

Wiltshire Council

Cabinet Capital Asset Committee

21 March 2012

Subject: Capital Monitoring Period 10 (As at the end of January) 2011/2012

**Cabinet member: Councillor John Brady
Finance, Performance and Risk**

Key Decision: No

Executive Summary

The report reflects the position of the 2011/2012 Capital Programme as at 31 January 2012.

The report also details changes to the budget, such as the reprogramming of schemes, which are to be noted by Cabinet. There is also a change to reflect the formal addition of budget for Castledown Business Park which requires approval by Council following recommendation by Cabinet.

Proposal

- a. Note the current position of the capital programme as at Period 10 in Appendix A.
- b. Note total budget increases of £1.148 million, the returning of £0.935 million of budget to the centre, and the £13.277 million reprogramming of spend between 2011/2012 and 2012/2013.
- c. Recommend to Council, via Cabinet the approval of £0.182 million of additional budget for Castledown Business Park to be funded from borrowing.

Reasons for Proposals

To inform Cabinet of the current position of the 2011/2012 capital programme and to highlight changes in the capital programme.

Michael Hudson Director of Finance

Wiltshire Council

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Key Decision: No

Purpose of Report

1. To update Cabinet on the position of the 2011/2012 Capital Programme as at 31 January 2012 and note budget changes and reprogramming of expenditure, and to recommend to Council unfunded budget additions.

Budget movements

2. Between the Period 8 monitoring report presented to the Cabinet Capital Assets committee (CCAC) at the meeting on 18 January 2012 and this Period 10 monitoring report, the budget is proposed to be adjusted as detailed in the table below.

	£m	Notes
Capital budget as per CCAC Period 8 monitoring report (18 January 2012)	115.478	
Additions/amendments to the capital programme 2011/2012 since Period 8 monitoring report		
Additional Grant Department for Transport	0.417	See below for further explanation.
Castledown Business Park	0.182	See below for further information.
Other Additional budgets	0.549	See below and Appendix A & B for further explanation.
New Housing underspend budget returned to centre	(0.935)	See Housing section below and Appendix A & B.
Reprogramming adjustments between 2011/2012 and 2012/2013	(13.277)	See Appendix A & B and sections below
Total movements in Period	(13.063)	
Proposed Revised Capital budget 2011/2012	102.415	

3. An Additional grant of £0.417 million was received from the Department for Transport during January 2012 for Integrated Transport. This is an unringfenced grant with a recommendation that it be spent on transport related schemes. Therefore it is proposed that this grant be allocated £0.250 million to the Area Boards via the Community Area Transport Group (budget has been allocated to the Integrated Transport line) to be spent on transport related schemes and the remaining £0.167 million be spent on vehicles.
4. The Acquisition of Castledown Business Park was approved in June 2011 and initially met by the Economic Development Capital budgets. A budget of £0.182 million has now been formally incorporated into the Economic Development line as approved at CCAC on 14 June 2011. This releases sums for the Salisbury Vision project and other smaller schemes to be reprogrammed into 2012/2013.
5. The remaining additions of £0.549 million relate primarily (£0.385 million) to additional contributions received and are outlined further in Appendix B. The budget has also been increased by £0.164 million for the asset purchases undertaken by schools under the internal leasing scheme. This scheme allows schools to acquire assets such as photocopiers and ICT equipment, paying the council back over a 3 or 5 year period. This is an alternative to externally leasing these items of equipment so can save the schools considerable amounts of money. The increased budget and the associated spend are shown on the Cross Departmental Initiatives and Other Schemes line.
6. In addition to the above there have been budget movements between schemes which are also detailed in Appendix A. There is no additional budget required in these movements.

Summary of Current Position as at 31 January 2012

7. The revised budget proposed for the year 2011/2012 is £102.415 million. As at 31 January 2012 the actual spend plus commitments made was £91.555 million (89% of spend to budget). A full breakdown of these figures is attached in Appendix A.
8. Further reprogramming of schemes into 2012/2013 has been undertaken to reflect revised outturn forecasts. As this is the last monitoring report before the outturn report there are no more major adjustments to the budget planned for 2011/2012. Further details and updates regarding some of the larger schemes currently being undertaken are below.

Education schemes

9. Wellington Academy is currently showing an overspend of £0.119 million due to outstanding open commitments to finish the project. The final

account for this project is still being finalised and some further sums are likely to be recoverable from the Academy upon the settlement.

10. Additional Accommodation schemes comprise 26 individual extension projects across the county. A seven class extension has now started on site at Amesbury Archer School. Subject to the progress of housing developments which have yet to start, £2.000 million of the budget is earmarked to contribute to building new schools. Eight further projects with planned costs of £6.500 million are at the design/planning application stage so spending is likely to commence towards the end of the financial year. As previously indicated in the previous monitoring reports much of the planned expenditure is now due to be spent during 2012/2013, therefore an additional £0.445 million has been reprogrammed from 2011/2012 into 2012/2013.
11. New Deals for Schools (NDS) schemes are to fund high priority condition works including roof replacements, rewiring and window replacements. Budgets have also been allocated to replace Pratton blocks at schools in Warminster which are currently at the design stage, with work on these sites planned to begin before the end of the financial year. Minor reprogramming and additional funding sources have been added to the budget in Period 10.
12. DCSF Targeted capital 14–19 Special Education Needs. These schemes are to improve special education needs delivery by building new extensions and altering existing sites. £5.000 million of the budget is allocated to Exeter House Special School which is providing an extension and major refurbishment. This project is experiencing some delays caused by land acquisition issues and so £2.039 million has been reprogrammed into 2012/2013.
13. Other Projects New Schools. Old Sarum Primary has been completed and opened in September and a new school in Devizes is also under construction. The local housing scheme in East Trowbridge is now under way allowing the scheme for the new Primary School there to progress. The payments required for this project have now been moved back into 2012/2013 so the budget has been reprogrammed accordingly.
14. Other Schools Projects – Expansions and Replacements. These schemes are to provide expanded capacity at schools by provision of new classrooms and blocks etc. Major schemes are underway and on schedule to complete in 2011/2012 at Clarendon College and Westbury Junior School. Other major schemes at Monkton Park Primary School, Devizes School, and some minor schemes are not now due to complete until 2012/2013. Therefore final reprogramming of £0.210 million of budget into 2012/2013 has been actioned to match the planned expenditure profile
15. Other Education schemes completing in 2011/2012 includes the settlement of the final account and retention amounts of Melksham Oak

School. It is currently estimated that the final account on this project will be overspent by £0.149 million. This will be dealt with by undertaking additional borrowing when the retention is due.

Highways schemes

16. The Integrated Transport schemes budget has been allocated across many individual schemes and it is anticipated that there will be no variations to budget at year end. Schemes in progress include Melksham Town Centre – phase 4 (£0.360 million) plus a number of local safety schemes and the Area Board discretionary highways budget. The Additional £0.250 million grant received from the Department for Transport has been added to this line of the budget pending reallocation to the Area Boards.
17. The budget for Bridge Schemes has been allocated fully. Major Bridge work is progressing well at Clatford, Dauntsey, Haxton and Tidworth. Significant expenditure has been allocated to road over rail conversions with the majority of the expenditure anticipated to be spent between February and March. As suggested in the previous monitoring report a project at Whaddon Canal Bridge has now been delayed until 2012/2013. This budget is currently showing a £2.669 million underspend. As a large amount of work is due to be undertaken and paid for before the end of the financial year, this budget is still expected to be online at year end.
18. Major Structural Maintenance schemes. The majority of the surface dressing schemes, micro asphaltting and major projects around the M4 are now complete with smaller tasks such as road markings being undertaken currently. Drainage investigations are progressing well with much of the spend on repairs programmed to be spent in early 2012. As the works are so advanced the budget is largely spent and is forecast to be online at the year end.
19. All other Highways schemes are currently anticipated to be on line with no major variations at year end.

Campus and Operational Delivery (CAOD) schemes

20. The County Hall remodelling phase 1 scheme is still progressing well and the site is due to be opened during 2012. The forecast for the end of the year is expected to be on target with the original estimates.
21. The Works planned for the Highways Depot & Office Strategy are still being defined therefore £4.000 million has been reprogrammed into 2012/2013 to match when the planned expenditure is expected to occur.
22. The Leisure and Amenities project has been merged with the overall Campus schemes and the budgets consolidated into that line in

2012/2013. Therefore the £0.404 million for this line has been reprogrammed into the Campus line in 2012/2013.

23. All other CAOD schemes are expected to be on line to budget in 2012/2013.

Housing schemes

24. Disabled Facilities grants are small grants given to enable private householders to undertake improvements to their properties. In previous monitoring reports amounts have been reprogrammed into 2012/2013 and against the current budget the schemes are progressing well.
25. A further grant of £0.161 million has been received in relation to the Disabled Facilities Grants final allocations for 2011/2012. Additional budget to reflect this change has been added into 2012/2013. The Council puts substantial resources in addition to the grant amounts so this will mean that the Council will not have to borrow this £0.161 million as quickly as first assumed thus saving on the revenue cost of borrowing.
26. Corporate Other Housing Grants. As highlighted in previous monitoring reports there is a need for reprogramming of expenditure into 2012/2013, so £1.200 million has been reprogrammed into the next financial year.
27. New Housing. Four of the five schemes in this project are now complete and tenants have moved into the sites. Retentions and final works payments are all that are outstanding at these four completed sites. As outlined in the previous monitoring statement for Period 8, the project spend is lower than was budgeted. Therefore a total budget of £0.935 million has been taken back to the centre. As these projects were funded approximately 50% by grant there is likely to be some grant claw back by the HCA but the remainder after claw back means the HRA reserves will not need to be utilised by as much as was originally planned. There is additional reprogramming of £0.145 million into 2012/2013 on these four schemes to tie in with the payments for retentions and final works to be completed.
28. The fifth New Housing scheme at Pembroke Road Salisbury is still being worked on and is due to be completed in March 2012. Initial projections are that this scheme will be completed on line to budget, however £0.150 million of the budget has been reprogrammed into 2012/2013 to match the planned expenditure on retentions and final works.

Waste Schemes

29. Waste Transformation schemes as detailed in the previous reports are well advanced and are anticipated to be fully spent with a potential small saving on the overall budget. A large commitment to purchase additional wheelie bins has been raised and the delivery of this is now expected to be in 2011/2012 rather than 2012/2013, therefore £0.465 million has been brought forward from the 2012/2013 budget to fund this expenditure.
30. An opportunity has arisen to reallocate some of the planned underspend of the Waste Management project into installing Photovoltaic (PV) tiles onto the roof of the new Waste treatment site at the Northacre industrial estate in Westbury. Fitting these tiles would enable part of the sites electricity needs to be generated by a sustainable source, would generate an annual income through a Feed in Tariff (FIT) and would reduce the electricity bills for the site. The initial capital cost to fit the tiles is £0.156 million which is expected to be recouped over the life of the assets by the FIT and energy savings. £0.156 million has been reprogrammed into 2012/2013 in order to complete this scheme.

Other schemes

31. Revenue & Benefits IT system. The software for this scheme has been bought and installed and the system went live on 28 November 2011. The major part of the scheme is near to completion but further developments are anticipated during 2012/2013 so there will be further spend on this scheme against next year's budget. £0.070 million has been reprogrammed into 2012/2013.
32. Planning IT system is on course for delivery but the main costs incurred so far are on project management only. The major costs of acquiring and installing the software are due during 2012/2013 therefore £0.873 million has been reprogrammed into the next financial year.
33. Adult Social Care Strategy and Social Care Infrastructure are a variety of individual schemes to deliver improvements to Social Care. All budgets are grant funded by the Department of Health and are earmarked to specific schemes that are largely due to commence in 2012/2013. Therefore to match the planned spend, £0.802 million has been moved into the following financial year.
34. Area Boards grants are the funds allocated to the Area Boards to support small local schemes such as Speedwatch and Road Safety schemes, Skate Parks, Scout Huts and other community activities. The budget has been allocated to schemes following approval by the Area Boards. Many schemes are under way and payments have been made in a number of schemes, but £0.400 million has been moved into 2012/2013 to reflect when the grant payments are likely to go out

35. Economic Development consists of many individual schemes including Salisbury Vision and works at Castledown business Park. Castledown Business Park was acquired in July 2011 and initially the costs were set against the overall Economic Development budget. As additional budget to fund this purchase was agreed at the CCAC meeting of 14 June 2011 this additional budget of £0.182 million has now been formally added. Salisbury Vision schemes and other smaller schemes have not progressed as planned therefore a total of £0.877 million across the various schemes has now been moved into 2012/2013 to match the planned expenditure.
36. Rural Estates. Additional Budget was agreed to fund Nitrate works at the County Farms. The works for this are not anticipated to begin until 2012/2013 so the £0.225 million budget for this has been moved into the next financial year.
37. Street Scene Vehicles. This budget is currently running over spent due to the purchase of street scene vehicles required to maintain effective service delivery, which is part of the annual replacement programme. The additional funding of £0.167 million from the Department for Transport has been allocated into this area to partially offset the overspend.

Proposals

38. To note the general budget additions that are largely grant funded of £1.148 million, the budgets returned to the centre of £0.935m, the net reprogramming of £13.277 million between 2011/2012 and 2012/2013, and the Period 10 position of the 2011/2012 Capital Programme. Also to recommend to Council, via Cabinet, the approval of the £0.182 million additional budget required for the Castledown Business Park acquisition.

Environmental Impact of the Proposal

39. Wiltshire Council is preparing for its mandatory inclusion in the Carbon Reduction Commitment (CRC); the UK's mandatory climate change and energy saving scheme. The objectives of the scheme are to improve energy efficiency and reduce carbon dioxide emissions. It is calculated that 79% of the Council's carbon footprint comes from energy use in buildings. Capital schemes therefore have the potential to greatly increase or decrease carbon emissions, for example schemes making council buildings more energy efficient will reduce the Council's carbon footprint. The budget setting process for 2011/2012 assessed the perceived impact of schemes on the Council's carbon footprint and built this into the mechanism for setting the 2012/2013 budget.

Equality and Diversity Impact of the Proposal

40. No equality and diversity issues have been identified arising from this report

Risk Assessment

41. The capital budget for 2011/2012, as detailed in this report, has been revised to approximately £102 million. Within this programme there are a number of potential risks such as from cost overruns or lower than expected levels of capital receipts. Such issues will be highlighted as soon as they establish themselves through the monthly reporting process. Members may wish to bear in mind that the capital programme has been set for three years and therefore risks will be appraised over the whole period.

Financial Implications

42. These have been examined and are implicit throughout the report

Legal Implications

43. None have been identified as arising directly from this report.

Michael Hudson
Director of Finance

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Unpublished documents relied upon in the preparation of this report: NONE
Environmental impact of the recommendations contained in this report: NONE