

TRAFFORD COUNCIL

Report to: Executive Budget Meeting
Date: 20 February 2013
Report for: Decision
Report of: The Executive Member for Finance and
the Director of Finance

Report Title

**CAPITAL INVESTMENT PROGRAMME MONITORING 2012/13
3rd Quarter (April – December)**

Summary

This report summarises the findings from the budget monitoring for the period to 31 December 2012. The salient features are:

- The revised 2012/13 budget approved in Q2 monitoring report was £66.1m. Additions of £0.4m and rephasing of £(2.6m) of budgets to later years has reduced the Programme to £63.9m.
- Capital expenditure to date is £41.9m, being 66% of the budget (see Appendix 3 for detail by service area). Included within this is £18.8m on schemes already complete. Including :
 - New 6th Form Centre at Altrincham College of Arts
 - Specialist housing scheme at Shawe View.
 - St.Ambrose College – rebuild of school
 - Stretford High School – New sports facilities
 - Longford Park – Improvements to parks buildings & shelters
 - £1.4m across a number of schools related schemes
 - £1.3m of highways related projects including integrated transport, structural maintenance, street lighting and bridges.
- Of the amended budget 99% is either already spent or programmed to be spent in year, and no delivery issues have been identified.

Recommendation(s)

1. That the amendments to the 2012/13 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 – None

1. Capital Programme Update

1.1 This report summarises the current position and progress of the 2012/13 Capital Investment Programme and its' financing as at 31 December 2012. It takes into account both financial and scheme progress monitoring undertaken with service area project officers.

1.2 Capital expenditure in 2012/13 is currently estimated at £63.9m which is £2.2m lower than that reported in the Q2 Monitor in November. The changes are due to:

- £0.4m of new & additional budgets including :
 - § Additional DCLG grant funding of £0.2m for the provision of Disabled Facilities Grants.
 - § Use of £0.2m of developer contributions for parking, highways and parks & play area schemes.
- £(2.6)m of rephasing to 2013/14 and later years to reflect :
 - § delayed start on site due to negotiations with landowners in respect of the Carrington Lane / Flixton Road highway scheme. It is now due to start on 21 January 2013.
 - § Delayed start on site in respect of a new bus lane on the A56 in Old Trafford due funding agreement issues with Transport for Greater Manchester
 - § Continuing negotiations with the National Trust & tenant farmers in respect of the purchase of land for additional burial space in Altrincham,
 - § known school projects funded by Devolved Formula Capital Grant, which is controlled directly by schools and
 - § the continued evaluation of the replacement Customer Relationship Management system.

Details are shown in Appendix 1 and are summarised as follows:-

| <i>Capital Investment Programme 2012/13</i> | Q2 Revised 2012/13 £m | Q3 Revised 2012/13 £m | Change £m |
|---|------------------------------|------------------------------|------------------|
| Portfolio Analysis : | | | |
| Supporting Children & Families | 0.3 | 0.3 | |
| Economic Growth & Prosperity | 32.9 | 32.8 | -0.1 |
| Adult Care, Health & Wellbeing | 3.7 | 3.8 | +0.1 |
| Education | 18.8 | 18.5 | -0.3 |
| Environmental Services | 1.0 | 0.6 | -0.4 |
| Highways & Transportation | 6.7 | 5.5 | -1.2 |
| Safe, Strong Communities | 0.7 | 0.6 | -0.1 |
| Transformation & Resources | 2.0 | 1.8 | -0.2 |
| Total | 66.1 | 63.9 | -2.2 |
| Service Analysis : | | | |
| Children & Young People | 19.1 | 18.8 | -0.3 |
| Communities & Wellbeing | 3.7 | 3.8 | +0.1 |
| Economic Growth & Prosperity | 32.9 | 32.8 | -0.1 |
| Environment Transport & Operations | 8.4 | 6.7 | -1.7 |
| Transformation & Resources | 2.0 | 1.8 | -0.2 |
| Total | 66.1 | 63.9 | -2.2 |

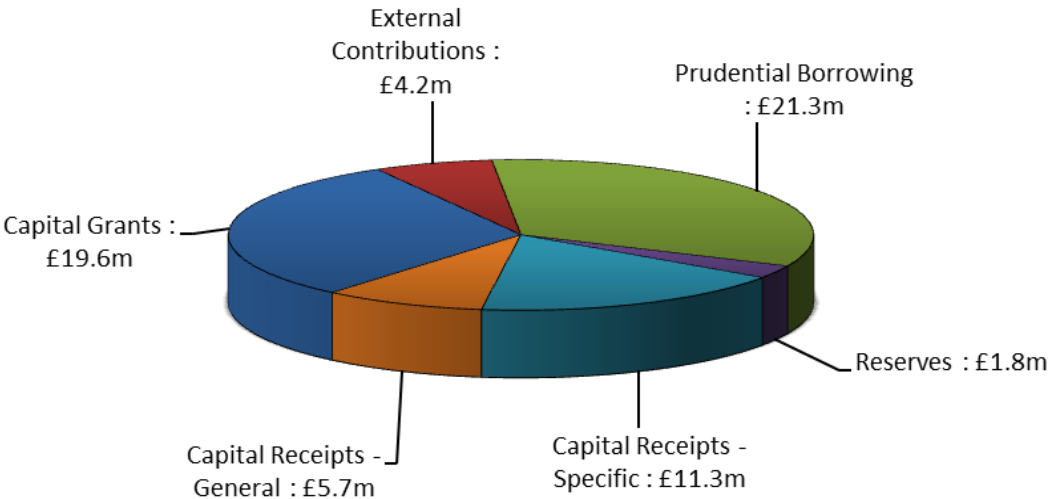
2 Resourcing

2.1 Updated projections of the Land Sale Programme have resulted in a minor increase (£0.2m) in the surplus from that reported in Q2. Changes to the valuation of some sites and some minor increases in actual receipts mean the value has increased to £23.2m, a surplus of £0.4m, for 2012/15.

| <i>Impact on 2012/15 Capital Programme</i> | 2012/13 £m | 2013/14 £m | 2014/15 £m | Total £m |
|--|-----------------------|-----------------------|-----------------------|---------------------|
| Resources available : | | | | |
| Capital receipts estimate | 15.6 | 7.1 | 0.5 | 23.2 |
| LSVT VAT receipts | 2.0 | 0.4 | 1.6 | 4.0 |
| Total discretionary Resources | 17.6 | 7.5 | 2.1 | 27.2 |
| Capital Programme requirement | 17.0 | 6.5 | 3.3 | 26.8 |
| Current Surplus/(Deficit) at Q3 | 0.6 | 1.0 | (1.2) | 0.4 |

2.2 The chart below shows the types and levels of resource available to finance the capital investment programme. Internal funding of £41m equates to 64% of the total funding requirement, whilst external funding makes up the balance (£23.2m). The majority of the external funding is government grants (82%) and whilst a number of these are no longer ring-fenced they support some major programmes, particularly on the schools programme, hence there is limited discretion over the application of these resources.

Capital Programme 2012-13 (£63.9m) Financing by Resource Type



2.3 The level of available capital resources is assessed throughout the year to ensure the Capital Programme remains affordable.

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

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

| <i>Capital Investment Programme : Expenditure at Quarter 3 2012/13</i> | Q3 Spend £m | Projection for Year £m | % of spend to budget |
|--|----------------------------|---------------------------------------|-------------------------------------|
| Portfolio Analysis : | | | |
| Supporting Children & Families | 0.1 | 0.3 | 35% |
| Economic Growth & Prosperity | 21.4 | 32.8 | 65% |
| Adult Care, Health & Wellbeing | 2.1 | 3.8 | 55% |
| Education | 14.5 | 18.5 | 78% |
| Environmental Services | 0.3 | 0.6 | 50% |
| Highways & Transportation | 3.0 | 5.5 | 55% |
| Safe, Strong Communities | 0.1 | 0.6 | 17% |
| Transformation & Resources | 0.4 | 1.8 | 22% |
| Total | 41.9 | 63.9 | 66% |
| Service Analysis : | | | |
| Children & Young People | 14.6 | 18.8 | 78% |
| Communities & Wellbeing | 2.1 | 3.8 | 55% |
| Economic Growth & Prosperity | 21.4 | 32.8 | 65% |
| Environment Transport & Operations | 3.4 | 6.7 | 51% |
| Transformation & Resources | 0.4 | 1.8 | 22% |
| Total | 41.9 | 63.9 | 66% |

3.2 Included in the £41.9m is £18.8m for completed schemes. In addition to those reported in earlier monitoring reports schemes completed in Q3 include :

- £1.4m across a number of schools related schemes, including boiler and kitchen ventilation projects.
- £1.3m of highways related projects including integrated transport £0.3m, structural maintenance & bridges £0.7m and street lighting £0.3m.

3.3 Approximately 82% of the Environment, Transport & Operations budgets are highways related. The majority of which are now on site and as can be seen from para 3.2 are progressing well. It is expected that the budget of £5.5m will be fully invested in year.

3.4 The budget for Transformation & Resources of £1.8m is predominantly ICT related schemes. Whilst current levels of expenditure are lower than expected, monitoring has identified that schemes are either in progress or due to start later in the year, with some now phased to complete in 2013/14.

4. Status of 2012/13 Projects

- 4.1 There are 288 individual schemes currently allocated in the programme. These include some major projects including the rebuild of St Ambrose College and the Long Term Accommodation scheme. All schemes in the budget were reviewed into the following categories to identify the level of projected expenditure in 2012/13 :

| <i>Status of 2012/13 Projects</i> | Q2 £m | Q3 £m | % of Budget |
|-----------------------------------|------------------|------------------|------------------------|
| Already complete | 16.1 | 18.8 | 29% |
| On site | 45.0 | 41.9 | 66% |
| Programmed to start later in year | 4.5 | 2.9 | 4% |
| Not yet programmed | 0.5 | 0.3 | 1% |
| Total | 66.1 | 63.9 | 100% |

- 4.2 The first three categories give a good indication of the level of confirmed expenditure that will be undertaken during the year. As can be seen from the table above the Programme as a whole is progressing well with increases, from those reported Q2, in the value of schemes complete, whilst the value of not yet started and not yet programmed schemes has reduced. An analysis by service area is shown in Appendix 2.

5. Recommendations

- 5.1 That the amendments to the 2012/13 Capital Investment Programme be approved. That the monitoring report be noted.

| | |
|---|--|
| Relationship to Policy Framework/Corporate Priorities | Value for Money |
| Financial | Capital expenditure to be been contained within available resources in 2012/13. |
| 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 2012/13. |
| Risk Management Implications | Not Applicable |
| Health and Safety Implications | A number of schemes are being undertaken in 2012/13 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 2013/14 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 2012/13.

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.....

Director of Finance

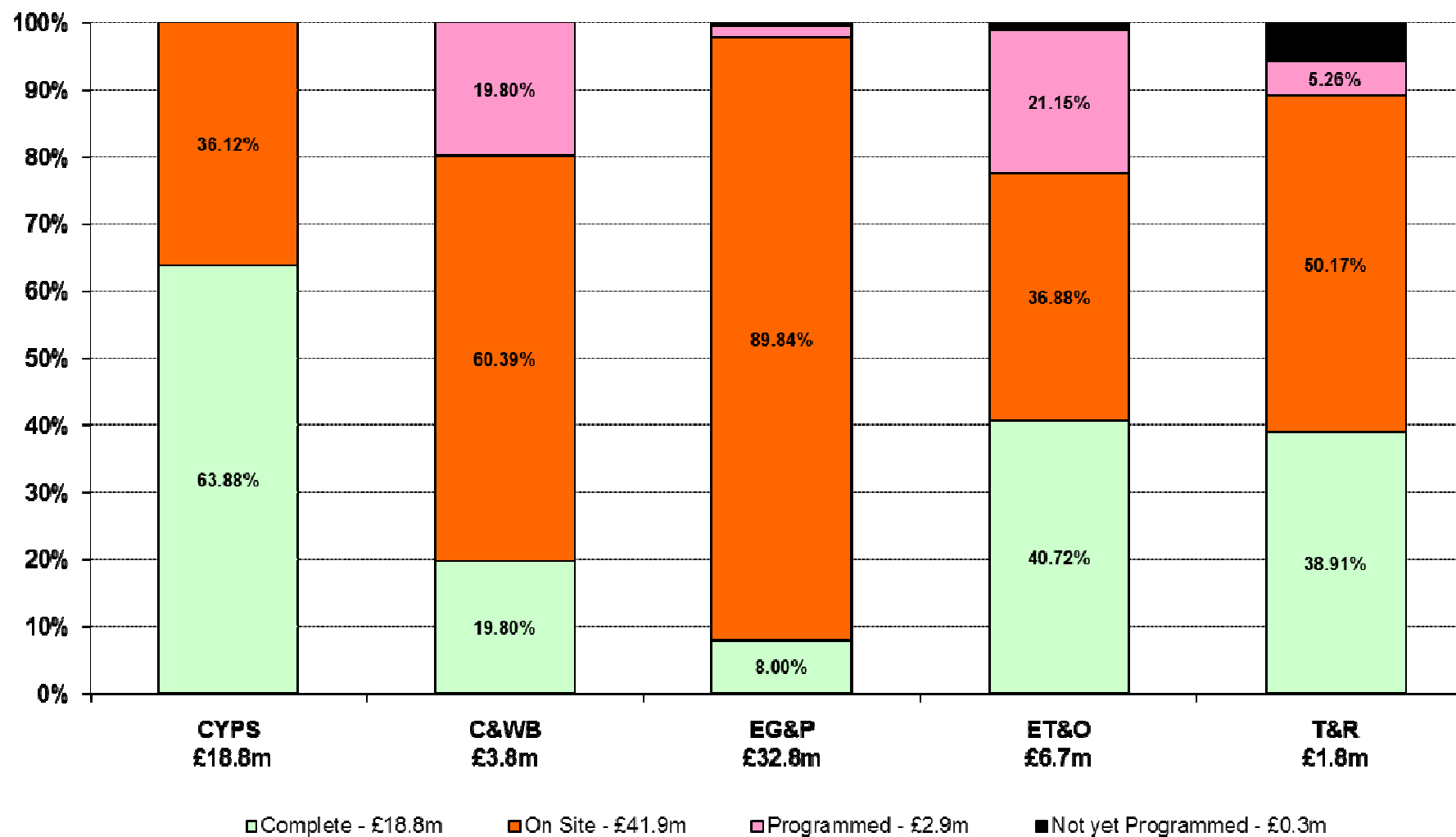
[Signature appended in hard copy.]

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

Appendix 1

| <i>Capital Investment Programme 2012/13 : Budget changes during Quarter 3</i> | | Budget 2012/13 £'000 | Budget 2012/13 £'000 |
|---|----------------|-------------------------------------|-------------------------------------|
| Budget reported at November 2012 | | | 66,128 |
| Amendments during Quarter 3 | | | |
| | | | |
| | | | |
| New Schemes & Increases | Financed by : | | |
| Disabled Facilities Grants | DCLG grant | 165 | |
| Parking Control Zones | Reserves | 100 | |
| Integrated Transport Plan | S.106 contribs | 39 | |
| Lostock Park – U8s play area | Developer | 69 | |
| Springbank Park, Altrincham | S.106 contribs | 13 | 386 |
| | | | |
| | | | |
| Rephasing : | | | |
| <i>Brought forward from 2013/14:</i> | | | |
| Various school schemes | | 110 | |
| | | | |
| <i>Re-phased to 2013/14</i> | | | |
| Schools – Devolved formula capital | | (500) | |
| Highways related schemes | | (691) | |
| New bus lane – A56, Old Trafford | | (409) | |
| Additional Burial Land | | (600) | |
| ICT related schemes | | (270) | |
| Parks related schemes | | (154) | |
| Altrincham Market Improvements | | (100) | (2,614) |
| | | | |
| Budget at 31 December 2012 | | | 63,900 |

Capital Programme 2012/13 - Status of schemes by Service Area



Children & Young People

| <i>Capital Investment Programme 2012/13</i> | Number of Schemes | Q3 Budget 2012/13 £m | Q3 Expend 2012/13 £m | % of spend to budget |
|---|----------------------------------|---|---|-------------------------------------|
| Quarter 3 Budget | | 18.8 | | |
| Schools | | | | |
| Primary Schools | 14 | 4.2 | 2.8 | 67% |
| Secondary Schools | 11 | 9.6 | 8.2 | 85% |
| Other Schemes | 40 | 4.6 | 3.5 | 76% |
| Youth Service | 3 | 0.1 | - | - |
| Children's Service | 5 | 0.3 | 0.1 | 20% |
| Total | 73 | 18.8 | 14.6 | 78% |

The 2012/13 budget approved in Q2 was £19.1m. The Q3 monitoring undertaken has resulted in the budget being reduced to current levels of £18.8m.

The reduction is due to the re-phasing, to 2013/14, of Devolved Formula Capital. This grant is controlled directly by schools and can be utilised across a 3 year period. As a result of known school projects some of the budget has been re-phased to better reflect expected investment.

Communities & Wellbeing

| <i>Capital Investment Programme 2012/13</i> | Number of Schemes | Q3 Budget 2012/13 £m | Q3 Expend 2012/13 £m | % of spend to budget |
|---|----------------------------------|---|---|-------------------------------------|
| Quarter 3 Budget | | 3.8 | | |
| Services for Adults | 10 | 3.8 | 2.1 | 55% |
| Total | 10 | 3.8 | 2.1 | 55% |

The Q3 budget has increased by £0.1m from that reported in Q2. £165k of additional DCLG grant towards the provision of Disabled Facilities Grants (DFG) was received in December.

Monitoring has identified that the DFG programme (£2.2m) is under pressure with expectation that the budget could be spent by the end of Q3. If approvals continue at current levels it is anticipated that there will be £0.5m commitment on the 2013/14 budget. The implications of this and the future DFG programme are currently being considered.

The replacement Adult Social Care ICT system is programmed start in 2012/13 but due to changes in service requirements the expected date for completion has been pushed back from June 2013 to December 2013.

Economic Growth & Prosperity

| <i>Capital Investment Programme 2012/13</i> | Number of Schemes | Q3 Budget 2012/13 £m | Q3 Expend 2012/13 £m | % of spend to budget |
|---|--------------------------|---------------------------------|---------------------------------|-----------------------------|
| Quarter 3 Budget | | 32.8 | | |
| Corporate Landlord | | | | |
| Mechanical & Electrical | 20 | 0.7 | 0.3 | 43% |
| Health & Safety (inc DDA) | 16 | 0.5 | 0.2 | 40% |
| Public Building Repairs | 29 | 0.8 | 0.4 | 50% |
| Long Term Accommodation | 2 | 16.6 | 11.5 | 69% |
| Regeneration | 4 | 11.3 | 6.9 | 61% |
| Strategic Planning | 2 | 0.6 | - | - |
| Housing Services | 4 | 2.3 | 2.1 | 91% |
| Total | 77 | 32.8 | 21.4 | 65% |

The Q3 budget has reduced by £0.1m from that reported in Q2. Tenders are currently being sought to appoint a consultant to advise on the future operating model and the appropriate refurbishment works for Altrincham Market.

The Long Term Accommodation strategy is progressing well with the development of Trafford Town Hall due to complete before the end of 2012/13. It is expected that staff will begin to return in early April.

The monitoring undertaken has shown that whilst the amount of expenditure incurred is lower than expected at this point of the year, the physical progression of schemes is much better. Most schemes are now either on site or programmed to start in Q3, with the value of un-programmed schemes reduced down to £124k.

Environment Transport & Operations

| <i>Capital Investment Programme 2012/13</i> | Number of Schemes | Q3 Budget 2012/13 £m | Q3 Expend 2012/13 £m | % of spend to budget |
|---|----------------------------------|---|---|-------------------------------------|
| Quarter 3 Budget | | 6.7 | | |
| | | | | |
| Highways | | | | |
| Traffic & Transport | 37 | 2.4 | 0.9 | 38% |
| Highway Maintenance | 34 | 2.6 | 1.9 | 66% |
| Bridges | 15 | 0.5 | 0.2 | 40% |
| | | | | |
| Bereavement Services | 2 | 0.1 | - | - |
| Sustainability & Greenspace | 14 | 0.6 | 0.3 | 50% |
| Public Protection | 4 | 0.3 | 0.1 | 30% |
| Waste Management | 2 | 0.2 | - | - |
| | | | | |
| Total | 108 | 6.7 | 3.4 | 51% |

The Q3 budget has reduced to current levels of £6.7m. The reduction is as a result of re-phasing of £1.7m of budget to 2013/14 and later years, including .

- major improvement works at the junction of Carrington Lane / Flixton Road. The delay in starting the works is due consultation with landowners & partners which has now been concluded. The works are due to start on site on 21 January 2013,
- a new bus lane on the A56 in Old Trafford has been delayed due to approval from Transport for Greater Manchester of the Better Bus Area Fund supporting the project.
- continuing negotiations with the National Trust & tenant farmers in respect of the purchase of land for additional burial space in Altrincham.

Included in the £3.0m of costs incurred on highways related budgets schemes to a value of £1.3m have completed. These schemes include integrated transport £0.3m, structural maintenance & bridges £0.7m and street lighting £0.3m.

Transformation & Resources

| <i>Capital Investment Programme 2012/13</i> | Number of Schemes | Q3 Budget 2012/13 £m | Q3 Expend 2012/13 £m | % of spend to budget |
|---|----------------------------------|---|---|-------------------------------------|
| Quarter 3 Budget | | 1.8 | | |
| Performance & Improvement | 2 | 0.2 | - | |
| Information Technology | 17 | 1.0 | 0.2 | 20% |
| SWiTch – HR / Payroll | 1 | 0.6 | 0.2 | 25% |
| Total | 20 | 1.8 | 0.4 | 22% |

The budget for Transformation & Resources has reduced from Q2 to £1.8m. The reduction is due to re-phasing of £0.2m for the replacement Customer Relationship Management (CRM) scheme. A suitable replacement for the system is still being identified and due to any subsequent procurement and evaluation process it is unlikely this budget will be spent in year.