

Wiltshire Council

Cabinet Capital Asset Committee

6 November 2012

Subject: **Capital Monitoring Month 6 Report 2012/2013**

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

Key Decision: **No**

Executive Summary

The report reflects the position of the 2012/2013 Capital Programme as at 30 September 2012.

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 £20.590 million into 2013/2014.
- b. Note total budget increases of £0.795 million as shown in Appendix 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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Key Decision: **No**

Purpose of Report

1. To update Cabinet on the position of the 2012/2013 Capital Programme as at 30 September 2012, note budget changes and note reprogramming of expenditure into 2013/2014.

Budget movements

2. The revised budget for month 4 was presented to the Cabinet Capital Assets committee (CCAC) at the meeting on 10 September 2012. 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 4 to Month 6 Budget

	£m	Notes
Month 4 Capital programme budget (reported to CCAC 10 September 2012)	128.234	
Additions/amendments to the capital programme 2012/2013 since Month 4 budget monitoring		
Campus (CAOD) Adjustment following CCAC 10 September 2012	2.000	See appendix A for further details
Month 6 additional budgets added to the programme	0.795	See appendix A and B for further details
Budgets reprogrammed into 2013/2014	(20.590)	See appendix A and B for further details
Current Capital budget Month 6 2012/2013	110.439	

3. The movement for CAOD included above reflects the reversal of the £2 million underspend declared for Campuses, which is to be reallocated as part of the transformation programme to deliver the Salisbury Vision Market Place scheme.
4. The month 6 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, plus any revenue contributions made. Further information at a scheme by scheme level is included in appendix B.
5. 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.

Summary of Current Position as at 30 September 2012

6. The current budget for the year 2012/2013 is £110.439 million. As at 30 September 2012 the actual spend plus the commitments raised to date was £41.962 million (38% spend compared to current budget). A full breakdown of these figures is attached in Appendix A.
7. Further information on the current progress of some of the schemes being undertaken is set out below.

Education schemes

8. The Sarum Academy scheme is still progressing well and the expected handover date in July 2013 remains. The cashflows have been reviewed and it is now expected that more of the project will be completed during 2013/2014 rather than 2012/2013. To reflect this reprogramming of £1.000 million into 2013/2014 has taken place in this report.
9. Additional Accommodation schemes comprise a number of individual extension schemes to ensure schools can provide enough places for pupils. Budget has been allocated so far to 26 individual projects including major works expected this year at Downton Trafalgar, Paxcroft Primary and Tidworth Clarendon. A total of £3.607 million has been reprogrammed into 2013/2014 in this report to match the expected spending profile across the programme. This includes £1.707 million for works at Pembroke Park, £0.500 million for Bradford-On-Avon Fitzmaurice and a further £0.500 million for Downton Trafalgar. Additional schemes in the pipeline are being agreed in this area at schools with accommodation shortfalls, and budget will be allocated shortly.
10. New Deals for Schools (NDS) 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. They are split across two ranges; maintenance and modernisation projects. Large high value schemes progressing and due to complete this year include works at Sambourne and Warminster St Johns. Further major projects are also due to begin at Longford and Figheldean Schools. A total of £2.942 million has been reprogrammed in this report into 2013/2014 to match the expected progress of these schemes, with £1.592 reprogrammed for Figheldean and £0.350 million for Longford respectively.
11. DCSF Targeted Capital 14-19 SEN schemes. The majority of this budget relates to a large extension and refurbishment of Exeter House Special School; works are now complete and the final account due to be determined. Other schemes in this area include major works at Devizes School and Wiltshire College.

12. Other Projects New Schools. Planning work has already commenced on several new primary schools due to open in September 2014 including new schools in East Trowbridge and Tidworth. As the construction work at these new schools is not expected to begin until 2013/2014, reprogramming of £3.581 million has been included in this report.
13. Other Schools Projects – Expansions and replacements. These schemes are to provide expanded capacity at schools by provision of new classrooms and blocks etc. A number of these schemes completed works in 2011/2012 with only retention payments outstanding. Major refurbishment work is currently underway at Devizes School with work due to complete in 2012/2013. Reprogramming of £0.330 million into 2013/2014 has been actioned in this report for the future acquisition of a playing field at East Melksham.

Highways schemes

14. Highways schemes are currently on budget with no expected variation against the budget of £19.727 million. Project budgets have been allocated into the numerous individual schemes within these budget headings. Schemes under way in this area include a number of major local transport improvement cycle schemes within the integrated transport area, along with the major surface dressing, micro asphalt and bridges and junction repairs within the Structural Maintenance and Bridges areas. Around £0.800 million has been set aside to fund area board approved schemes across the 18 area boards in Wiltshire as well as other Community Area Transport Group (CATG) Schemes.

Campus and Operational Delivery (CAOD) schemes

15. The County Hall remodelling phase 1 scheme is complete with staff having moved into the new building and the library being opened. Final payments to settle this account will need to be arranged but work is now moving to phase 2, the old County Hall building. The position on old County Hall will be reviewed for possible reprogramming as part of the Month 8 monitoring report. The remaining work on Monkton Park offices has been reviewed and £1.000 million has been reprogrammed in this report to reflect the movement of some of the work.
16. The remaining schemes within the Operational estate programme have been reviewed and it is currently anticipated that only £1.100 million of the remaining budget in this work stream will be needed in 2012/2013. To reflect this £0.336 million has been reprogrammed into 2013/2014 to complete the remainder of the programme.
17. As per the previous monitoring report, a revised business case for the Depots Facilities Strategy will be presented to the Capital Assets Committee before work is committed; therefore the majority of the

planned budget has already been moved into 2013/2014. An additional £0.110 million has been reprogrammed to reflect that the business cases will not be presented until the result of the retendering of the highways and waste contracts is confirmed.

18. The development of the Campus schemes was covered in detail on the previous monitoring report and reprogramming to 2013/2014 was undertaken. The second tranche of schemes were discussed and approved in Cabinet (23 October 2012). An update on the progress of the first tranche and implications arising from the second tranche will be undertaken as part of the Month 8 report.
19. As agreed in CCAC (10 September 2012), the Salisbury Vision Market Place scheme has been brought into the CAOD programme. The initial funding split is £2.310 million in 2012/2013 with an additional £0.690 million in 2013/2014. A review of this split will be undertaken in time for the Month 8 monitoring report. Depending on the planned start dates to undertake this scheme it is currently assumed that some reprogramming of budget into 2013/2014 will be required.

Other Property Schemes

20. 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. It is currently expected that the budget allocated in this area will be fully spent by outturn. Major projects underway in 2012/2013 include mechanical plant upgrades and roofing works at Larkrise Special School and a heating system and gas conversion project at Bellfield Primary School.

Housing schemes

21. Disabled Facilities Grants are statutory small grant payments paid to individual households to enable improvements such as ramps, kitchen and bathroom adaptions amongst other improvements to enable people to remain in their home. A review of the current spending plans for 2012/2013 has highlighted reprogramming of £1.000 million into 2013/2014.
22. Corporate Other Housing Grants. The affordable housing schemes in this area are dependent on future papers being brought to Cabinet Capital Assets Committee in the near future, it is not anticipated that payments against this budget will be required during 2012/2013 therefore £0.500 million has been reprogrammed into 2013/2014 to match the planned spending once schemes are approved. The Gypsies and Travellers schemes are well underway, the option to buy land at

Thingley was taken up and it is expected that the £0.250 million budget for this scheme will be fully spent during 2012/2013 with the majority of the main scheme to be delivered during 2013/2014.

23. Housing Revenue Account. Capital budgets for this area have increased as a result of HRA Self Financing, which generated a substantial increase in the resources available to spend on improving the Council houses currently owned by the council. A paper is being taken to a future Cabinet requesting sign off for new HRA contracts to enable this major investment to begin. As the majority of this improved work is not anticipated to commence until 2013/2014, a total of £4.124 million has been reprogrammed into 2013/2014 to meet the planned expenditure. Schemes which are due for completion in 2012/2013 include replacing the housing vehicles with much larger and more convenient vans (£0.350 million), renewing the HRA ICT system (£0.500 million) as well as disabled adaptions (£0.516 million). £4.100 million is earmarked for the remaining kitchens, bathrooms and any other major works to properties under the existing contracts for planned maintenance. The revised final budget of £5.467 million is planned to be fully spent in 2012/2013.

Other schemes

24. Revenue & Benefits IT system. The software for this scheme has been largely bought and installed and the system is operational, a further module is needed to deal with Council tax reduction, which amounts to £0.075 million. Further mobile devices are being purchased to enable the service to be delivered more effectively, which are currently planned to be purchased during 2012/2013. In addition to this a further £0.025 million will be needed for system amendments due to the welfare reform changes also due in 2012/2013. These items are the final amounts required to complete the installation which represents around £0.050 million under spend on the approved budget. This will be confirmed and the final figure taken back to centre as part of the Month 8 budget monitoring.
25. Planning IT System is on course for delivery and is planned to be fully operational by the end of March 2013. So far £0.362 million has been spent against the budget of £0.866 million. The remaining is committed to the project or is anticipated to be spent on a requirement for additional licences for increased numbers of staff during 2012/2013.
26. Adult Social Care Strategy – Older People, LD & Mental Health. The majority of this budget has now been allocated to fund extra care housing schemes and the sheltered housing review. In 2012/2013, £0.300 million has been allocated as funding towards the provision of a 45 unit extra care scheme in Royal Wootton Bassett comprising 39 two bed and 6 one bed apartments and associated communal facilities. The £5.8m development will be funded through sales revenue, a substantial

contribution by Housing 21, HCA grant and Wiltshire Council. Another scheme in 2012/2013 has been allocated funding of £0.300 million for 50 – 55 beds on the Burnham House site in Malmesbury. These schemes are in line with the Council's adopted accommodation strategy for older people. Further Extra Care developments are expected including sites at Corsham and Amesbury in 2013/2014, so reprogramming of £0.890 million into 2013/2014 has taken place to match the phasing of these schemes.

27. Area Boards grants are the funds allocated to the Area Boards to support small local schemes such as Campsite and activity centres, sports facilities for South Wiltshire sports club, BMX tracks and Road Safety schemes in Malmesbury and Chippenham, various projects covering Bradford On Avon as well as other community activities. The budget has been allocated to schemes following approval by the Area Boards. The total actual spend for 2012/2013 at the end of month 6 was £0.241 million, in addition to this further budgets of £0.301 million have been allocated to schemes which is all anticipated to be spent during the year 2012/2013. There is also another additional amount of £0.173 million which is unallocated to budgets at present. Depending on whether the Area boards allocate this money to Capital projects schemes will determine whether or not this budget will be fully spent during 2012/2013. This will be reviewed over the coming months and any reprogramming needed in 2013/2014 will be actioned in later monitoring reports.
28. Rural Estates. Reprogramming of £0.500 million into 2013/2014 has taken place in this report. Since the allocation of this funding for Nitrate Vulnerable Zone requirement works, negotiations have taken longer than originally anticipated with tenants over what is required. The circumstances of one tenant have changed considerably which has resulted in the re-appraisal of the requirements on this one farm. The full impact of this is not yet fully understood but it may result in the release of some of the money allocated back into the capital programme. Once this is fully understood an update of the requirements moving forward will be provided. Other delays have been due to unforeseen requirements from the Environment Agency.
29. The Digital Inclusion project invests in Wiltshire's infrastructure by providing superfast broadband to at least 85%, possibly up to 95% of the county for the benefit of communities and businesses. Provider bids have been out to tender and received with the awarding group due to meet in October. A total budget of £20.660 million over the lifetime of the project has been agreed with the budget of £1.370 million allocated for the first year 2012/2013. Upon the award of the contract and selection of a provider the profile of spend can be refined further.
30. ICT Schemes. The budget allocated in 2012/2013 was in addition to the amounts being delivered as part of the CAOD ICT programme. These sums were earmarked purchase of ICT hardware including introducing

Cloud technology. The full 2012/2013 budget of £0.670 million has been reprogrammed in this report into 2013/2014 which is in line with the revenue budget savings proposals to remove revenue funding and replace with capital funds.

Funding of Capital Programme

31. The capital programme is funded by 3 principal sources; grants and contributions, capital receipts and borrowing.
32. 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. This reduction compared to the £60.000 million previously reported is due to reprogramming of expenditure into later years. 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.
33. Capital receipts received from the proceeds of asset sales are managed and monitored closely by the Strategic Property team in conjunction with Finance. As reported in the last monitoring report the Council received income of around £3.700 million for the disposal of the Sarum centre in Salisbury, along with 3 other office sales in Salisbury and sums of land at Broomcroft road in Pewsey, amongst a number of other receipts, including for the sale of Council houses under the right to buy scheme.
34. Since the last monitoring report the Council has received an additional £0.200 million for the sale of St Bartholomew's caretaker's bungalow in Wootton Bassett, which as at the end of September 2012 has increased the total of Capital receipts income to £3.900 million. The target for the year is £10.000 million and the Council is on course for achieving (and hopefully exceeding) this target. Planned future sales include the Order of St John care home (Coombe End Court) in Marlborough, the Mansion house and Library in Corsham, the sale of former Pembroke Park School in Salisbury and a number of office sales such as Bedwin Street in Salisbury and Wootton Bassett depot. In addition there are a number of farm sales due such as Buryhill farm in Braydon and Oxhouse farm in Rowde, plus a number of other smaller receipts due before the end of 2012/2013.
35. If the planned receipts above do not materialise in 2012/2013 they will come through during 2013/2014 instead so there is no loss to the programme. Often it will be better to wait for a higher receipt and there are sometimes difficulties in the sale market which can also delay receipts.

36. 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

37. To note the general budget additions for grants and revenue contributions of £0.795 million per Appendix B and note the Month 4 position of the Capital Programme in Appendix A. Also note the reprogramming of £20.590 million between 2012/2013 and 2013/2014.

Environmental Impact of the Proposal

38. 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

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

Risk Assessment

40. The capital budget for 2012/2013, as detailed in this report, has been revised to approximately £110.000 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

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

Legal Implications

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

Michael Hudson
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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