

TRAFFORD BOROUGH COUNCIL

Report to: Executive 20 June 2016
Report for: Decision
Report of: The Executive Member for Finance and the Chief Finance Officer

Report Title

CAPITAL INVESTMENT PROGRAMME 2015/16 OUTTURN

Summary

The report summarises the outturn position for 2015/16 and the consequential impact on the Capital Programme for 2016/19.

Capital investment expenditure for 2015/16 amounted to £31.9m, equivalent to 72% of revised budget of £44.6m and the variance can be explained by a number of factors that are detailed in the report.

Net re-profiling of £12.3m will increase the Capital Investment Programme in 2016/17 and later years. This includes £1.5m of net savings that will be available to support the 2016/19 Programme approved by the Executive in February 2016.

Recommendation(s)

The Executive is requested to

- Note this summary report
- Approve the changes to the 2016/19 Programme
- Approve the additional expenditure, listed in Appendix B.
- Note the outturn of the prudential indicators for 2015/16 as set out in paragraph 14 and Appendix C.

Contact person for access to background papers and further information:

Name: Mark Hughes
Extension: 2072

Background Papers - None

Capital Investment Expenditure 2015/16

1. Capital investment expenditure amounted to £31.9m in 2015/16 compared to £26.5m in 2014/15 and some of the main highlights include:

School Improvements - £16.9m:-

- Expansion & Basic Need Works - £14.1m
 - *Replacement of Brentwood School - £7.2m (still in construction)*
 - *Oldfield Brow Primary School expansion - £2.7m*
 - *Bowdon C of E Primary School expansion - £2.8m*
 - *Willows Primary School expansion - £0.9m*
- Capital Maintenance & Access works - £2.0m
 - *Re-roofing works at 5 schools - £0.8m*
 - *Boiler replacements at 4 schools - £0.6m*
 - *Kitchen upgrade works at 8 schools - £0.3m*
 - *Access initiative schemes at 5 schools - £0.2m*
- Improvements via Devolved Formula Capital - £0.5m
- Universal Infant Free school Meals works - £0.2m

Adult Social Services - £2.5m:-

- Disabled Facilities Grants - £1.7m
- Telecare System - £0.2m
- Liquid Logic – ICT Social Care System - £0.5m

Major works on Public & Operational Buildings - £0.8m

- Former Davyhulme Library – Conversion to a doctors surgery - £0.3m
- DDA improvements - £0.2m
- Public Building Repairs - £0.2m

Regeneration Projects - £2.4m

- Altrincham Town Centre public realm improvements - £1.7m
- Partington District Centre - Land purchase for potential residential development - £0.4m
- Town centres business grants - £0.1m

Highway Related Improvements - £6.5m

- Integrated Transport Improvements - £2.5m
 - *Cycling Initiatives - £1.3m*
 - *Contribution to Altrincham Interchange improvements - £0.4m*
 - *Better Bus initiatives - £0.3m*
 - *A range of parking, schools and local safety schemes - £0.5m*
- Highway Structural Maintenance - £4.1m
 - *Structural maintenance works to road and bridges - £2.1m (refurbishing 9.6km of carriageway)*
 - *Street Lighting improvements - £0.2m*
 - *Major junction works on A56/West Timperley - £1.1m*
 - *Highway works related to developments – £0.7m (funded via S278 agreements)*

Sport, Recreation & Culture - £0.8m

- Improvements to parks and open spaces across the borough (including new disc-golf course at Longford Park) - £0.5m
- Security and welfare improvements to allotments - £0.1m

- Boardwalk works Trafford Water Sports Centre - £0.1m
- Improvements to the Trans Pennine Trail - £0.1m

Bereavement Services - £0.5m : including £0.4m on replacement cremators at Altrincham Crematorium

ICT Investment £ 1.2m

- Continuing implementation of new CRM system - £1.0m
- Contribution to Greater Manchester broadband initiative - £0.1m

Financing of Capital Investment Expenditure

2. The expenditure was financed predominantly from grants and external contributions, supplemented by receipts derived from the sale of surplus assets and a small level of specific reserves and borrowing. The actual levels applied are shown below:-

<i>Financing of Capital Investment Expenditure 2015/16</i>	Revised £m	Actual £m
Internal Resources		
Capital Receipts	4.6	1.4
LSVT VAT Receipts	3.5	1.8
Specific Reserves	1.0	0.3
Borrowing	2.1	0.2
Sub-Total	11.2	3.7
External Resources		
Grants & Contributions	33.4	28.2
Total	44.6	31.9

3. Sufficient capital resources will be available to cover all the expenditure re-profiled from 2015/16 to future years. No grants and contributions are at risk of clawback and will therefore be available in later years. The lower than projected borrowing will lead to a temporary reduction in minimum revenue provision (repayment of debt) of approximately £38k in 2016/17 compared to the MTFP estimate.

Performance against budget and explanation of major variances

4. The original budget for 2015/16 was approved at £41.8m in February 2015 but this has subsequently been revised during the year for new grant approvals and other changes approved by the Executive and the revised budget for 2015/16 was £44.6m as at Quarter 3.
5. Final expenditure of £31.9m represents an overall variance of £12.7m. Whilst this variance is significant it had been anticipated during the year and reported to the Executive in quarter 3. Capital expenditure by its nature can be “lumpy” and difficult to project and in a good number of situations the Council does not have total control on when the expenditure will be incurred. A full explanation of the variations by service area are shown in the following table:-

Actual Capital Investment Expenditure compared to Revised Budget 2015/16					
Service Area	Budget	Actual	Variance	Actual	Note
	£m	£m	£m	%	
Children Families & Wellbeing					
Schools	17.5	16.9	(0.6)	97%	1
Children's Services	0.0	0.0	-		
Services for Adults	4.1	2.6	(1.5)	63%	2
Total	21.6	19.5	(2.1)	90%	
Economic Growth, Environment & Infrastructure					
Corporate Landlord	2.8	0.8	(2.0)	29%	3
Town Centre Regeneration & Strategic Planning	3.8	2.4	(1.4)	63%	4
Housing Services	0.1	0.0	(0.1)	-	
Highways	11.3	6.5	(4.8)	58%	5
Bereavement Services	0.8	0.4	(0.4)	50%	
Sustainability & Greenspace	1.0	0.8	(0.2)	80%	
Public Protection	0.3	0.1	(0.2)	33%	
Total	20.1	11.0	(9.1)	55%	
Transformation & Resources					
Performance & Improvement	0.3	0.2	(0.1)	67%	
Information Technology	2.6	1.2	(1.4)	46%	6
Total	2.9	1.4	(1.5)	48%	
Capital Programme Total	44.6	31.9	(12.7)	72%	

➤ **Note 1 - Schools**

The majority of this large budget (97%) was spent successfully in year with the variance primarily relating to planned rephasing on a number of maintenance projects scheduled for 2016/17 and an under spend on the schools devolved capital budget; the expenditure on which is controlled by individual schools not the Council.

➤ **Note 2 – Services for Adults**

The variance relates to planned rephasing:-

- To cover the cost of an agile working scheme planned for 2016/17
- Demand for adaptations now rescheduled to 2016/17
- To complete the implementation of the children's social care IT system

➤ **Note 3 – Corporate Landlord**

During the Technical Services Review and following a review of Leisure assets a number of the proposed schemes were placed on hold until a review of building usage and lease / tenant agreements for corporate and leisure buildings had been completed

➤ **Note 4 – Town Centre Regeneration and Strategic Planning**

The majority of this rephasing relates to final land assembly costs, which are subject to agreement and negotiation, on regeneration projects including the Altair scheme in Altrincham.

➤ **Note 5 – Highways**

The highway maintenance programme was successfully delivered as planned during 2015/16 but rephasing was required for the contribution on the metrolink extension in Trafford Park which following consultation is now expected to commence later in 2016 (£3m). Other rephasing of £1.2m was required to the LED replacement programme and the A56/West Timperley junction improvement scheme, both of which are now underway.

➤ **Note 6 – Information Technology**

Planned rephasing the majority of which is to cover the final costs on the new CRM system.

6. The level of capital investment expenditure equates to 72% of the approved budget and a summary of the major variances is shown below. Appendix A provides an analysis of variance at a service level whilst Appendix B details variances at an individual scheme level.

<i>Actual Capital Expenditure compared to Revised Budget 2015/16</i>	£m
Revised 2015/16 Budget	44.6
Actual	31.9
Variance	12.7
Explained By:-	
Re-profiling to future years (Appendix B, pages 11-12)	14.1
Acceleration (Appendix B, page 13)	(1.8)
Additional Expenditure (Appendix B, page 13)	(1.3)
Savings (Appendix B, page 13-14)	1.7
Total	12.7

7. Where schemes are estimated to overspend then this is reported to the Executive in accordance with finance procedure rules during the year. Given the incidence of capital expenditure this mainly occurs in the final quarter of the year. During 2015/16 additional expenditure of £1.345m has been incurred on a number of projects financed from specific resources. This includes £695k of highway works done under S278 of the Highways Act funded by the developer and £370k for the purchase of land in Partington funded by capital grant from the HCA. Additional expenditure was also incurred on a number of grant funded schools and highway related projects and these were offset by savings in these respective areas.

8. As part of setting the 2016/19 Capital Programme a number of uncommitted 2015/16 budgets were identified as being available to support future year's investment. Savings in schemes supported by Council resources total £1.5m and these resources will be used to fund the agreed 2016/19 Programme.

Children, Families and Wellbeing

9. Expenditure of £19.5m has been incurred which represents 90% of the £21.6m budget. The result of this is net re-profiling of £2.1m to 2016/17 and later years. A detailed explanation is provided in Appendix B, with the main areas of variance being :-
- **Schools** related investment accounts for £17.5m of the budgets in this Service Area and expenditure for the year totals £16.9m, resulting in net re-phasing of £0.6m to 2016/17 and later years.
 - **Social Care and DFG's** - The approved budget was £4.1m and actual expenditure £2.6m resulting in £1.5m being re-phased to 2016/17. This re-phasing relates primarily to ;
 - **Social Care Grant** – A revised capital programme has been undertaken with some the grant being used to support the extension of the Liquid Logic System to include children's services and the Telecare project. It was identified that £0.5m would be used on the introduction of an Agile Working programme, this is expected to start in 2016/17.
 - **Liquid Logic Social Care System** – Work to incorporate children's facilities onto the system was started in the year. Some modules have not yet been implemented and completion has slipped into 2016/17.
 - **Disabled Facilities Grants** – New procedures for the payments for works has been introduced during the year which has speeded up the charges through to capital. As a result the carry-over from 2014/15 and the majority of the 2015/16 budget has been spent. £0.2m is required to meet demand and therefore is to be re-phased to 2016/17.

Economic Growth, Environment and Infrastructure

10. Expenditure of £11.0m has been incurred which represents 55% of £20.1m budget. The variance of £9.1m relates to net re-phasing of £9.4m, expenditure of £1.2m incurred on schemes not budgeted for but funded from external contributions (S278 highways works and Partington town centre land purchase) and savings of £0.9m to be used to support the 2016/19 Capital programme. A detailed explanation is provided in Appendix B
The major areas of re-phasing being :-
- **Corporate Landlord** related projects include Mechanical & Electrical, Public Building Repair Works and the Community Asset Transfer budget along with specific budget for Broadheath Community Centre. Budgets totaling £2.8m are included in the service area with expenditure in the year of £0.8m. As reported in paragraph 12 £0.8m of uncommitted budgets will be used to support 2016/17 investment and the balance of £1.2m is to be rephased to 2016/17.

- **Altair Development, Altrincham** – Variance of £1.2m due to ongoing land assembly issues has resulted in re-phasing to later years.
- **Town Centre Regeneration** – A number of town centre improvement projects are now underway. The first phase of the public realm works in Altrincham is now complete. Minor rephasing, totaling £0.3m, across a number of schemes is required to cover payments now due in 2016/17.
- **Highways related** budgets totaled £11.3m with expenditure in year of £6.5m. The result of this is net re-phasing 2015/16 of £4.8m. Whilst the majority of the planned structural maintenance and integrated transport programmes were delivered as expected a number of schemes funded by, and involving, external parties have not progressed as expected. These include the Metrolink extension in Trafford Park (£3.0m), LED Replacement Programme (£0.9m) City Cycle Ambition Grant (£0.4m) and A56/West Timperley Improvements (£0.4m).
- **Parks and Public Realm** - A budget £1.0m with actual expenditure of £0.8m. Included in the investment was a range of park and play area improvements and access schemes along with improvements to the countryside infrastructure around Sale Water Park and the Trans Pennine Trail.
- **Bereavement Services** – Budget of £0.8m with re-phasing of £0.3m
 - **Additional Burial Land** - The purchase of additional burial land in Altrincham has been delayed due to the ongoing negotiations with the land owner. Work has also been undertaken to identify the required infrastructure works. As a result £0.3m has been re-phased to 2016/17.

Transformation and Resources

11. The budget for this service area is £2.9m with expenditure of £1.4m resulting in £0.9m being re-phased to 2016/17 and savings identified of £0.6m. It was reported at quarter 3 that the anticipated outturn would be £1.8m, £1.1m lower than the approved budget. The main areas of variance relate to:-

- **Major ICT projects** including the corporate Customer Relationship Management (CRM) and Electronic Data Records Management System projects. Implementation of the new CRM system has progressed well during the year and is now nearing completion and budget has been rephased to cover the outstanding costs. It is estimated that there could be significant savings of £0.6m on this budget. Confirmation will be available in the latter half of 2016/17.

Prudential Indicators

12. The Council is required to maintain these indicators which are designed to show that its capital expenditure plans are prudent, affordable and sustainable. Detailed in Appendix C are the actual capital programme related indicators agreed in February 2015, and updated in February 2016. No indicators were breached in 2015/16.

Conclusions & Recommendations

13. The report has identified the impact of the capital expenditure outturn in 2015/16. The Executive is requested to:-

- Note this summary report
- Approve the changes to the 2016/19 Programme
- Approve the additional expenditure listed in Appendix B.
- Approve the actual prudential indicators for 2015/16 as set out in Appendix C.

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Capital expenditure has been contained within available resources in 2015/16.
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 undertaken in 2015/16 were completed.
Risk Management Implications	Not Applicable
Health and Safety Implications	A number of schemes were undertaken in 2015/16 on the grounds of health and safety.

Other Options

There are no options in this report.

Consultation

N/A

Reasons for Recommendation

To ensure that key information on the Capital Investment Programme is noted by the Executive.

Finance Officer Clearance **NB**.....

Legal Officer Clearance **MRJ**.....

DIRECTOR'S SIGNATURE 

APPENDIX A

CAPITAL OUTTURN 2015/16

The Council spent £31.9m on capital schemes last year. A summary analysis of this by service area is shown below, together with further detail on re-profiling, acceleration, overspending and savings.

Service Area	Budget 2015/16 £'000	Outturn 2015/16 £'000	Variance £'000	← Variance Explained By →			
				Re- Profiling £'000	Acceleration £'000	Add'n Expend £'000	Saving £'000
Children, Families & Wellbeing	21,590	19,463	(2,127)	(3,831)	1,708	88	(92)
Economic Growth, Environment & Infrastructure	20,068	10,993	(9,075)	(9,381)		1,252	(946)
Transformation and Resources	2,915	1,396	(1,519)	(942)	89	4	(670)
Total	44,573	31,852	(12,721)	(14,154)	1,797	1,344	(1,708)

APPENDIX B

Explanation of Major Variances

Re-Profiling £14.154m	£000	Explanation
Children, Families & Wellbeing		
School Places Programme	1,593	During the year work has been undertaken on 16 schools to provide additional places with a budget of £14.1m. 13 are now complete, with a number having final payments due in 2016/17.
Schools Maintenance Schemes	584	Work has been undertaken on 17 schools during the year, predominantly during the summer recess. However 5 schemes have been unable to start as expected which along with retentions require re-profiling to 2016/17.
Schools Devolved Formula and Access schemes	93	Each school allocated annual budgets to be spent within 3 years as they require. Council has no control over when budgets are spent
Adult Social Care – Community Capacity Grant	604	A programme of investment has been approved including an Agile Working programme (£484k) which is due to commence in 2016/17.
Liquid Logic – Social Care System	225	Work to incorporate children’s facilities onto the system was started in the year. Some modules have not yet been fully implemented and completion has slipped into 2016/17.
LDD Assessment Unit – Upgrade (Shawe View, Flixton)	100	Review is underway with ongoing dialogue with the care provider. The review includes service improvements and the development of an acute facility in the upstairs area of the property.
Assistive Technology	198	Required to fund the wind down of the historical arrangements as we move to a new model and to fund any one off opportunities that arise, predicated to reduce long-term revenue expenditure and provide a positive return on capital invested.
Disabled Facilities Grants	254	New procedures for the payments for works has been introduced during the year which has speeded up the charges through to capital. As a result the majority of the 2015/16 budget has been spent. £0.2m is required to meet demand and therefore is to be re-phased to 2016/17.
Various Social Care schemes	180	Includes schemes for Children’s Residential Services, U5s service provision and Old Trafford Extra Care.

Economic Growth, Environment & Infrastructure		
Broadheath Community Centre	419	The council is to utilise S.106 contributions to support the new facility. Continuing legal negotiations between the interested parties has delayed the expected start of the development.
Corporate Landlord schemes	754	A range of health & safety and public building repair schemes. The Health and Safety and Building Maintenance and Mechanical and Electrical Schemes and Projects will be phased and programmed for 2016/17 dependent on buildings future.
Altair Development, Altrincham	1,217	Relates to outstanding land compensation issues on the site.
Town Centres – Public Realm Improvements	413	A number of town centre improvement projects are now underway. The first phase of the public realm works in Altrincham is now complete. Minor rephasing, across a number of schemes is required to cover payments now due in 2016/17.
Cycle Initiative schemes	536	Delays in negotiations and agreements with funding agencies and landowners mean that schemes have not progressed as expected.
Integrated Transport Plan Works	236	A number of schemes have been delayed due to the requirement to implement Traffic Regulation Orders.
Metrolink extension works	3,000	Public enquiry has delayed programmed start. GMCA will claim contribution when outcome of enquiry completed, and this is expected to be announced in Autumn 2016.
Various Traffic & Transport schemes	329	This relates to a number of individual projects delayed due to: Value Engineering on Hale Barns; A56 Davyhulme Rd junction redesign following discussion with TfGM; Sinderland Road delayed due to works on adjacent junction.
A56 / West Timperley : Junction Improvements	401	Minor delays with the purchase of properties and statutory civil works have delayed completion. However the scheme is progressing well and is now expected to complete in early August 2016.
LED Replacement Programme	885	The start of the project was delayed due to legal action against the Council. Following the Council's successful defence of its position the replacement programme commenced in April 2016.
Highway Structural Maintenance	160	£2.4m of HSM schemes have been delivered in 2015/16 including maintenance, street

		lighting and bridge works. Re-profiling to 2016/17 is required to cover completion of and final payments.
Pay & Display Equipment	146	The pay and display upgrade is to be procured alongside a cashless payment option. Equipment has been ordered, waiting on delivery and installation which is due early in 2016/17.
Residents Parking – Cecil Road, Hale	81	Consultation has recently completed on the proposals. Objections have been raised to the scheme, and further consultation is to be undertaken
Parks & Greenspace Schemes	207	Attributable to a £100k S106 scheme at Fairywell Brook (access and biodiversity improvements) which was re-profiled to 16/17 in Quarter 4. The remainder is made up of Seymour Park (skate park component) contract which was let in late 15/16 and Longford Park (older children's play)which has been carried forward so that one contract can be let for more extensive play area improvement works using funding available from 2015/16 and 2016/17.
Additional Burial Land	364	Planning approval issue have delayed the completion of the purchase of additional burial land in Altrincham
Various minor EG&I schemes	233	(1) The homeowner grant scheme relies on sufficient numbers of homeowners (who meet the qualifying criteria) applying for the grant. Although several grants were awarded during 2015/16 to a value £27k, there is £35k remaining to be carried forward to 2016/17. (2) The Council use powers, including CPO, to bring empty properties back into use. A number of properties have been identified, however, due to a number of factors these schemes have been unable to start as expected during 2015/16. £100k will require re-profiling to 2016/17.
Transformation & Resources		
Performance & Improvement schemes	104	Sports Frameworks grants (£74k): A new scheme is now in place with 4 grants already awarded. The balance is to be awarded in 2016/17. Libraries – Wifi provision (£26k). Due to ongoing consultation with ICT improved provision across all libraries to meet increasing demand will now be introduced in 2016/17.
CRM Upgrade	245	Implementation has progressed well during

		the year and is now nearing completion and budget has been rephased to cover the outstanding costs. It is estimated that there will be significant savings of £0.6m on this budget
Other ICT Projects	593	Includes SAP upgrades and developments (£250k) and Disaster System Recover (£100k) as well as a range of smaller projects now planned for 2016/17

Acceleration £1.797m	£000	Explanation
Children, Families & Wellbeing		
School Places Programme	1,698	Brentwood School project is 6 weeks ahead of schedule. There is need to accelerate budget to finance contractor payments.
Free Schools Meals Programme	10	Work at Flixton Infants School completed and retention paid earlier than anticipated.
Transformation & Resources		
ICT Schemes	89	Successful implementation of the new CRM system

Additional Expenditure £1.344m	£000	Explanation
Children, Families & Wellbeing		
Schools Maintenance Programme	43	Minor overspends across a number schemes offset by identified savings.
Various schools related works	38	As above
Youth Services	7	As above
Economic Growth, Environment & Infrastructure		
Partington District Centre – Land purchase	370	Funded by HCA capital grant
Section 278 agreements	695	Relates to highway works on residential and commercial developments undertaken by the Council and funded by the developer.
CCAG schemes	83	Relates to 2 schemes funded by TfGM grant
Highways Related Projects	61	Includes £36k Better Bus spend, and £25k for integrated transport works (covered by S.106 contribution).
Sustainability & Greenspace Projects	39	Minor overspends funded from S.106 contributions and savings on other projects
Various minor overspends	8	

Savings £1.708m	£000	Explanation
Children, Families & Wellbeing		
St. Ambrose College – Rebuild	67	Minor savings on this major project now

		retentions have been paid used to offset other additional expenditure on school projects.
Various CFW projects	25	Minor savings across a number of schemes
Economic Growth, Environment & Infrastructure		
Long Term Accommodation	25	
Highways Related Projects	47	CCAG grant from TfGM to cover Better Bus expenditure, agreed with the grant provider.
Sustainability & Greenspace Projects	16	Minor savings across a number of schemes
Corporate Landlord schemes	758	Identified as uncommitted and to be used to support 2016/17 investment
Housing / Empty property grants	100	As above
Transformation & Resources		
ICT Schemes	670	Includes £650k relating to the successful implementation of the new CRM system

APPENDIX C

Prudential Indicators – Actual 2015/16

The figures below show the Council's actual prudential indicators for 2015/16 compared to estimate.

Indicator 1: CAPITAL EXPENDITURE	2014/15 Actual £'000	2015/16 Original Estimate £'000	2015/16 Revised Estimate £'000	2015/16 Actual £'000
Total Expenditure	26,479	41,841	44,573	31,853

Explanation of variances are given in the Appendices A & B

Indicator 2: CAPITAL FINANCING REQUIREMENT	31/3/15 Actual £'000	31/3/16 Original Estimate £'000	31/3/16 Revised Estimate £'000	31/3/16 Actual £'000
General Fund	138,239	138,389	135,431	134,815

This is the Council's underlying need to borrow for a capital purpose. The table above reflects the estimated need to borrow for capital investment i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts.

Indicator 3: FINANCING COSTS TO NET REVENUE STREAM	2014/15 Actual %	2015/16 Original Estimate %	2015/16 Revised Estimate %	2015/16 Actual %
General Fund	7.0	7.3	6.1	6.0

This indicator shows the net borrowing costs and minimum revenue provision as a percentage of the Council's net revenue budget.

Indicator 4: Incremental impact on Band D council tax and housing rents	2014/15 Actual £	2015/16 Original Estimate £	2015/16 Revised Estimate £	2015/16 Actual £
Council Tax – Band D	0.00	0.00	0.00	0.00

The in-year borrowing requirement was less than the amount set aside to repay debt therefore there is no change to this indicator in year.