

# MIDDLESBROUGH COUNCIL

## Overview and Scrutiny Board

Capital Outturn and 4<sup>th</sup> Quarter Review 2010/2011

Executive Member for Resources

Director of Strategic Resources

20 June 2011

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### 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 4th quarter review of capital expenditure.

### SUMMARY OF RECOMMENDATIONS

2. Overview and Scrutiny Board are asked to:

Note the contents of the report

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

3. It is over the financial threshold (£150,000)  
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 four 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 £329.831 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 a **decrease of £3,000** in Council wide resources to support the programme (0.001% of the total programme). **Appendix A.**
8. This report reflects all of the changes in the programme to the end of the 2010/2011 financial year.

## CHANGES IN GROSS EXPENDITURE AND RESOURCES

9. 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.
10. The change in gross expenditure since the last review is an **increase of £1,818,000**. Resources have increased by £1,821,000. A net difference of £3,000.
11. The changes in gross expenditure and resources since the last review are shown by service and individual schemes in **Appendix A.**

The other significant variations to the programme are:

- **Tees Valley Bus Network** **£1,453,000**

12. This is a joint venture designed to improve Bus networks within the Tees Valley area, for which Middlesbrough Council is the lead authority. Although the scheme is intended to be a 5 year project, following the Government's Comprehensive Spending Review, the Department for Transport (DfT) only commit to each year of the scheme on an annual review basis and numbers were not actually confirmed by the DfT until February 2011. Just over £1m of this funding was used in 2010/2011 with the remainder carried forward to 2011/2012.

- **Middlehaven** **£100,000**

13. The Homes And Communities Agency (HCA) awarded a grant of £100,000 to the Council for the purchase of a named plot within Middlehaven.

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

14. 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.

15. Re-profiling of capital expenditure can arise if planned physical progress on a scheme or project can be delayed or completed ahead of schedule. In overall terms **£18.627 million** has been re-profiled from 2010/2011 to 2011/2012 and future years of which £4.383 million related to block budget provisions.

16. The gross impact of the movements of non-block budgets between financial years is summarised in the table below.

	<b>2010/2011 £</b>	<b>2011/2013 £</b>	<b>Net £</b>
Advances of Expenditure	+411,000	-411,000	0
Slippage of Expenditure	-11,075,000	+11,075,000	0
Total	-10,664,000	+10,664,000	0

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

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

- **Fair Play Playbuilder** **£278,000**

19. Delays to the start of construction of the play area at Stewart Park were mainly due to the uncertainty surrounding the two proposed Playbuilder sites at Crossfell Road and Stainton Way, which have a direct impact (i.e. the possible transfer of funding) on the design of the Stewart Park play area. The scheme is now expected to be complete in Summer 2011.

- **Myplace YCC (former Custom House)** **£213,000**

20. Due to a delay in site start date and subsequent delays due to unforeseen structural issues (i.e. external walls not tied in; inadequate foundations; asbestos; original stonework being less sound than originally thought and identified in the initial survey etc) the project has been re-profiled. Notwithstanding further major issues being identified, the revised completion date is February 2012.

- **PSfC - Phase 1: Berwick Hills Primary** **£1,197,000**

21. Delays on the progress of the roof systems installation and ground works during December and January (due to the weather) resulted in lower than anticipated spend on these elements. Berwick Hills School is programmed to move in to the new school building over the half-term holiday, starting week commencing 30th May 2011. Children will be in the new school from 13th June 2011.

- **Green Lane Primary Foundation** **£162,000**

22. Although the project was concluded in time for the school to move in with a view to using the building on their return after Easter. Following discussions with the school it was agreed that the external works and removal of the temporary accommodation and making good could only take place during the Easter holidays.

- **Building Schools for the Future (BSF)–Design & Build Schemes** **£4,971,000**

23. The information for the BSF programme, provided at quarter 3, was based on the cashflow statement supplied, at the time, by the contractor has since slipped. All schemes, however, still expect to be delivered within the BSF programme schedule which has a total budget of £117.7 million. Average monthly payments to the contractor are approximately £4 million so the slippage of £4.9 million represents about 5 week's costs.

- Acklam Grange (opened September 2011) **£395,000**  
There have been some delays in the demolition of the old school owing to the need to address asbestos issues.
- Oakfield's (due to open September 2012) **£1,698,000**
- Trinity (due to open September 2011) **£2,032,000**  
There has been a delay in planning and negotiating arrangements to facilitate the construction of the access road to the new school.
- Beverley & Prince Bishop (opened April & May respectively) **£311,000**
- General Block Budget **£533,000**

- **Middlehaven** **£345,000**

24. As part of the Councils approach to Middlehaven the Council is working with partners to deliver its objectives. An opportunity to seek £345,000 from the Homes and Communities Agency in 2010/2011 has allowed the Council contribution to be carried forward to 2011/2012.

- **Culture Development Fund** **£133,000**

25. A budget transfer of £133,000 to Environment did not take place. The transfer is for a report regarding the Transporter Bridge, which was required for a grant application to the Heritage Lottery Fund. The costs were incurred and the budget will be transferred at the next budget update.

- **Demolition of Levick / Levick House Replacement** **£133,000**
26. Charities commission approvals have been required before the scheme was able to commence. The original anticipated project start date on site was January 2011. The contract start date slipped to March 2011 to ensure Charities Commission and Homes and Communities grant conditions requirements were met.
- **Refurbishment at Sunningdale Road** **£116,000**
27. Phase 2 of this scheme is now complete and cost less than anticipated. £47,000 has slipped into 2011/12 with an additional £69,000 from the Mental Health block budget for Phase 3 of this scheme.
- **Stewart Park Restoration** **£1,470,000**
28. The discovery of contaminated land on site resulted in further delays to work plans. The extent of the contaminated land was greater than first thought. The works have slipped on the cusp of the 2010/2011 and 2011/2012 financial years resulting in slippage into 2011/2012; however it is anticipated that the slipped work will be back on track during 2011/2012 and the overall project should still be delivered on time.
- **Cemetery Infrastructure Improvements** **£207,000**
29. Due to the adverse winter weather, work fell behind schedule. It was originally anticipated that the contractor would be able to catch up on the delayed work by the end of 2010/2011, but this was not possible.
- **Healthy Towns Urban Safety Management** **£146,000**
30. Extended consultation with residents affected by the scheme has meant the start date of the scheme was put back to allow this to take place. The scheme will now not be finalised until 2011/2012.
- **North Middlesbrough Accessibility** **£294,000**
31. Although the main element of the scheme which was the new link road into north Middlesbrough was completed and open to the public in November 2009 there were still other minor works to do. To minimise traffic disruption the final works to complete the remedials are to take place in the school summer holidays commencing 25 July with a scheduled completion date of August 2011. Works to be finalised include some works to joints and signing / lining. The total project cost will total £15.5 million.
- **Highways Maintenance Road Repairs** **£369,000**
32. Due to the adverse winter weather, works could not be completed as scheduled causing delays and the work will now take place in 2011/2012.

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

33. In overall terms **£0.434 million** gross has been re-profiled from 2011/2012 and future years to 2010/2011. The details by individual scheme are shown in **Appendix C**.

## ALLOCATION OF EXISTING BLOCK BUDGETS

34. The detailed allocation of block budgets held by service areas is shown scheme by scheme at **Appendix D**. 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	Outturn Allocation
Children, Families & Learning	Capital Improvements Block Budget	122
	Devolved Formula Capital (DFC) Block Budget	-220
	Extended Schools' Block Budget	8
	Children's Centres Phase 3	-57
	Aiming High for Disabled Children	-10
	Locality Working	-43
	Fair Play / Playbuilder	-278
	Supported Capital Expenditure Block Budget	64
Corporate	Small Scheme Allocation Block Budget	-1
	Urgent Works Block Budget	-48
	BIP DDA Block Budget	3
	BIP Block Budget	-19
	IT Refresh Block Budget	25
Social Care	Mental Health Block Budget	-69

## EQUALITY IMPACT ASSESSMENT

Not applicable

## OPTION APPRAISAL/RISK ASSESSMENT

Not Applicable

## FINANCIAL, LEGAL AND WARD IMPLICATIONS

35. In overall terms there is an increase in the need for Council wide resources to support the capital programme of £40,000.

Item	£000's
<b>Under-programming at Quarter 3</b>	-4,828
Quarter 4 decrease in net expenditure	-3
Net change in available resources	43
<b>Revised Under-programming at Quarter 4</b>	-4,788

36. Gross expenditure has increased from £327.899 million to £329.717 million and the level of under-programming at quarter 4 is currently estimated at £4.788 million (1.45%).
37. The overall programme position as at the quarter 4 review is shown at **Appendix E**.
38. A review of the capital programme will take place shortly to re-asses the resources available to the programme and the commitments against those resources.
39. **Legal Implications** – Not applicable.

## **RECOMMENDATIONS**

40. Overview and Scrutiny Board are asked to:  
  
Note the contents of report

## **REASONS**

41. 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 – 3<sup>rd</sup> Quarter Capital Monitoring and Review 2010/2011 on 29<sup>th</sup> March 2011

2010/2011 Capital Financing Closure of Accounts Documentation

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