

## TRAFFORD COUNCIL

**Report to:** Executive  
**Date:** 27 July 2015  
**Report for:** Decision  
**Report of:** The Executive Member for Finance and  
the Director of Finance

### Report Title

**CAPITAL INVESTMENT PROGRAMME MONITORING 2015/16**  
**1<sup>st</sup> Quarter (April – June)**

### Summary

This report summarises the findings from the budget monitoring for the period to 30 June 2015. The salient features are:

- The original 2015/16 budget approved in February 2015 was £41.8m. Taking into account 2014/15 outturn and additional schemes in the first quarter the programme has increased to £44.3m.
- Capital expenditure to date is £5.5m, being 12.4% of the budget with projection for 2015/16 which matches the budget of £44.3m (see Appendix 2 for detail by service area).
- The level of available resources has been updated to reflect the latest Land Sale Programme and this shows there to be a surplus of £(2.8)m over the amount required to support the current budget.

### Recommendation(s)

1. That the amendments to the 2015/16 Capital Investment Programme be approved.
2. That the monitoring report be noted.

Contact person for access to background papers and further information:

Name: Mark Hughes  
Extension: 2072

*Implications :*

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Capital expenditure to be 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 are being undertaken in 2015/16.
Risk Management Implications	Not Applicable
Health and Safety Implications	A number of schemes are being undertaken in 2015/16 on the grounds of health and safety.

## 1. Capital Investment Programme Update

- 1.1 This report summarises the current position and progress of the 2015/16 Capital Investment Programme and its financing as at 30 June 2015. It takes into account both financial and scheme progress monitoring undertaken with service area project officers.
- 1.2 Capital expenditure in 2015/16 is currently estimated at £44.3m which is an increase of £2.5m on the original estimate of £41.8m agreed by the Council in February 2015. The changes to the budget are detailed in Appendix 1 and are summarised as follows:-

Capital Investment Programme 2015/16	Original 2015/16 £m	Q1 Revised 2015/16 £m	Change £m
<b>Portfolio Analysis :</b>			
Adult Social Services & Community Wellbeing	2.8	4.1	1.3
Children's Services	17.5	17.5	-
Communities & Partnerships	0.3	0.4	0.1
Economic Growth & Planning	5.5	6.3	0.8
Environment & Operations	14.5	13.1	(1.4)
Transformation & Resources	1.2	2.9	1.7
<b>Total</b>	<b>41.8</b>	<b>44.3</b>	<b>2.5</b>
<b>Service Analysis :</b>			
Children, Families & Wellbeing	20.3	21.6	1.3
Economic Growth, Environment & Infrastructure	20.3	19.8	(0.5)
Transformation & Resources	1.2	2.9	1.7
<b>Total</b>	<b>41.8</b>	<b>44.3</b>	<b>2.5</b>

- 1.3 The increase in the budget of £2.5m can be summarised as follows :

- **Rephasing from 2014/15 - £5.2m**  
As reported in the Capital Outturn Report a number of schemes did not complete in 2014/15 as expected and the budgets have been re-phased into 2015/16 and later years.

- **Re-phasing to 2016/17 and later years - £(3.8)m**

The LED Replacement Programme has total budget of £9.3m, £4.7m of which was due to be spent in 2015/16. Following appointment of Amey the roll-out is now expected to commence in January 2016 and as a result £3.8m has been re-phased to 2016/17 and later years.

- **New schemes and increases to existing budgets - £1.1m**

The table gives a summary of the new and additional schemes included in this quarter's budget. Further details of the schemes are included below.

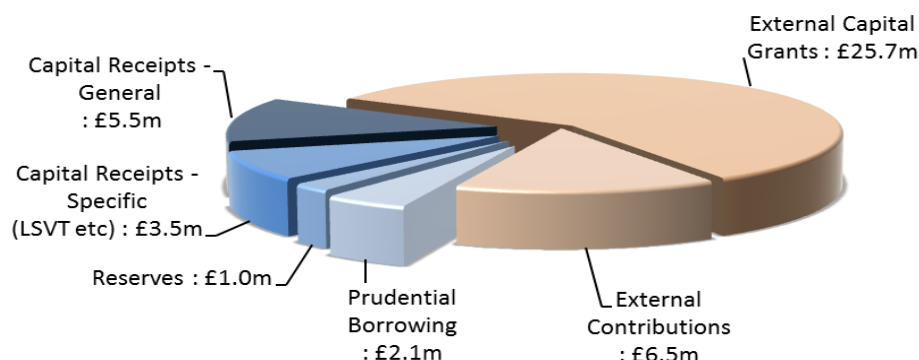
<b>Schemes Description</b>	<b>Financed by :</b>	<b>£'000</b>
Free School Meals - Kitchen works	DfE grant	145
Devolved Formula Capital : Longford Park School	DfE (EFA)	6
Trafford Water Sport Centre	Reserve	30
Parks and Play Areas - S.106 Projects	S106	332
Integrated Transport - The Square, Hale Barns	S106	130
City Cycle Ambition Grant 2	TfGM grant	387
	<b>Total</b>	<b>1,030</b>

- The Council has been successful in securing an additional £145k of Universal Infants Free School Meals grant from the Department of Education to upgrade the kitchen facilities at Flixton Infants School.
- The Education Funding Agency has notified the Council that £6k of Devolved Formula Capital grant, in relation to Longford Park School, that had been omitted from the original allocation.
- The boardwalk at Trafford Water Sports Centre is in need of refurbishment and £30k of T&R earmarked reserve has been added to the Countryside Infrastructure budget to facilitate the works. The total cost of the work is estimated at £47k.
- Five new Parks and Playground schemes funded from S.106 contributions are to be undertaken in year at an estimated cost of £294k. In addition a further £38k of contributions will support additional expenditure on schemes already scheduled in 2015/16.
- As a result of the development at The Square, Hale Barns a scheme to improve the traffic flow and congestion is due to start this year. The scheme, funded by S.106 contribution, is estimated to cost £360k, of which £130k is to be incurred in 2015/16.
- The second phase of the TfGM funded City Cycle Ambition initiative has now been approved with the Council receiving grant totalling £1.8m for three projects which will commence in 2015/16. Work on schemes on Stretford Road /Talbot Road, Stretford, Bridgewater Way Canal cycle path and National Cycle Network (Route 55) are due to commence this year, with a budget of £387k, and complete in 2016/17.

## 2 Resourcing

- 2.1 The chart below shows the types and levels of resource available to finance the capital investment programme. Internal funding of £12.1m equates to 27% of the total funding requirement, whilst external funding makes up the balance of £32.2m, 80% of this being government grants (£25.7m).

**Capital Programme 2015-16 (£44.3m)  
Financing by Resource Type**



2.2 The current estimate of capital receipts has been updated to reflect the latest information from the Land Sales Programme (LSP) as approved by Executive in June 2015. When the Capital Programme was approved by Executive on 19 February 2015 the value of the indicative programme exceeded overall resources by £0.5m. The table below shows the current value of estimated capital receipts available to support the capital budget has increased by £3.3m compared to the position in February as a result of a number of new sites being added to the land sales programme. Therefore the overall position has moved to a surplus of £2.8m.

<b>Impact on 2015/17 Capital Investment Programme</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>Total £m</b>
<b>Resources available :</b>			
Gross Value of LSP reported to Executive 29 June 2015	(3.6)	(5.5)	(9.1)
Receipts carried forward from earlier years incl LSVT VAT receipts	(11.1)		(11.1)
Other specific receipts	(0.3)		(0.3)
Less:-			
Disposal costs	0.2	0.2	0.4
Voluntary repayment of debt (re LTA)	1.4		1.4
Receipts required to be set aside in lieu of Sale Waterside PFI MRP	0.2	0.2	0.4
<b>Net Value of LSP</b>	<b>(13.2)</b>	<b>(5.1)</b>	<b>(18.3)</b>
Capital Programme requirement	9.0	6.5	15.5
<b>Current (Surplus)/Deficit at Q1</b>	<b>(4.2)</b>	<b>1.4</b>	<b>(2.8)</b>

2.3 It is not intended to commit these available capital receipts to further capital investment at this stage. The Council is awaiting the outcome of the pending Comprehensive Spending Review and the capital receipts may be required to help support the revenue budget indirectly, such as repaying debt or meeting staff severance costs which would otherwise fall on constrained revenue resources.

2.4 The Council has managed to secure an interest free loan from Salix Finance to support the roll-out of the LED Replacement Programme. The loan is linked to the energy savings achieved as a result of changing to LED street lighting and is estimated to be £6.4m. Formal agreement has been received for the 2015/16 element of the loan at £0.7m, with an in-principal agreement for future years. The borrowing costs of the scheme will be included in the Council's treasury management budget, which will be more than offset by the savings in energy and maintenance costs.

### 3. Actual Expenditure – 1<sup>st</sup> Quarter (April – June)

3.1 There are 257 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 are in line with the programme budget of £44.3m

3.2 Actual expenditure for the first quarter of the financial year is £5.5m and a service area breakdown is shown below. Further service area details are shown in Appendix 2.

<b>Capital Investment Programme : Expenditure at Quarter 1 2015/16</b>	<b>Q1 Spend £m</b>	<b>Projection for Year £m</b>	<b>Proportion of budget</b>
<b>Portfolio Analysis :</b>			
Adult Social Services & Community Wellbeing	0.1	4.1	2.5%
Children's Services	3.4	17.5	19.3%
Communities & Partnerships	-	0.4	-
Economic Growth & Planning	0.4	6.3	6.3%
Environment & Operations	1.5	13.1	11.5%
Transformation & Resources	0.1	2.9	3.4%
<b>Total</b>	<b>5.5</b>	<b>44.3</b>	<b>12.4%</b>
<b>Service Analysis :</b>			
Children, Families & Wellbeing	3.5	21.6	16.2%
Economic Growth, Environment & Infrastructure	1.9	19.8	9.6%
Transformation & Resources	0.1	2.9	3.4%
<b>Total</b>	<b>5.5</b>	<b>44.3</b>	<b>12.4%</b>

3.3 Expenditure incurred to date amounts to £5.5m, which equates to 12.4% of the total projected spend for the year. The main areas of spend are:

- £3.4m 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.
- £0.2m on Disabled Facilities Grants which provide adaptations to properties to allow residents to remain in their own home.
- £1.4m of a budget of £11.4m for a range of highways & transport schemes, that have now been approved and preliminary work started.
- £0.2m on the development of town centres across the borough, including design works for major redevelopment of Altrincham and Stretford and the completion of improvements to the pedestrian areas of Sale.

3.4 An assessment has been undertaken to review the likelihood of delivering a programme valued at £44.3m, given the below-target expenditure performance in 2014/15. The assessment included reviewing schemes with project officers and has identified the following, with more details in Appendix 2:

- **CFW** – A number of major schools rebuilding projects are now on site that will contribute to projected expenditure of £14.0m in 2015/16. Further works addressing school condition, DFGs and ICT schemes are also programmed to incur at least £5.2m

- **EGEI** – Historically there has been a good record on delivery of highway maintenance, structures and integrated transport schemes and budgets worth £4.1m are programmed in 2015/16.

The Council continues to be successful in securing large amounts of grant funding for major projects relating to City Cycle Ambition and Better Bus Area funding and the 2015/16 budget includes for an element of these schemes that require delivery this year. In addition the Council is committed to supporting the extension of the Trafford Park Metrolink. These budgets total £6.9m.

Major works are also underway in our town centres with £3.8m planned investment in 2015/16 based on schemes now on site.

Investment in the Council's corporate building assets is also being planned together with further investment in parks and play areas and at Altrincham crematorium.

- **T&R** – A number of ICT projects are planned for delivery in 2015/16 including the implementation of a new CRM system.

### **Other Options**

The Executive could decide to use capital receipts to repay debt which would generate revenue savings on the Medium Term Financial Plan. However, the proposed application of the capital receipts are to schemes with mandatory requirements or schemes to protect the long-term viability of the Council's assets; enabling efficient and effective service delivery and avoiding potential increases in maintenance costs in future years, the benefits of which are greater than just using the receipts to repay debt.

### **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 2015/16.

### **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 : 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

<b>Capital Investment Programme 2015/16 : Budget changes during Quarter 1</b>			<b>Budget 2015/16 £'000</b>	<b>Budget 2015/16 £'000</b>
<b><i>Budget reported at February 2015</i></b>				<b>41,841</b>
<b><i>Amendments during Quarter 1</i></b>				
	<b>New Schemes &amp; Increases</b>	Financed :		
	Free School Meals - Kitchen works	DfE grant	145	
	Devolved Formula Capital : Longford Park School	DfE grant	6	
	Trafford Water Sport Centre	Reserve	30	
	Parks - S.106 Projects	S106	332	
	Integrated Transport - The Square, Hale Barns	S106	130	
	City Cycle Ambition Grant 2	TfGM	387	
				<b>1,030</b>
	<b>Reprofiling (see paragraph 1.3)</b>			
	Schemes from 2014/15			5,224
	LED Replacement Programme			(3,805)
<b>Budget at 30 June 2015</b>				<b>44,290</b>



## Children, Families &amp; Wellbeing

Capital Investment Programme 2015/16	Number of Schemes	Budget 2015/16 £m	Q1 Expend 2015/16 £m	Proportion of budget
<b>Quarter 1 Budget</b>		<b>21.6</b>		
<b>Schools</b>				
Primary Schools	44	10.5	2.9	27.6%
Secondary Schools	6	0.8	-	-
Special Schools	3	5.5	0.5	9.1%
Other Schemes	6	0.7	-	-
<b>Children &amp; Adult Social Care</b>	16	4.1	0.1	2.5%
<b>Total</b>	<b>75</b>	<b>21.6</b>	<b>3.5</b>	<b>16.2</b>

**Schools** – The major schemes within this area include:

- **Schools Basic Need Grant:** The 2015/16 budgets for these projects total £14.0m. Included in this are four major projects:
  - Brentwood School - £5.5m
  - Bowdon CoE Primary School - £3.5m
  - Oldfield Brow Primary School - £2.8m
  - Willows Primary School - £0.9m

These schemes are all on site and project officers are confident that the schemes and budgets will fully utilised in the year. There are also a number of schemes, with budgets totalling £1.3m, that have reached completion with only final payments or retentions to be paid.
- **Capital Maintenance Grant:** A budget of £2.2m is programmed for 2015/16 across 25 new schemes and retentions on 10 schemes undertaken in 2014/15. The works cover a range of condition issues, including rewires, boilers, roofs and kitchen ventilation. All the schemes are planned to start and complete over the school summer holidays to ensure minimum disruption.

**Children and Adult Social Care** – The proposed investment of the £4.1m budget is subject to a separate report elsewhere on the agenda which is requesting the approval of a range of schemes for inclusion in the Capital Programme.

The major schemes included in the report are:

- Disabled Facilities Grants : £1.9m :
- Replacement ICT System for Social Care : £0.7m
- Telecare & Assistive Technology : £0.4m.
- Personal Social Services Grant : £0.8m

## Economic Growth, Environment & Infrastructure

Capital Investment Programme 2015/16	Number of Schemes	Budget 2015/16 £m	Q1 Expend 2015/16 £m	Proportion of budget
<b>Quarter 1 Budget</b>				
<b>Corporate Landlord</b>				
Mechanical & Electrical	5	0.3	-	-
Health & Safety (inc DDA)	15	0.4	0.1	25.0%
Public Building Repairs	19	1.7	-	-
Long Term Accommodation	1	0.1	-	-
<b>Regeneration &amp; Strategic Planning</b>	14	3.8	0.3	7.9%
<b>Housing Services</b>	2	0.1	-	-
<b>Highways</b>				
Traffic & Transport	40	6.5	0.1	1.5%
Highway Maintenance	34	4.6	1.3	28.3%
Bridges	5	0.3	-	-
<b>Bereavement Services</b>	2	0.8	-	-
<b>Sustainability &amp; Greenspace</b>	21	0.9	0.1	11.1%
<b>Public Protection</b>	3	0.3	-	-
<b>Total</b>	<b>161</b>	<b>19.8</b>	<b>1.9</b>	<b>9.6%</b>

The major schemes within this Service Area are:

- **Corporate Landlord Works: £2.5m** – 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. 2015/16 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.
- **Town Centre Regeneration: £3.8m** – Work to bring town centres back to life and to encourage business opportunities. The first phase of the development of Altrincham has commenced and is expected to complete in September whilst Stretford town centre work is at the design & consultation stage and works will commence once all external funding has been secured.
- **Highways Related Schemes : £11.4m** – This area includes :
  - *Highways Structural Maintenance (inc bridges)* – 32 schemes with a budget of £2.2m.
  - *Integrated Transport Programme* – 26 schemes with a budget of £0.7m
  - *Street Lighting and LED Replacement Programme - £1.2m.* As part of the Joint Venture the LED Replacement Programme is now expected to commence in January 2016 and as a result £3.8m has been re-phased to 2016/17 and later years.
  - *Major Projects - £6.9m* - Includes Trafford’s contribution to the extension of the Metrolink and Altrincham Interchange improvements, completion of

TfGM funded schemes started in 2014/15 on the Bridgewater Way, Cycling Initiatives and Better Bus Routes and the start of major junction improvement works in Timperley.

- The second phase of the TfGM funded City Cycle Ambition initiative has now been approved with Trafford receiving grant totalling £1.8m. Three projects will commence in 2015/16 with a budget of £0.4m.
- **Sustainability & Greenspace: £0.9m** – 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. Recently a review of the proposed schemes was undertaken to identify the potential to support the investment with S.106 contributions. As a result £0.3mk has been added to the Capital Programme with the expectation that all will be complete in year.
- **Bereavement Services - £0.8m**
  - *Additional Burial Land - £0.3m:* Agreement has been reached for the purchase of additional burial land in Altrincham and is expected to complete this year. The associated infrastructure works are programmed for 2016/17.
  - *Altrincham Crematorium cremators - £0.5m:* The scheme to replace the cremators is now due to start in September 2015 and will be complete in year.

## Transformation & Resources

Capital Investment Programme 2015/16	Number of Schemes	Budget 2015/16 £m	Q1 Expend 2015/16 £m	Proportion of budget
<b>Quarter 1 Budget</b>		<b>2.9</b>		
Performance & Improvement	4	0.3	-	
Information Technology	17	2.6	0.1	3.8%
<b>Total</b>	<b>21</b>	<b>2.9</b>	<b>0.1</b>	<b>3.4%</b>

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

The major schemes programmed for 2015/16 include :

- **CRM Replacement/ Upgrade : £1.8m** –The selected supplier is currently working on reviewing the scope, costs and implementation timeline of the project and the revised outputs will be presented to the Project Board on 29th July.
- **Other ICT Projects : £0.8m** – A range of other ICT projects are programmed to be undertaken during the year. A number are continuing from 2014/15 for example Members ICT Provision, and new schemes were approved in setting the Capital Programme in February 2015, these include :
  - SAP Development - £200k
  - System Disaster Recovery and Firewall - £118k
  - SAP SRM upgrade - £40k
  - Memory Capacity Upgrade - £25k