

**Wiltshire Council**

**Cabinet Capital Asset Committee**

**19 March 2013**

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**Subject: Capital Monitoring Month 10 Report 2012/2013**

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

**Key Decision: No**

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**Executive Summary**

The report reflects the position of the 2012/2013 Capital Programme as at 31 January 2013.

The report also details changes to the budget made since the previous monitoring reports, which are to be noted by Cabinet.

**Proposal**

- a. Note the budget movements undertaken to the capital programme in Appendix A, including reprogramming of expenditure of £11.899 million into 2013/2014.
- b. Note total budget increases of £1.013 million and budgets returned to the centre of £0.158 million as shown in Appendix A & B.
- c. Note the current spend against the budget to date in Appendix A.

**Reasons for Proposals**

To inform Cabinet of the current position of the 2012/2013 capital programme and highlight changes and note budget reprogramming into 2013/2014.

**Michael Hudson** Service Director Finance

**Wiltshire Council**

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**Purpose of Report**

1. To update Cabinet on the position of the 2012/2013 Capital Programme as at 31 January 2013, note budget changes and note reprogramming of expenditure into 2013/2014.

**Budget movements**

2. The revised budget for month 8 was presented to the Cabinet Capital Assets committee (CCAC) at the meeting on 22 January 2013. Movements since this date are detailed in the table below. A fuller breakdown of the changes made at a scheme by scheme level is attached as Appendix A.

### Breakdown of Budget amendments from Month 8 to Month 10 Budget

	£m	Notes
<b>Month 8 Capital programme budget (reported to CCAC 22 January 2013)</b>	<b>92.803</b>	
<b>Additions/amendments to the capital programme 2012/2013 since Month 8 budget monitoring</b>		
<b>Month 10 additional budgets added to the programme</b>	<b>1.013</b>	See appendix A and B for further details
<b>Budgets returned to Centre</b>	<b>(0.158)</b>	See below for further details
<b>Budgets reprogrammed into 2013/2014</b>	<b>(11.899)</b>	See appendix A and B for further details
<b>Current Capital budget Month 10 2012/2013</b>	<b>81.759</b>	

3. The month 10 budget additions shown above largely reflect increases in funding being available and brought into the programme under the Chief Financial Officer delegated authority. They largely comprise additional Section 106 deposits being used to finance capital spend or additional grants being received to be used within the capital programme. Further information at a scheme by scheme level is shown in appendix A and in further detail in appendix B.
  
4. The budgets that have been reprogrammed into 2013/2014 are shown in further detail in appendix A and B and are also shown in the narrative for schemes below, as are any schemes that have returned budgets that are no longer required to the centre.

## **Summary of Current Position as at 31 January 2013**

5. The current budget for the year 2012/2013 is £81.759 million. As at 31 January 2013 the actual spend plus the commitments raised to date was £60.212 million (74% spend compared to current budget). A full breakdown of these figures is attached in Appendix A.
6. Further information on the current progress of some of the schemes being undertaken is set out below.

## **Education schemes**

7. Additional Accommodation schemes comprise a number of individual extension schemes to ensure schools can provide enough places for pupils. Many projects in this area are underway with work on site whilst others are in the planning and early development stages. Work is expected to be completed at a number of schools across the county with major projects at Paxcroft Primary and Tidworth Clarendon completing in 2012/2013. Reprogramming of £1.743 million has taken place in this report to match the current expected progress of ongoing schemes and those in the pipeline, including £0.250 million for works at Neston Primary and £0.200 million for Fitzmaurice Primary in Bradford-on-Avon.
8. Schools Maintenance and Modernisation schemes are many individual projects across the schools in the county to fund high priority condition works such as roof replacements, rewiring and window replacements. Large Modernisation projects are due to complete at Sambourne and Warminster St John's; along with high value maintenance work at Downland School (re-wiring) and Avon Valley College (re-roofing). A total of £1.248 million has been reprogrammed in this report relating to various modernisation projects including £0.298 million for a major scheme at Figheldean Primary School; and £0.250 million for Longford Primary School with both due for completion in 2013/2014.
9. DCSF Targeted Capital 14-19 SEN schemes. The majority of this budget relates to a now complete large extension and refurbishment of Exeter House Special School with the final account being agreed and retention payments scheduled. Other major schemes in this area include work at Devizes School which will now take place in 2013/2014 and work at Wiltshire College. Reprogramming of £0.377 million has taken place into 2013/2014 in this report, including £0.358 million for the scheme at Wiltshire College, in order to match the anticipated spend profile.
10. Other Projects New Schools. Most projects in this area are due to begin construction in 2013/2014 with the resulting new schools being open in September 2014. Further reprogramming of £0.974 million has taken place in this report to reflect this and the anticipated spend profile of

each project. This reprogramming includes £0.585 million for a new school in East Trowbridge and £0.270 million for Tidworth.

### **Highways schemes**

11. Highways schemes are currently anticipating a net overspend of around £0.600 million on current budgets across the Structural Maintenance, Additional Highways Works and Land Drainage areas. This has arisen largely due to the effects of the second wettest year on record causing additional drainage and flooding related costs, including the effects of Landslips. Also whilst the early part of the winter was mild and it appeared that winter maintenance budgets could in part be diverted towards this overspend, the latter part of the winter suffered from snow and a cold spell creating deteriorating road conditions from the freeze/thaw action.
12. It is proposed that the Council uses part of its commuted sums (c.£1.100m) which have been held to be applied to Highways schemes such as the ones that have been undertaken over this past winter. This will avoid the council having to incur additional borrowing to fund the increased works over the winter. Therefore £0.600m has been added to the programme to offset the forecast overspend on structural maintenance, land drainage and additional highway works budgets. The bridge maintenance budget is currently forecasting a £0.100m underspend and this is already being used to offset the additional costs across the three budget areas. If the underspend on Bridges increases at the outturn position, this will reduce the requirement to use the commuted sums.

### **Campus and Operational Delivery (CAOD) schemes**

13. Salisbury Market Place scheme has moved quickly and work is progressing well on the New Canal area. Materials have been ordered and Works Orders have been placed on the main Market Place site as well as the works undertaken at New Canal. As work has progressed quickly it is possible that the budget allocation in 2012/2013 will be exceeded but against the overall budget the scheme is on target. No reprogramming to bring budgets back from 2013/2014 has been actioned in this report, any reprogramming needed will be undertaken as part of the Outturn report.

## **Other Property Schemes**

14. The Other Property schemes are the planned maintenance works at properties across the council's portfolio (outside of the Campus and operational delivery schemes). Projects underway in this area include new boilers and building maintenance upgrades in leisure centres and schools in addition to the council offices. Reprogramming of £0.611 million into 2013/2014 has taken place in this report including £0.397 million for work at Durrington Swimming Pool and £0.214 million for work at Emery Gate both of which are now due to start in 2013/2014.

## **Housing schemes**

15. Disabled Facilities Grants are statutory grant payments paid to individual households to adapt homes to allow disabled people to live independently by providing stair lifts, level access showers and ramps etc. Actual spend on this area as at end of January 2013 is £1.846 million against budget of £2.220 million. It is expected that the remainder of the budget will be fully spent by the end of 2012/2013.
16. Affordable Housing schemes have had a total spend in this area as at 31 January 2013 of £0.030 million. Planned spend in 2012/2013 is a further £0.070 million on two Commuted Sums schemes; Lambroke Road in Trowbridge and Prospect Place in Trowbridge. The remaining budget of £0.409 million will be reprogrammed into 2013/2014.
17. HRA refurbishment of Council Stock as at 31 January 2013 is £4.665 million with a remaining budget of £0.802 million. Spend for the remainder of 2012/2013 includes the delivery of a replacement HRA vehicle fleet, which are currently being ordered for a total cost of around £0.280 million, plus the remaining spend to finalise the new Housing ICT system which went live during February. February and March 2012/2013 will see the completion of the old planned maintenance contracts before the new contracts begin in April, therefore it is expected around £0.150 million will be spent each month on new Kitchens and Bathrooms. Other works under the old contracts such as the boiler replacement programme and the disabled adaption's programme will continue up until the end of March 2013. All other works under the old contracts are now largely complete except for final account payments, so it is expected that the budget will be online or slightly underspent at outturn.

## **Waste Schemes**

18. Waste Transformation schemes spend since the last monitoring report taken in January 2013 have increased by £0.137 million which includes £0.087 million spent on Food waste digesters and a further £0.067 million spent on the purchase of wheelie bins which increases the total spend as at 31<sup>st</sup> January 2013 to £0.453 million. Officers in the Waste Service have identified only a small amount of additional spend due before the end of the financial year. Therefore the remaining £1.087

million budget (out of the original £8.535 million allocated in 2011) is able to be reprogrammed and spread over the next three years to cover costs that have been able to have been delayed in areas such as new wheelie bins, recycling boxes, food digesters along with new digital radios.

### **Other schemes**

19. Revenue & Benefits IT system. The total spend in 2012/2013 is £0.038 million, which includes the advanced purchase of the Northgate social fund admin module. £0.024 million has been set aside for the extra software social fund also anticipated in 2012/2013. £0.150 million of budget which is not required as the scheme has underspent overall has been removed from the programme, an increase from the £0.050 million estimate as discussed in the last monitoring report. £0.032 million has been reprogrammed into 2013/2014 for the purchase of tablet laptops including the licence and implementation service fees.
20. Oil to Biomass schemes are progressing however much of the work is now not anticipated to begin in the reduced number of schools in the scheme until the summer. Only an additional £0.300 million is anticipated to be spent before the year end, therefore £2.049 million has been reprogrammed into 2013/2014. Work is ongoing to examine whether the scope of the scheme can be expanded into other Biomass projects in other schools and other buildings across the County to utilise this budget in 2013/2014.
21. Area Board grants are funds which are allocated to the Area Boards to allocate to support local schemes in each Area. The budget has been allocated to schemes following approval by the Area Boards increasing the actual spend as at the end of 31 January 2013 to £0.255 million including recent spend on Skateboarding funds, kissing gates and £0.016 million spent on CATG in the Corsham area. The remaining budget of £0.309 million is expected to be spent by the end of 2012/2013 as work has progressed recently at some of the larger schemes such as Malmesbury skate park. There are often delays between awarding the grants and the actual grant payment out, often due to planning or other delays. Therefore it is possible that not all of the budget will be spent by the year end, any remaining will be reprogrammed into 2013/2014 as part of the outturn report.
22. The Wiltshire Online project invests in Wiltshire's infrastructure by providing access to superfast broadband to 91% of Wiltshire's homes and businesses. On the 1<sup>st</sup> February 2013 the Council signed a contract with its preferred provider BT to deliver the project. Working in partnership with South Gloucestershire Council, work is due to begin on the ground this autumn with benefits to broadband speeds being seen by spring 2014. A total budget of £20.660 million has been agreed for the lifetime of the project with the majority of work taking place in 2014/2015. Reprogramming of £0.275 million has taken place in this report to reflect the current anticipated spend profile of the project.

## **Funding of Capital Programme**

23. The capital programme is funded by 3 principal sources; grants and contributions, capital receipts and borrowing.
24. Grants and contributions fund the largest proportion of the programme, it is expected that around £50.000 million of grants and contributions will be available either received in 2012/2013 or received in previous years and held over to fund expenditure in 2012/2013. Some smaller grants and contributions are often not announced in advance of the year and so are added to the programme through the monitoring reports under the Director of Finance delegated authority. These additions are broken down in Appendix B of each report.
25. Since the last monitoring report taken in January the Council has received a further £0.940 million of capital receipts which includes the sale of Oxhouse Farm in Rowde for £0.674 million. This has meant that the total of Capital receipts income at as 31 January 2013 has increased to £8.340 million. Since this date additional income has been received in February 2013 for the sale of Whistley farm in Devizes along with the sale of Bruges Close in Chippenham. In addition 2 further housing right to buy sales have been received in February bringing the total to 12 in the year 2012/2013.
26. The target figure required to balance the capital programme for the year is £10.000 million and the Council is heading to exceed this target if the planned number of sales are received before the end of 2012/2013. Sales are progressing at Coombe End Court in Marlborough, Urchfont Manor in Devizes, as well as office sales such as Bedwin Street in Salisbury. In addition to this there are a number of smaller receipts due in before the end of 2012/2013. Delays to sales are possible and it is often best to wait for the best price possible, so if these sales do not materialise during 2012/2013 they are anticipated to be received in the early part of 2013/2014 instead
27. Borrowing is the final source of funding for the capital programme. The revenue costs involved in borrowing on repaying the principal and the interest charges amount to approximately 10% of the amount of borrowing undertaken. The optimal mix of using receipts, grants and other sources to fund schemes is undertaken before borrowing is considered to minimise the revenue costs of borrowing.



## **Proposals**

28. To note:

- a) The use of up to £0.600m of commuted sums to fund additional highways work arising from the recent cold weather.
- b) The general budget additions for grants and revenue contributions of £1.013 million per Appendix B and note the Month 10 position of the Capital Programme in Appendix A.
- c) The reprogramming of £11.899 million between 2012/2013 and 2013/2014.

## **Environmental Impact of the Proposal**

29. 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**

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

## **Risk Assessment**

31. The capital budget for 2012/2013, as detailed in this report, has been revised to approximately £81 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**

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

### **Legal Implications**

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

### **Michael Hudson**

Service Director 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