

LONDON BOROUGH OF HARROW

Meeting:	Cabinet
Date:	11 November 2003
Subject:	Capital Investment Monitoring 2003-04
Key Decision:	No
Responsible Chief Officer:	Executive Director – Business Connections
Relevant Portfolio Holder:	Finance and Human Resources and Performance Management
Status:	Part 1
Ward:	Various
Enclosures:	Appendix 1: Current Capital Programme Commitments Appendix2: Housing Capital Programme Commentary

1. Summary

- 1.1 This report provides an update on the current Capital Programme, seeks approval to some additional items and gives a forecast of Capital Expenditure for 2003-04 and future years.

2. Recommendations (for decision by Cabinet)

The Cabinet is asked to note the report and:

- i) approve the addition to the capital investment plan of the council's contribution to the Project Appraisal Report for Hatch End Flood Alleviation detailed at paragraph 6.3 at a cost of £97,000 and to consider whether a commitment to the scheme is to be made, subject to the required funding support being confirmed;
- ii) approve the addition to the capital investment plan of the schemes itemised in paragraph 6.4, totalling £431,000 for which additional funding is available.

Reason

To keep the Cabinet informed of new capital schemes and progress in the implementation of the council's Capital Investment Plan.

3. Consultation with Ward Councillors

- 3.1 Not applicable

4. Policy Context (including Relevant Previous Decisions)

- 4.1 The Cabinet receives regular reports on the monitoring of the Capital Programme together with updates on available capital funding. The most recent report was that on the first quarter of 2003-04 submitted on 15 July 2003. At its July meeting Cabinet also considered the level of additional resources available for investment in 2003-04, agreed to fund schemes to the value of £1.278m and approved a list of prioritised schemes to be implemented if further resources became available.
- 4.2 The Budget Review Working Group has agreed that this report is prepared on an exception basis, but that a detailed schedule is attached showing the total programme. Details are to be given for all the major schemes but where a scheme forms part of an annual programme it is reported at a higher level, for example Cycle Route Network schemes. Financial and management and performance information will be provided to the same level of detail.

5. Relevance to Corporate Priorities

- 5.1 The schemes in the detailed capital programme should link to the council's corporate priorities as reflected in the council's Capital Investment Strategy. It is important that the council develops a rolling medium term (say 3-5 years) strategy for capital investment that reflects service priorities and links to the Medium Term Revenue Budget Strategy. A separate report on this agenda covers this issue in more detail.

6. Background Information

- 6.1 The council's capital investment management system provides for close scrutiny of performance in implementing approved investment plans to support regular monitoring reports to the Cabinet.
- 6.2 Table 1 summarises by programme area the results of the monitoring exercise carried out at the end of September 2003. The major changes are outlined below.

2003-04 Programme					
	Approved July 2003 £000	New Schemes £000	Savings/ Incr. Costs £000	Rephasing & Transfers £000	Current Forecast £000
Corporate	6,438	+391		-25	6,804
Education	5,685		-28		5,657
Environment	13,331	+155		-2,417	11,069
Housing	12,999			-4,353	8,646
Social Services	899	+185			1,084
Capitalisation	1,914				1,914
Total	41,266	+731	-28	-6,795	35,174

New Schemes and Increased Costs

6.3 Hatch End Flood Alleviation

A potential flood alleviation scheme for Hatch End is being developed in partnership with the Environment Agency, the total construction cost of which is £1.2m, 80% of which will fall to the council. DEFRA operate a priority scoring system for allocating funding to flood relief schemes and this project is just below the minimum scoring threshold for attracting Supplementary Credit Approval and grant aid. However, given the significance to Harrow of this scheme, officers believe there is a good possibility that it will be granted Special Status and if the scheme is approved by DEFRA the council's costs will attract a Supplementary Credit Approval (SCA). A Project Appraisal Report must be submitted and approved by DEFRA before the end of March 2004, otherwise the scheme will lose its special status and would consequently not be eligible for SCA. To date the Environment Agency has paid all the costs of the Project Appraisal Report, £121,250. However, the council will be liable to pay 80% of this, i.e. £97,000. The council's Environment, Transport and Leisure Committee considered this scheme in 1997 and agreed that the design work should proceed with the final decision on the project to be reserved to the then Policy and Resources Committee.

A request for an SCA for the cost of the Project Appraisal Report has been made to DEFRA, and it is anticipated that this will be successful. A decision is however needed prior to an SCA being awarded, as approval will not be received until much later in the year and there would then be insufficient time for the report to be completed. The scheme's special status would then be lost. It is therefore requested that approval is given to funding this scheme from the council's own resources in anticipation of the receipt of an SCA later in the year, members are further invited to consider their commitment to proceeding with the total scheme subject to the necessary funding support being provided.

6.4 Specific Funding

Since the Capital Investment Plan was last reported there have been a number of announcements of additional funding including specific grants, contributions from developers and SCAs totalling £431,000 as set out below. The new schemes to be added to the investment plan funded from these sources are outlined below.

Corporate	£000
Town Centre Traffic Survey – from Sect 106 monies	91.0
This expenditure has been reported and previously agreed by Cabinet	
Environment	
West London Transport Strategy – Transport for London Grant	55.0
Bridge Strengthening Marsh Road (TfL)	75.0
Bridge Strengthening – reversal of part the reduction previously reported (TfL)	25.0

Social Services	£000
Purchase of Computer Equipment for young people looked after (Grant)	40.0
Improvement of Information Management Systems (Grant)	125.0
Mental Health expansion of the courier service at Wiseworks (SCA)	20.0

In addition to the above, £300,000 has been agreed by the Office of the Deputy Prime Minister in support of the council's Implementing Electronic Government (IEG) strategy and this will form part of the overall funding required to support the ICT Strategy. This is in the Corporate section of the plan.

6.5 Rephasing

Progress on schemes varies during the year for a number reasons, the following slippage/rephasing has been identified since the last report to Cabinet.

Environment	£000
Canons Park Historic landscape restoration	-541.6
Wealdstone Community Offices etc	-1,900.0

Housing

Following a detailed examination of the Housing programme rephasing of £4.35m has been identified. The major items are shown below.

Funded from Harrow General Fund Resources

Grants to Housing Associations	-800.2
Disabled Facilities Grants	-484.8
Empty Property Grants	-100.0
Vernon Lodge	<u>-33.8</u>
Total	1,418.8

Funded from HRA Resources

Mill Farm Close package	-473.9
Roof renewal	-420.0
Rewiring programme	-242.4
Central Heating programme	-255.7
Miscellaneous schemes	<u>-1,542.4</u>
Total	2,934.4

A commentary on the above has been provided by the Housing Department and is attached as Appendix 2.

6.6 Reductions

In the Education programme there are two projects for minor works in the Adult and Community Learning sector that are funded by grants from the Learning and Skills Council (LSC). In 2002-03 these schemes underspent their budgets by £28,200. It was believed that it would be possible to carry the grant funding for these schemes forward into 2003-04. In the event this was not allowed by the LSC and the budgets have been reduced, with a consequent reduction in the level of works that will be carried out.

6.7 Following the adjustments detailed above, the programme levels for 2003-04 and future years are shown in Table 2, together with the total for expenditure to the end of September 2003. All scheme expenditure is within approved budgets.

	Expenditure at 30 Sept 2003 £000	Forecast 2003-04 £000	Forecast Future Years £000	Total Plan £000
Corporate	542	6,804	-	6,804
Education	1,820	5,657	250	5,907
Environment	3,285	11,069	3,353	14,422
Housing	3,481	8,646	4,353	12,999
Social Services	<u>246</u>	<u>1,084</u>	<u>-</u>	<u>1,084</u>
Sub total	9,374	33,260	7,956	41,216
Capitalisation	<u>-</u>	<u>1,914</u>	<u>-</u>	<u>1,914</u>
Total	9,374	35,174	7,956	43,130

6.8 Table 3 below shows that anticipated resources are broadly sufficient to fund the proposed capital programme although this is dependent on the forecast level of capital receipts being realised. The current officer view is that this remains a realistic estimate at this stage. Members will be updated as the position develops and this will be a factor in considering the affordability of the programme for future years

	2003-04 £000	Later Years £000
Total Capital Expenditure	35,174*	7,956
FUNDING		
Surplus brought forward	-	+3,995
Borrowing approvals:		
Basic Credit Approval	4,694	-
Supplementary Credit Approvals	4,306	-
Other Funds		
New Deal for Schools	1,827	-
Other Capital Grants	8,733	-
National Lottery	1,034	918
Housing RCCO / MRA	6,112	2,934
General Fund Revenue Contributions	25	75
Miscellaneous funds	743	145

Capital receipts			
	In hand	9,675	-
	Anticipated:		
	Asset sales	1,535	-
	Right to Buy sales	485	-
	Total Capital Resources	39,169	8,067
	Surplus or shortfall	+3,995	+111
(Required to fund approved expenditure in future years)			

** does not include Hatch End flood alleviation report contribution*

7. Consultation

7.1 None required

8. Finance Observations

8.1 This is a report from the Executive Director for Business Connections and deals with financial matters throughout.

9. Legal Observations

9.1 None

10. Conclusion

10.1 Approval for additional schemes totalling £431,000 in 2003-04 is being requested, all of which are to be funded from grants, contributions from developers or additional SCAs. Schemes that will initially require funding from the council's own resources total £97,000.

11. Background papers

None

12. Author

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