

Report to Cabinet
13 February 2013

Item

Report of Chief finance officer

6

Subject Capital Budget Monitoring 2012-13 – Period 09

Purpose

To update Cabinet on the financial position of the capital programmes as at 31 December 2012 and forecast outturns for the year 2012/13, and the estimated carry-forwards to 2013/14.

Recommendation

To note the financial position of the housing and non-housing capital programmes as at 31 December 2012 ; forecast outturns for 2012-13, and estimated carry-forwards to 2013/14.

Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

Financial implications

The housing and non-housing capital programmes are being delivered within currently available resources, and forecast expenditure will remain within anticipated resources.

The detailed financial implications of this report are set out in the text.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

Mark Smith, Finance Control Manager
Chris Rayner, Head of Property Services

01603 212561
01603 213208

Background documents

Capital Plan & Programme Reports (Council 21 February 2012)

1. Introduction

- 1.1 The capital budgets shown below were approved by Cabinet and Council on 15th and 21st February 2012 respectively, and reflect the expenditure plans for both the housing and non-housing capital programmes arising from a number of contracts, projected through a 12 month period from April 2012.
- 1.2 This report reflects the financial position as at the end of period 9 (December 2012).
- 1.3 The agenda for this cabinet meeting includes proposals for capital programmes for 2013/14. The estimated carry-forwards within this report will, once confirmed, be additional to the approved 2013/14 programmes.

2. Housing Capital Programme

- 2.1 All planned housing capital costs and resources are in line with HRA business plan projections, excluding contingency provisions and inflation adjustments.

Original Budget £000s	Current Budget £000s	Item	Budget YTD £000s	Actual YTD £000s	Forecast Outturn £000s	Forecast Variance £000s	Estimated Carry Fwd £000s
27,017	32,158	Neighbourhood	19,471	14,670	28,656	(3,502)	1,756
3,258	3,848	Strategic	581	267	1,205	(2,643)	340
30,275	36,006	Subtotal	20,053	14,937	29,861	(6,145)	2,097
(30,275)	(40,431)	Resources		(31,355)	(38,136)	(2,295)	(8,275)
0	(4,425)	Total		(16,418)	(8,275)	(2,295)	(8,275)

- 2.2 The 2012/13 current budget of £36.006m includes £5.658m of carry-forward from 2011/12 and use of £0.007m of additional Disabled Facility Grant.
- 2.3 Expenditure in this financial year up to the end of period 9 (December 2012) totals £14.937m, £5.116m short of the profiled budget of £20.053m. Budget holders are currently forecasting an end of year outturn of £29.861m, £6.145m less than the current programme. It is currently forecast that £2.097m of this underspend will carry forward to 2013/14.
- 2.4 Planned available housing capital resources total £40.431m, including £10.156m of resources brought forward and additional grant. The current forecast is for an outturn of £38.136m, which after funding the 2012/13 anticipated expenditure of £29.861m, would render surplus resources of £8.275m available to be carried forward into 2013/14.
- 2.5 Further detail regarding housing capital expenditure and resources may be found in Appendix 1.

3. Non-Housing Capital Programme

- 3.1 Forecast expenditure is expected to be within current budget provision, though spend to date is at a low level since many schemes are not yet incurring costs.

- 3.2 Original expenditure budgets of £7.531m have been supplemented by £2.201m of brought forward work, the majority of which relates to S106 schemes.

Original Budget £000s	Current Budget £000s	Item	Actual YTD £000s	Forecast Outturn £000s	Forecast Variance £000s	Estimated Carry Fwd £000s
1,000	942	Asset Maintenance	226	602	(340)	0
2,450	2,954	Asset Improvement	807	2,465	(489)	75
1,000	1,000	Asset Investment	0	0	(1,000)	1,000
2,700	2,700	Regeneration & Growth	0	411	(2,289)	2,239
200	200	Initiative Funds	0	175	(25)	175
181	1,636	S106 & CIL	358	1,357	(279)	279
7,531	9,432	Subtotal	1,391	5,010	(4,423)	3,768
(11,960)	(11,960)	Resources	(10,495)	(11,968)	(8)	(6,958)
(4,429)	(2,528)	Total	(9,104)	(6,958)	(4,431)	(3,190)

- 3.3 Asset maintenance expenditure covers provision for major repairs and upgrades (including works to St Andrews car park) and investment to reduce asset liabilities.
- 3.4 Asset Improvement covers reconfiguration and major repairs to City Hall as part of the delivery of the office accommodation strategy, and Investment in existing assets. Works at City Hall are expected to conclude in early April 2013, as reflected in the projected carry-forward.
- 3.5 Asset Investment covers the acquisition of new investment property as part of the delivery of the asset management plan. Opportunities are identified and assessed with the support of our expert advisers, NPS Norwich Ltd. The carry-forward shown will allow the continuation of this delivery in 2013/14.
- 3.6 Regeneration and Growth covers the HCA-funded Bowthorpe/Three Score site development and enabling, together with a development fund for vacant buildings and sites. The partnership's Strategic Board has agreed expenditure of £261k in the current financial year, with the balance of NAHCASP resources to be carried forward for future investment.
- 3.7 Initiative funds cover the community capital fund and the eco-investment fund. Cabinet on 17 October agreed arrangements for inviting and evaluating bids for the community capital fund, so that grants can be approved and disbursed. Carry forwards are expected to extend these programmes into 2013/14.
- 3.8 Total non-housing capital resources are anticipated to total £11.968m, and after financing £5.010m of non-housing capital expenditure will result in a carry-forward figure of £6.958m.
- 3.9 Further detail regarding non-housing capital expenditure & resources may be found in Appendix 2.

4. Risks

4.1 The following risks factors and mitigating actions have been identified.

Risk	Likelihood	Impact	Score	Mitigation
Capital Receipts not received or delayed	Possible (3)	Major (5)	(15)	Expenditure incurred only as receipts secured
Contractor failure	Possible (3)	Major (5)	(15)	Stringent procurement processes and financial assessment of potential contractors
Bowthorpe development contract delayed or frustrated	Unlikely (2)	Major (5)	(10)	Negotiations continuing overseen by NAHCASP Strategic Board
Detailed schemes not brought forward to utilise agreed capital funding	Possible (3)	Minor (3)	(9)	Active pursuit of investment opportunities; Budget provisions unspent could be carried forward if necessary
Cost overruns	Possible (3)	Minor (3)	(9)	Contract management and constraints
Business case for asset improvement programme not sustainable	Unlikely (2)	Minor (3)	(6)	Advice taken from expert property specialists

4.2 Overall risks are unchanged since last reported, since there have been no significant developments internally or externally affecting the risk environment.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	13 February 2013
Head of service:	Chief Finance Officer
Report subject:	Capital Budget Monitoring 2012/13
Date assessed:	4 January 2013
Description:	This is the integrated impact assessment for the Capital Budget Monitoring 2012/13 report to cabinet

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Managing the capital budgets will ensure that the council is able to best deliver its objectives and improve the living conditions of tenants and residents
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Asset management and investment will ensure that the built environment is maintained and improved
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All works contracts are procured sustainably
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All works are designed to maximise the energy efficiency of the assets
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy.

Recommendations from impact assessment
Positive
None
Negative

None

Neutral

None

Issues

The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.

APPENDIX 1

HOUSING CAPITAL PROGRAMME

Housing - Neighbourhood

Programme/Fund	Brought Forward	Approved Budget	Budget Adj	Total Budget	Actual Yr To Date	Profiled Budget	Forecast Outturn	Forecast Variance	Carry Forward
Home Upgrades	0	10,050,180	0	10,050,180	6,106,069	6,646,376	10,246,080	195,900	0
Heating	1,792,910	4,246,563	0	6,039,473	2,467,172	3,081,840	5,230,000	(809,473)	0
Windows & Doors	983,396	5,435,213	(1,000,000)	5,418,609	1,957,286	4,076,409	4,460,000	(958,609)	1,233,396
Community Safety	0	210,000	0	210,000	0	147,000	210,000	0	0
Preventative Maintenance	1,677,717	4,538,913	1,000,000	7,216,630	2,286,661	3,471,018	6,000,000	(1,216,630)	136,004
Supported Independent Living	0	1,936,000	0	1,936,000	638,544	1,448,667	1,111,000	(825,000)	0
Other	687,002	600,000	0	1,287,002	1,214,173	600,000	1,399,173	112,171	387,002
Total	5,141,025	27,016,868	0	32,157,893	14,669,905	19,471,309	28,656,253	(3,501,639)	1,756,402

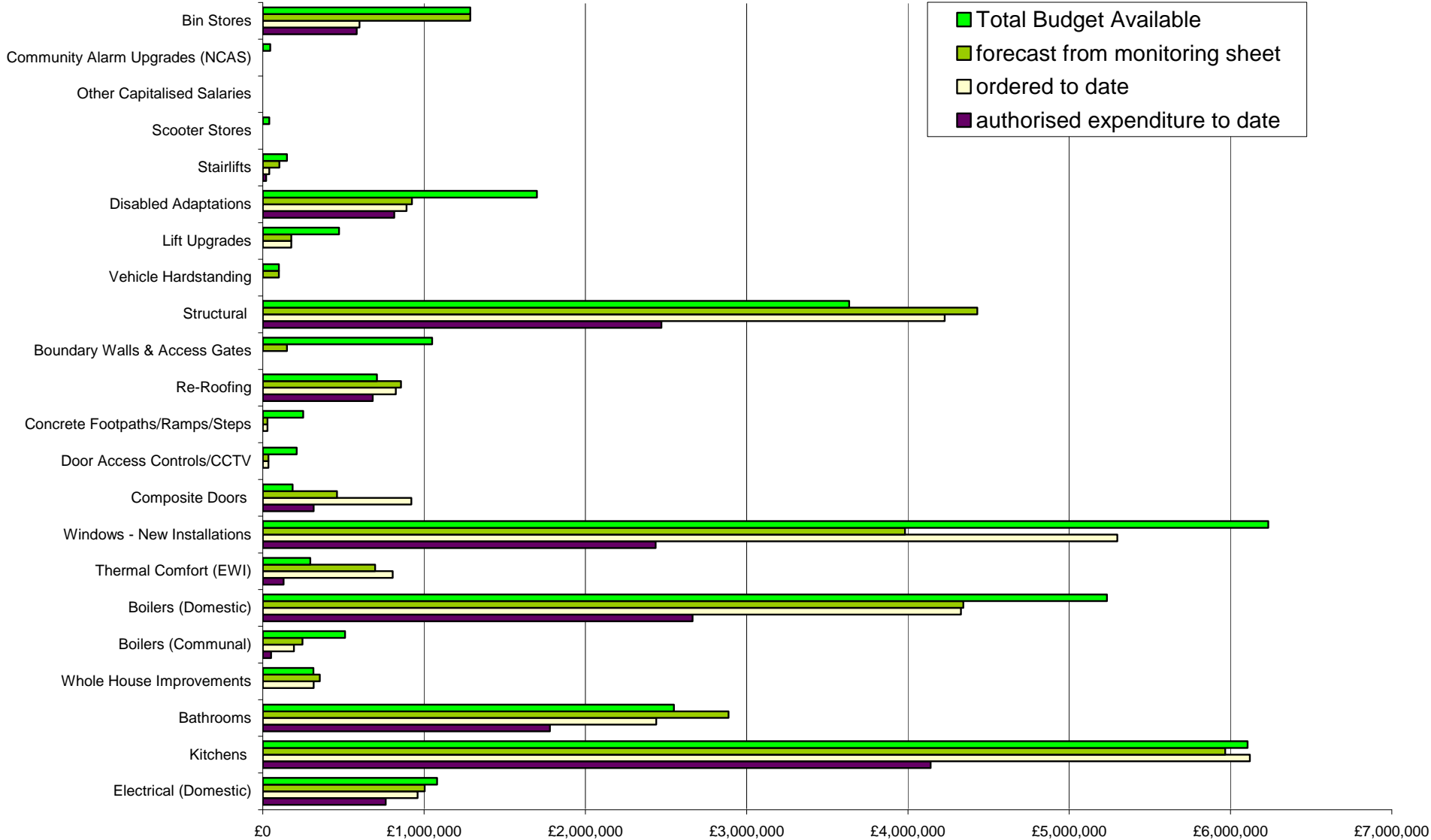
Housing - Strategic

Programme/Fund	Brought Forward	Approved Budget	Budget Adjustment	Total Budget	Actual Yr To Date	Profiled Budget	Forecast Outturn	Forecast Variance	Carry Forward
Strategic Housing	473,841	2,304,000	0	2,777,841	33,384	33,750	475,000	(2,302,841)	0
Private Sector Housing	43,305	954,000	73,122	1,070,427	233,396	547,500	730,000	(340,427)	340,427
Total	517,146	3,258,000	73,122	3,848,268	266,780	581,250	1,205,000	(2,643,268)	340,427

Housing Capital Resources

Source	Approved B/F	Approved In Year	Additional B/F	Total Resource	Actual Yr To Date	Forecast Out-turn	Forecast C/F
Major Repairs Reserve	7,354,000	13,833,025	3,819,000	25,006,025	25,006,025	25,006,025	25,006,025
Capital Receipts (Land & Prop Sales)	1,645,000	4,967,273	6,221,012	12,833,285	2,487,509	8,948,520	673,744
Capital Receipts (RTB Sales)	0	504,350	0	504,350	1,774,232	2,093,837	2,093,837
Capital Grants	0	394,000	116,427	510,427	510,427	510,427	510,427
Contribution from Leaseholders	0	250,000	0	250,000	250,000	250,000	250,000
Revenue Contribution to Capital	0	1,327,220	0	1,327,220	1,327,220	1,327,220	1,327,220
HRA CFR Borrowing	0	0	0	0	0	0	0
Total	8,999,000	21,275,868	10,156,439	40,431,307	31,355,413	38,136,030	29,861,253

housing capital budgets 2012/2013



Appendix 2

NON-HOUSING CAPITAL PROGRAMME

Non-Housing Capital Expenditure

Capital Scheme	B/F BUDGET	APPROVED BUDGET	CURRENT BUDGET	SPEND TO DATE	FORECAST EXPENDITURE	FORECAST VARIANCE	CARRY FORWARD
ASSET MAINTENANCE							
Asset Maintenance – Works		900,000	297,961	0	0	(297,961)	
190735 - Castle entrance roof			20,000	17,651	20,000	0	
130101 - City cemetery toilet refurbishment			80,000	0	80,000	0	
643020 0704 - Rose lane car park resurface			30,000	0	30,000	0	
643020 0609 - Colegate car park resurface			22,446	22,446	22,446	0	
190340 - memorial gdns step nosings			25,000	1,375	25,000	0	
645030 - District lighting upgrades			55,000	9,800	55,000	0	
643030 St Giles MSCP lighting upgrade			73,500	60,623	73,500	0	
220548 - 30 elm hill toilet			12,000	0	12,000	0	
170220 - Piling Park CC new boiler			10,000	0	10,000	0	
222318 - 20 Waldegrace reroof			11,322	11,322	11,322	0	
221320 - Magpie printers phase 2 demolition and stabilisation			100,000	3,196	20,000	(80,000)	
643020 0614 Chapelfield East car park resurface			9,771	9,771	9,771	0	
170206 - Eaton park CC window repainting/facia replacement			7,500	0	7,500	0	
170220 - Pilling park CC window repainting/facia replacement			7,500	11,499	11,500	4,000	
130101 - City Cemetery path resurface			30,000	63,847	64,000	34,000	
643020,643040 - Upgrades to car parks machines			50,000	14,453	50,000	0	
Capitalisation - Building Surveyors Fees etc		100,000	100,000	0	100,000	0	
Subtotal Asset Maintenance	0	1,000,000	942,000	225,983	602,039	(339,961)	0
ASSET IMPROVEMENT							
City Hall	0	2,200,000	2,200,000	557,763	2,125,000	(75,000)	75,000
other assets	0	250,000	250,000	0	0	(250,000)	
New mills yard river wall	6,000		6,000	0	6,000	0	
communal bins	108,306		108,306	86,626	108,306	0	
waterloo park tennis courts	76,000		76,000	76,310	76,310	310	
energy efficiency admin buildings	5,000		5,000	2,613	5,000	0	

Capital Scheme	B/F BUDGET	APPROVED BUDGET	CURRENT BUDGET	SPEND TO DATE	FORECAST EXPENDITURE	FORECAST VARIANCE	CARRY FORWARD
street cleansing equipment	0		0	0	0	0	
Connect 2 feasibility	240,102		240,102	75,352	75,352	(164,750)	
Sports pitch provision - tennis courts	68,828		68,828	8,755	68,828	0	
Subtotal Asset Improvement	504,236	2,450,000	2,954,236	807,419	2,464,796	(489,440)	75,000
ASSET INVESTMENT							
Property investment	0	1,000,000	1,000,000	0	0	0	1,000,000
Subtotal Asset Investment	0	1,000,000	1,000,000	0	0	0	1,000,000
REGENERATION AND GROWTH							
Development fund vacant buildings and sites	0	200,000	200,000	0	150,000	(50,000)	0
HCA Strategic Partnership	0	2,500,000	2,500,000	0	261,000	(2,239,000)	2,239,000
Subtotal Regeneration And Growth	0	2,700,000	2,700,000	0	411,000	(2,289,000)	2,239,000
INITIATIVE FUNDS							
Community grants capital fund		50,000	50,000	0	25,000	(25,000)	25,000
Eco investment fund		150,000	150,000	0	150,000	0	150,000
Subtotal Initiative Funds	0	200,000	200,000	0	175,000	(25,000)	175,000
SECTION 106 SCHEMES							
Play Schemes	666,350	69,866	812,442	328,887	619,618	(192,824)	192,824
Transportation & Landscape Schemes	612,729	211,061	823,790	28,878	737,484	(86,306)	86,306
Subtotal Section 106 Schemes	1,279,079	280,927	1,636,232	357,765	1,357,102	(279,130)	279,130
TOTAL NON-HOUSING CAPITAL EXPENDITURE	1,783,315	7,630,927	9,432,468	1,391,167	5,009,937	(3,422,531)	3,768,130

Non-Housing Capital Resources

Capital Resources	Earmarked Provisions	Capital Receipts	S106	Grants	Revenue /Other	HCA	Total
Resources brought forward from 2011/12	138,682	5,036,168	1,716,150	275,234	0	2,506,278	9,672,512
Receipts to date 2012/13							
6 Upper Goat Lane		193,612					193,612
29 Bedford St		258,612					258,612
Bowthorpe craft workshops S.106		246,920	123,516				246,920
Total receipts to date	0	699,144	123,516	0	0	0	822,660
Resources brought forward + receipt to date	138,682	5,735,312	1,839,666	275,234	0	2,506,278	10,495,172
Forecast income 2012/13							
Earlham Hall tranche 2 & 3		310,000					310,000
Asset Review: 3-5 St John Maddermarket		75,000					75,000
Asset Review: Bussey Road		340,000					340,000
Asset Review: Lease Surrender	575,000						575,000
LTA grant				14,834			14,834
Revenue funding transferred					23,411		23,411
S106 Norfolk County Council					119,000		119,000
S106 anticipated			15,750				15,750
Forecast income 2012/13	575,000	725,000	15,750	14,834	142,411	0	1,472,995
TOTAL NON-HOUSING CAPITAL RESOURCES	713,682	6,460,312	1,855,416	290,068	142,411	2,506,278	11,968,167

Non-Housing Capital Expenditure

