

**CABINET**  
**20 OCTOBER 2009**

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**CAPITAL BUDGET MONITORING: APRIL TO AUGUST 2009**

**Executive Summary**

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

The schemes focused on, are reporting an actual spend of £26.862m against a full year budget of £122.009m.

The schemes where expenditure is not in line with budget have been highlighted.

**Proposal**

The cabinet is asked to note the current financial position of the schemes reported on in this paper.

**Reasons For Proposals**

To inform 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**  
**20 OCTOBER 2009**

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**CAPITAL BUDGET MONITORING: APRIL TO AUGUST 2009**

**Purpose of Report**

1. To update Cabinet of the position of the Capital Programme after the first 5 months (1<sup>st</sup> April 2009 to 31<sup>st</sup> August 2009) of the 2009/10 financial year.

**Background**

2. Since the last Cabinet meeting the following budget virements have been actioned;

	£m	Notes
<b>Capital budget (as at 22<sup>nd</sup> September 2009)</b>	<b>145.714</b>	
<i>Budget Virements;</i>		
Calne Springfields Extension	+0.079	Section 106 funds used to replace old mobile with new classroom and health & beauty studio
Wellington Academy	+0.145	Additional DCSF funding for environmental improvements related to the academy.
DfES Schools Grant – Devolved Formula Capital	+2.729	Government department issued instructions for 40% of the 2010/11 grant allocation to be brought forward to 2009/10.
Corporate Mandatory Disabled Facilities Grant - Housing	+0.048	Actual grant allocation for 2009/10 was higher than estimated grant figure.
Corporate Other Housing Grants	-0.396	Regional Housing Pot (RHP) allocation was less than anticipated in 2009/10.
DCSF Specialist Schools – Avon Valley College	+0.400	DCSF allocated grant to part fund tented sports hall.
Additional Accommodation – Corsham Regis	+0.216	Section 106 funds used to build additional 2 classrooms and remodelling of head teacher office and staff room area.
<b>Capital budget 2009/10</b>	<b>148.935</b>	

## **Summary of Current Position**

3. This report focuses on a sample of 26 high value schemes (£1.00m+) within the capital programme and details actual spend as at the 31<sup>st</sup> August 2009.
4. The schemes reported on have a total budget of £122.009m (82% of the 2009/10 capital budget of £148.935) and an actual spend of £26.862m to the 31<sup>st</sup> August 2009.
5. Appendix A shows the sources SAP report.
6. Detailed Comments on various schemes are:

### **6.1 Melksham Oak School**

The planned construction of the school is due to continue until January 2010 and expenditure over the last month has been in line with the projected construction costs of £1.000m. With planned expenditure of £3.570m in IT, furniture and highway procurement, expenditure is in line with budget.

### **6.2 Local Transport Plan (LTP) Maintenance**

Early indications have hinted that the bridge strengthening element of the budget (£3.671m) may be subject to some slippage. Budget managers advise that it is too early to quantify and will monitor the situation flagging up any slippage in the future. The road maintenance element is progressing as anticipated and expected to achieve budget.

### **6.3 Bourne Hill Office Accommodation**

Contractor fees and professional fees continue to be incurred at a level of around £1.050m each month; this is in line with the projected spending pattern and ensures the project is advancing. The project is on target to spend in line with the budget for 2009/10.

### **6.4 LTP Integrated Transport**

As highlighted in last month's report, the possibility of slippage within the budget is still a possibility. Individual projects within the budgets are being examined in the near future to quantify the extent of any possible delays. The result of the enquiry will be reported once the situation is clarified.

#### 6.5 Refurbishment and Modernisation of Council Housing

Spend on the scheme is progressing as anticipated with no known disruptions. Expenditure levels are forecasted to be in line with the budget for the financial year.

#### 6.6 New Deals for Schools – Modernisation Funding 2007/08 & 2009/10

The 2007/08 element of the budget is funds which have been rolled forward into 2009/10. This is committed to schemes at schools in Shrewton, Fynamore and Shaw; all 3 which are either completed or near completion. The 2009/10 budget is committed across a range of schools in order to complete major maintenance programmes. The budget is fully committed for the year.

#### 6.7 Buildings Repairs and Maintenance

The scheme is showing an actual spend to the end of August 2009 of £0.207m; a low figure compared to the full year budget of £3.297m. The strategy of the Property Services team (who manage the delivery of the scheme) is to gather information on assets on a county wide basis in order to prioritise maintenance requirements. The prioritisation process will mean that spend will increase throughout the year as the identified programmes of work are commenced. The spend is anticipated to be in line with the budget figure at the end of the financial year.

#### 6.8 Disabled Facilities Grant - Housing

The scheme is showing a lower year to date spend than would be expected at this point of the financial year. This is a result of a lower than expected level of applications for grants at the start of the year and time lags in processing applications. The levels of applications have picked up in recent months and the expectations are that the budget will be fully spent or committed by the year end.

#### 6.9 Clackers Brook Primary School

The scheme is providing additional Primary School provision as a result of housing developments in East Melksham. The scheme is funded by section 106 monies paid to Wiltshire Council via a consortium of housing developers and landowners. These funds are then passed to Salisbury Diocesan Board of Education (SDBE) who are responsible for building the School. The section 106 payments are not triggered until the housing development reaches a occupation level of 51 units. Until this level is achieved (which during the current economic climate is very difficult to predict), no payments will be received and as such no payments to SDBE will be made. This is the reason for the nil spend. Slippage on this scheme is expected and will be clarified in subsequent reports once the developer's timetable has been confirmed.

#### 6.10 DCSF Targeted Capital 14-19 Special Educational Needs

The grant is available to fund investment in 14-19 vocational facilities in Secondary Schools or investment in Special Education Needs. The scheme is currently showing a nil spend. The delay in the expenditure is due to a significant feasibility study being completed at Exeter House Special School which will impact upon the split of expenditure between the 2 elements. The whole of the grant will not be spent by the end of the year and so slippage is expected with the unspent grant be added to the 2010/11 grant figure. The extent of the slippage will be confirmed in subsequent reports.

#### 6.11 Waste and Street Cleansing Vehicles

The £1.895m budget covers the purchase of new waste and street cleansing vehicles. Orders for waste vehicles have been placed with invoices to follow shortly; this gives a commitment of £1.611m of the budget. Street cleansing vehicles are due for replacement between December 2009 and March 2010 and will ensure the remaining element of the budget is spent. The low spend to date figure is due to the programming of the vehicle replacements which are weighted towards the end of the financial year.

#### 6.12 Corporate other Housing Grants

A forecast at this stage identifies that spend at the year end will be around £1.000m. This is short of the £1.804m budget. Budget managers will continue to monitor and review the budget and may take action to reprofile the pattern of expenditure later in the financial year.

#### 6.13 Additional Highway Maintenance

The budget was approved to ensure that service standards achieved in 2008/09 were upheld in 2009/10. The spend to date of £0.364m is in line with expected trend and budget is expected to be fully spent by the end of the financial year.

#### 6.14 Extended Schools

The scheme has major projects such as John of Gaunt , Marlborough St Johns and New Close Warminster which will spend £0.740m by the end of the financial year. Other schools have been earmarked for further development opportunities which would commit future funds. A development plan is to be in place by December 2009 which reviews current spend and ensures remaining funds are spent by end of 2011 (The extended schools allocation runs across a 3 year time frame from 2008 to 2011). This plan will highlight the forecast spend in 2010 and allow any slippage to be identified.

#### 6.15 Access and Inclusion (Schools)

The majority of the work relating to the budget is undertaken during the school summer holidays due to the disruption on the schools and children. Some projects have recently been undertaken and payments are in the process of being finalised. This will increase the spending levels against the budget. Other projects have been delayed to summer 2010 and some budget reprofiling will be required. The extent of reprofiling will be confirmed later in the financial year.

#### 6.16 Salisbury Academy

The expression of interest for the scheme is still awaiting approval from the Department for Children, Schools and Families (DCSF). This has meant no significant expenditure has occurred. Until approval is received the scheme is unable to advance and so expenditure is not expected to occur at the assumed level. The scheme will be reprofiled to reflect the revised timetable once revised details are known.

#### 6.17 Tidworth Castledown Business Park

The Scheme has a very low spend as at the end of August 2009; £0.018m compared to full year budget of £1.037m. The construction contract relating to scheme was signed in early September 2009 and due to be completed mid February 2010. This has committed £0.750m of the budget. The remainder of the budget relates to fixtures and fittings and IT. These costs are to be allocated to the scheme in January 2010; any slippage of funds will be determined at this point.

#### 6.18 DCSF 14 – 19 Diplomas – Reforms in Rural Areas (ICT)

The current spend of £0.250m is complemented by the commissioning and purchasing of software solutions which will increase spend in line with the budget. The project is planned to run to August 2010. An element of the budget may need to be slipped into the 2011/12 financial year, this will become clearer as the scheme progresses and funds are allocated. Clarification of any required reprogramming of budget will be confirmed in subsequent reports.

#### 6.19 Schemes with no comments have seen no significant change to their status since the previous monitoring report and so no comment has been included.

## **Main Considerations for the Council**

7. a.) To note the current financial position of the schemes reported on in this paper.

b.) To note the required reprogramming of expenditure from this financial year into future financial years on the following schemes;

- Clackers Brook Primary School
- Salisbury Academy
- DCSF Targeted Capital 14 -19 Special Educational Needs

The above schemes have highlighted certain delays which require funds to be made available in future financial years. The reasons behind delays have been included in the detailed comments. The amount of slippage has not been detailed; in all cases it is not possible to ascertain at this stage the extent of delays. Slippage figures will be confirmed in subsequent reports when budget managers can accurately identify the amounts.

## **Environmental Impact of the Proposal**

8. 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**

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

## **Risk Assessment**

10. The capital budget for 2009/10, as detailed in this report, is approximately £148 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 has been set for three years and therefore risks will be appraised over the whole period (2009/10 through to 2011/12).

### **Financial Implications**

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

### **Legal Implications**

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

**MARTIN DONOVAN**  
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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

Appendix A :sources SAP report





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

**APPENDIX A**

SCHEME NAME	DEPARTMENT	2009/10 CAPITAL BUDGET £	SCHEME SPEND AT THE END OF PERIOD 5 £	UNSPENT BUDGET £
Melksham Oak Community School	DCE	18,553,000	4,670,698	13,882,302
LTP – Maintenance of Principal/Non Principal roads	TEL	12,280,000	3,907,148	8,372,852
Bourne Hill Office Accommodation	TEL	10,265,000	5,249,755	5,015,245
Hub Strategy	TEL	10,006,000	0	10,006,000
DfES Schools Grant - Devolved Formula Capital	DCE	7,169,000	3,454,807	3,714,193
Wellington Academy	DCE	6,788,000	185,246	6,602,754
Sure Start Early Years and Childcare 08/11	DCE	6,699,000	786,099	5,912,901
Highways Depot and Office Strategy	TEL	5,258,000	58,053	5,199,947
LTP – Integrated Transport	TEL	5,003,000	1,554,619	3,448,381
Refurbishment & Modernisation of Council Housing	EDPH	4,596,000	2,573,716	2,022,284
DCSF Primary Capital Programme - Bldg Schools for the future	DCE	4,106,000	241,990	3,864,010
DfES New Deal for Schools - Modernisation Funding 07-10	DCE	3,830,000	993,999	2,836,001
Building Repairs & Maintenance & Health & Safety (Legionella)	TEL	3,297,000	207,421	3,089,579
Additional Accommodation	DCE	3,256,000	274,499	2,981,501
Corporate Mandatory Disabled Facilities Grants - Housing	EDPH	2,905,000	837,105	2,067,895
Provision of Professional Fees & assoc costs of Petersfinger Park and Ride	TEL	2,410,000	609,407	1,800,593
Clackers Brook New Primary School	DCE	2,092,000	0	2,092,000
DCSF Targeted Capital for 14-19 and SEN	DCE	2,000,000	0	2,000,000
Waste and Street Cleansing Vehicles (Purchase)	TEL	1,895,000	117,574	1,777,426
Corporate other housing grants	EDPH	1,804,000	84,356	1,719,644
Additional Highways Maintenance	TEL	1,645,000	364,044	1,280,956
DCSF Extended Schools	DCE	1,502,000	125,730	1,376,270
Access & Inclusion	DCE	1,409,000	297,767	1,111,233
Salisbury Academy	DCE	1,204,000	0	1,204,000
Tidworth Castledown Business Park	EDPH	1,037,000	17,875	1,019,125
DCSF 14 - 19 Diplomas - Reforms in Rural Areas (ICT)	DCE	1,000,000	250,000	750,000
<b>TOTAL</b>		<b>122,009,000</b>	<b>26,861,907</b>	<b>95,147,093</b>