

Report No:

Public Agenda Item: **Yes**

Title: **Capital Investment Plan - Budget Monitoring 2011/12 (3rd Quarter)**

Wards Affected: **All Wards in Torbay**

To: **Overview & Scrutiny Board
Council**

On: 15 February 2012
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1. What we are trying to achieve

- 1.1 This report is an overview of the Council's approved Capital Investment Plan for the quarter ending December 2011. The report provides details of expenditure and funding of service and community assets within the Council's approved Capital Investment Plan and is a key element of meeting the Council's aims and objectives.

2. Recommendation(s) for decision

Overview & Scrutiny Board

- 2.1 That the Board note the latest position on the Capital Investment Plan and make recommendations to Council as appropriate.

Council

- 2.2 That Members note the latest position on the Capital Investment Plan
- 2.3 That Members approve £0.213 million of Prudential Borrowing for the replacement of some of the Council's vehicle fleet (see para A2.1).

3. Key points and reasons for recommendations

- 3.1 This report incorporates the 4-year Capital Investment Plan Budget for 2011/12 – 2014/15 approved by Council in February 2011, adjusted for slippage arising in 2010/11 and amended by any further revision to both projects and timing during the first three quarters of the year 2011/12.
- 3.2 This report does not include any changes arising from the Capital Investment Plan 2012/13 due to be approved by Council on the 8th February 2012. Any changes arising from the Council decision will be incorporated into future reporting.
- 3.3 Of the total £78 million in the 4 year programme, £24.9 million is now due to be spent in 2011/12, of which over £12 million is on Children's Services capital projects and £5 million on Highways and Transport projects.

- 3.4 The overall funding position of the 4-year Capital Investment Plan Budget of £78 million, covering the period 2011/12 – 2014/15, is in balance but still relies upon the generation of £3.4 million of capital receipts before the end of the current Plan period. Of this sum £0.4 million was received before 2011/12 and almost £0.5 million has been received to date in 2011/12. There are a number of sales which are progressing – see also paragraph A3.3.
- 3.5 Of the £24.9 million estimated spend in 2011/12; £14.9 million has been spent by the end of the third quarter. This level of spend at this stage of the year continues to be lower than expected however the profile of expenditure on projects is supplied by project managers who are responsible for the project. Financial Services are reliant upon the information provided by these project managers. The reasons for any slippage provided by the project managers are set out in this report.
- 3.6 It should be noted that this report represents the last formal opportunity this financial year to report revised spending profiles so project managers have been encouraged to realistically assess likely expenditure and to identify potential slippage to future years.
- 3.7 The movements in the estimate of expenditure on the Capital Investment Plan in 2011/12 from the estimate as at quarter two 2011/12 and the current budget position for 2011/12 are as follows:

| Scheme | Variation | Change £m | Reason |
|---|-----------------------------|----------------------|---|
| Estimate – Quarter Two 2011/12 | | 32.2 | |
| Paignton Geoplay Park | New scheme | 0.5 | Provision of Geoplay park facilities at Paignton Green |
| Cockington Court | Additional budget | 0.2 | Increased budget to reflect final likely position. |
| Innovation Centres Phase 3 | Slippage to future years | (0.4) | Unlikely to be required in 2011/12. Site still to be agreed. |
| Princess Promenade | Reduced 11/12 budget | (0.4) | Re phasing scheme between years |
| Barton Infrastructure Works | Slippage to future years | (0.1) | Works still to be identified |
| Childrens' projects | Slippage to future years | (1.5) | See table in paragraph A2.2 |
| Paignton Library Hub | Saving on scheme | (0.2) | Saving on scheme reducing borrowing required |
| Torre Abbey Mansion Phase 2 | Slippage to future years | (0.3) | Rephasing following review by Project Managers |
| Brixham Regeneration | Increased Budget 2011/12 | 0.1 | Budget increased for works to be funded from anticipated capital receipt. |
| Empty Homes – bring back into use | Slippage to future years | (0.5) | Rephased to future years to reflect likely spend |
| Haldon Pier Ph 2 – Structural repair | Slippage to future years | (0.2) | Reviewed spending profile |
| Investment in land to | Slippage to future | (0.2) | Rephased to future years to |

| | | | |
|---|----------------------------------|-------------|--|
| enhance value | years | | reflect likely spend |
| Grants to Housing Providers | Slippage to future years | (0.1) | Rephased to future years |
| Housing advances to be allocated | Slippage to future years | (0.4) | Rephased awaiting allocation to schemes |
| Land acquisition for Affordable Housing | Slippage to future years | (1.2) | Reviewed spending profile |
| Private Sector Housing Grants | Reduction in 2011/12 budget | (0.1) | Review of budget to provide limited support for 2012/13 |
| Disabled Facilities Grants | Additional 11/12 allocation | 0.1 | Non ring fenced Grant yet to be allocated |
| Highways/Transport schemes | Net Slippage to future years | (1.0) | Rescheduled works between years |
| Integrated Transport | Additional 11/12 Grant announced | 0.2 | Non ring fenced Grant yet to be allocated |
| Council Fleet Purchases | New scheme | 0.2 | Acquisition of replacement fleet vehicles |
| Adult Social Care | Slippage to future years | (0.4) | Non ring fenced Grant yet to be allocated to schemes |
| IT Developments – Single Person View | Reduction in 2011/12 budget | (0.2) | Scheme not now progressing |
| Office Rationalisation Project | Slippage to future years | (0.4) | Rephased to future years to reflect likely spend |
| Non ring fenced grants to be allocated | Slippage to future years | (0.4) | Non ring fenced Grant yet to be allocated to specific projects |
| General Contingency | Slippage to future years | (0.6) | Unused contingency rephased |
| Estimate – Quarter Three 2011/12 | | 24.9 | |

For more detailed information on this proposal please refer to the supporting information attached.

Paul Looby
Executive Head - Finance (S151 Officer)

Appendices

Appendix 1
Annex 1

Supporting Information to Capital Budget Monitoring
Capital Investment Plan Budget 2011/12 - 2014/15 (Jan 2012)

Capital Investment Plan Budget Monitoring Statement – 3rd Quarter 2011/12

Supporting information to Report xxx/2012

A1. Introduction and history

A1.1 The Council approved the original 4-year Capital Investment Plan Budget for the period 2011/12 - 2014/15 in February 2011. This plan has been subsequently adjusted for slippage arising in 2010/11 of £4 million and amended by any further revision to both projects and timing during Quarters 1 to 3 2011/12 resulting in the latest revision attached to Annex 1. The plan totals £78 million over the 4 year period of which £24.9 million relates to 2011/12.

A1.2 Details shown in accordance with the Council’s structure are provided based upon the latest information available to finance officers, in consultation with services and project managers and are shown in Annex 1.

A1.3 Expenditure to the end of this third quarter was £14.9 million, which represents 60% of the latest budget for 2011/12. The table below summarises expenditure by quarter over this and previous years:

| | 2008/09 £m - (%) | 2009/10 £m - (%) | 2010/11 £m - (%) | 2011/12 £m - (%) |
|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Quarter One | 6 - 12% | 8 - 16% | 10 - 23% | 3 - 12% |
| Quarter Two | 12 - 24% | 11 – 22% | 13 - 30% | 7- 28% |
| Quarter Three | 15 - 29% | 13 – 27% | 9 - 21% | 5 - 20% |
| Quarter Four | 18 - 35% | 17 – 35% | 11 - 26% | 10 (est)- 40% |
| Total In Year | 51 | 49 | 43 | 25(est) |

A1.4 The Torbay Economic Development Company produces a “Capital Investment Plan success” summary which is available on the Council’s website:

http://www.torbay.gov.uk/index/council/financial_services/capitalprogramme.htm

A2. Main Variations & Management Action

Overviews by the Council’s Commissioner Structure (please note, this is a different presentation from the “Themes” used previously) of the key issues are as follows:

A2.1 Place and Environment –

New Schemes

Council Fleet Purchases

The Council needs to replace some of its fleet vehicles. A number of alternative financing options were considered. Officers considered that the best options for the purchases, to a total of £0.213 million, is to use Prudential Borrowing with the ongoing revenue costs funded by the part of the existing revenue budget for the



replaced vehicles. These vehicles do not form part of the TOR2 service contract but will be procured by TOR2 with the Council reimbursing TOR2 for the cost of these vehicles.

Paignton Geoplay Park

The scheme to provide a Geoplay site on Paignton Green is now under way. The funding for this project of £0.447 million was awarded by Big Lottery Changing Spaces initiative to the Paignton Town Community Partnership with the Council as Accountable Body. As accountable body (and owner of Paignton Green) the Council is managing this project as part of its Capital investment Plan.

Grants to Housing Providers

A scheme to provide 4 affordable housing units in Raleigh Avenue has been approved for funding, requiring £0.032 million contribution from Torbay. This contribution will be transferred from the 'New Advances to be allocated' budget. Another contribution of £0.015 million to progress legal work to release land at Great Parks has also been approved, which should facilitate Phase 2 of the residential development in that area.

Changes/Significant Revision of timing/budget

Princess Promenade Structural Repairs

Contractors are now on site but due to the project plan it is likely that a part of the works will not be completed until after April; consequently £0.4 million budget has been transferred to 2012/13.

Transport Schemes

A number of specialised transport projects originally identified for expenditure in 2011/12 have not progressed as hoped due to issues associated with confirming the design of the schemes and with one scheme there is an issue relating to with land ownership. However other schemes have been brought forward but the overall impact results in net slippage totalling £1 million being rephased to next financial year.

Paignton Library Hub

This scheme was completed last year and accounts have now been finalised without the use of the project contingency which reflects a saving of £0.175 million on the latest scheme cost. This will reduce the amount of Prudential Borrowing required to fund the scheme.

Torre Abbey Beach Steps and Rock Walk Enhancement

The improvements to Torre Abbey Steps have been completed with a small saving of £0.013 million. It is proposed to use this saving to offset part of the over spend on the Rock Walk Enhancements.

Torre Abbey Renovation Phase 2

Information from the Project Managers indicates that the 2011/12 budget needs to be adjusted to match expected cash flow. Further adjustments to the future years' phasing of this scheme have also been incorporated in the latest Capital Investment Plan.

Brixham Regeneration

Whilst the main elements of this complex project have been completed there are some peripheral elements, including road widening works, which will be funded from anticipated capital receipts. Consequently a total of almost £0.4 million has been added to the budget and funding for these remaining elements, spread between 2011/12 and 2012/13.

Sea Change – Cockington Court

The main works are complete however some final payments are still being made and some will roll into 2012/13, as a result budget has been moved to reflect this. Latest figures indicate there will be an additional overspend on the project of £0.2m arising from project complications, linked to the contractor working on an old and complicated site, which the Director of Place and Environment has agreed to fund from the Council's central repair and maintenance budget.

Business Development – Innovation Centres Phase 3

This project will not incur significant expenditure in the current financial year as a site has still to be identified; consequently the budget has been moved to 2012/13.

Affordable Housing

Schemes have had to be rephased to reflect likely expenditure patterns resulting in budgets of some £0.1 million being slipped from 2011/12 to 2012/13. The project for the acquisition of land for Affordable Housing sites is progressing well but £1.2 million of the budget has been transferred to next year to reflect the latest expectation of expenditure.

Empty Homes Scheme

A more realistic view of requirements indicates that this budget of £0.5 million should be spread over the next three years.

Haldon Pier Phase 2 – Structural repair

Necessary redesign of this scheme has delayed start of works and consequently £0.15 million of the budget has been moved to next financial year.

Other Issues

South Devon Link Road

The Government has announced funding of £76.4 million to enable construction of the South Devon Link Road. Torbay Council's contribution of £18.1 million to

the scheme is already featured in the Capital Investment Plan. Currently it is expected that construction work will start in October 2012 with completion in December 2015.

A2.2 Children, Schools and Families –

Projects completed in Quarter

Oldway Primary School Hall – completed on 7th November 2011. The project was delivered slightly over time but within tolerance. The hall was over budget by approximately £100,000. This is partly as a result of additional requirements from the school which they are funding from Devolved Formula Capital and school budget.

St Cuthbert Mayne School 14-19 Project – completed on 2nd November 2011. As this is a VA school, the project is being managed by the Diocese of Plymouth. The Council's contribution to the scheme is capped.

Halswell House – completed in September 2011. The project was delivered on time and within budget.

Changes/Significant Revision of timing/budget

Re Profiling of Expenditure:

| Project | Slippage proposed £m | Reason |
|--|----------------------|--|
| Barton Primary School Remodelling | 0.7 | Unforeseen site conditions have resulted in further delays in this large and complicated scheme. |
| Children's Centre - Centenary Way, Tqy | 0.3 | Facility no longer required and alternative priorities being reviewed. |
| Westlands 14-19 project | 0.3 | Project progressing well but reviewed cashflow by contractors |
| Capital Repairs and Maintenance 11/12 | 0.2 | Some projects now not likely to progress until next financial year |
| Total | 1.5 | |

My Place Parkfield – the Project Manager has reported a potential overspend of £54,000 on the main contract as well as some additional work that is required. The Youth Service has sufficient capital resources available to cover the expected overspend of approximately £70,000. However, this means using funding previously identified for improvements at Ellacombe Pavilions.

A2.3 Communities and Local Democracy –

New Schemes

Private Sector Renewal Grants

Some minor grants, currently totalling £0.035 million, to help bring empty properties back into use is being supported through Private Sector Renewal



Grants. The additional resources required are being provided by a revenue contribution.

Other Changes/Significant Revision of timing/budget

Private Sector Renewal Grants and Insulation Scheme

A further review of likely commitments for these budgets in the current financial year has identified that some of this year's budgets (approx. £0.08 million) could be transferred to next financial year to provide additional resources to meet potential demands.

A2.4 Adults and Operations –

New Schemes

Government Department grant allocations to be allocated

An additional allocation of £0.152 million for 2011/12 Integrated Transport has recently been announced by the Dept for Transport. There has also been an announcement of an additional Disabled Facilities Grant allocation of £0.118 million for 2011/12. Both these are non ring fenced grants so have been added to the funding to be allocated to the Council's priority schemes.

Further, an allocation of £0.1 million New Growth Points grant previously earmarked for an Education, Innovation and Research Centre is no longer required so has been transferred to this 'to be allocated' pot.

It is unlikely that new schemes will be identified and funded this financial year so these budget allocations have been moved to 2012/13

Changes/Significant Revision of timing/budget

Adult Personal Social Services

Appropriate schemes for use of this Government grant allocation are still awaited. It is now unlikely to be spent in this financial year so the budget has been moved to 2012/13.

IT Developments

Budget of £0.2 million provided for specific software largely in conjunction with the Office Rationalisation Project has not yet been required and has therefore been slipped to next financial year.

Enhancement of Development Sites

A review of the likely expenditure to enhance potential Development Sites has indicated that the majority of the budget can be transferred to future years.

General Capital Contingency

Current indications are that this provision will not be required in 2011/12 so the £0.6 million budget has been rephased to 2012/13.

A3. Income Monitoring

A3.1 The funding identified for the latest Capital Investment Plan budget is shown in Annex 1. This is based on the latest prediction of capital resources available to fund the budgeted expenditure over the next 4 years.

A summary of the funding of the Capital Investment Plan is shown in the Table below:

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | Total |
|-----------------------|-----------|-----------|----------|-----------|-----------|
| Funding | £m | £m | £m | £m | £m |
| Supported Borrowing | 2 | 1 | 0 | 0 | 3 |
| Unsupported Borrowing | 3 | 9 | 5 | 11 | 28 |
| Grants | 18 | 17 | 4 | 3 | 42 |
| Contributions | 0 | 1 | 0 | 0 | 1 |
| Reserves | 0 | 1 | 0 | 0 | 1 |
| Revenue | 0 | 0 | 0 | 0 | 0 |
| Capital Receipts | 2 | 1 | 0 | 0 | 3 |
| Total | 25 | 30 | 9 | 14 | 78 |

A3.2 Borrowing

The Council has a borrowing requirement of £31 million over the next 4 years to support the approved Capital Investment Plan, of which nearly £5 million is due to support expenditure planned for 2011/12.

A3.3 Capital Receipts

Receipts in the year to date total £0.5 million from asset sales which combined with the balance of receipts at the start of the year of £0.4m leaves an outstanding overall target of £2.4 million over the four years of the Capital Investment Plan. The balance of £2.4 million is due from –

£0.2 million from the sale of non-specific surplus assets

£2.2 million from sale of sites currently earmarked for service use – such as Paignton Library and Brixham Town Centre Car Park sites

A3.4 Section 106 Contributions

Following a review of Section 106 payments received it has been possible to add resources to fund future works in the following service areas as required by the S106 agreements. The amounts have been added to 2012/13 service budgets to be allocated.

Education = £0.05 million

Affordable Housing = £0.2 million

Employment = £0.055 million

A4. Prudential Indicators and Balance Sheet Monitoring

crime and disorder?

No direct impact but the Capital Investment Plan supports all Council priorities and complies with Council policies.

A9. Consultation and Customer Focus

Where appropriate capital schemes have public consultation and negotiation with stakeholders.

A10. Are there any implications for other Business Units?

The Capital Investment Plan supports all Council priorities thus will directly impact on service delivery.