

BABERGH DISTRICT COUNCIL

**FROM: HEAD OF FINANCE AND
HEAD OF CONTRACT & ASSET
MANAGEMENT**

REPORT NUMBER **F129**

**TO: OVERVIEW & SCRUTINY
(STEWARDSHIP) COMMITTEE**

DATE OF MEETING 28 November 2006

CAPITAL PROGRAMME MONITORING

1. SUMMARY

1.1 This report provides an update on the Capital Programme progress for the current financial year to the end of the second quarter (September 2006). It includes further details on projects/areas where funds were carried forward from 2005-06 and two contracts where Members' approval for cost increases above delegated tolerance levels is required.

2. RECOMMENDATIONS

- 2.1 That the overall position on the capital programme at the end of September 2006 including progress on work carried over from last year be noted.
- 2.2 That the cost increases on the two contracts highlighted in paragraph 4.9 be approved.

The Committee is able to resolve 2.1 above, and is asked to make a recommendation to the Strategy Committee on 2.2 above.

3. FINANCIAL IMPLICATIONS

3.1 The savings on carry forwards will be available to fund other areas of the capital programme.

4. KEY INFORMATION

- 4.1 Delivery of the capital programme to the set targets is an important priority of the council. Performance in 2005/06 was considered very good in most areas but the Committee expressed some concerns over the extent of budget carry forwards into the current year.
- 4.2 The Committee were given details of the progress on the projects carried forward at their meeting on 29 August and members requested a corrective action report for their next meeting. A summary of the position on these projects is provided in Appendix B Table 1.
- 4.3 The targets for achieving minimum levels of expenditure in the capital programme are shown below:

	Budget C/fwd £'000s	Inc	Target % Full Year	Performance to date	
				Current Year %	Previous Year %
Council Housing	3,814		97	49	27
Other Services	2,432		89	19	8

- 4.4 The attached summary (Appendix A) sets out the latest overall position on the capital programme at the end of September 2006.
- 4.5 Key progress on the total budget, including budget carry forwards areas are summarised below:
- Overall progress to date has been good. This year 37% of the total budget has been spent which is considerably higher than the same period last year where only 23% of the total budget was committed.
 - On Council Housing, most of the programmes and projects are proceeding well and 49% of the annual budget has already been spent, which is significantly more than at the same time last year and in line with the target for the year.
 - On Other Services, overall spending so far stands at 19% of the budget. Although this is an improvement on the position a year ago, that is still low for the first 6 months of the year.
- 4.6 The revised forecast of likely spend for the current year on other services (ie the General Fund, excluding Council Housing) will scale down the planned expenditure in line with current expectations. This is something the SFP Member Group and this Committee has recognised is necessary in order to have a more realistic spend target at which to aim. A similar exercise is being carried out on the draft 2007/08 capital programme that will be presented to the Strategy Committee in the New Year.
- 4.7 In terms of progress on work carried over from last year, the main projects are detailed below with explanations of progress to date (please see appendix B Table 1):

Organisational Development/ICT (Total carry forwards £228.1K)

- CAST - The Council agreed the 'Positioning Option' on 11 April and approved a two-Year Programme Plan, including major deliverables and pending plans on 31 October 2006. The agreed budgets for CAST now cover all capital expenditure requirements.
- The spend to date is £11.8k and there are no further known demands on the remaining carried forward budget. The balance of £92.2K is, therefore, a saving.
- Other ICT Schemes – A balance of £124k was carried forward. An under spend of £30k is now anticipated by the year-end and is a further saving that is helpful as part of this current budget review exercise.

Natural and Built Environment

The carried forward budget of £23K was for improvements to Public Conveniences (earmarked for repairs to Magdalen Road Toilets). An under spend of £14K is forecasted for the year-end and identified as saving.

Community Development

The carried forward balance of £187.9K has now been fully spent.

Planning

The carried forward budget of £142.5K included £75K in external funding that will now not be received apart from a small sum of 6.2K. The remaining Carry forward will be spent other than the budget of £25K for A131 traffic management enhancement, proceeded and is being withdrawn from the capital programme.

Council Housing

At end of October £423.4K has been spent on this budget and officers are confident that the balance will be spent (on replacement kitchens and bathrooms) by the end of this financial year.

Corporate Asset management

All of the carry forward should be spent as the installation of new ticket machines in car parks is scheduled for early 2007 and HQ work should be completed by the end of December 2006.

- 4.8 Based on the above details, it is felt that all corrective action has now been taken on the carry forwards. As a result, as can be seen from appendix B, it is now forecast that £943.9K of the total £1173.8K will be spent, with savings of £161.2K.
- 4.9 Ordinarily, any contract overspends are covered by tolerance thresholds that are approved under delegated powers. However, in this period there are two that exceed these tolerance levels and Strategy Committee approval is needed. It was felt that this Committee should be aware of these.
- 2 Languidic Close, Gt. Cornard - In July 2005 Strategy Committee approved adaptation works to this property at an estimated value of £30K (Paper E46 refers). A tender was subsequently accepted in the sum of £24.6K.

However during excavations for the foundations to the proposed extension it was discovered that the property was partly founded on made-up ground. The foundations therefore had to be changed to concrete piling. This results in an increased cost of approximately £8.6K and a final account for the work of £33.2K

- Anglia Estate Improvements, Gt. Cornard - The final contract for the Anglia Estate improvements and drainage has now been completed. The budget for the project was £590.1K and final costs have now been evaluated, with total expenditure being £644.1K, i.e. an increase of £54K. The additional expenditure incurred has been due to the following:

Work Item	Cost (£'000s)
Additional structural works to garage blocks	17.4
Additional footpaths, fencing, street furniture and drainage works at Rede Way	23.0
Additional highway works at Hartest Way	2.5
Highway reinstatement works at Kersey Avenue & Chelsworth Avenue	6.7
Additional preliminaries associated with an extension of time	2.9
Supervision fees for additional works	1.5
Total	54.0

5 **APPENDICES**

Appendix A Capital Programme Summary – June 2006

Appendix B Carry forward budgets from 2005/06

6. **BACKGROUND PAPERS REFERRED TO:**

None

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CAPITAL PROGRAMME AND HRA MAJOR REPAIRS RESERVE MONITORING 2006/07

CAPITAL PROGRAMME - SUMMARY BY SERVICE

Line	Service	Responsible Manager	Original Budget 2006/07 £000s	Adjusted Budget 2006/07 £000s	Spend 2006/07 to 30/09/06 £000s	Shortfall/ (Excess) to Budget £000s	Actual spend as a % of Adjusted Budget Sept. 2006	Actual spend as a % of Adjusted Budget Sept. 2005
1	Council Housing	Ryan Jones	3,242	3,739	1,818	1,921	49%	27%
2	Social Housing	Chris Foti	86	75		75		
3	Housing - Private Sector Renewal	Malcolm Firth	600	459	168	291	37%	39%
4	ICT Services	John Raine	855	861	86	775	10%	22%
5	Natural & Built Environment	Malcolm Firth	155	230	21	209	9% }	
6	Community Development	Chris Foti	100	420	95	325	23% }	19% 8%
8	Contract & Asset Management	Ryan Jones	309	462	95	367	21%]	
9	Total Capital Investment		5,347	6,246	2,283	3,963	37%	23%

Note: The adjusted budget reflects slippage and adjustments from the previous year plus any transfers to/from revenue.
Also reduced for changes to CAST budget as per Strategy Sept 2006

Original Budget as per B. Book 5346.7

5346.7

Budget Carry Forwards Summary

Project/s	Carry forward £'000	YTD £'000	Yearend forecast £'000	Savings/Reductions £'000
CAST	104.00	11.80	11.8	92.2
Planning	65.3	0.4	45.3	20.0
Website/ infrastructure/ mobile working/ refresh	22.5	9.3	12.5	10.0
LAMP	5.3	5.3	5.3	-
E procurement	8.7	6.0	8.7	-
Disaster recovery plan	8.3	3.9	8.3	-
Plantime replacement	14.0	-	14.0	-
ICT / OD - Total	228.1	26.8	105.9	122.2
Environmental	23.3	7.5	9.3	14.0
Leisure & Community Services	187.9	187.9	-	-
Planning	142.5*	28.6	48.7	25.0
Housing revenue Account	557.7	423.4	557.7	-
Corporate Asset Management	34.4	1.8	34.4	-
Total	1173.9	676.0	943.9	161.20

Table- 1

(*£68.8K estimated external funding will not now be received)