed for 2014/15 include :

- **CRM Replacement/ Upgrade : £2.3m** – The contract has now been signed. The scoping phase is due to commence in early October and last 6 weeks. Implementation will start once scoping has been finalised with the project expected to complete in June 2015.
- **Electronic Data Records Management (EDRMS) : £0.6m** - Business case and requirements has now been completed and the tender pack is currently being drafted. Expect to go out to tender by the end of October 2014 with implementation running on from the completion of the CRM Replacement project.
- **WEB/ Customer Strategy : £0.4m** – The Customer Strategy was launched on 1st October 2013 to improve the customer experience when they contact the Council. Since the launch a number of outcomes have been achieved. The final phases of the strategy are aimed at managing the future needs of customers and will be implemented following completion of the CRM Replacement project.
- **GM Rural Broadband : £0.3m** – The Greater Manchester Broadband Plan sets out how superfast and ultrafast broadband services will be delivered to both the residential and business markets, Greater Manchester's ambition is to become one of the world's top 20 digital cities by 2020. Broadband Delivery UK provides support of approx. £3.0m to Greater Manchester authorities with Stockport Council being the lead authority. The match funding of £2.5m is split equally across the 8 Greater Manchester authorities.