

Meeting:	Cabinet
Date:	17 February 2004
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 : Current Capital Programme Commitments

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

The Cabinet is asked to note the report and:

- i) approve the addition to the capital investment plan of the schemes itemised in paragraph 6.3, totalling £1.565m for which either additional funding is available or can be met from rephasing in the current year.

Reason

To develop and manage 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 second quarter of 2003-04, submitted on 11 November 2003.

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.

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. As part of the development of the capital programme the management of schemes will be closely examine in order to improve performance and reduce the need for rephasing in the coming years.

6.2 Table 1 summarises by programme area the results of the monitoring exercise carried out at the end of December 2003. The major changes are outlined below.

2003-04 Programme					
	Approved Nov 2003 £000	New Schemes £000	Savings/ Incr. Costs £000	Rephasing & Transfers £000	Current Forecast £000
Business					
Connections	3,235				3,235
Chief Executive's	125				125
People First	7,005	+1,247		-1,843	6,409
Urban Living-Misc	14,347	+80	-97	-2,171	12,159
Urban Living -Housing	8,646			-649	7,997
Capitalisation	<u>1,914</u>				<u>1,914</u>
Total	35,272	+1,327	-97	-4,663	31,839

New Schemes and Increased Costs

6.3 Specific Funding

Since the Capital Investment Plan was last reported there have been a number of announcements of additional funding including specific grants and Supplementary Credit Approvals (SCA) totalling £1.565m (£1.327m in 2003-04) as set out below. The new schemes to be added to the investment plan funded from these sources are outlined below.

People First

Grant funding of £476,000 has been received for the use of interactive whiteboards in Primary Schools, this is part of a £10m countrywide project. The scheme is 100% grant funded and the monies must be spent by August 2004. To reflect the cash flow of the grant payments the expenditure has been split equally between 2003-04 and 2004-05.

Notification was received at the beginning of December of an SCA of £1,009,200 for HIV/AIDS supported tenancies. The SCA runs out on 31 March 2004 which gives very little time for this large amount to be spent. Officers are investigating options to avoid this approval being lost, including discussions with the Department of Health to seek an extension to this timescale.

Urban Living - Miscellaneous

In anticipation of the approval of a programme of corporate maintenance works for 2004-05 it is proposed that £25,000 is added to the investment plan in the current year. This is to enable advance design work to commence; this applies particularly to education projects where it is important that work is ready to go ahead in the school holidays. This expenditure will in the first instance be met from rephasing from the current year's programme.

A grant of £5,872 has been awarded by the London Remade's Supply Infrastructure Project (SIP) for research projects to develop a pilot estates recycling scheme. Funding is for the purchase of specially designed recycling containers. An important element of the scheme includes the provision (where appropriate space allows) for the collection and subsequent recycling of waste electronic and electrical equipment (WEEE).

In addition a further SCA relating to Environmental Health Air Quality consultants has been received in January 2004 for £49,000. £29,000 of this is to address a range of air pollution projects, whilst the remaining £20,000 has been earmarked to advance work connected to parking at the Civic Centre and the development of a "Green" Travel Plan.

6.4 Rephasing

Progress on schemes varies during the year for a number of reasons, the following are the major items of slippage/rephasing that have been identified since the last report to Cabinet.

People First

Headstone Manor restoration works -1,105.0
Tenders for the repair of the ancient parts of the complex are due back in mid February. No work will start within the current financial year.

Grange First and Middle School mobile replacement -253.3
The Planning Department have requested further clarification on planning issues leading to delays.

Hatch End High School – dance and drama building -100.0
The scope of this scheme was increased during the year, which resulted in a later completion date, the rephased amount covers lighting, equipment and retention monies

Stag Lane First and Middle Schools – roofing -50.0
It is unlikely that the final account will be agreed in the current year.

Adaptations to the Homes of the Disabled -89.7
The level of expenditure incurred to date on this demand-led programme is less than had originally been anticipated and therefore re-phasing to future years is required.

Haslam House Refurbishment -175.4
Work is being undertaken to review how Haslam House can best be utilised to meet the needs of its residents, until this work has been completed it is imprudent to continue with further refurbishment.

LPSA – Reducing School Truancies -70.0
It is taking longer than originally thought to get bids from schools wanting to take part in this initiative.

Urban Living - Miscellaneous

Highways schemes acquisitions
Roxborough Bridge -50.0
Sheepcote Road -400.0
Wealdstone -250.0

There is a limited number of compensation claims arising from these highways schemes which are still to be settled, this will not happen before the end of March 2004.

Wealdstone Community Offices -270.0
The start of works on site has been delayed with work now due to commence in February 2004. The re-phased amount covers part payment of works on site.

Street Lighting condition survey -45.0
Delays have been experienced in appointing the consultants to carry out the survey.

Stanmore Car Park -100.0
This has been delayed due to legal issues regarding the lessee.

Railway Footbridges -23.4

The programme has been set back by the reorganisation of London Underground and the new link with Transport for London.

Health and Safety works -50.0

The budget covers a number of projects and most of these will be completed in 2003-04. However, access into school heating ducts to carry out asbestos surveys within term time has been difficult to arrange and the work is being re-phased into the holiday periods in 2004-05.

CCTV Wealdstone -50.0

Monies carried forward to provide continued development of the scheme in 2004-05

Parks Play Equipment -197.0

The equipment has been purchased but installation has been delayed due to adverse weather conditions.

Leisure Centre Ventilation improvements -166.0

Leisure Centre Pipework and Heating Controls -50.0

Both of these items were affected by the major fire at the Centre in November. It has been decided to await completion of the re-instatement works before proceeding with these projects.

Leisure Centre Car park works -62.3

This project needs rephasing to allow for the ongoing discussions regarding the provision of new tennis facilities and the possibilities of site re-development.

Civic Centre Distribution boards -90.0

Work has been halted pending the receipt of a consultants' report, which will consider the option of combining this project with the installation of air conditioning equipment.

Civic Centre Lift refurbishment -48.9

The projects for phases 1 and 2 of these works have been combined and will be substantially completed in 2003-04, however some rephasing is required as a result of the revised programming of the lift shut down periods.

LPSA – Crime reduction -210.0

Establishing a programme of works with schools has taken more time than anticipated and guidance is awaited from the Home Office on CCTV aspects of the scheme.

Urban Living - Housing

The estimated year end spend on the 2003-04 housing capital programme totals just under £8.0m against an original estimate of £8.646m. The main areas where rephasing of spend into 2004-05 has occurred are:

Renovations Grants -320.7

Following the moratorium on approvals in 2002-03 a reduced level of committed expenditure was carried forward into 2003-04, resulting in a likely underspend in 2003-04.

Empty Property Grants -148.7

This was a new initiative for 2003-04 and promotion of the scheme did not start until the adoption of the Housing Renewal Policy in July 2003. Whilst commitments have been entered into, actual spend is now more likely to fall into 2004-05.

In relation to capital expenditure on HRA properties, there are estimated underspends in 2003-04 on a kitchen and bathroom modernisation scheme and a rewiring contract. However, this is offset with advanced spend on the window replacement and central heating programmes. These and other adjustments between schemes are reflected in the scheme details shown in the appendix.

6.5 Savings

At its meeting in November, Cabinet approved the addition to the capital investment plan of the council's contribution to the Project Appraisal Report for Hatch End Flood Alleviation. Since that time the Project Manager from the Environment Agency (EA) has decided that the scheme can not be progressed sufficiently to meet the DEFRA deadline of 31 March 2004 in order to retain the scheme's 'Special Status'. It has therefore been decided to defer the scheme until the next financial year when it is hoped that EA will have sufficient funds to finance the scheme.

6.6 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 December 2003. All scheme expenditure is within total approved budgets.

	Expenditure at 31 Dec 2003 £000	Forecast 2003-04 £000	Forecast Future Years £000	Total Plan £000
Business				
Connections	728	3,235	-	3,235
Chief Executive's	55	125	-	125
People First	3,036	6,409	2,331	8,740
Urban Living - misc	5,691	12,159	5,495	17,654
Urban Living -Housing	<u>5,386</u>	<u>7,997</u>	<u>5,002</u>	<u>12,999</u>
Sub total	14,896	29,925	12,828	42,753
Capitalisation	-	<u>1,914</u>	-	<u>1,914</u>
Total	14,896	31,839	12,828	44,667

6.7 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.

Table 3**Capital Investment Plan Funding Position**

	2003-04	Later Years
	£000	£000
Total Capital Expenditure	31,839	12,828
FUNDING		
Surplus brought forward	-	+6,634
Borrowing approvals:		
Basic Credit Approval	4,694	-
Supplementary Credit Approvals	2,864	-
Unsupported Credit Approvals	2,220	280
Other Funds		
New Deal for Schools	1,777	50
Other Capital Grants	8,239	945
National Lottery	224	1,728
Housing RCCO / MRA	5,781	3,266
General Fund Revenue Contributions	25	75
Miscellaneous funds	536	352
Capital receipts		
In hand	10,266	-
Anticipated: Asset sales	1,535	-
Right to Buy sales	312	-
Total Capital Resources	38,473	13,330
Surplus or shortfall	+6,634	+502
(Required to fund approved expenditure in future years)		

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 £1.565m (£1.327m in 2003-04) is being requested, all of which are to be funded from grants, additional SCAs or slippage from the current year's programme.

11. Background papers

None

12. Author

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