

MIDDLESBROUGH COUNCIL

Overview and Scrutiny Board

Capital 1st Quarter Review 2012/2013

Deputy Mayor & Executive Member for Resources

Director of Strategic Resources

30 August 2012

PURPOSE OF THE REPORT

1. To present to Overview and Scrutiny Board an update on the Council's capital programme (2008/2009 to 2013/2014) based on the 1st 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 (£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 2013/2014 and has a gross programme of expenditure of £356.914 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 £190,000** in Council wide resources to support the programme (0.05% of the total programme). **Appendix A.**
8. This report reflects all of the changes agreed and reported through the quarter 2 budget update meetings.
9. The change in net expenditure is due to the final cost of Levick being £500,000 less than forecasted previously. In addition to the £190,000 Council wide funding, there is £310,000 of Capital Investment in Community Capacity grant which is to be reallocated to other schemes within the service.

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 £6,543,000**. Resources have increased by £6,733,000. A net reduction of £190,000.
12. The changes in gross expenditure and resources since the last review are shown by service and individual schemes in **Appendix A.**

The significant variations to the programme are:

- **Breckon Hill Extension, Alterations & Improvements** **£162,000**

13. This is a part-school (£162,000)/part-LA (£225,000) funded project to enhance classroom accommodation and relocate the nursery to relieve pressure on the KS1 accommodation due to increasing pupil numbers

• **Pallister Park Primary Classroom Extensions** **£194,000**

14. This is a school-funded project to increase the physical size of 8 classroom areas to accommodate a different working model for these classrooms, in-line with the school's new *Teaching School* status. To support the school with this project, CF&L have agreed to 'loan' the capital funding to the school. The loan will be repaid, in equal installments, over the two-year period 2013/15.

• **Local Transport Plan** **£5,320,000**

15. This increase in the scheme is a result of including the indicative LTP funding allocated to Middlesbrough Council by the Department of Transport (DfT) for 2013/14 and 2014/15, totalling £5,651,000. Confirmation of the figures is expected in December 2012, but it is anticipated that if there are any changes to the indicative figures, these will only be minor.

An allocation of LTP funding has been made towards the Tees Valley Bus Network Improvements Project of £231,000, along with a contribution to the Local Sustainability Transport Fund of £100,000.

• **Tees Valley Bus Network Improvements** **£231,000**

16. This represents Middlesbrough council's contribution to the scheme funded through the local transport plan funding. DfT grant funding for this scheme is confirmed on a yearly basis, and confirmation of the DfT funding for the whole scheme for 2012/13 has now been received.

• **Local Sustainable Transport Fund** **£776,000**

17. The Council has secured funding for the above scheme, which encourages the use of public transport and cycling routes. The scheme totals £2,000,000 over three years, and is funded through DfT grant and local contributions from a range of businesses situated in the town. Although there are both capital and revenue elements to this scheme, the above figure represents the capital element of the scheme only.

• **Housing Improvement – Community Energy Saving Programme** **-£150,000**

18. The New Homes Bonus which was allocated to the Community Energy Saving Programme have been removed from the capital programme and redirected to the revenue account as the remedial nature of the planned works are not considered to be of a capital nature.

• **Levick House Replacement** **-£500,000**

19. The scheme is now complete although there may be some residual final cost that will fall into quarter 2. Taking this into account the final cost of the scheme is £500,000 less than forecasted previously. This has resulted in £190,000 of council wide resources which are no longer required and £310,000 of the Capital Investment in Community Capacity grant being reallocated to the following schemes.

- **IAS System** **£200,000**

20. There has been a delay in the implementation of this scheme due to a change in project management. This has resulted in further costs being identified such as additional training requirements and six months additional project management costs. This is to be funded from the Community Capital grant.

- **Telecare** **£110,000**

21. Following the Carelink review in November 2011, it is anticipated that the take up of Telecare equipment will greatly increase over the next two years. This additional expenditure is to be funded from the Community Capital grant.

OTHER VARIATIONS TO EXISTING PROJECTS

22. Other variations relate to changes in existing projects which do not impact on the overall gross expenditure and are shown in **Appendix A**. The overall impact is a £68,000 transfer from Corporate to Environment.

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 is delayed or completed ahead of schedule. In overall terms **£861,000** has been re-profiled from 2012/2013 to 2013/2014 and future years of which £600,000 related to block budget provisions.

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

	2012/2013 £	2013/2014 £	Net £
Advances of Expenditure	+0	-0	0
Slippage of Expenditure	-261,000	+261,000	0
Total	-261,000	+261,000	0

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

27. The reasons for any material re-profiling into 2013/2014 and future years from 2012/2013 are:

- **Culture Development Fund** **£180,000**

28. It is requested that £180,000 of funds are re-profiled into 2013/14 and future years to provide a match to bids for external funding for the following capital works:

- Town Hall - Refurbishment and restoration programme.
- Dorman Museum - Historic gallery refurbishment.
- Central Library - Education suite and display area
- Central Library – Restoration and extension of building.

- **Middlehaven Provision – Property Acquisition** **£600,000**

29. The tender process undertaken by Sulzer Dowding And Mills for the design and build of its proposed new premises is now complete and the total cost of relocation will be £3,680,500, being £80,500 more than the current available funds. The Council and The Homes And Communities Agency (HCA) are seeking to renew funding agreement that was previously in place with One North East (ONE) as soon as is practical. HCA has agreed to fund the additional £80,500, which will form part of the funding agreement. It is anticipated that £3,000,000 will be required in 2012/13 and therefore it is requested that the remaining £600,000 of confirmed funds are re-profiled into 2013/14 and future years.

ALLOCATION OF EXISTING BLOCK BUDGETS

30. The detailed allocation of block budgets held by service areas is shown scheme by scheme at **Appendix C**. 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	Budget Block Heading	Allocation £000's
Children, Families and Learning	Capital Improvements Block Budget	-3
	Devolved Formula Capital (DFC) Block Budget	-523
	Aiming High for Disabled Children	-12
	Supported Capital Expenditure Block Budget	-691
	BSF - D&B Block Budget	10
Corporate	Urgent Works Block Budget	-45
	BIP Block Budget	-2,780
Environment	Local Transport Plan	-2,824
	Invest to Save - Carbon Reduction	-50
Regeneration	Land Acquisition Budget	-124

EQUALITY IMPACT ASSESSMENT

Not applicable

OPTION APPRAISAL/RISK ASSESSMENT

Not Applicable

FINANCIAL, LEGAL AND WARD IMPLICATIONS

31. In overall terms there is a decrease in the need for Council wide resources to support the capital programme of £190,000.

Item	£000's
Under-programming at Quarter 4 2011-12	-1,137
Quarter 1 decrease in net expenditure	-190
Revised Under-programming at Quarter 1 2012-13	-1,327

32. Gross expenditure has increased from £350.371 million to £356.914 million and the level of under-programming at quarter 1 is currently estimated at £1,327 million (0.37%).
33. The overall programme position as at the quarter 1 review is shown at **Appendix D**.
34. **Legal Implications** – Not applicable.

RECOMMENDATIONS

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

REASONS

36. 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 – 4th Quarter Capital Monitoring and Review 2011/12 on 17th July 2012

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CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW			
CHANGES IN GROSS EXPENDITURE AND EARMARKED RESOURCES 2012/2013 TO 2013/2014			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
CHILDREN FAMILIES & LEARNING			
Easterside DFC335 - Foundation-Stage Improvements	81	81	0
Breckon Hill Extension, Alterations & Improvements	162	162	0
Ayresome DFC391 Upgrade Staff WCs	14	14	0
The Manor YCC Relocate Sensory Room Eqpt from Kader YCC	28	28	0
Pennyman Primary - Create Sensory Room	74	74	0
Pallister Park Primary Classroom Extensions	194	194	0
BSF - D&B - Oakfields	3	3	0
Total	556	556	0
ENVIRONMENT			
Local Transport Plan Block Budget Future Years Funding **	5,320	5,320	0
Tees Valley Bus Networks	231	231	0
Local Sustainability Transport Fund	776	776	0
Total	6,327	6,327	0
REGENERATION			
Housing Improvement - Community Energy Saving Programme	-150	-150	0
Total	-150	-150	0
SOCIAL			
Levick House Replacement	-500	-310	-190
Telecare	110	110	0
IAS System	200	200	0
Total	-190	0	-190
Total Change In Service Gross Expenditure & Resources	6,543	6,733	-190

TRANSFERS BETWEEN SERVICE AREAS			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
CORPORATE			
Bus Station Alarm & Announced System	-35	0	-35
Bus Station Automatic Doors	-35	0	-35
BIP-Captain Cook Car Park	-33	0	-33
Small Schemes-Marton Burn/Keith Road	35	35	0
Total	-68	35	-103
ENVIRONMENT			
Local Transport Plan Block Budget Marton Burn Road Pedestrian Crossing	-35	-35	0
Captain Cook Car Park Anti-Carbonising Costing	33	0	33
Bus Station Alarm & Announced System	35	0	35
Bus Station Automatic Doors	35	0	35
Total	68	-35	103
Total Change In Total Gross Expenditure & Resources	6,543	6,733	-190

CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW			
RE-PROFILING OF EXPENDITURE AND RESOURCES INTO 2013-2014 FROM 2012-2013			
	Gross Expenditure		Earmarked Service Resources
	£000		£000
			Net Expenditure
			£000
REGENERATION			
Housing Assistance - Homeswaps	81		81
Culture Development Fund	180		0
Middlehaven Provision - Property Acquisition	600*		0
Total	861		81
Total Reprofiling into 2013-2014 from 2012/2013	861		81
			780

* Denotes re-profiling of a block budget/provison

CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW			
ALLOCATION OF EXISTING BLOCK BUDGETS			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
CHILDREN FAMILIES & LEARNING			
Capital Improvements Block Budget	-3	-3	0
Lingfield Primary DFC371 - Replace Water Tank	3	3	0
Total	0	0	0
Devolved Formula Capital (DFC) Block Budget	-523	-523	0
Acklam Whin DFC412 DDA Works for HI Child	14	14	0
Acklam Whin DFC415 Upgrade Windows Y4 Class 052	3	3	0
Ayresome DFC418 Upgrade Children's WCs	9	9	0
Ayresome DFC391 Upgrade Staff WCs	13	13	0
Lingfield DFC400 - Purchase 15 PCs	8	8	0
Lingfield DFC392 IT Network & Projector	7	7	0
Oakfields DFC404 Sharp MX2610 Print Solution	34	34	0
Oakfields DFC411 Student iPod Touch Project	164	164	0
Oakfields DFC413 Avaya Telephone System	25	25	0
Ormesby School Sports Hall Roof Replacement	65	65	0
Ormesby DFC389 Athletics Provision	65	65	0
Pennyman Primary - Create Sensory Room	1	1	0
Pallister Park Primary Classroom Extensions	17	17	0
Sunnyside DFC403 Upgrade Door to Main Hall	5	5	0
Viewley Hill DFC416 Upgrade High-Level Windows	15	15	0
Viewley Hill DFC417 Install Partition to Create 2 Learning Areas	12	12	0
Whinney Banks DFC316 - Fire Precautions/Install Fire Detectors	2	2	0
Chandler's Ridge DFC405 Data Cabling Installation	7	7	0
Chandler's Ridge DFC406 Install New Cloakrooms	2	2	0
Ormesby DFC409 Replace Sports Hall Floor	35	35	0
Ormesby DFC410 Install Energy Mgt System	15	15	0
Park End DFC401 Upgrade Main Entrance Windows	5	5	0
Total	0	0	0
Aiming High for Disabled Children (Short Breaks)	-12	-12	0
The Manor YCC Relocate Sensory Room Eqpt from Kader YCC	12	12	0
Total	0	0	0
Supported Capital Expenditure Block Budget	-691	0	-691
The Avenue - Extn / Imps to Main Entrance	-4	0	-4
Breckon Hill Extension, Alterations & Improvements	225	0	225
Ormesby School Sports Hall Roof Replacement	285	0	285
Pallister Park Primary Classroom Extensions	185	0	185
Total	0	0	0
BSF - D&B Block Budget	10	-39	49
BSF - D&B - Oakfields	31	31	0
BSF - D&B - Ashdale	12	0	12
BSF - D&B - Trinity	-53	8	-61
Total	0	0	0
Total Children, Families & Learning	0	0	0
CORPORATE			
Urgent Works Block Budget	-45	0	-45
Electrical Installation Testing	45	0	45
Total	0	0	0
BIP Block Budget	-2,780	0	-2,780
Viewley Centre	322	0	322
Multi Media Centre	200	0	200
Planned Building Investment	295	0	295
Demolitions	443	0	443
Thorn tree CC	152	0	152
North Ormesby CC	205	0	205
Stewart Park	240	0	240

CAPITAL PROGRAMME CHANGES SINCE LAST REVIEW			
ALLOCATION OF EXISTING BLOCK BUDGETS			
	Gross Expenditure	Earmarked Service Resources	Net Expenditure
	£000	£000	£000
Rainbow Centre	150	0	150
Middlesbrough Theatre	100	0	100
Newport Settlement	92	0	92
Asbestos	48	0	48
Lift Programme	370	0	370
Acklam Wind Turbine	13	0	13
Accessibility	18	0	18
3rd Floor Vancouver House	20	0	20
Fire Precautions	7	0	7
NGLF Wind Turbine	17	0	17
Cold Water Storage Tanks	10	0	10
Easterside RC	70	0	70
Grove Hill Resource Centre	18	0	18
Crematorium	59	0	59
3 Park Road North	30	0	30
Town Hall	-22	0	-22
Listed Buildings	-36	0	-36
Changing Villages	-41	0	-41
Total	0	0	0
Total Corporate	0	0	0
ENVIRONMENT			
Local Transport Plan	-2,824	-331	-2,493
LTP Network Management	207	0	207
LTP Active Travel	190	0	190
LTP Road Safety	255	0	255
LTP Sustainable Living	105	0	105
LTP Highways Maintenance	1,736	0	1,736
Local Sustainability Transport Fund	100	100	0
Tees Valley Bus Network Improvements	231	231	0
Total	0	0	0
Invest To Save - Carbon Reduction	-50	-50	0
E Lamp LED Retro Refit	30	30	0
Lighting Upgrade Cargo Fleet Lane	20	20	0
Total	0	0	0
Total Environment	0	0	0
REGENERATION			
Regeneration Land Acquisition Budget	-124	0	-124
Housing Regeneration - St Hilda's	124	0	124
Total	0	0	0
Total Regeneration	0	0	0
Total Block Budget Allocation	0	0	0

