



**AGENDA ITEM: 6**

## **OVERVIEW & SCRUTINY BOARD**

**DATE: 25 August 2009**

### **1<sup>st</sup> Quarter Capital Monitoring & Review 2009/2010**

**PAUL SLOCOMBE: DIRECTOR OF RESOURCES**

---

#### **PURPOSE OF THE REPORT**

1. To present to the Overview and Scrutiny Board an update on the Council's capital programme (2009/2010 to 2012/2013) based on the 1st quarter review of capital expenditure.

#### **BACKGROUND AND EXTERNAL CONSULTATION**

2. In reviewing and monitoring the capital programme at quarter 1 the following issues are established for each capital project over the programme period and are summarised in this report.
  - Change in net expenditure
  - Changes in gross expenditure
  - Changes in capital resources
  - Re-profiling of expenditure between financial years
  - Allocation of service block budgets
3. The capital programme has an agreed time line to 2012/2013 and a gross programme of expenditure of £279.923 million. The capital programme is funded from a number of sources including; government grants, affordable borrowing, capital receipts, external funding and direct revenue funded contributions.

#### **CHANGES IN NET EXPENDITURE**

4. The change in overall net expenditure across all schemes since the last review is an **increase of £145,000** in Council wide resources to support the programme (0.052% of the total programme).

## CHANGES IN GROSS EXPENDITURE AND RESOURCES

5. Changes in gross expenditure and resources can arise as a result of the cost of a scheme changing through either planned or unplanned additional project costs or cost reductions.
6. The change in gross expenditure since the last review is an increase of £5.229 million. Resources have increased by £5.084 million. A net difference of £145,000.
7. The changes in gross expenditure and resources since the last review are shown by service and individual scheme in **Appendix A**.

The significant variations to the programme are:

- **Myplace YCC** **£4,272,000**

8. The project is a refurbishment of the former Customs House situated at Middlehaven. The Council has been successful in obtaining £4.262 million of Big Lottery Funding, to create a world-class youth facility.

- **City Learning Centre (CLC): Acklam Grange School** **£632,000**

9. A balance of £31,748 CLC grant was brought forward from 2008/09. A total of £600,000 grant funding, at £150,000 per year, is anticipated over the four-year period 2009-13.

- **Aiming High for Disabled Children** **£365,000**

10. The Council has been allocated £365,300 of DCSF grant funding over the next two years to support short breaks provision.

- **Youth Capital Fund Plus** **-£452,000**

11. The proposal to develop a youth facility on the Breckon Hill Primary School site was discussed at the 31st March 2009 meeting of the CF&L SMT. The practicalities and logistics of delivering the facility within the required timescales were a growing cause for concern so it was agreed not to pursue the proposal. The scheme is, therefore, to be removed from the capital programme.

- **A66 Exceptional Bid** **£-440,000**

12. It is now uncertain as to whether Department for Transport (DfT) will fund the final element of the work, even though they were made aware by the Council's Environment Service that this work was likely to be completed in 2009/10. The service is disputing this decision and are still pursuing the issue with DfT, however the service are not hopeful of a successful outcome. As a result, it is now assumed that this funding will not be received, the work will instead be funded through the North Middlesbrough Accessibility Scheme. This will not create an overspend on the North Middlesbrough Accessibility Scheme, as successful negotiations with the major contractor have resulted in lower costs than originally planned, enabling this work to

be absorbed into the scheme, without increasing the costs of the scheme. As the North Middlesbrough Accessibility scheme is fully grant funded; there is no impact on Council resources.

- **Healthy Towns Grant** **£1,472,000**

13. The Council received this new grant in 2008/09 although none of the capital schemes commenced until 2009/10. The aim of the grant is to ensure that Middlesbrough citizens have ready access to activities to become healthier; this includes cycling facilities, communal allotments, gym equipment, etc. The capital schemes relating to this grant total £1,452,000, which is made up in part of grant funding from the Department for Health and part match funding from the Local Transport Plan. A list of the full schemes are in appendix A of this report.

- **Eligibility Site Preparation Phase Two** **-£890,000**

14. This is the remaining ERDF grant funding that has been received by the Council on behalf of TVR, One North East/English Partnerships for the Greater Middlehaven scheme currently managed by Middlesbrough Council through the Regeneration Team. £1,659,000 was transferred at the end of 2008/09 and this is the additional funding for the scheme. This scheme began in 2006 and was to ensure that there was suitable infrastructure available to the Middlehaven site.

- **Places of Change Programme – Wellington Street Hostel** **£1,941,000**

15. Wellington Street Hostel is a multi funded new build hostel with the project being led by the Riverside Housing Group. The total project cost is £6,130,000 and Middlesbrough Council are the accountable body for the Places for Change grant award element of the project which amounts to £2,000,000, of which £59,000 was spent in 2008/09.

- **Single Housing Investment Programme Grant (SHIP)** **-£6,610,000**

16. The SHIP round 3 which corresponds with the Comprehensive Spending Review (CSR) 2008 -11 had a reduced allocation regionally which has impacted on Local Authority areas within the region and it is not possible to revise predicted allocations beyond this point. From previously reported indications of £4,600,000 in 2009/10 and £4,800,000 in 2010/11 there are decreases of £1,531,000 and £1,693,000 respectively. Indications are that future budgets will be cut, but it is not known as to what extent therefore predictions based on the 2010/11 figures have been extended across the programme and will be regularly reviewed.

- **Middlehaven Provision – Property Acquisition** **£2,000,000**

17. Funding of £2,000,000 was received from One North East as their contribution towards potential disturbance and compensation payments and existing site relocation costs to be paid to Dowding and Mills on their existing site at Lower East Street.

- **CSDPA – Adaptations** **£186,000**

18. This increase on capital spending is required to keep pace with the continuing increase in demand of service users. It will be funded from additional resources secured from the DCLG (Handyperson grant) and from revenue funding set aside within the MMAMS budget to cover additional capital expenditure.

- **Common Assessment Framework (CAF)** **£452,000**

19. The Social Care submitted a bid to the Department of Health to develop a Common Assessment Framework for Adults this will see the replacement of the current operating system (SWIFT), the Supporting People system and provide for a commissioning system and a citizen portal. This will facilitate new ways of working in line with the personalisation agenda

20. Unfortunately this bid was unsuccessful but the council has secured alternative funding in order for the scheme to proceed. This is made up of contributions from Supporting People grant, the Department of Health, existing Social Care IT capital grants and the Social Care Balance Sheet Reserve. This scheme is due to start in August 2009.

#### **OTHER VARIATIONS TO EXISTING PROJECTS**

21. Other variations relate to changes in existing projects that do not have an impact on the overall gross expenditure. These variations are shown at **Appendix B**.

- **Housing Market Renewal Fund and Developer contributions**

22. This is a re-allocation of previous years indicative resources of £1,189,000 as properties in the St Hilda's area had not been purchased as projected due to relocation issues so funds have been transferred to the Inner Middlesbrough project to accelerate acquisitions.

#### **RE-PROFILING OF EXPENDITURE BETWEEN FINANCIAL YEARS.**

23. The profiling of expenditure over the programme period is important as it needs to be realistic and achievable in terms of what can be delivered and matched with the timing of available capital resources.

24. Re-profiling of capital expenditure can arise if planned physical progress on a scheme or project can be delayed or completed ahead of schedule.

25. In overall terms **£18.125 million** has been re-profiled from 2009/2010 to 2010/2011 and future years.

26. The re-profiled gross expenditure and resources since the last review are shown by service and individual scheme in **Appendix C**.

27. The reasons for any material re-profiling into 2010/2011 and future years from 2009/2010 are:

- **Primary Strategy for Change – Phase 1** **£1,375,000**

28. More accurate profiles have now been developed as schemes are finalised and agreed. However, further re-profiling will occur due to the significant delays (approx. four months) that will be experienced on the scheme at Archibald Primary School. These delays are due to the presence of a water main under the location of the proposed building works which was only discovered at a late stage.

- **Building Schools for the Future** **£13,132,000**

29. The original construction start-dates for the non-sample schemes were based on the outline business case but as the schemes are being developed these dates are likely to change. The schemes, however, will still be delivered within the overall BSF programme schedule. The cash flow for the sample schemes has also been revised in-line with information supplied by the contractor.

- **Supported Capital Expenditure Block Budget** **£1,631,000**

30. A net sum of £1.631 million has been re-profiled from 2009/10 into 2010/11. Included in this amount is £1.382 million, which has now been allocated to individual scheme budgets in 2010/11. This left a sum of £249,000 unallocated in 2009/10 which has been re-profiled into 2010/11.

- **Trinity Public Realm Works – Market Place/James Street** **£1,165,000**

31. Consultation with the public, market traders and councilors is ongoing. A preferred option has been drafted for the re-organisation of the market for the rationalisation of car parking, public realm improvements to the market square and improvements to Kings Road, James Street and either side of the Mews. Works should start on site in April 2010.

- **Middlesbrough Theatre** **£200,000**

32. A re-profile of this money is requested to 2010/11. The theatre is busier at present due to the closure of Billingham Forum and is capturing more market share, because of this opportunity to increase audiences extension work needs to be timed accordingly.

33. In overall terms **£1.663 million** has been re-profiled from 2010/2013 to 2009/2010. The re-profiled gross expenditure and resources since the last review are shown by service and individual scheme in **Appendix D**. The reasons for any material re-profiling into 2009/2010 from 2010/2011 and future years are:

- **Devolved Formula Capital Block Budget** **-£718,000**

34. The Government has introduced a fiscal stimulus package to boost the economy in the current downturn. This package includes bringing forward 40% of the indicative DFC allocation for 2010/11 to 2009/10. This should allow proposed capital projects to be started sooner than planned.

- **Local Transport Plan** **-£767,000**

35. This slippage back is to fund the LTP programme schedule for 2009/10 in order for all scoped projects within the themes to be met. This is due to overprogramming of the five-year programme and overspends in previous years, along side funding being allocated to other scheme outside the LTP until grant funding has been secured.

- **CSDPA - Adaptations / Equipment** **-£165,000**

36. An increase in demand from service users has necessitated the re-profiling of resources from future years into 2009/10. If the current level of demand continues, the approved capital allocation will be fully utilised by the end of 2010/11 leaving no resources available for 2011/12. Future funding options are currently being explored.

### ALLOCATION OF EXISTING BLOCK BUDGETS

37. The detailed allocation of block budgets held by service areas is shown scheme by scheme at **Appendix E**. In summary the allocation of those blocks is in the table below. These allocations are already included within the gross expenditure of the capital programme and have no impact on the net expenditure of the programme.

Service Area	Block Budget Heading	Quarter 1 Allocation £
Children, Families & Learning	Youth Capital Fund	50,000
	Children's Centres Phase 3 (CCP3)	516,000
	Capital Improvements	263,000
	Devolved Formula Capital	723,000
	Extended Schools'	362,000
	Supported Capital Expenditure	4,217,000
Corporate	IT Refresh	22,000
	DDA	135,000
	Urgent Works	124,000
	BIP Investment Backlog	2,539,000
Environment	Invest To Save Carbon Reduction	34,000
	LTP	2,219,000
Regeneration	Single Housing Investment Programme Grant allocation	3,069,000
	Other Housing Funding -- Working Neighbourhood Fund	640,000
	Regeneration land Acquisition Budget	0
Social Care	Mental Health Grant	12,000
	Social Care IT Infrastructure	151,000
	Social Care Grant	210,000
Total Block Budget Allocations		15,262,000

### OPTION APPRAISAL / RISK ASSESSMENT

38. Not applicable to this report.

## **FINANCIAL, LEGAL AND WARD IMPLCATIONS**

39. In overall terms there is an increase in the need for Council wide resources to support the capital programme of £145,000. The gross expenditure has increased from £274.694 million to £279.923 million and the level of over-programming is £2.341 million.
40. The overall programme position as at the quarter 1 review is shown at **Appendix F**.

## **RECOMMENDATIONS**

41. Overview and Scrutiny Board are asked to: -
- a) Note and consider the contents of report and approve the overall capital programme outlined in **Appendix F**.

## **REASONS**

42. To ensure that Middlesbrough Council reports on resource utilisation against approved capital budgets

## **BACKGROUND PAPERS**

The following papers were used in the preparation of the report

- **4th Quarter Capital Monitoring & Review Executive Report 21<sup>st</sup> July 2009**

**AUTHOR:** John Shiel, Assistant Director of Finance

**TEL NO:** (01642) 729548