

BABERGH DISTRICT COUNCIL

FROM: Head of Finance and Head of Technical Services

REPORT NUMBER **E256**

TO: Overview & Scrutiny (Stewardship) Committee

DATE OF MEETING 31 January 2006

CAPITAL PROGRAMME MONITORING

1. **SUMMARY**

Progress on the current year's Capital Programme to the end of December 2005 is reported under the agreed performance management arrangements. Key points are highlighted.

2. **RECOMMENDATION**

- 2.1 That Members note the overall position on the capital programme at the end of December 2005.

The Committee is able to resolve this matter.

3. **FINANCIAL IMPLICATIONS**

- 3.1 Money not spent on projects by the 31 March will be carried forward as necessary under financial regulations.

4. **KEY INFORMATION**

- 4.1 Achieving the capital programme is an important priority and the Council has set targets in relation to this.

- 4.2 The targets for achieving minimum levels of expenditure compared to the 2005/06 budget are: -

- Council Housing - 97%
- Other Services - 89%

- 4.3 The attached appendix sets out the latest overall position on the capital programme at the end of December 2005. Members are aware from previous monitoring reports to this Committee that the adjusted budget is £1.4m or more than 20% higher than the original budget due to schemes that were delayed from last year. Therefore, it has been acknowledged that achieving that higher level of expenditure and meeting the targets set out above will be very demanding.

- 4.4 When the previous quarter's position was reported, the following key points were noted:

- Spending on Council Housing was higher than at the same time a year ago, but the high level of work carried forward from the previous year could result in less than 97% being spent by the end of the current year. Key areas where progress was likely to be less than originally forecast in the budget were highlighted
- On Other Services, overall spending this year was well down compared to the position a year ago. Again, reasons and explanations for this were given.

4.5 In terms of further progress and the latest position, it can be seen from the appendix that:

- Approximately £3.2m (44%) of the total £7.4 m adjusted budget has been spent so far. At the same time last year, the equivalent figure was 40%, an improvement of 4%. This excludes work that has been done but not paid for, which is adjusted for at the end of the financial year and this will add between £200,000 and £300,000 to the reported figures
- On Council Housing, the vast majority of the programmes and projects are proceeding well and more has been spent than at the same time a year ago. However, due to the high level of expenditure carried forward from last year, it will be difficult to ensure that 97% of the increased budget will be spent by the end of the year
- On Other Services, the position has improved and overall spending this year is now similar to the position a year ago.

4.6 More detailed explanations on the latest position are given below. Members were made aware of the vast majority of these in the last monitoring report but the information has been updated where appropriate. Key changes and new areas are highlighted in bold :

Area	Comments
Council Housing	<ul style="list-style-type: none"> • Sandringham Court – the delays in not being able to start the scheme last year have had a knock-on effect this year. It is forecast that around £700,000 out of the £950,000 budget will be spent • Stour House – the budget is £125,000 but nothing will be spent this year • Significant expenditure on other key areas of work is expected in the final quarter of the year and most of these have been out to tender. The biggest areas are: <ul style="list-style-type: none"> Roofing, windows and doors £440,000 Kitchens & bathrooms £140,000 Decent Homes improvements £330,000 Parking and estate improvements/ Maintenance £200,000 Sheltered Scheme improvements £120,000
Social Housing	<ul style="list-style-type: none"> • Most of the approved budget (£355,000) relates to the Poplar Road scheme at Great Cornard. This will now not be paid out until next year and that has been reflected in the revised budget. • It is envisaged that the remaining budget should be spent although there could be section 106 money to fund at least one of the schemes currently being progressed, which could release some of Babergh’s budget for other schemes.

Private Sector Renewal	<ul style="list-style-type: none"> • Spending this year is very similar to the position at this time last year (70% compared to 68%) • Approvals on discretionary grants and loans at the end of December were low compared to budget but disabled facilities grants are running ahead of budget. • Overall, there may be savings at the end of the year but this area is demand led and is dependant on the level of applications.
Organisational Development, E-Govt. and ICT	<ul style="list-style-type: none"> • The adjusted budget of nearly £1.2m is much higher than previous years and includes around £0.5m related to the CAST Project. • The E-Govt. Steering Group continues to rigorously monitor progress with one of the prime aims of ensuring that the entire E-Government grant is spent by the 31 March. We are currently on target to achieve this • Some projects and expenditure will carry over into next year. Officers will continue to monitor this very carefully and update the E-Govt. Steering Group on a regular basis between now and the end of the year.
Leisure and Community Services	<ul style="list-style-type: none"> • Further grants of nearly £100,000 have been paid out since the last quarter and most of the budget should be spent • The original budget included £30,000 for the feasibility study on Hadleigh Pool and a decision on this will be made in the near future but it is unlikely that the money will be spent this year • <i>The revised budget for the year includes additional approved items relating to the Leisure Trust and Planned Maintenance at the Kingfisher Leisure Centre. The Leisure Trust grant will result in annual revenue savings in future years. The work to the Kingfisher has been funded from the original budget for planned maintenance for corporate buildings</i> • <i>Therefore, we will exceed the original expenditure target for the year</i>

Planning	<ul style="list-style-type: none"> • Approximately £150,000 of the Sudbury HERS project will now be spent next year and an extension from English Heritage to September 2006, who are the prime funding partners, has been agreed • Suffolk County Council are trialling the A131 traffic enhancement scheme and Babergh's contribution of £25,000 may, therefore, be paid out this year • <i>A new scheme for improvements to the Farthing Road Industrial Estate has been added to the revised budget, which is wholly funded by money from a Section 106 agreement</i>
Other	<ul style="list-style-type: none"> • Some of this budget, relating to Pin Mill (£25,000), will be carried forward to next year • Most of the remaining budget relates to planned maintenance eg corporate buildings, car parks, leisure facilities and the vast majority of this should be spent by the end of the year

4.7 When considering the previous monitoring report, the Committee asked officers to report back on any capacity issues in relation to delivering non-construction related projects. This mainly covers grants to individuals or external bodies/other organisations although, of course, the E-Government and ICT programme (including the CAST project) is also a very significant area. Members are advised as follows:

- In overall terms, capacity is not generally seen as an issue in relation to grants. We have sufficient staff resources and time to deal with these. The total budget for grants in 2005/06 is around £1.2m and details are as follows:

	£
Affordable Housing	505,000
Private Sector Renewal	427,000
Leisure	137,000
Planning	130,000 (approx)

- Shortfalls or delays in spending these are more due to the nature of the grants in that they are either demand led or dependent on a range of sometimes complex factors. These can include planning issues, funding difficulties experienced by the grant applicants or other issues that affect the ability of that body or organisation to progress the project in the timescales originally envisaged
- If anything, therefore, it is probably as much about the capacity and ability of those organisations to proceed the project in accordance with everyone's initial expectations
- As a matter of course, staff work with grant applicants to help and support them in concluding projects and sign off grants.

4.8 The position on E-government projects is covered in a separate report on today's agenda. In relation to the CAST project, the current position is that:

- We are on target to claim the full grant from the ODPM for the year, involving a claim for £281,000, which is in addition to the £149,000 claimed part way through the year.
- Some of Babergh's share of the project cost for this year will not be spent by the 31 March 2006. This could be in the region of £100,000.
- Based on the above, most of the budget for this year should, therefore, be spent.

5. **APPENDICES**

A- Capital Programme Summary – December 2005

6. **BACKGROUND PAPERS REFERRED TO:**

None

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CAPITAL PROGRAMME AND HRA MAJOR REPAIRS RESERVE MONITORING 2005/06

CAPITAL PROGRAMME - SUMMARY BY SERVICE

Line	Service	Responsible Manager	Adjusted Budget 2005/06 £000s	Spend 2005/06 31-Dec-05 £000s	Shortfall/ (Excess) to Budget £000s	Target % of Adjustd Budget 97% - HRA 89% G.Fund	Actual spend as a % of Adjusted Budget December 2005	Actual spend as a % of Adjusted Budget December 2004
1	Council Housing	Ryan Jones	4,387	1,911	2,476	4,255	44%	35%
2	Social Housing	Chris Foti	505		505	449		
3	Housing - Private Sector Renewal	Malcolm Firth	427	300	127	380	70%	68%
4	ICT Services	John Raine	1,175	515	661	1,046	44%	36%
5	Environmental	Malcolm Firth	43	1	42	38	2%	73%
6	Leisure	Tim Mutum	189	122	67	168	65%	50%
7	Planning Policy	Rich Cooke	325	156	169	289	48%	19%
8	Other	Ryan Jones	314	223	91	279	71%	34%
9	Total Capital Investment		7,365	3,228	4,137	6,904	44%	40%
							Actual	
						Council Housing	44%	35%
						General Fund	44%	46%

Note: The adjusted budget reflects slippage and adjustments from the previous year plus any transfers to/from revenue.

Original Budget as per B. Book	5585.9
Plus CAST	387.6
	<u>5973.5</u>