

Wiltshire Council

Cabinet Capital Asset Committee

14 September 2011

Organisation & Resources Select Committee

15 September 2011

Subject: Capital Budget Monitoring 2011/2012 Month 4 Report

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

Key Decision: No

Executive Summary

The report reflects the position of the 2011/2012 Capital Budget as at 31 July 2011.

The report also details budget changes which are to be noted by Cabinet, plus a change to the Transformation programme which requires approval by Council following recommendation to Cabinet.

Proposal

- a. Note the budget changes in Appendix A and in section 1 of Appendix B.
- b. To recommend that Council, via Cabinet, approve the allocation of the £8.295 million to the Transformation Programme.
- c. Note the current position of the capital programme as at month 4 in Appendix C.

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

Interim Chief Finance Officer

Wiltshire Council

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Subject: Capital Budget Monitoring 2011/2012 Month 4 Report

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Finance, Performance and Risk**

Key Decision: No

Purpose of Report

1. To update Cabinet on the position of the 2011/12 Capital Programme as at 31 July 2011 and seek approval to recommend to Council, via Cabinet, a change to the Transformation programme.

Background

2. Between the Budget setting report for 2011/2012 presented to the CCAC at the meeting of the 7 February and this monitoring report for end of July 2011, the budget has been adjusted as detailed in the below table.
3. Appendix A to the report contains a fuller breakdown of the budget adjustments made and these are expanded into further detail in Appendix B which Cabinet are asked to note.
4. In addition there have been budget movements between schemes (no additional budget) also detailed in Appendix A;

Budget Movements for Month 4 report 2011/2012

	£m	Notes
Capital budget as per CCAC budget setting report (7th February 2011)	138.790	
Budget amendments for additional budget added to programme;		
Reprofiling identified Month 11 (CCAC 19 April 2011)	7.366	2010/2011 Month 11 reprofiling moved from 2010/2011 into 2011/2012
Reprofiling identified at 2010/2011 outturn (CCAC 14 June 2011)	6.689	2010/2011 Outturn reprofiling moved from 2010/2011 into 2011/2012
Subtotal Reprofiling adjustments	14.055	
Additions/amendments to the capital programme 2011/2012;		
Depots facilities management (Transformation programme)	8.295	
Area boards	0.711	
Additional Accommodation	0.515	
Other movements	0.167	See Appendix A & B for breakdown
Total in year movements	9.688	
Current Capital budget 2011/12	162.553	

5. The additional budget provision of £8.295 million for Depots phase 2 was approved by members at the 7 February meeting of the CCAC. Due to the timing of the report it could not be included as part of the capital budget setting report therefore has not yet been to Full Council for approval. Members are asked to note and recommend to Council, via Cabinet, approval of the additional £8.295 million into the Transformation programme.
6. The additional budget provision for Area Boards schemes reflects further allocation of budget to schemes undertaken by the area boards. As part

of the LPSA reward grant a significant unringfenced capital grant was received to be allocated to appropriate schemes by the Area Boards. This further allocation is undertaken under delegated authority by the S151 officer, and further details are provided in section 1 of Appendix B.

7. The additional budget provision for Additional Accommodation reflects the allocation of Section 106 contributions towards schemes at Downton Trafalgar and Southwick schools. Further details are provided in section 1 of Appendix B.
8. Other movements are undertaken under delegated authority by the Chief Finance Officer and are detailed further in Appendix A and Appendix B

Summary of Current Position as at 31st July 2011

9. The current budget for the year 2011/2012 is £162.533 million, as at 31 July the actual spend plus commitments made was £49.724 million. A full breakdown of these figures is attached in Appendix C. Further updates including examining reprofiling of schemes into 2012/2013 will be detailed in the next monitoring report for Month 6 in November.
10. Further details and updates regarding some of the larger schemes are below;

Education schemes

11. Wellington Academy has been opened and is close to final completion, with only minor works remaining, such as the all weather pitches. It is anticipated that the remaining budget will be fully spent in the completion of the project during 2011/2012.
12. Sarum Academy is at the bidding stage and the preferred bidder will become apparent in September. It is anticipated that full Cashflow forecasts will be available in time for the next monitoring report at month 6. It is likely that much of the current budget allocation in 2011/2012 will be reprogrammed into the following year as the bulk of the expenditure is expected to take place in 2012/2013 before opening in 2013. This has no impact on the overall project budget it is just the profiling that will change.
13. Additional Accommodation schemes comprise a number of extension projects across the county. A large sports hall at Trafalgar School is due to complete in September, and a seven class extension is due to commence on site at Amesbury Archer School in September. Subject to the progress of housing developments, £2 million of the budget is earmarked to contribute to building new schools. Eight further projects are at the design/planning application stage and spending is likely to commence towards the end of the financial year, therefore it is likely that

there will be significant reprofiling of the budgets into 2012/2013 to match the likely spend profile.

14. New Deals for Schools (NDS) schemes are to fund high priority condition works including roof replacements, rewiring and window replacements. Much of this work has been undertaken during the summer holidays so increased spend will be seen in the next monitoring report for month 6. Further sums have been allocated to replace Pratton blocks at schools in Warminster which are currently at the design stage. Work here is planned to begin in January therefore there is likely to be some reprofiling of budget into 2012/2013 to complete these projects.
15. DCSF Primary capital programme. These schemes include funding replacement school buildings at Lydiard Millicent which has been completed, and at Purton St Mary's which is due for completion in December. It also funds extensions to 4 other schools which are due for completion by summer 2012. The budget is therefore anticipated to be largely spent during 2011/2012.
16. 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 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 but it is currently anticipated that will be largely spent during 2011/2012. Other schemes in this area at Wiltshire College and Devizes School are also on target to complete during 2011/2012.
17. Other education projects. These are largely carried forward from the previous financial year as all new grants received have been allocated into Additional Accommodation or NDS. These schemes are therefore well in progress and all budget is planned to be spent during 2011/2012 to complete the works.

Highways schemes

18. 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 plus a number of local safety schemes.
19. Bridges and Structural maintenance budgets have been allocated fully to schemes. It is anticipated there will be no variance at year end. Major bridge work to be undertaken includes work at Clatford, Dauntsey, Haxton and Tidworth. Major Structural maintenance schemes include numerous surface and surface dressing schemes, Micro asphalt surfacing, drainage works plus a major scheme around junctions 16 & 17 of the M4.

20. All other Highways schemes are currently anticipated to be on line with no variations at year end.

Property schemes

21. Transformation Programme. The contract has been let and commitments raised in SAP for the County Hall MECH scheme which is well underway and planned to be completed by summer 2012. In addition the programme for ICT replacement equipment and upgrading of systems is progressing well. These two areas make up the bulk of the spend and committed figure in appendix C of £23.520 million. Further reports giving more details on the progress of Campuses and the Depots renewal projects is being brought to the CCAC during October.
22. Building repair and maintenance schemes are the planned maintenance works at buildings that are not covered by the Transformation Programme. Works have been programmed covering a variety of buildings including renewal of the mechanical and electrical (m&e) plant and boilers at Malmesbury Activity Zone, a new roof and m&e works at City Hall Salisbury and work to replace the roof at the Shambles Devises. Further projects are in the planning stage so at current estimates the works programmed are lower than budget. Therefore there is likely to be some reprogramming of expenditure into 2012/2013 to match with planned expenditure, this will be confirmed and actioned as part of the month 6 budget report.
23. Leisure and amenities mainly relates to the provision of new cemeteries at Melksham and Bradford on Avon. Both schemes are in progress and anticipated to be completed by the end of 2011/2012 subject to land acquisition.

Housing schemes

24. Disabled Facilities grants are small grants given to enable householders to undertake improvements to their properties. The work has been programmed for the year and currently it is expected that £0.400 million of the programmed expenditure will slip into 2012/2013.
25. Corporate Other Housing Grants. Budget managers for these schemes are anticipating that £0.440 million of expenditure mainly relating to Gypsies and Travellers sites and Energy Efficiency schemes will slip into 2012/2013.
26. New Housing. Four of the five schemes in this project are now complete and tenants have moved into the sites. Retentions and final payments are to be arranged at these sites but it appears the project spend is lower than was budgeted. 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. Further updates on these schemes will be given in the month 6 monitoring report.

27. HRA refurbishment of council stock. The 2011/2012 programme of expenditure is well underway and is currently planned to be on line against budget

Waste Schemes

28. Waste Transformation project budget of £7.761 million has all been allocated to complete this project. New refuse vehicles have been delivered or ordered and an order for new recycling bins has been made with delivery due later this year. As much of this scheme has been ordered in advance, the spend and committed figure for this project is £5.629 million. It is anticipated that the outturn position will not exceed the budget provision.

Financing of 2011/12 Capital Expenditure

29. To finance the 2011/2012 capital budget, the current budget (£162.553 million) is planned to be financed by the following sources;

Funding Stream	Capital Funding £m
Capital Grants & Contributions	82.623
Capital Receipts	8.332
Borrowing	71.598
Total:	162.553

30. The financing of the 2011/12 capital expenditure is structured to take into account the annual revenue payments the Council is required to make each year in terms of debt repayment (Minimum Revenue Provision). The above financing structure ensures debt repayment is kept at a manageable level and represents the best value for money option for the Council.

31. The budget figures include reprofiling from 2010/2011 so the planned level of borrowing has risen since the original budget setting report in February. Of the £14.055 million reprofiling brought forward from 2010/2011 into 2011/2012, £8.006 million is planned to be financed from borrowing. In addition to this the £8.295 million for the Transformation programme depots scheme is also to be financed from borrowing initially.
32. The borrowing figures above also assume that in 2011/2012 the council will receive £8.332 million of capital receipts. These receipts are largely to be received through the transformation programme and progress against the capital receipts target is being separately monitored through the CCAC.

Main Considerations for the Council

33. To note the budget movements and month 4 position of the 2011/2012 Capital Programme and recommend to Council, via Cabinet, approval of the £8.295 million additional budget required for the Depots scheme.

Environmental Impact of the Proposal

34. 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 the 2011/2012 assessed the perceived impact of schemes on the Council's carbon footprint and built this into the mechanism for setting the 2011/2012 budget.

Equality and Diversity Impact of the Proposal

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

Risk Assessment

36. The capital budget for 2011/2012, as detailed in this report, is approximately £162 million and 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

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

Legal Implications

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

Michael Hudson

Interim Chief Finance Officer

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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