

Report to Cabinet
14 November 2012

Item

Report of Chief finance officer

10

Subject Capital Budget Monitoring 2012/13 – Period 06

Purpose

To update Cabinet on the financial position as at 30 September 2012 and the forecast outturns for the year 2012/13.

Summary

- The housing capital programme is being delivered according to plan and within budget
- Housing capital resources are adequate to resource the capital programme and meet future plans
- The Non-Housing capital programme is being delivered according to plan and within budget
- Non-Housing capital resources are adequate to resource the capital programme and meet future plans

Recommendations

1. To note the financial position as at 30 September 2012 and forecast outturns for 2012/13.
2. To agree the virement within the Housing programme proposed in paragraph 2.4.
3. To note the carry-forwards included within the Housing and Non-Housing capital programmes.
4. To recommend to Council the addition of £0.8m IT infrastructure investment within the non-housing capital plan and programme as set out in paragraph 3.9
5. To agree the virement within the Non-Housing Capital Programme proposed in paragraph 3.10

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 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

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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 6 (September 2012).

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
27,017	32,158	Public Sector	11,985	8,132	31,228	(930)
3,258	3,775	Private Sector	936	147	2,261	(1,514)
30,275	35,933	Subtotal	12,920	8,279	33,488	(2,445)
(30,275)	(40,358)	Resources		(28,273)	(33,488)	(6,870)
0	(4,425)	Total		(19,993)	0	(6,870)

- 2.2 The 2012/13 housing capital plan and programme report anticipated that a total of £4.9m of resources would be available to be carried forward as a result of underspend in 2011/12. Now the final 2011/12 position has been established, an additional underspend of £600,000 has been identified, making a total of £5.6m available from the public and private sector programme to be carried forward into 2012/13 as additional budget provision. This brings the overall 2012/13 housing capital programme to £35.9m.
- 2.3 Expenditure in this financial year up to the end of period 6 (September 2012) totals just under £8.3m, £4.6m short of the profiled budget of £12.9m. Budget holders are currently forecasting an end of year outturn of £33.5m, £2.4m less than the current programme.
- 2.4 Cabinet's approval is sought for the virement of £1m from the windows budget to the structural budget, since many window replacement jobs are requiring preliminary structural works to strengthen frames, install lintels, etc. The proposed virement will not affect the number of window replacements targeted. A further £0.5m of structural work relating to windows will be met from underspends elsewhere within the structural budget.
- 2.5 An underspend of up to £0.8m is anticipated on Disabled Adaptations, since the backlog has been cleared, and these ongoing savings will be taken into account in preparing the 2013/14 budget and HRA Business Plan.
- 2.6 Available housing capital resources total £40.4m which after funding the 2012/13 anticipated expenditure of £33.5m, would render surplus resources of £6.9m available to be carried forward into 2013/14.
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- 2.7 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 match current budget provision, though spend to date is at a low level since many schemes are not yet incurring costs.

Original Budget	Current Budget	Item	Actual YTD	Forecast Outturn	Forecast Variance
1,000	1,000	Asset Maintenance	48	564	(436)
2,450	2,450	Asset Improvement	47	2,375	(75)
1,200	1,000	Asset Investment	-	1,000	0
2,700	2,700	Regeneration & Growth	0	411	(2,289)
181	181	S106 & CIL	3	139	(28)
-	200	Initiative Funds	-	200	0
1,064	1,779	Brought forward projects	297	1,514	(279)
8,395	9,510	Subtotal	395	6,204	(3,107)
(11,960)	(11,931)	Resources	(704)	(6,204)	(5,727)
(3,565)	(1,881)	Total	(309)	0	(5,727)

- 3.2 Asset maintenance expenditure covers provision for major repairs and upgrades (including works to St Andrews car park) and investment to reduce asset liabilities. Works at St Andrews car park are not expected to commence until the 2013/14 financial year, and it is proposed that the consequent underspend will be carried forward to next financial year, if necessary. Paragraph 3.10 below proposes virement of £50k of the current underspend to the S.106 transportation budget.
- 3.3 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, and any slippage would result in an underspend in 2012/13 for which a carry-forward would be needed.
- 3.4 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.
- 3.5 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. Paragraph 3.10 below proposes virement of £50k of the current non-NAHCASP underspend to the S.106 transportation budget.
- 3.6 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. A report is also due to come to Cabinet in December which will include proposals for use of part of the eco-investment fund and these proposals will be circulated to Sustainable Development Panel in advance for comments.

- 3.7 Total non-housing capital resources are anticipated to total £11.931m, and after financing £6.154m of non-housing capital expenditure will result in a carry-forward figure of £5.777m. This forecast includes asset disposals yet to be indentified of £0.410m.
- 3.8 Further detail regarding non-housing capital expenditure & resources may be found in Appendix 2.
- 3.9 Following the termination of the previous IT service contract, the acquisition and upgrade of IT hardware becomes the council's own capital expenditure, rather than being incurred through an IT service charge. A review has indentified investment requirements of £0.8m in the current financial year to support the councils lean blueprint and to refresh IT servers (to provide added performance and resilience and to reduce power consumption and carbon footprint) and to refresh desktop systems (to improve performance). The costs will be met from a combination of SALIX and eco-investment funds (resourcing the improved environmental impacts), a settlement sum received from the former contractor, and revenue provision identified in the Shared Service business case. If agreed by Council to be included in the capital plan and programme, detailed proposals will be brought back to cabinet for approval.
- 3.10 The city and county councils have jointly been working on a project to make Chapel Field North two way for buses, deliveries and access, which is part of the Norwich Area Transport Strategy and essential to delivering sustainable transport improvements in the city centre to support growth in the greater Norwich area. The £1.15m project is funded jointly from Growth Point money, S106 funds, and local transport funds. However a bid to the Department for Transport's local sustainable transport fund for the final £500k was not successful. In order to progress the scheme and to enhance the benefits of the sister project to remove general traffic from St Stephens Street and Surrey Street, it is proposed to invest £100k from its capital programme in the project, by viring £50k from the Asset Maintenance forecast underspend and £50k from the Regeneration & Growth forecast underspend into the S.106 Transportation schemes budget. The county council will make up the remaining shortfall.

4. Risks

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

<i>Risk</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Score</i>	<i>Mitigation</i>
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;

<i>Risk</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Score</i>	<i>Mitigation</i>
				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:	14 November 2012
Head of service:	Chief Finance Officer
Report subject:	Capital Budget Monitoring 2012/13
Date assessed:	17 November 2012
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.

HOUSING CAPITAL PROGRAMME

Housing - Public Sector

Programme/Fund	Brought Forward	Approved Budget	Budget Adj	Total Budget	Actual Yr To Date	Profiled Budget	Forecast Outturn	Forecast Variance
Home Upgrades	0	10,050,180	0	10,050,180	3,445,185	3,719,587	10,050,180	0
Heating	1,792,910	4,246,563	0	6,039,473	1,518,390	1,997,959	6,012,038	(27,435)
Windows	983,396	5,250,000	0	6,233,396	879,594	2,625,000	5,233,396	(1,000,000)
Composite Doors	0	185,213	0	185,213	(10,824)	92,606	250,000	64,788
Community Safety	0	210,000	0	210,000	0	84,000	210,000	0
Preventative Maintenance	1,677,717	4,538,913	0	6,216,630	1,340,564	2,054,123	6,550,000	333,371
Supported Independent Living	0	1,936,000	0	1,936,000	479,832	961,333	1,136,000	(800,000)
Other	687,002	600,000	0	1,287,002	479,370	450,000	1,786,175	499,173
Total	5,141,025	27,016,868	0	32,157,893	8,132,111	11,984,608	31,227,789	(930,103)

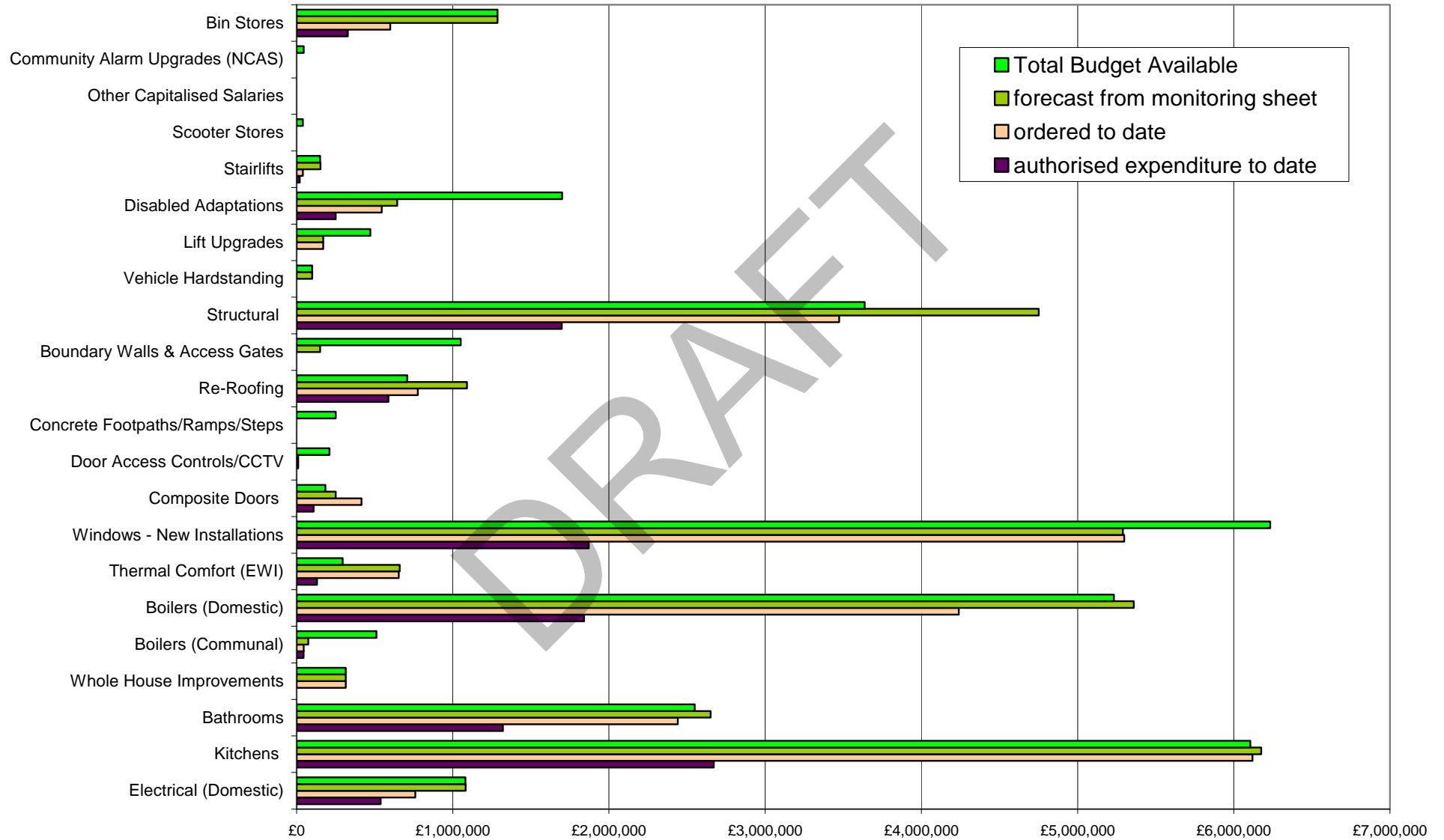
Housing - Private Sector

Programme/Fund	Brought Forward	Approved Budget	Budget Adj	Total Budget	Actual Yr To Date	Profiled Budget	Forecast Outturn	Forecast Variance
Strategic Housing HRA	0	449,000	0	449,000	0	35,950	449,000	0
Strategic Housing GF	473,841	1,855,000	0	2,328,841	(352)	401,000	814,352	(1,514,489)
Private Sector Housing GF	43,305	954,000	0	997,305	147,597	498,653	997,305	0
Total	517,146	3,258,000	0	3,775,146	147,245	935,603	2,260,657	(1,514,489)

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	0
Capital Receipts (Land & Prop Sales)	1,645,000	4,967,273	6,221,012	12,833,285	1,008,870	5,963,546	(6,869,739)
Capital Receipts (RTB Sales)	0	504,350	0	504,350	243,358	504,350	0
Capital Grants	0	394,000	43,305	437,305	437,305	437,305	0
Contribution from Leaseholders	0	250,000	0	250,000	250,000	250,000	0
Revenue Contribution to Capital	0	1,327,220	0	1,327,220	1,327,220	1,327,220	0
HRA CFR Borrowing	0	0	0	0	0	0	0
Total	8,999,000	21,275,868	10,083,317	40,358,185	28,272,778	33,488,446	(6,869,739)

HOUSING CAPITAL EXPENDITURE



NON-HOUSING CAPITAL PROGRAMME

Non-Housing Capital Expenditure

	B/F BUDGET	APPROVED BUDGET	CURRENT BUDGET	SPEND TO DATE	FORECAST EXPENDITURE	FORECAST VARIANCE
ASSET MAINTENANCE						
Asset Maintenance – Works		900,000	900,000	0	0	(900,000)
190735 - Castle entrance roof			0	0	20,000	20,000
130101 - City cemetery toilet refurbishment			0	0	80,000	80,000
643020 0704 - Rose lane car park resurface			0	0	30,000	30,000
643020 0609 - Colegate car park resurface			0	22,446	22,446	22,446
190340 - memorial gdns step nosings			0	1,375	25,000	25,000
645030 - District lighting upgrades			0	0	55,000	55,000
643030 St Giles MSCP lighting upgrade			0	0	73,500	73,500
220548 - 30 elm hill toilet			0	0	12,000	12,000
170220 - Piling Park CC new boiler			0	0	10,000	10,000
222318 - 20 Waldegrace reroof			0	11,322	11,322	11,322
221320 - Magpie printers phase 2 demolition and stabilisation			0	0	20,000	20,000
643020 0614 Chapelfield East car park resurface			0	9,771	9,771	9,771
170206 - Eaton park CC window repainting/facia replacement			0	0	7,500	7,500
170220 - Pilling park CC window repainting/facia replacement			0	0	7,500	7,500
130101 - City Cemetery path resurface			0	2,596	30,000	30,000
643020,643040 - Upgrades to car parks machines			0	0	50,000	50,000
Capitalisation - Building Surveyors Fees etc		100,000	100,000	0	100,000	0
Subtotal Asset Maintenance	0	1,000,000	1,000,000	47,510	564,039	(435,961)
ASSET IMPROVEMENT						
City Hall		2,200,000	2,200,000	46,861	2,125,000	(75,000)
other assets		250,000	250,000		250,000	0
New mills yard river wall	6,000		6,000		6,000	0
communal bins	108,306		108,306		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

	B/F BUDGET	APPROVED BUDGET	CURRENT BUDGET	SPEND TO DATE	FORECAST EXPENDITURE	FORECAST VARIANCE
street cleansing equipment			0		0	0
Connect 2 feasibility	240,102		240,102	35,690	35,690	(204,412)
Sports pitch provision - tennis courts	68,828		68,828	8,747	68,828	0
Subtotal Asset Improvement	504,236	2,450,000	2,954,236	170,221	2,675,134	(279,102)
ASSET INVESTMENT						
Property investment		1,000,000	1,000,000		1,000,000	0
Subtotal Asset Investment	0	1,000,000	1,000,000	0	1,000,000	0
REGENERATION AND GROWTH						
Development fund vacant buildings and sites		200,000	200,000		150,000	(50,000)
HCA Strategic Partnership		2,500,000	2,500,000		261,000	(2,239,000)
Subtotal Regeneration And Growth	0	2,700,000	2,700,000	0	411,000	(2,289,000)
INITIATIVE FUNDS						
Community grants capital fund		50,000	50,000		50,000	
Eco investment fund		150,000	150,000		150,000	0
Subtotal Initiative Funds	0	200,000	200,000	0	200,000	0
SECTION 106 SCHEMES						
Play Schemes	662,576	69,866	732,442	168,807	615,844	(116,598)
Transportation & Landscape Schemes	612,729	111,061	723,790	7,787	737,484	13,694
Subtotal Section 106 Schemes	1,275,305	180,927	1,456,232	176,594	1,353,328	(102,904)
TOTAL NON-HOUSING CAPITAL EXPENDITURE	1,779,541	7,530,927	9,310,468	394,325	6,203,501	(3,106,967)

Non-Housing 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	9,672,511
Receipts to date 2012/13							
6 Upper Goat Lane		193,612					193,612
29 Bedford St		258,612					258,612
Bowthorpe craft workshops		246,920					246,920
S.106			5,000				5,000
Total receipts to date	0	699,144	5,000	0	0	0	704,144
Resources brought forward + receipt to date	138,682	5,735,312	1,721,150	275,234	0	2,506,278	10,376,655
Forecast income 2012/13							
Earlham Hall tranche 2 & 3		610,000					610,000
Asset Review: 3-5 St John Maddermarket		75,000					75,000
Asset Review: Bussey Road		340,000					340,000
Asset Review: 41 All Saints Green		175,000					175,000
Asset Review: Other to be identified		410,000					410,000
LTA grant				14,834			14,834
Revenue funding transferred					23,411		23,411
S106 Norfolk County Council					119,000		119,000
S106 anticipated			302,000				302,000
Forecast income 2012/13	0	1,610,000	302,000	14,834	142,411	0	1,554,245
TOTAL NON-HOUSING CAPITAL RESOURCES	138,682	7,345,312	2,023,150	290,068	142,411	2,506,278	11,930,900

NON-HOUSING CAPITAL EXPENDITURE

