

AGENDA ITEM: 11 Page nos. 1 – 5

Meeting Cabinet Resources Committee
Date 25 November 2004
Subject **2004/05 Capital Programme Monitoring**
Report of Cabinet Member for Resources
Summary This report provides an update on the capital programme.

Officer Contributors Borough Treasurer
Status (public or exempt) Public
Wards affected Not Applicable
Enclosures Appendix A – 2004/05 Forecast slippage
For decision by Cabinet Resources Committee
Function of Executive
Reason for urgency /
exemption from call-in (if
appropriate) Not Applicable

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1. RECOMMENDATIONS

- 1.1 That the forecast slippage to 2005/06 as tabled in Appendix A be noted and agreed.**
- 1.2 That Heads of Service be instructed to report to Cabinet Resources Committee where budgeted external funding is not achieved or may be lost as a result of projects slipping, so that the impact on the use of capital receipts and/or unsupported (prudential) borrowing can be properly assessed before expenditure is committed.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Council – 2 March 2004
- 2.2 Cabinet Resources Committee Decision – 20 May 2004 – 4
- 2.3 Cabinet Resources Committee Decision – 28 July 2004 – 3

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The need to ensure that the authority's capital expenditure plans are affordable and capital resources maximised. The Prudential Framework requires the monitoring of capital programme and the impact on resources.

4. RISK MANAGEMENT ISSUES

- 4.1 A substantial part of the capital programme is funded from grant and other external funding. There is a risk that expenditure will be committed and that external funding either does not materialise because bids are not approved, or is lost because conditions attached to it are not subsequently met or expenditure slips beyond any time limits that might apply. Where budgeted external funding does not materialise but the projects still proceed, the expenditure has to be funded from "borough resources" (i.e. capital receipts and prudential borrowing), which reduces the scope for other capital projects to be committed and in the case of prudential borrowing increases revenue costs. These risks can be reduced by requiring all external funding to be confirmed prior to allowing commitments to be entered into. The risk cannot be eliminated, however, where funding is lost due to projects slipping, although good capital project monitoring can identify areas where projects may slip.
- 4.2 A reduction in budgeted capital receipts has the same impact as the loss of external funding. The Cabinet Member for Resources monitors progress in completing approved disposals on a regular basis.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 As this report concerns financial management of the capital programme, financial implications are incorporated in Section 7.

6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (HEAD OF PAID SERVICE, CHIEF FINANCE OFFICER, MONITORING OFFICER)

- 6.1 None.

7. BACKGROUND INFORMATION

- 7.1 There are no forecast variations on the budgets for individual projects to report to this meeting, however, there is a forecast of £13.7m slippage from 2004/05 into 2005/06 on projects set out in Appendix A.
- 7.2 In March 2004, Council approved a set of Prudential Indicators for 2004/05, which were designed to ensure that any borrowing or other long-term liabilities entered into for capital purposes were affordable, sustainable and prudent.
- 7.3 The Prudential Framework requires performance to be monitored against all forward looking indicators and for significant deviations from expectations to be reported. The estimate of capital expenditure is one of the indicators of affordability that must be monitored.
- 7.4 The 2004/05 budget assumed unsupported (prudential) borrowing of £13m, and the financial forward plan assumed £5m in 2005/06. The revised estimates of unsupported borrowing are now £24.7m in 2004/05 and £10m in 2005/06, with the reasons for the increase set out below:-

	2004/05	2005/06
	£m	£m
Major additional capital projects approved:		
All Souls College land	3.1	
Modernising Core Systems	3.2	2.5
Elderly residential care	2.9	
Learning disabilities (estimated)	0.7	
Other projects / reduction in external funding	1.0	1.0
Redundancies	(1.5)	see note
Repayment of Housing capital resources	0.5	
Reduction in planned receipts	1.8	1.5
TOTAL	11.7	5.0

Note: It will not be known if there is a cost until the 2005/06 budget is finalised.

- 7.5 The revenue cost of this increased prudential borrowing is estimated to be £0.28m in 2004/05, £1.2m in 2005/06 and £1.5m in a full year. The actual cost will depend on the rate at which long-term borrowing is undertaken.

8. LIST OF BACKGROUND PAPERS

- 8.1 None.

BT: CM

NON HOUSING CAPITAL PROG - 04/05 SLIPPAGE TO 05/06

Ref	Service / Scheme	Funding	£000	2004/05		slippage to 05/06 £000	Remarks
				Budget £000	Projected Spend £000		
	Central Expenses						
R88	Capitalised Redundancies	Borough Resources		5,000	3,500	(1,500)	
	Total - Central Expenses			5,000	3,500	(1,500)	
	Childrens Service - outstanding commitments on completed schemes						
		Borough Resources		17	2	(15)	
	Customer Care						
D75	Arts Centre Development - Services Diversion	Borough Resources		50		(50)	
	Total - Customer Care			50		(50)	
	Education						
E87	Secondary Language Unit - The Edgware School	Borough Resources		165		(165)	
E100	NDS Modernisation	03/04 SCA		2,459		(2,459)	Scheme now refocused as part of Primary School Strategy. 03/04 SCA Funding used in place of capital receipts to fund other education schemes.
E104	Frith Manor	Borough Resources		4,293	2,611	(1,682)	Implementation of scheme is on target. Budget profile based on committee report, phasing of payments is resulting in slippage.
E107a	Modernisation - All schools Need	2/3 SCER & 1/3 SCEC		3,189	1,622	(1,567)	The rest of the programme is yet to be determined
E107b	Modernisation - Primary School Need	SCEC (Capital Grant)		1,385		(1,385)	Part of Primary School Strategy
E107c	New pupil places - formulaic	SCER		468		(468)	Programme is yet to be determined
E108	Sure Start	Grant		1,075		(1,075)	Part of Primary School Strategy
E109	New Opportunities Funded schemes						
	Bell Lane Sports Hall	NOF Grant		451		(451)	
	Welsh Harp	NOF Grant	224				
		Brent NOF contribution	120				
		Insurance	91				
		Fund raising	80	515		(515)	
	Moss Hall Junior	NOF Grant	167				
		DFC (school's contrib)	17				
		SAI (SCA)	4				
		Fund raising	1	189		(189)	
	Oak Lodge	NOF Grant	88				
		school contribution	6	94		(94)	
	Various Playground Schemes	NOF Grant	45				
		school contribution	5	50		(50)	
	Whitings Hill Primary School	NOF Grant	94				
		school contribution	1	95		(95)	
E110	Underhill Infants - new Nursery	Borough Resources		230	29	(201)	
E111	Dollis Infants - re-provisioning and expansion of Nursery	Borough Resources		194	12	(182)	
	Total - Education			14,852	4,274	(10,578)	

	Environmental Services						
D89	Nortel Bowling	Capital contribution from Comer Homes		71	61	(10)	Possible £10k slippage into 05/06 but expected to be in line with budget overall.
D90	New Southgate Rec Ground	s106		27		(27)	Probability of slippage into 2005/6 but no overspend forecast
D92	Darlands Lake / Stonegrove Park	s106		16	9	(7)	
D93	Watling Park - Entrance gates & Pavilion	s106		59		(59)	
R64	CCTV - North Finchley & Control Centre	Borough Resources		94	31	(63)	Overall project is forecast to have an underspend. Only a few invoices (estimate £31K) and the retention (£10K) left to spend
R64	CCTV - (TFL) expansion	TfL Grant		113	86	(27)	Almost complete. Overall, the project is forecast to be £21k underspent.
R64	CCTV - Flytipping Parks	Borough Resources		45		(45)	Project not yet started. Uncertain of start date or spec at this time and no significant variances identified at this stage.
R64	CCTV - 04/05 Programme	Borough Resources		695	625	(70)	Project about to start and forecast at budget. However, small risk of overspend identified (up to £30k) in order to achieve initial spec.
P45	Crime Hotspot Lighting - Phase 2	Borough Resources		60		(60)	Project not yet started and no start date has yet been set (assume next year). No variances identified at this stage.
	Total - Environmental Services			1,180	812	(368)	
	Highways						
P47	Edgwarebury Brook Flood Alleviation - Phase 1	Borough Resources		56		(56)	To be progressed as part of the Environment Agency
P68	Silkstream Flood Alleviation	Borough Resources		1,100		(1,100)	Moved forward a year
D85	Cartwright Memorial, St Mary's Church	Borough Resources		42	2	(40)	Was supposed to be funded from HLF and revenue contribution.
	Total - Highways			1,198	2	(1,196)	
	Totals			22,297	8,590	(13,707)	
	Funding	Borough Resources		12,041	6,812	5,229	
	Funding	All others		10,256	1,778	8,478	
	Total			22,297	8,590	13,707	

NON HOUSING CAPITAL PROG - 05/06 SLIPPAGE TO 06/07

Ref	Service / Scheme	Funding	£000	2005/06		Projected slippage to 06/07 £000	Remarks
				Budget £000	Projected Spend £000		
	Education						
E104	Frith Manor	Borough Resources		3,222	2,457	(765)	
	Totals			3,222	2,457	(765)	

Note: Borough Resources = Capital Receipts & Prudential Borrowing
SCE(C) - Supported Capital Expenditure (Capital Grant)
SCE(R) - Supported Borrowing via Revenue Support Grant