

1 Purpose of Report

- 1.1 This report presents Members with the capital budget monitoring information for the four months up to 31st July 2010, and proposed virements arising to the programme. The report introduces a traffic light system to assess how projects are progressing (Red, Amber and Green).

2 Executive Summary

- 2.1 Overall the programme is on target, with 33 out of 47 projects (70%) in line with budgets (Green). For five projects that were not approved, spending occurred in the first few weeks of 2010-11. New controls have been introduced to stop this. This is giving rise to a small overspend of £18,400. The small overspend is offset by underspends forecast on other schemes, in particular £468,000 can be returned to the Capital funds as planned schemes for Faraday Court, the Market Offices and ICT as these have been assessed as Red as they are no longer felt fully viable. A virement is proposed to meet growing pressures on Disabled Facilities Grant schemes, that if approved will have a nil impact on the overall programme. There are a small number of other Amber schemes that are reported on in more detail in this report at Section 6 of this report.

3 Appendices

- 1) Capital monitoring up to 31st July 2010
- 2) Variations to the capital programme
- 3) Current funding of the capital programme

4. The Resources Committee is invited to RESOLVE to:

- 4.1 **Note the projected outturn based on the monitoring up to the end of July.**
- 4.2 **Amend the capital programme to account for the proposed virements as outlined at Appendix 2 in relation to Disabled Facilities Grant spending.**
- 4.3 **Amend the capital programme to stop the Faraday Court, Market Office relocation schemes, and part of the ICT allocation returning £468,000 to the capital funds available.**
- 4.4 **Amend the capital programme to increase the budget to £24,000 on J074 for the public access system, funded from the planning development grant.**

5 Background

- 5.1 At Resources Committee on 21st July, Members agreed an updated 2010-15 Capital Programme. As part of sound financial management arrangements this report informs Members of progress of spend against that programme, project by project. This enables corrective action to be taken early where appropriate and inform better decision making going forward.
- 5.2 Each individual project has been assessed and projections matched against known facts and project plans where they are available. An assessment has then been made by Finance as to the risk of under/overspending on the project. The following criteria has been applied:
- **Red** – Urgent action is required to bring the project back on track, or significant factors affecting the viability of the project.
 - **Amber** – The project has resolvable issues if action is taken
 - **Green** – Project on track and in control, no issues arising.
- 5.3 A further category (**Black**) has been introduced for this year's monitoring report only. Members will recall that concerns over the controls operating over capital spending have been raised previously. The poor controls allowed five projects to incur a small level of spending (£18,400) to be incurred in the first few weeks of 2010-11 for which there was no budget. Action has now been taken to prevent this by closing down these codes and officers informed. The confusion arose due to a lack of understanding and clarity over what can and cannot be spent has been issued. Further training and guidance is planned for mid to late autumn.

6 Discussion

- Budget Monitoring

- 6.1 The full assessment of the programme is attached to this report at Appendix 1. Overall 33 schemes out of 47 (70%) have been classified as **Green**. That is:
- being on target for spend in 2010-11, or
 - slippage is known and for unforeseeable reasons, such as delays in getting Members approval to start, but the spend overall will be in line with the total funds available and spend will slip into the early parts of 2011/12.
- 6.2 Scheme **J018 - Playing/Sports Pitch Development** (£317,000) relates to the Section 106 monies received. This has been assessed as Green as there are now plans being brought forward to Community Committee to improve the controls over this and spend over the life of the current Capital Programme. Further tightening of reporting is planned and will be reported in the next monitoring report following any decisions taken by the Community Committee.

6.3 Six projects that have been classified as **Amber**. They are:

- **J074 – Planning Delivery Grant** (£0 budget): Request a budget of £24,000 funded from the planning development grant for remaining IT (audio and visual communication) costs for the public access system. This system allows Wellingborough's customers to comment on the standard of service provided.
- **K001 - Discretionary Renovation Grant, K002 - Mandatory Disabled Facilities Grant (DFG), K003 – Renovation Grant (Home Repair Assist), and K004 Decent Homes Grant** (A total allocation of £959,000 of funds, £479,000 from BCW and £480,000 from Government grants): Overall the schemes have been assessed as Amber as there are significant variations on each scheme. In particular the projected spend on DFGs is £118,000 more than budgeted for due to an increase in demand, mainly for adaptations relating to disabled children. As in previous years variations are proposed between the budgets set out at Appendix 2. The overall impact to the capital programme is nil. A separate report providing additional detail has been discussed at Community Committee on 6th September 2010.
- **K600 – Isham Flood Defence (£70,000)** Slow down in progress of project due to land owners requesting high value compensation rights. Northampton County Council is negotiating with them to set compensation amounts to a more reasonable sum. If agreement cannot be reached an alternative solution may have to be considered (eg alternative route for pipe).

6.4 Three schemes have been assessed as Red. For two it is forecast that they will fully underspend due to the factors set out below. For ICT it is forecast part of the budget will not be spent on current projections. For these budgets it is recommended that the funds set out below are returned to the unallocated capital funds subject to new proposals coming forward:

- **Auth 1 - Faraday Court** (£200,000 funding made available in the programme): This proposal was to buy out a sub lease and release and annual revenue saving. This project is to cease as the negotiations to buy the sub lease fell through.
- **Auth 3 - Market Office Relocation** (£68,000 funding made available in the programme): This proposal was to move from the current market office to new accommodation, key dependencies were the acquiring a new property at a favourable rate and finding suitable tenants for the vacated property. Further review and negotiations identified that the project was unlikely to realise the potential £14,300pa.
- **J034 – Replacement/upgrade computer software** (£477,900 budget): Of this programme just over £250,000 has been identified to fund schemes that have already commenced, including computer refreshes (£60,000). At this stage no decisions have been taken to spend the

remaining £200,000, although there are several suggestions. New proposals need to come forward using the new ICT business case methodology and discussions with the joint ICT Board held to assess the capacity of the Partnership to deliver any proposals. Until that point the £200,000 will be returned to the Capital funds.

6.5 Five projects have been classed as **Black**. As set out at paragraph 5.3 these projects have all now ceased, but the small overspend of £18,400 will need to be funded from underspends elsewhere.

7 Legal Powers

7.1 The Council has a legal duty to ensure it sets an annually balanced budget.

8 Financial and Value For Money Implications

8.1 These are detailed in the report and the interim Head of Accountancy is the author of the report, and the Section 151 Officer a consultee.

9 Risk Analysis

9.1 The following risks and controls have been identified.

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Unsustainable level of capital expenditure in the medium to long term.	Revenue implications not affordable; need to resort to borrowing and lose debt free status.	Possible if not controlled due to reducing receipts and external grants.	Robust budget planning and control.
Non-delivery of schemes once approved.	Council priorities not achieved.	This risk has already occurred in some cases.	Improved project management.

10 Implications for Resources

10.1 Officers responsible for capital schemes are accountable for identifying resources to manage and control schemes and any revenue consequence of the programme have been identified within the 2010-11 budget identified. The Council is also introducing improvements in its monitoring and management of its Capital Strategy that will improve the use of resources.

11 Implications for Stronger and Safer Communities

11.1 Implications need to be considered for individual schemes.

12 Implications for Equalities

12.1 Implications need to be considered for individual schemes.

13 Author and Contact Officer

Michael Hudson – Interim Head of Accountancy

14 Consultees

Corporate Management Team

Operational Management Team

15 Background Papers

Previous Capital Programme reports to Members.

Project Working Group minutes.

Appendix 1

Capital Monitoring as at 31st July 2010

Ref	Scheme description	Actual as at 31 July 10 £000's	Budget App Resources 21 July 10 £000's	Forecast For The Year £000's	Slippage	Forecast (Under) / Over spend v Budget £000's	Traffic Light	Comments
J003	Vehicle Replacement	0.0	150.0	150.0		0.0	Green	Procurement of six IVECO litter picking vehicles is progressing and spend is expected in the next 2 months.
J009	Allotment Service Improvements	0.0	5.0	0.0		5.0	Green	No further work required. All work has now been completed. This is linked also to project J046 further on in this Appendix.
J011	Public Open Space Strategy Implementation	1.2	2.0	2.0		0.0	Green	Work is on going
J016	Disabled Discrimination Act	4.0	5.0	4.0		1.0	Green	Finished - further DDA works completed in property cost centre
J018	Playing/Sports Pitch Development	0.0	317.0	317.0		0.0	Green	A report on s.106 spending is due to Community Committee. The Castlefield project is at an early stage of project design stage and thus there may possibly be slippage for this and Eastfield Park into future years. Exact projections are still being worked up
J021	Swanspool Gardens Public Toilet Provision	4.7	15.0	15.0		0.0	Green	On going - demolition of old toilets still to progress but planned.

Ref	Scheme description	Actual as at 31 July 10 £000's	Budget App Resources 21 July 10 £000's	Forecast For The Year £000's	Slippage	Forecast (Under) / Over spend v Budget £000's	Traffic Light	Comments
J022	20 Sheep Street	0.2	0.0	0.2		(0.2)	Black	Original works completed
J029	CCTV Strategy Implementation	0.0	17.0	17.0		0.0	Green	On going
J030	Town Centre Master planning	3.9	0.0	3.9		(3.9)	Black	Finished
J031	Cycle Network	-0.5	0.0	0.0		0.0	Green	Finished
J034	Replacement/Upgrade Computer Software	110.5	477.9	277.9		200.0	Red	Prioritising of IT projects currently on going.
J037	Redhill Farm	0.0	350.0	350.0		0.0	Green	Not yet commenced as scheme only approved 21 st July 2010. Whilst slippage may occur into 2011/12 there is no indication the budget is insufficient.
J041	Non Operational Property	120.8	473.3	473.3		0.0	Green	Church Street on going
J042	Town Cent Site Assembly - High Street Development (General Vesting Declarations)	30.6	311.7	311.7		0.0	Green	Progressing - budget allows for part completion of properties subject to GVD, and excludes mobile radio building.
J043	Project Preliminary Works	1.8	0.0	1.8		(1.8)	Black	Review of final payments to be made
J044	Patterson Road Employment Land	1.2	44.7	44.7		0.0	Green	On going
J045	Faraday Court - Security Improvements	1.0	8.1	1.0		7.1	Green	No further work. Work completed
J046	Allotment Service Improvements	1.0	5.0	1.0		4.0	Green	Work completed

Ref	Scheme description	Actual as at 31 July 10 £000's	Budget App Resources 21 July 10 £000's	Forecast For The Year £000's	Slippage	Forecast (Under) / Over spend v Budget £000's	Traffic Light	Comments
J048	Enterprise Court Regeneration	-4.6	0.0	0.0		0.00	Green	Awaiting final payment, but an accrual was made carrying forward budget from last year to fund the slippage in 2010/11.
J049	Investment Initiation	0.3	16.5	0.3		16.2	Green	No further work expected
J050	Market St Shops Improvements	-1.8	0.0	0.0		0.0	Green	Awaiting final payment, but an accrual was made carrying forward budget from last year to fund the slippage in 2010/11.
J053	Market Square Car Parking	0.0	6.0	6.0		0.0	Green	Spend to cover final payments of CCTV implementation
J054	Land Title Registration	11.1	0.0	11.1		(11.1)	Black	Further £5k of work, covered by revenue budget.
J059	Town Cent Site Assembly - (Road - Oxford St to West St)	27.4	343.6	343.6		0.00	Green	Project on target
J064	17 Market Street Repair & Improvement	1.4	0.0	1.4		(1.4)	Black	Completed
J072	Swanspool Gardens Car Parking	20.8	42.1	42.1		0.00	Green	On going
J074	Planning Delivery Grant	23.4	0.0	23.4		(23.4)	Amber	Under review

Ref	Scheme description	Actual as at 31 July 10 £000's	Budget App Resources 21 July 10 £000's	Forecast For The Year £000's	Slippage	Forecast (Under) / Over spend v Budget £000's	Traffic Light	Comments
J100	Heritage and Shop Front Improvement Grant Req1 - adjustments to Auth7	0.0	75.0	53.0	22.0	22.0	Green	Minor delays due to Heritage Lottery Fund negotiations, so there is expected slippage into 2011/12, but overall spend on target.
J083	Croyland Hall Veranda Repairs	5.4	9.4	7.5		1.9	Green	On going
J098	Public Realm Phase 1	0.1	200.0	200.0		0.0	Green	Progressing on target
J986	HSG - Improvements To Sheltered Housing	-12.8	0.0	0.0		0.0	Green	Costs expected to cover year end accrual
K001	Renovation Grant-Discretionary	58.7	352.0	214.0		138.0	Amber	Proposal to reduce budget to £214k providing £138k additional funding for disabled facilities
K002	Disabled Facilities Grant- Mandatory PO	191.8	472.0	590.0		(118.0)	Amber	Proposal to increase budget to £590k, actual spend last year £616k on mandatory applications
K003	Renovation Grant (Home Repair Assist) – Minor works grant	2.6	0.0	20.0		(20.0)	Amber	Proposed budget of £20k will enable continued investment in domestic energy efficiency (insulation of lofts and cavity walls)
K004	Decent Homes Grant	89.8	135.0	135.0		0.0	Amber	On going

Ref	Scheme description	Actual as at 31 July 10 £000's	Budget App Resources 21 July 10 £000's	Forecast For The Year £000's	Slippage	Forecast (Under) / Over spend v Budget £000's	Traffic Light	Comments
K221	Parish Council Irchester	29.3	138.0	138.0		0.0	Green	On going Street Lighting
K222	Parish Council Wollaston	2.2	17.0	17.0		0.0	Green	On going - under review
K223	Parish Council Earls Barton		34.8	34.8		0.0	Green	Litter bins and picnic benches nearing completion
K224	Parish Council Bozeat		2.6	2.6		0.0	Green	On going - under review
K227	Parish Council Little Harrowden		55.0	55.0		0.0	Green	Not yet commenced pocket park
K228	Parish Council Sywell	25.0	25.0	25.0		0.0	Green	Playing field equipment purchased - project complete
K301	Cont. To Aff. Hsg. - Additionality	160.0	173.1	173.1		0.0	Green	On going
K600	Isham Flood Defence		70.0	70.0		0.0	Amber	Issues regarding negotiation with land owners
Auth1	Faraday Court		200.0	0.0		200.0	Red	Project to be removed from programme
Auth2	Multi Storey Car Park Lighting		120.0	120.0		0.0	Green	Not yet commenced, but spend forecast still to be in 2010/11 subject to structural survey.
Auth3	Market Office Relocation		68.0	0.0		68.0	Red	Project to be removed from programme
Auth4	ICT Infrastructure		214.0	214.0		0.0	Red	Prioritising of IT projects currently on going
Auth8	Nest Farm Road		100.0	100.0		0.0	Green	No major works commenced - Design Stage
TOTAL		910.3	5,050.8	4,767.4	22.0	483.40		

Appendix 2

Variation Request for Resources as at 8th Sept 2010																	
<p>The purpose of the enclosed variation request is to re-allocate Wellingborough capital funding within Housing Renewal section to increase the disabled facilities budget and the home repair assistance work by removing funds from the renovation grant. Disabled facilities budget is increased to £590k compared to spend of £616k in 09/10</p>																	
Overall impact on capital programme - Nil																	
		2010/11			2011/12			2012/13			2013/14			2014/15			
CODE	SCHEME	TOTAL COST	EXTERNAL FUNDING	BCW FUNDING	TOTAL COST	EXTERNAL FUNDING	BCW FUNDING	TOTAL COST	EXTERNAL FUNDING	BCW FUNDING	TOTAL COST	EXTERNAL FUNDING	BCW FUNDING	TOTAL COST	EXTERNAL FUNDING	BCW FUNDING	TOTAL EXP.
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Capital Projects																	
Current Budget																	
KD01	Grants Renovation	352	242	110	-	-	-	-	-	-	-	-	-	-	-	-	352
KD02	Grants Disabled Facilities	472	187	285	450	165	285	450	165	285	450	165	285	-	-	-	1,822
KD03	Renovation Grants (Home Repair Assist)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KD04	Decent Homes Grant	135	50	85	-	-	-	-	-	-	-	-	-	-	-	-	135
Total Current Budget		959	479	480													
Change Requested																	
KD01	Grants Renovation	-138.00	-28.00	-110.00													
KD02	Grants Disabled Facilities	118.00	0.00	118.00													
KD03	Renovation Grants (Home Repair Assist)	20.00	20.00														
KD04	Decent Homes Grant	0.00	8.00	-8.00													
Total Increase/Decrease		0.00	0.00	0.00													
Revised Budget																	
KD01	Grants Renovation	214	214	-													
KD02	Grants Disabled Facilities	590	187	403	450	165	285	450	165	285	450	165	285	-	-	-	1,940
KD03	Renovation Grants (Home Repair Assist)	20	20	-													
KD04	Decent Homes Grant	135	58	77													
Total Revised Budget		959	479	480													

Appendix 3

		Capital Programme as Agreed at Resources 21st July 2010												Appendix 3			
CODE	SCHEME	2010/11			2011/12			2012/13			2013/14			2014/15			
		TOTAL COST £000's	EXTERNAL FUNDING £000's	BCW FUNDING £000's	TOTAL COST £000's	EXTERNAL FUNDING £000's	BCW FUNDING £000's	TOTAL COST £000's	EXTERNAL FUNDING £000's	BCW FUNDING £000's	TOTAL COST £000's	EXTERNAL FUNDING £000's	BCW FUNDING £000's	TOTAL COST £000's	EXTERNAL FUNDING £000's	BCW FUNDING £000's	TOTAL EXP. £000's
Capital Projects																	
J003	Vehicle Replacement Programme - Req1	150		150	125		125	-		-	-		-				275
J009	Allotment Service Improvements	5		5	-		-	-		-	-		-				5
J011	Public Open Space Implementation	2	-	2	-	-	-	-	-	-	-	-	-	-	-	-	2
J016	Disabled Discrimination Act	5		5	-	-	-	-	-	-	-	-	-	-	-	-	5
J018	Playing/Sports Pitch Development	317	317	-	-	-	-	-	-	-	-	-	-	-	-	-	317
J021	Swanspool Gardens Public Toilet Provision	15	-	15	-	-	-	-	-	-	-	-	-	-	-	-	15
J029	CCTV Strategy Implementation	17	-	17	-	-	-	-	-	-	-	-	-	-	-	-	17
J034	Replacement/Upgrade Computer Software	478	-	478	10	-	10	-	-	-	-	-	-	-	-	-	488
J037	Redhill Farm Various	350		350													350
J041	Non Operational Property Improvements	473	-	473	-	-	-	-	-	-	-	-	-	-	-	-	473
J042	High Street Development Strategic Acq.	312		312													312
J044	Paterson Road Employment Land	45	-	45	-	-	-	-	-	-	-	-	-	-	-	-	45
J045	Faraday Court Security Improvements	8	-	8	-	-	-	-	-	-	-	-	-	-	-	-	8
J046	Allotments Service Improvements	5	-	5	-	-	-	-	-	-	-	-	-	-	-	-	5
J049	Investment Initiation	17	-	17	-	-	-	-	-	-	-	-	-	-	-	-	17
J053	Market Square Car Parking	6	-	6	-	-	-	-	-	-	-	-	-	-	-	-	6
J059	High Street Regeneration	344	50	294	-	-	-	-	-	-	-	-	-	-	-	-	344
J072	Swanspool Gardens Car Parking	42	-	42	-	-	-	-	-	-	-	-	-	-	-	-	42
J083	Croyland Hall Verandah Repairs	9	-	9	-	-	-	-	-	-	-	-	-	-	-	-	9
J098	Public Realm	200	-	200	-	-	-	-	-	-	-	-	-	-	-	-	200
J100	Heritage and Shop Front Improvement Grant Req1 - adjustments to Auth7	75	50	25	550	400	150	550	375	175	502	300	202	530	350	180	2,207
Auth1	Faraday Court	200	-	200													200
Auth2	Multi Storey Car Park Lighting	120	-	120													120
Auth3	Market Office Relocation	68	-	68													68
Auth4	ICT Infrastructure	214		214													214
Auth8	Nest Farm Road	100		100													100
Revenue Expenditure Funded From Capital Under Statue																	
K001	Grants Renovation	352	242	110	-	-	-	-	-	-	-	-	-	-	-	-	352
K002	Grants Disabled Facilities	472	187	285	450	165	285	450	165	285	450	165	285	-	-	-	1,822
K003	Grants Home Repair Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K003	Renovation Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K004	Decent Homes Grant	135	50	85	-	-	-	-	-	-	-	-	-	-	-	-	135
K221	Parish Council Irchester	138	-	138	-	-	-	-	-	-	-	-	-	-	-	-	138
K222	Parish Council Wollaston	17	-	17	-	-	-	-	-	-	-	-	-	-	-	-	17
K223	Parish Council Earls Barton	35	-	35	-	-	-	-	-	-	-	-	-	-	-	-	35
K224	Parish Council Bozeat	3	-	3	-	-	-	-	-	-	-	-	-	-	-	-	3
K225	Parish Council Finedon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K227	Parish Council Little Harrowden	55	-	55	15	-	15	-	-	-	-	-	-	-	-	-	70
K228	Parish Council Sywell	25	-	25	-	-	-	-	-	-	-	-	-	-	-	-	25
K301	Contributions Towards Aff. Hsg. Additionality	173	-	173	-	-	-	-	-	-	-	-	-	-	-	-	173
K600	Isham Flood Defence	70		70													70
		-		-													-
		-		-													-
		-		-													-
		-		-													-
		5,051	896	4,155	1,150	565	585	1,000	540	460	952	465	487	530	350	180	8,683