

MIDDLESBROUGH COUNCIL

Overview and Scrutiny Board

2nd Quarter Capital Monitoring & Review 2010/2011

Director of Strategic Resources

18 November 2010

PURPOSE OF THE REPORT

1. To present to Overview and Scrutiny Board an update on the Council's capital programme (2008/2009 to 2012/2013) based on the 2nd quarter review of capital expenditure.

SUMMARY OF RECOMMENDATIONS

2. Overview and Scrutiny Board are asked to

Note and consider the contents of the report.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£75,000)
It has a significant impact on 2 or more wards
Non Key

✓

DECISION IMPLEMENTATION DEADLINE

4. For the purposes of the scrutiny call in procedure this report is

Non-urgent
Urgent report

✓

If urgent please give full reasons

BACKGROUND AND EXTERNAL CONSULTATION

5. In reviewing and monitoring the capital programme at quarter 2 the following issues are established for each capital project over the programme period and are summarised in this report.
 - Changes in net expenditure
 - Changes in gross expenditure
 - Changes in capital resources
 - Re-profiling of expenditure between financial years
 - Allocation of service block budgets
6. The current capital programme commenced in April 2008 and runs to 2012/2013 and has a gross programme of expenditure of £339.505 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

7. The change in overall net expenditure across all schemes since the last review is an **increase of £222,000** in Council wide resources to support the programme (0.07% of the total programme). **Appendix A.**
8. This report reflects all of the changes agreed and reported through the quarter 2 budget update meetings and a review of some of the key capital programme provisions and resources available to the capital programme.

The significant variations to the programme are:

- **A66 Interchange – North Ormesby Access** **£188,000**

9. Following negotiations with One North East agreement was reached to settle the drainage issue with a one off payment of £350,000. £139,000 of this cost is funded through a direct revenue funded contribution (DRF) from Corporate Initiatives. The remaining £188,000 to be met from the capital programme.

CHANGES IN GROSS EXPENDITURE AND RESOURCES

10. 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.
11. The change in gross expenditure since the last review is an **increase of £5,142,000**. Resources have increased by £4,920,000. A net difference of £222,000.
12. 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:

• **Low Carbon Communities** **£391,000**

13. This project involves the installation of renewable energy items, such as wind turbines and solar panels to schools, community buildings and privately owned homes in the Easterside Area of the town. The scheme is funded for 2010/2011 only, by the Department of Energy and Climate Change. Committed expenditure on the Renewable Energy project already in the capital programme was used as matched funding in order to secure this grant funding. Middlesbrough was identified as one of the 22 test-bed communities who have managed to secure this funding.

• **Cycle Circuit Development – Phase Two** **£604,000**

14. This scheme is to create a cycle track at Prissick Base. This is a new scheme funded 50/50 from Healthy Town Grant and British Cycling grant funding.

• **Metz Bridge Gypsy and Travellers Site** **£584,000**

15. This grant is to be used to increase the number of pitches at the Metz Bridge Travellers Site. Planning permission has been received and the grant acceptance has now been signed. Work will commence on site in the next few weeks and the majority of the work will be completed during this financial year

• **Purchase of new vehicles** **£504,000**

16. As part of the transformation review of fleet and transport it was recommended that 7 of the older leased vehicles should be replaced with new purchased vehicles. The annual saving to the Council as a result of this is £91,000 per annum in leasing charges and lower running costs.

• **Housing – Regeneration** **-£313,000**

17. In May 2010 the new Coalition Government announced that they would save over £6 billion from spending during this financial year. As part of the savings, spending on Housing Market Renewal (HMR) was cut nationally by 16%. The Homes and Communities Agency has confirmed that the actual grant for Middlesbrough is £1,569,236, which is a cut of £312,764.

• **Improve Crown House Public Realm** **£700,000**

18. The project will upgrade and improve an area of public realm in an important location close to the greater Middlehaven site and linking with the Boho Zone. The budget consists of £500,000 Single Programme grant, which was approved by the Tees Valley Programme Group on 10th February 2010, which is matched by £200,000 from the Local Authority Business Growth Initiative. The design phase of this project can now commence and work is expected to start in December 2010

- **Levick House Site Development** **£2,390,000**

19. An additional £2,390,000 has been added to the Social Care capital programme to fund the building of 20, 2 bedroom apartments as an addition to the existing Levick House site development. A grant of £1,140,000 from the Homes & Communities Agency (HCA) will be used to fund part of the cost of this scheme.

The Council has also earmarked £1,250,000 of Capital Performance Reward grant to contribute towards the cost of this scheme.

OTHER VARIATIONS TO EXISTING PROJECTS

20. Other variations relate to changes in existing projects that do not have an impact on the overall gross expenditure.

- **Transfer from Development of Workspace to Business Workspace Fund** **£200,000**

21. A report entitled Supporting the Continued Development of Workspace in Middlesbrough was presented to Executive on 22nd March 2010. The report identified the need for a Business Workspace Fund which would be financed using £200,000 of the Development Of Workspace budget and £68,000 of Local Area Based Growth Initiative grant.

RE-PROFILING OF EXPENDITURE BETWEEN FINANCIAL YEARS.

22. 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.
23. Re-profiling of capital expenditure can arise if planned physical progress on a scheme or project is delayed or completed ahead of schedule. In overall terms **£3.532 million** gross has been re-profiled from 2010/2011 to 2011/12 and future years.
24. The gross impact of the movements of non-block budgets between financial years is summarised in the table below.

	2010/2011 £	2011/2013 £	Net £
Advances of Expenditure	+180,000	-180,000	0
Slippage of Expenditure	-3,532,000	+3,532,000	0
Total	-3,352,000	+3,352,000	0

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

26. The reasons for any material re-profiling into 2011/2012 and future years from 2010/2011 are:
- **BSF - D&B - Oakfields** **£123,000**
27. The re-profiling relates to the delay of reaching financial close for this scheme. However, the contracts have now been signed and the scheme will still be delivered within the overall project timescale.
- **BSF - D&B - Trinity RC College** **£747,000**
28. The re-profiling relates to the delay in planning approval for construction of the new access road. However, it is now planned that work will commence in January and the project will still be delivered within the timescales originally approved.
- **BIP-Changing Villages** **£200,000**
29. In order to ensure the Council's VAT threshold is not exceeded in this financial year, work on the Rainbow Centre has been deferred until 2011/2012.
- **Housing–Improvements** **£300,000**
30. A Working Neighbourhood Fund (WNF) contribution to capital expenditure of £600,000 is included in the budget for Housing – Improvement, to fund the Gresham Improvement Grant project. Indications state that approximately 60 of the intended 158 grants will not be paid in this financial year. A report was presented to Executive, which included a request to carry forward £300,000 into 2011/2012.
- **Public Art\Town Square Public Art** **£203,000**
31. The initiative that is planned within this allocation has been prepared for several years. However, due to other priorities, such as the Council's commitment to Temenos, this initiative is yet to be presented to CMT. A report that acknowledges the now changed circumstances for public art and urban design is now being prepared. It is likely that any spend that occurs against the Public Art project will not exceed £15,000 this financial year.
- **Culture Development Fund** **£200,000**
32. Council resources of £200,000 are required to match fund the Heritage Lottery grant, and this is currently programmed to be spent in 2010/11. However, this is unlikely to be required until the spring \ summer of 2012 after the Bridge's centenary celebrations have been concluded. In light of this it is requested that the money be slipped into future years budgets.
- **Middlehaven Provision – Property Acquisition** **£500,000**
33. A budget of £3,600,000 has been set aside for the relocation of Dowding And Mills from the Middlehaven area to Riverside Park. To date, Dowding And Mills has not obtained the required quotations due to delays they have experienced with this project. Consequently it is anticipated that there will be minimal spend this financial year and it

is therefore requested that £500,000 of funds be slipped to 2011/12, leaving £100,000 available budget in 2010/11.

• **Trinity Public Realm Works – Market Place** **£725,000**

34. Plans for the refurbishment of North Ormesby Market Place were given Executive approval in August 2010 and work on drawing up detailed plans to go to tender is underway. Work on replacing the toilet block should start in January 2010 with the contract commencing in late February 2011. The majority of the market place works will be completed in the next financial year and as such it is requested that £725,000 be slipped into 2011/12.

• **Common Assessment Framework (CAF)** **£250,000**

35. The provider for this scheme has still not been appointed, although a decision is imminent. The delay has resulted in £250,000 of planned expenditure being reprofiled from 2010/11 into future years.

36. In overall terms **£0.180 million** gross has been re-profiled from 2011/2012 and future years to 2010/2011. The details by individual scheme are shown in **Appendix D**.

37. The reasons for any material re-profiling into 2010/2011 from 2011/2012 and future years are:

• **BSF - D&B - General** **£166,000**

38. The re-profiling relates to the latest project management information across the BSF programme.

ALLOCATION OF EXISTING BLOCK BUDGETS

39. 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 2 Allocation £
Children, Families & Learning	Capital Improvements Block Budget	-91
	Devolved Formula Capital (DFC) Block Budget	-758
	Extended Schools' Block Budget	-116
	Supported Capital Expenditure Block Budget	-25
Corporate	DDA Block Budget	-113
	Urgent Works Block Budget	-56
	BIP Block Budget	-249
Environment	Invest to save Carbon Reduction	-24
	Healthy Town grant	-2
Regeneration	Single Housing Investment Programme	-526
	Middlehaven	-45

EQUALITY IMPACT ASSESSMENT

Not applicable

OPTION APPRAISAL/RISK ASSESSMENT

Not Applicable

FINANCIAL, LEGAL AND WARD IMPLICATIONS

40. In overall terms there is a increase in the need for Council wide resources to support the capital programme of £222,000. This results from the changes reported in the budget update reports and a review of the key programme provisions and resources.

Item	£000's
Under-programming at Quarter 1	-2,367
Quarter 2 increase in net expenditure	222
Net change in available resources	-101
Revised Under-programming at Quarter 2	-2,044

41. Gross expenditure has increased from £334.363 million to £339.505 million and the level of under-programming at quarter 2 is currently estimated at £2.044 million (0.6%).
42. The overall programme position as at the quarter 2 review is shown at **Appendix F**.
43. A review of all uncommitted capital projects is underway.
44. **Legal Implications** – Not applicable.

RECOMMENDATIONS

45. Overview and Scrutiny Board are asked to
- (a) Note and consider the contents of the report.

REASONS

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

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

Executive Report – 1st Quarter Capital Monitoring and Review 2010/11 on 17th August 2010.

2nd Quarter Budget Update Meeting Reports October 2010.

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CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW			
CHANGES IN GROSS EXPENDITURE AND EARMARKED RESOURCES 2008/2009 TO 2012/2013			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
CHILDREN FAMILIES & LEARNING			
Integrated Children's Systems	-10	-10	0
Abingdon DFC167 - Create Reception-Stage Classroom	-8	-8	0
EYCG Viewley Hill Sure Start - Covered Walkway	2	2	0
EYCG St. Thomas More Alts. To Main Entrance	62	62	0
Brambles Farm DFC187: Alts. Re New ICT Suite	8	8	0
Ext Sch: Corpus Christi - Create Garden	8	8	0
Ext Sch: Newham Bridge EXS249 - ICT Equipment	1	1	0
Caldicotes DFC251 - Ramp to Rear of School	3	3	0
Myplace Sensory Treatment Room / Equipment (YPSM)	30	30	0
Pennyman DFC247 - Main Entrance Improvements	87	87	0
Sunnyside CER228 - Roof Replacement (Ph1)	5	5	0
Whinney Banks DFC240 - Carpark Redevelopment	10	10	0
Extended Schools' Block Budget	-84	-84	0
Harnessing Technology Block Budget	2	2	0
Children's Centres Phase 3 Block Budget	-30	-30	0
BSF - D&B - Trinity RC College	12	12	0
Total	98	98	0
CORPORATE			
BIP Block Budget	-50	0	-50
ITR-Mobile Working Implementation	65	65	0
ITR-EDRMS	25	25	0
Total	40	90	-50
ENVIRONMENT			
Low Carbon Communities	391	391	0
Cycle Circuit Development	604	604	0
Cemetery Infrastructure Improvements	50	0	50
Metrology Panel Van	20	20	0
Metz Bridge Gypsy Site	584	584	0
Purchase of New Vehicles	504	504	0
Bonnygrove Play Area	6	6	0
S106 Barrats Play Equipment	-60	-60	0
A66 Interchange - North Ormesby Access	0	-188	188
Transporter Bridge Replacement Motor	30	0	30
Plugged in Places	20	20	0
Total	2,149	1,881	268
REGENERATION			
Housing - Improvement	15	15	0
Housing - Regeneration	-313	-313	0
Boho Core Building 1	2	2	0
Improve Crown House Public Realm	700	700	0
Business Workspace Fund	68	68	0
Growth Point	-11	-11	0
Total	461	461	0
SOCIAL CARE			
Short Break Services @ Levick	2,390	2,390	0
Integrated Complex Needs	4	0	4
Total	2,394	2,390	4
Total Change In Gross Expenditure & Resources	5,142	4,920	222

CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW			
OTHER VARIATIONS TO EXISTING PROJECTS			
	Gross Expenditure		Earmarked Service Resources
	£000		£000
			Net Expenditure
			£000
REGENERATION			
Development Of Workspace	-200		0
Business Workspace Fund	200		0
	0		0
SOCIAL CARE			
Telecare	20		20
Teeswide - LD Project	-20		-20
	0		0
Total Other Variations to Existing Projects	0		0

CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW			
RE-PROFILING OF EXPENDITURE AND RESOURCES INTO 2011-2013 FROM 2010-2011			
	Gross Expenditure		Earmarked Service Resources
	£000		£000
			Net Expenditure
			£000
CHILDREN FAMILIES & LEARNING			
BSF - D&B - Oakfields	123		123
BSF - D&B - Trinity RC College	747		0
Total	870		123
ENVIRONMENT			
Acces to Nature - Boro Becks	10		10
Total	10		10
CORPORATE			
BIP-Changing Villages	200		0
Total	200		0
REGENERATION			
Housing - Improvements	300		300
Public Art	113		0
Town Square Public Art	90		90
Culture Development Fund	200		0
Middlehaven Provision - Property Acquisition	500		0
Trinity Public Realm Works - Market Place	725		0
Trinity Public Realm Works - James St.	86		0
Growth Point	48		48
Total	2,062		438
SOCIAL CARE			
CSDPA - Top Ups	50		50
CSDPA - Equipment	20		20
Telecare	45		45
Common Assessment Framework (CAF)	250		250
Refurbishments @ Lothian Road	25		25
Total	390		295
Total Reprofileing into 2011-2013 from 2010/2011	3,532		866
			2,666

CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW				
RE-PROFILING OF EXPENDITURE AND RESOURCES FROM 2011-2013 INTO 2010/2011				
	Gross Expenditure		Earmarked Service Resources	Net Expenditure
	£000		£000	£000
CHILDREN FAMILIES & LEARNING				
BSF - D&B - General	-166		0	-166
BSF - D&B - Ormesby & Priory Woods	-14		-14	0
Total	-180		-14	-166
Total Reprofiled from 2010/2011 into 2009/2010	-180		-14	-166

ALLOCATION OF EXISTING BLOCK BUDGETS			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
CHILDREN FAMILIES & LEARNING			
Capital Improvements Block Budget	-91	-91	0
Sunnyside CER228 - Roof Replacement (Ph1)	51	51	0
Sunnyside Primary - Window Replacement	40	40	0
Subtotals	0	0	0
Devolved Formula Capital (DFC) Block Budget	-758	-758	0
Abingdon DFC167 - Create Reception-Stage Classroom	-3	-3	0
Easterside Window Replacement	4	4	0
Acklam Whin DFC215 - Improvements to School Entrance Pathways	13	13	0
Acklam Whin DFC214 - Erect Perimeter Fence	26	26	0
Archibald DFC260 - ICT Equipment	11	11	0
Caldicotes DFC250 - Staff Carpark	21	21	0
Caldicotes DFC251 - Ramp to Rear of School	15	15	0
Marton Manor DFC238 - DDA Improvements	11	11	0
Newport DFC224 - KS1 WC Alterations	32	32	0
Oaktree Centre DFC225 - Conservatory / Windows	15	15	0
Oaktree Centre DFC239 - CCTV Improvements	2	2	0
Pennyman DFC247 - Main Entrance Improvements	26	26	0
Sunnyside CER228 - Roof Replacement (Ph1)	10	10	0
Sunnyside Primary - Window Replacement	10	10	0
Whinney Banks DFC240 - Carpark Redevelopment	6	6	0
BSF - D&B - Acklam Grange	58	58	0
BSF - D&B - Ormesby & Priory Woods	3	3	0
BSF - D&B - Ashdale	30	30	0
BSF - D&B - Beverley & Tollesby	6	6	0
BSF - Add'l Schools' Costs: Ormesby PA System	11	11	0
BSF - Add'l Schools' Costs: Acklam Grange - F&E	44	44	0
BSF - Add'l Schools' Costs: Acklam Grange - ICT Hardware	156	156	0
BSF - Add'l Schools' Costs: Acklam Grange - CCTV	61	61	0
BSF - Add'l Schools' Costs: Acklam Grange - Minibus	8	8	0
BSF - Add'l Schools' Costs: Ormesby DFC234 - Mini Football Courts	18	18	0
BSF - Add'l Schools' Costs: Ormesby DFC235 - Multi-Functional Devices	32	32	0
BSF - Add'l Schools' Costs: Ormesby DFC236 - F&E	40	40	0
BSF - Add'l Schools' Costs: Tollesby DFC221 - Display Cabinets	5	5	0
Hall Garth DFC243: Roof Replacement DT Block	14	14	0
Hall Garth DFC: Alterations to Headteacher's Office	3	3	0
Hall Garth DFC: ICT Eqpt	30	30	0
Hall Garth DFC: Minibus	36	36	0
Ayresome DFC222 - Create Y1 Outdoor Teaching Area	6	6	0
Brambles Farm Primary DFC: F&F/Eqpt re. Foundation-Stage Classroom	-2	-2	0
Subtotals	0	0	0
Extended Schools' Block Budget	-116	-116	0
Ext Sch - Archibald Refit Kitchens/Staff Area	-4	-4	0
Brambles Farm DFC187: Alts. Re New ICT Suite	8	8	0
Ext Sch: Caldicotes - ICT Equipment	8	8	0
Ext Sch: Captain Cook - Extension to Perimeter Fence	8	8	0
Ext Sch: Corpus Christi - Create Garden	8	8	0
Ext Sch: Lingfield - Create Outdoor Classroom / Pagoda	5	5	0
Ext Sch: Lingfield - ICT Equipment	3	3	0
Ext Sch Linthorpe EXS263 - Shade Shelter	8	8	0
Ext Sch: Newham Bridge EXS249 - Shade Shelter	4	4	0
Ext Sch: Newham Bridge EXS249 - ICT Equipment	4	4	0
Ext Sch: Newport EXS264 - Outdoor Play Equipment Store	8	8	0
Ext Sch: Park End EXS200 - Outdoor Play Area	8	8	0
Ext Sch: St Alphonsus EXS233 - Outdoor Play Area	8	8	0
Ext Sch: St Bernadette's EXS232 - Create Breakout Area	8	8	0
Ext Sch: St Clare's EXS253 - Outdoor Play Area / Trail	8	8	0
Ext Sch: St Edward's EXS256 - ICT Equipment	8	8	0
Ext Sch: Sunnyside EXS261 - Create Garden	8	8	0
Ext Sch: Whinney Banks EXS230 - Create Music Room	8	8	0
Subtotals	0	0	0
Children's Centres Phase 3	0	0	0
Children's Centres Phase 3: Thorntree Reception	1	1	0
Children's Centres Phase 3: Abingdon Safety Flooring	-2	-2	0
Children's Centres Phase 3:SSWM Doors / Floors / Windows	1	1	0

ALLOCATION OF EXISTING BLOCK BUDGETS			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
Subtotals	0	0	0
Supported Capital Expenditure Block Budget	-25	0	-25
PSfC: Newham Bridge Security/Access	25	0	25
Subtotals	0	0	0
Total Children, Families & Learning	0	0	0
CORPORATE			
DDA Block Budget	-113	0	-113
Bus Station Toilets	15	0	15
Community Centre Ramps	8	0	8
Crematorium	6	0	6
Cumberland Road	13	0	13
Newport Settlement	45	0	45
Poolside Hoists	20	0	20
Albert Park Parking	6	0	6
Total	0	0	0
Urgent Works Block Budget	-56	0	-56
Town Hall Reception	-50	0	-50
Craft Centre	2	0	2
Theatre Roof	35	0	35
1-4 Innes Street Refurbishment	14	0	14
Kader CC Roof	55	0	55
Total	0	0	0
BIP Block Budget	-249	0	-249
Thorntree YCC Roof	74	0	74
Beechwood YCC Heating	34	0	34
Viewley Centre Full Refurbishment	51	0	51
Whorlton Road Windows & Tarmac	30	0	30
MIMA Chiller Units	-3	0	-3
Clairville UPVC	49	0	49
157&159 Southfield Road Roof & Windows	-57	0	-57
Boiler Replacement	-112	0	-112
Thorntree Cemetery Lodge External & Internal Refurb.	12	0	12
Thorntree Park Houses External & Internal Refurb.	-1	0	-1
22 Hoylake Window & Boiler Renewal	9	0	9
Park House External Refurb.	-10	0	-10
Tarmac Renewal Programme	-60	0	-60
Sunningdale External Refurbishment	150	0	150
Dorman Museum Boiler Replacement	-30	0	-30
1-4 Innes Street External & Internal Refurb.	-11	0	-11
3 Cargo Fleet Lane Boiler Replacement & Rewire	10	0	10
Acklam Library Roof	70	0	70
Municipal Golf Boilers	7	0	7
Stewart Park Lodge Internal Refurb.	14	0	14
Registry Office Internal Refurb	8	0	8
Stockton Street Workshops External Refurb.	15	0	15
Total	0	0	0
Total Corporate	0	0	0
ENVIRONMENT			
Invest To Save	-24	-24	0
Southlands Leisure Centre Voltage Control	24	24	0
HTG Urban Safety Management	0	-2	2
HTG Walled Garden	3	3	0
HTG Walking & Cycling Centre	0	10	-10
HTG Incentivised Bike - Work	38	-5	43
HTG Safe Routes to School	-50	-6	-44
HTG Safe Routes to School	9	0	9
Total	0	0	0

ALLOCATION OF EXISTING BLOCK BUDGETS			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
Total Environment	0	0	0
REGENERATION			
Housing Assistance 10/11 unallocated SHIP	-526	-526	0
Housing - Regeneration	310	310	0
Housing - Improvement	216	216	0
Middlehaven Provision	-45	0	-45
Middlehaven	45	0	45
Total	0	0	0
Total Regeneration	0	0	0
Total Block Budget Allocation	0	0	0

