

**CABINET**

**22<sup>nd</sup> September 2009**

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**Capital Budget Monitoring: April to July 2009**

**Executive Summary**

This report reflects the position on the Capital Budget for a selected number of high budget value schemes as at the end of July 2009.

The schemes focused on, are reporting an actual spend of £16.775m against a full year budget of £92.221m

The schemes where anticipated slippage may occur have been highlighted.

**Proposal**

The cabinet is asked to:

- a.) Note the current financial situation of the 12 capital schemes reported on in this paper.
- b.) Note the potential slippage of funds from this financial year into future financial years on the following schemes;

Highways Depot and Office Strategy  
DCSF Primary Capital Programme

**Reasons For Proposals**

To inform the Cabinet of the current financial position of the high value budget schemes within the capital programme and identify any schemes where expenditure is not progressing as anticipated.

**MARTIN DONOVAN**

Chief Finance Officer

**CABINET**

**22<sup>nd</sup> September 2009**

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**Capital Budget Monitoring: April to July 2009**

**Purpose of Report**

1. To update Cabinet of the position of the Capital Programme after the first 4 months (1<sup>st</sup> April 2009 to 31<sup>st</sup> July 2009) of the 2009/10 financial year.

**Background**

2. The original Capital Programme for 2009/10 was approved by Implementation Executive in February 2009 at £131.748m.
3. Chief Finance Officer delegations within Wiltshire County Council were approved during the period January to March 2009 and increased the 2009/10 budget by £6.261m
4. Capital roll forwards of funds from the various 2008/09 capital budgets into the 2009/10 budget were approved by Cabinet in June 2009. Approved roll forward for ex Districts Councils were £6.001m and approved roll forwards for the ex County Council were £3.557m, totalling £9.558m.
5. The main drivers behind the roll forwards are as follows;
  - £1.168m: Refurbishment & Modernisation of Council Housing (Salisbury District Council) – Ringfenced funds for Major Repairs Allowance (MRA) in the Housing revenue Account (HRA) were unspent in 2008-09 and required in 2009-10 for improvement of Council dwellings.
  - £0.819m: Economic Development Calne Phase 3 (North Wiltshire District Council) – Unspent funds on the Phelps Parade Development.
  - £0.940m: Sure Start, Early Years & Childcare 08/11 (Wiltshire County Council) – Automatic roll forward of unspent grant between financial years.
  - £0.391m: Disabled Facilities Grant (West Wiltshire District Council) – Committed grant arrangements and agreements in place in 2008-09, where expenditure needed to be met in 2009-10.

6. Including the Housing Revenue Account (£3.429m) and removing the withdrawn Westbury Bypass scheme, the total approved capital programme budget figure is £145.714
7. This is summarised below

	<b>£m</b>
Approved Capital Programme	131.748
Chief financial officer delegations (Jan to Mar 09)	6.261
<b><i>Roll forwards:</i></b>	
Wiltshire County Council	3.557
West Wiltshire DC	0.756
Kennet DC	0.305
North Wiltshire DC	2.892
Salisbury DC	2.048
Housing Revenue Account	3.429
Remove Westbury Bypass Scheme*	-5.282
<b>Total approved Capital programme 2009/10</b>	<b>145.714</b>

\*The Westbury Bypass budget was constructed and included on the assumption that the outcome of the public inquiry would be successful. The public inquiry rejected the scheme on the basis that its benefits did not outweigh the disadvantages on a number of factors such as landscape, noise and benefit to town centre. The scheme can no longer be progressed and once outstanding issues have been resolved, all costs will be transferred to the revenue account.

### **Summary of Current Position**

8. Reporting on the capital programme for the first 4 months of the financial year has been focused on 12 schemes which are at the higher end of the 2009/10 budget spectrum. At this early stage these are considered to be the schemes which carry the most risk. Smaller value schemes will have limited spend at this stage of the financial year it is too early to identify potential variances with any degree of accuracy.
9. The 12 schemes being reported on account for £92.221m of the £145.714m programme budget (63% of the budget).
10. Appendix A reflects the position of the schemes highlighted above.
11. Of the schemes being reported on, there has been an actual spend of £16.775m to the end of July 2009 against a full year budget of £92.221m.

12. Detailed comments on various schemes are:

Melksham Oak School

The expenditure of £2.570m seems low at this stage of the financial year compared to the whole year budget of £18.528m. Construction costs and professional fees are envisaged to be incurred at £1.000m to £1.500m a month until the build contract ends in January 2010. IT, furniture and highways procurement schemes are all scheduled to run before the end of the financial year at a total cost of £3.750m. This will bring expenditure in line with the budget figure.

Bourne Hill Office Accommodation

The scheme is advanced with £4.102m of expenditure against the scheme's budget of £10.265m. Contractor fees of around £1.000m and professional fees of £0.050m have been incurred each month. The contract build will end in March 2010 with reduced contractor fees towards the end of the financial year. This will allow for expenditure of on Furniture and IT. At the current time the scheme is on target to achieve the budgeted figures.

Hub Strategy

The Hub strategy is directly linked with the proposed Waterside development project. Modus Ventures, the appointed developers of the Waterside project, are now in administration. Officers are considering various options to resurrect the project. This is the reason the scheme is showing a nil spend to date. The second aspect of the linked project was the refurbishment of County Hall MECH. This element of the scheme has been integrated into the Workplace Transformation Programme and has been subject to various reports to Implementation Executive and Cabinet. The capital budget will be updated as soon as possible.

Local Transport Plan (LTP) Maintenance

The programme is progressing as anticipated with no known disruptions at this stage of the financial year. Expenditure is being occurred at expected levels and on target to achieve budget levels for the year.

Devolved Formula Capital

The budget is allocated to schools by formula in line with the Department for Children, Schools and Families (DCSF) guidelines. After the initial budget was set, the Government made an adjustment and requested 40% of the allocation for 2010/11 be paid to schools in 2009/10. The DCSF grant paid to Wiltshire Council has now been

adjusted to reflect this and the virement reflecting the budget change will be shown in the next monitoring report. The actual to date expenditure of £3.455m is in line with the revised budget for 2009/10.

#### Wellington Academy

The construction contract for the Academy is anticipated to be signed in September 2009 with a target site start date of October 2009. The low actual to date figure is due to the contract yet to be finalised and the spending occurred relates only to professional fees at this stage. Once the scheme is progressing expenditure will be increased in line with budget.

#### Sure start Early Years

The scheme is based on a grant allocation over a 3 year period running from 2008/2009 to 2010/11 with allowed roll over between financial years. The scheme is currently in its second financial year. The spend of £0.251m at the end of period 4 is low compared to the budget of £6.617m. Several projects are nearing completion and substantial payments are expected shortly, this will increase spend. Expenditure on children centres, subject to tenders and planning permission, is estimated at around £2.070m. A review of self/school managed building programmes (those not managed directly by the Transport, Environment and Leisure department) will occur in the autumn to access spending levels and allocate remaining funds to potential schemes.

#### Highways Depot and Office Strategy

The project has not progressed as initially anticipated with delays being incurred, this explains the low spend to date figure of £0.039m. Work that is occurring is concentrating mainly on the Wootton Bassett, Marlborough and Amesbury Depots. The Amesbury depot element has seen construction commence and is expected to be completed this financial year. Marlborough depot has experienced ecological difficulties which required additional surveys to occur before the determination of planning consent. Work is expected to commence on site in January 2010. The Wootton Bassett depot scheme has been redirected after a decision to change site from vacant Council farmland to a former North Wiltshire District Council depot site. Planning submission is due to be submitted with construction anticipated to start in early 2010. Due to delays with Marlborough and Wootton Bassett depots it is estimated that £2.679m of this year's budget will need to be slipped into the 2010/11 budget. The actual slippage amount will be clarified in subsequent reports as the extent of delays are established.

### LTP Integrated Transport

Schemes are largely progressing as anticipated. Work will pick up on the schemes over the next 4-5 months and this will provide a clearer picture of the year end forecast. Based on the budget manager's review, it is anticipated that the schemes are unlikely to overspend and any actions required are more than likely to be a reprogramming of unspent funds into future years; the picture will be clarified as we progress through the financial year. The budget has also allowed for an element to cover any overspend from the Petersfinger Park and Ride scheme. A worst case scenario of £0.400m has been set aside within this budget.

### DCSF Primary Capital Programme

The scheme covers the rebuild of 3 schools and actual spend to date of £0.143m relates to professional fees attached to the scheme. Confirmation from the DCSF on their acceptance of the schemes has only recently been confirmed, meaning the grant funding has only recently been guaranteed. This delayed the start of schemes which now means an anticipated site start date towards the end of the 2009/10 financial year. As a result significant slippage of funds to 2010/11 will be required and at this stage this is estimated at around £3.045m. The actual slippage amount will be clarified in subsequent reports as the extent of delays affecting the scheme are established.

### Additional Accommodation (of schools)

The scheme is showing a low spend to date of £0.201m compared to the full year budget of £3.932m. A scheme to extend Downton Trafalgar School due to cost £0.750m is currently being designed and is expected to proceed this financial year. Monthly payments against a £0.450m scheme recently started at Regis Primary School are due to start. A major project with a budget of £1.300m relating to Salisbury Pembroke Park School is currently at feasibility stage and is expected to progress during the year. A contribution of £0.280m is due to be paid to a housing developer as part of their part in building a new East Trowbridge primary school. Payment will occur once the housing developer commences housing build. Based on discussions with the budget manager all schemes are expected to increase spend within the year and align with budgeted figures. There may be need for slippage on certain schemes but this will not be known until later in the financial year when the schemes are up and progressing.

### Petersfinger Park and Ride

The scheme is progressing as anticipated. An allowance has been made (for a worst case scenario of £0.400m) in the LTP Integrated Transport budget to cover any overspend of this scheme. The overspend would be as a result of the pending and future

compensation claims associated with the scheme. The result of the compensation claims will not be known until further into the financial year and any overspend could be determined at that stage.

### **Main Considerations for the Council**

13. a.) To note the current financial position of the 12 capital schemes reported on in this paper
- b.) To note the potential slippage of funds from this financial year into future financial years on the following schemes;
  - Highways Depot and Office Strategy
  - DCSF Primary Capital Programme

Indications of the estimated slippage amounts and the drivers behind the slippage of funds have been included in the detailed comments against the relevant schemes. Exact figures on the extent of slippage required will be confirmed in subsequent reports

### **Environmental Impact of the Proposal**

14. Wiltshire Council is preparing for its mandatory inclusion to the Carbon Reduction Commitment (CRC). The CRC is the UK's mandatory climate change and energy saving scheme, due to commence in April 2010. The objectives of the scheme are to improve energy efficiency and reduce carbon dioxide emissions. It's 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 2010-11 is assessing the perceived impact of schemes on the Council's carbon footprint and using this as part of the basis to form a decision on the 2010-11 budget.

### **Equality and Diversity Impact of the Proposal**

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

### **Risk Assessment**

16. The capital budget for 2009/10, as detailed in this report, is approximately £145 million and within this programme there are a number of potential risks 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 and its associated financial and building risks are usually reviewed as a rolling three-year programme.

### **Financial Implications**

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

### **Legal Implications**

18. There are no legal implications arising from this report.

**MARTIN DONOVAN**

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





**CAPITAL BUDGET MONITORING STATEMENT: APRIL TO JULY 2009**

SCHEME NAME	DEPARTMENT	2009/10 CAPITAL BUDGET £	SCHEME SPEND AT THE END OF PERIOD 4 £	UNSPENT BUDGET £
Melksham Oak School	DCE	18,528,000	2,570,079	15,957,921
Bourne Hill Office Accommodation	TEL	10,265,000	4,101,632	6,163,368
Hub Strategy	TEL	10,006,000	0	10,006,000
LTP – Maintenance of Principal/Non Principal roads	TEL	12,280,000	3,759,288	8,520,712
Devolved Formula Capital	DCE	7,169,000	3,454,807	3,714,193
Wellington Academy	DCE	6,788,000	186,227	6,601,773
Sure Start Early Years	DCE	6,617,000	250,637	6,366,363
Highways Depot and Office Strategy	TEL	5,258,000	39,287	5,218,713
LTP – Integrated Transport	TEL	5,003,000	1,239,182	3,763,818
DCSF Primary Capital Programme	DCE	3,965,000	143,106	3,821,894
Additional Accommodation	DCE	3,932,000	201,375	3,730,625
Petersfinger Park and Ride	TEL	2,410,000	809,641	1,600,359
<b>TOTAL</b>		<b>92,221,000</b>	<b>16,755,260</b>	<b>75,465,740</b>