

AGENDA ITEM: 15 Page nos. 1 – 13

Meeting	Cabinet Resources Committee
Date	10 February 2005
Subject	2004/05 Capital Programme Monitoring
Report of	Cabinet Member for Resources
Summary	This report provides an update on the capital programme and seeks approval for variations.

Officer Contributors	Borough Treasurer
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A Capital Monitoring Summary (Non-Housing) Appendix B Funding Analysis Appendix C Summaries of Variations to Non Housing Capital Programme Appendix D Capital Programme & Funding Summary (Housing) Appendix E Non-Housing Slippage to 2005/06
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

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1. RECOMMENDATIONS

- 1.1 That the financial performance to date and the projected outturn for the current year, as outlined in section 7 and detailed in Appendices A and D, be noted.
- 1.2 That the variations to the Capital programme in respect of the changes outlined in Appendix C be approved to increase the revised budget from £67.366m to £68.113m.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Budget Report to Council 2nd March 2004
- 2.2 Cabinet Resources Committee – 25 November 2004

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Sound financial management of resources. Prudential code requires monitoring of capital programme and impact on resources.

4. RISK MANAGEMENT ISSUES

- 4.1 The limited capital and revenue resources of the Council leave minimal margins to contain overspends.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 Variations to the latest approved capital programme outlined in Appendix C are externally funded with the exception of Grahame Park Community Sports Pitch, NLBP and Road Traffic Act capitalisation. There is a net increase in prudential borrowing of £0.177m.

6. LEGAL ISSUES

- 6.1 None.

7. CONSTITUTIONAL POWERS

- 7.1 Part 3 Para3.10 of Financial Standing Orders – The Borough Treasurer will make regular reports to Cabinet Resources Committee on budget monitoring.

8. BACKGROUND INFORMATION

- 8.1 The November Capital Monitoring Report to Cabinet Resources Committee outlined the General Fund schemes and amounts projected to slip into 2005/06.

The Non-Housing capital programme

- 8.2 The current and revised budget for 2004/5 totals £67.366m, which includes slippage from 2003/04 (£8.5m) and schemes approved since the current programme was agreed by Cabinet in February 2004 (£8.6m). The projected outturn for the current year is £42.662m, £24.704m below the current revised budget.

- 8.3 The programme has slipped a further £11m since the last report in November. A summary of net slippage by service is provided at Appendix A, with the most significant areas being Education (£11.8m) and Information Systems (£4.7m). Appendix E provides more detailed information on slippage and how this has changed since November.
- 8.4 School based schemes such as School Access Initiatives (E60), NDS Devolved Formula Capital (E89), and Specialist Schools Capital Grant (E113) are profiled to substantially spend their budget in 2004/05. As these are managed by schools and schools can carry forward their funding, there is a level of uncertainty about whether this spend (a total of £4.064m of grant related spend and funding) will be achieved in the current year.
- 8.5 There is always a risk that external funding will be lost where expenditure slips beyond any time limits that might apply but this is not an issue at this point in time.
- 8.6 A funding analysis for the projected outturn is provided in Appendix B and a summary of variations to the capital program is outlined in Appendix C. These variations are taken into account in the projected outturn. In respect of the funding summary, this can change as the Borough Treasurer has authority within Financial Regulations to change the funding of individual schemes if this is to the council's advantage
- 8.7 External funding in the form of Government and other grants, section 106, insurance settlements etc. have been taken into account, leaving £27.689m to be funded from capital receipts, supported and unsupported (prudential) borrowing.
- 8.8 To minimise the capital financing costs incurred on borrowing, capital receipts will normally be utilised in the first instance. It is estimated that £12.581m capital receipts will be available for use in the current year, leaving a balance of £15.108m to be funded through supported and unsupported (prudential) borrowing.
- 8.9 The Housing capital programme
- The Housing programme is split into HRA and General Fund elements. HRA includes Barnet Homes and Regeneration.
- Stock Refurbishment and Renewal Programme
- 8.10 The projected outturn is now £16.541m, and the underspend will roll forward into 2005/6. Barnet Homes was successful in achieving two stars from the Inspection by the Audit Commission, releasing some £4m of funding in the current year and a further £15m in 2005/6. It has now appointed three partners for the delivery of a major part of the five-year capital programme and the pre-commencement programme is now underway.
- Cash Incentives
- 8.11 As in previous years there has been significant demand in this area, releasing Council dwellings for letting very economically. The estimated outturn is increased to £0.750m.

Housing Regeneration Programme - HRA

- 8.12 The projected outturn for the Housing Regeneration Programme shows an estimated underspend of £0.26m. The Housing regeneration programme is funded by directly offsetting cost against Housing Capital Receipts as per government Housing regulation under the scheme of Pooling of Housing Capital receipts.
- 8.13 The underspend will need will need to be carried forward to 2005/2006 to fund the committed housing regeneration programme.

Housing Association/Private Sector Programme – General Fund

- 8.14 The projected outturn for the current year is £3m, an underspend of £1.5m against the current estimate. The current estimate is the figure included in the 2004 Housing Investment Programme and is made up of Social Housing Grant of £4.1m and Other Support for Registered Social Landlords of £0.4m. Some of the schemes in the programme are awaiting planning permission.
- 8.15 These schemes will go ahead as soon as planning permission is given. There is a budget in 2005/2006 to support the second phase of these schemes. It is essential that the underspend of £1.5m is carried forward to 2005/06. The £1.5m is inclusive of £400k S106 funding.
- 8.16 The Disabled Facilities expenditure is needs led and so to an extent is the renovation expenditure. Currently, they are both projecting an overspend for 2004/2005. The Housing Service is currently taking action to try to reduce this overspend.

9. LIST OF BACKGROUND PAPERS

- 9.1 None.

MO: JEL

BT: CM

CAPITAL MONITORING SUMMARY (NON HOUSING) - SPEND

2004/05 Revised Budget includes slippage from 2003/04 and additional approvals since March 2004

Service	2004/05						
	Original Budget	Slippage from 03/04	Approved In-Year	Revised Budget	LAFIS Spend to 15/01/05	Projected Outturn	Forecast Net Slippage
	£000	£000	£000	£000	£000	£000	£000
Central Expenses	8,038	302	(680)	7,660	214	5,485	2,175
Childrens Services		15		15		82	(67)
Community Care		(146)	732	586	129	560	26
Corporate Performance Office	5,374	318	3,162	8,854	1,827	4,161	4,693
Customer Care	2,178	584	122	2,884	1,267	2,698	186
Education	19,625	5,702	(105)	25,222	6,801	13,060	12,162
Environmental Services	898	446	2,415	3,759	350	2,048	1,711
Highways	11,886	566	2,532	14,984	6,314	13,116	1,868
Planning	27	(1)		26	27	27	(1)
Public Offices	1,893	1,058		2,951	944	1,260	1,691
Strategic Development	378	(334)	381	425	2	165	260
Totals	50,297	8,510	8,559	67,366	17,875	42,662	24,704

Variations that will increase revised budget detailed in Appendix C 747

Amended Revised Budget 68,113

CAPITAL FINANCING (NON HOUSING)							
Service	2004/05						
	SCEC (Govt Grant)	Other Grants	S.106	Sch & Other Contribs	Insurance	Borrowing/ Cap Receipts	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Central Expenses	929					4,556	5,485
Childrens Services						82	82
Community Care						560	560
Corporate Performance Office	350					3,811	4,161
Customer Care			150			2,548	2,698
Education	5,374	303		402	1,615	5,366	13,060
Environmental services		183	149	71		1,645	2,048
Highways		5,447				7,669	13,116
Public Offices						1,260	1,260
Strategic Development						165	165
Planning						27	27
Totals	6,653	5,933	299	473	1,615	27,689	42,662

Capital Receipts	12,581
Supported Borrowing	3,387
Unsupported /Prudential Borrowing (includes increase of £0.177m included in this report)	11,721
	<u>27,689</u>

Capital Receipts	2004-5	2005-6	2006-7
	£000	£000	£000
Brought Forward	4,875	0	0
Disposals	7,706	3,313	200
Applied	12,581	3,313	200
	(12,581)	(3,313)	(200)
Surplus / (Deficit) Carried Forward	0	0	0

CAPITAL PROGRAMME - VARIATIONS TO BUDGETS Jan 05 based on projection to 31 3 05

Schemes requiring variations to budget are shown below. Explanation for variations are provided for schemes varying by 10% from the original budget and by at least £10,000. Cost variations below these cut off points are often due to (relatively minor) modifications to schemes when works go on site or to price variations.

Ref	Service/Scheme	Current budget	Projected outturn	Variation	Comments
		£000	£000	£000	
	EDUCATION				
E65/E66	Secondary School Expansion				
	Mill Hill School	3,287	3,339	52	As reported to Cabinet Resources Committee on 8 July 04 the predicted outturn cost was £3,286,332 but this was subject to completion of the final account. The additional costs are in respect of finalisation of the contractor's approved claim for extension of time, additional costs in connection with the temporary works road and additional backfilling to retaining walls.
E88	New Deals for Schools - Condition Funding				
	2002/03 Programme				
	Q.E. Girls pool block roof replacement	376	468	92	Full Mechanical ventilation and additional plant capacity required
	Hendon boiler phase 2	49	78	29	Budgeted cost was for oil to oil boiler replacement. Conversion from oil to gas fired boiler required.
	2003/04 Programme				
	Tudor rewire	170	187	17	Additional costs for asbestos removal to main entrance foyer and dining hall.
	Wessex Gardens roof	180	250	70	Additional works to rainwater pipes and associated scaffolding. Also, as some works now being carried out in term time, there are additional Health and Safety measures incorporated to protect pupils and staff.
	Church Hill Primary kitchen	120	189	69	Increased cost due to additional roofing and structural requirements relating to the provision of adequate ventilation.
	Friern Barnet window renewal	329	391	62	Removal of existing windows and scaffolding provision not included in specification.
E107a	Modernisation - all schools need				
	Dollis Infants Heating	198	174	(24)	Underspend - tenders received below original estimate
	Colindale - boiler	195	126	(69)	Underspend - tenders received below original estimate
	Moss Hall Jnr - pool rewire	22	12	(10)	Underspend - tenders received below original estimate
	Danegrove - annexe rewire	142	30	(112)	Originally intended to rewire but Conservation officer requirements (Listed Building) mean that costs will increase considerably beyond budget - design work only in 04/05 and full scheme to be postponed.

CAPITAL PROGRAMME - VARIATIONS TO BUDGETS Jan 05 based on projection to 31 3 05

Schemes requiring variations to budget are shown below. Explanation for variations are provided for schemes varying by 10% from the original budget and by at least £10,000. Cost variations below these cut off points are often due to (relatively minor) modifications to schemes when works go on site or to price variations.

Ref	Service/Scheme	Current budget	Projected outturn	Variation	Comments
	Cromer Road - boilers	80	49	(31)	Underspend - only one boiler needed to be replaced, not two as planned.
	Summerside Heating replacement Ph3	62	37	(25)	Underspend - tenders received below original estimate
	Underhill Infants - new equipment and counters	55	40	(15)	Scheme has been revised with school agreement. Kitchen equipment is being replaced, not complete refurbishment as originally planned.
	Barnet Hill Demolition & reinstatement	44	13	(31)	Scheme has been revised to demolition only.
	Tudor Boiler	91	139	48	Additional two boilers had to be replaced because of failure of Nursery Heating. Also additional asbestos removal.
	Parkfield - kitchen	55	25	(30)	Scheme has been revised with school agreement. Kitchen equipment is being replaced, not complete refurbishment as originally planned.
E108a	Sure Start - Wingfield		50	50	£150k Additional Funding allocated for 04/05 by Surestart. £100k projected to slip to 2005/06.
E109	New Opportunities Funded schemes				
	Bell Lane - Sports Hall	777	777		Additional 55k approved as part of Modernisation/Condition DPR. Additional 5k from Contingency. 10k school contribution
E113	Specialist Schools (capital grant)		300	300	£300k allocation paid via standards Fund. Allocation was published after 2004/05 budget book.
	CRICKLEWOOD & STRATEGIC DEVELOPMENT				
R94	Grahame Park Regeneration - Community Sports Pitch	381	506	125	Due to unforeseeable and unavoidable decontamination and electrical connection works, the construction costs of the Grahame Park sports pitch has increased by approximately £125K. Efforts are being made to make savings and to source external funds. However, it should be noted that the project has already secured substantial external grant funding of over £1m and the scope for savings at this stage of the contract is extremely limited. There is also no particular expectation of success in securing external funding at this stage. Under the terms of the contract, cost overruns will have to be met by the Council if external funding cannot be found.

CAPITAL PROGRAMME - VARIATIONS TO BUDGETS Jan 05 based on projection to 31 3 05

Schemes requiring variations to budget are shown below. Explanation for variations are provided for schemes varying by 10% from the original budget and by at least £10,000. Cost variations below these cut off points are often due to (relatively minor) modifications to schemes when works go on site or to price variations.

Ref	Service/Scheme	Current budget	Projected outturn	Variation	Comments
PUBLIC OFFICES					
R75	NLBP	6,970	7,120	150	Additional budget required for IT Equipment and associated costs at NLBP. This is because staff numbers being located at NLBP are higher than originally budgeted for.
R85	HTH - Refurbishment of Public Areas	65		(65)	Not proceeding with the scheme
R86	Relocation of telephonists	30		(30)	Part of accommodation strategy - expenditure subsumed into costs charged to NLBP.
ENVIRONMENTAL					
R64	CCTV - North Finchley and Control Centre	728	709	(19)	Nature of works require substantial contingency to be included in scheme budgets - only minor amounts have been required.
R64	CCTV - East Barnet and Hampden Square	229	208	(21)	Nature of works require substantial contingency to be included in scheme budgets - only minor amounts have been required.
R64	CCTV - Control Room	695	765	70	Separate DPR being processed
R69	Crime Hotspot Lighting - Phase 2	60	0	(60)	Separate DPR being processed
COMMUNITY CARE					
S52	Mental Health - Barnet Infokiosks		158	158	This is an addition to the Capital Programme and is to be funded externally by the Mental Health SCER Allocation
HIGHWAYS					
P43	Road Traffic Act - SPA	382	550	168	The variation is mainly due to the fact that costs originally to be charged to revenue are now being capitalised.
CUSTOMER CARE					
D77	Burnt Oak Youth & Community Centre	3,622	3,544	(78)	The variation is mainly due to the fact that original budget was overstated.
D82	People's Network ICT in Libraries	675	622	(53)	Budget used to restore contingency on Hendon Library refurbishment - no longer required.
	Total	20,069	20,856	787	

Capital Monitoring - December 2004 (Month 9)

	2004 HIP SUBMISSION	Original Estimate	Current Estimate	2004-2005 to Week 39 Spend to date	2004/2005 Forecast Outturn	2004/2005 Forecast Variance	% spend against Forecast Outturn
	£000	£000	£000	£000	£000	£000	
Housing Revenue Account							
Housing Renovation Programme	17,642	17,642	17,642	11,039	16,541	(1,101)	0.67
Cash Incentives	500	500	500	483	750	250	0.64
Housing Regeneration	0	0	1,020	625	760	(260)	0.82
Total	18,142	18,142	19,162	12,147	18,051	(1,111)	0.67
General Fund							
Housing Associations	4,500	6,011	4,500	256	3,000	(1,500)	0.09
Disabled Facilities	893	1,033	893	952	1,269	376	0.75
Renovation Grants	500	500	500	454	605	105	0.75
Total	5,893	7,544	5,893	1,662	4,875	(1,018)	0.34
Grand Total	24,035	25,686	25,055	13,809	22,926	(2,129)	0.60

FUNDING OF HOUSING CAPITAL PROGRAMME 2004/2005

	Capital Programme Current Estimate	Supported ALMO	Borrowing Grant	Capital Grant	Capital Receipts Deduction	Capital Receipts	Capital Receipts Transitional Allowance	s106 Funding	MRA	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Housing Renovation Programme	17,642	(4,005)	(2,673)				(1,877)		(9,087)	(17,642)
Cash Incentives	500					(500)				(500)
Housing Regeneration	1,020				(1,020)					(1,020)
HRA Total	19,162	-4,005	-2,673		(1,020)	(500)	(1,877)		(9,087)	(19,162)
Housing Associations	4,500		(1,641)			(2,459)		(400)		(4,500)
Disabled Facilities Grant	893			(480)		(413)				(893)
Renovation Grant	500					(500)				(500)
GF Total	5,893	0	(1,641)	(480)		(3,372)		(400)		(5,893)
Grand Total	25,055	(4,005)	(4,314)	(480)	(1,020)	(3,872)	(1,877)	(400)	(9,087)	(25,055)

CAPITAL PROGRAMME - PROJECTED SLIPPAGE TO 05/06 AS AT JAN 2005

Schemes projecting significant slippage to 2005/06

Ref	Service/Scheme	Revised budget	Projected outturn	Current Slippage Projected	Slippage reported in Nov	Movement	Comments
		£000	£000	£000	£000	£000	
EDUCATION							
E60	School Access Initiative	813	628	(185)		(185)	
E87	Secondary Language Unit - The Edgware School	165		(165)	(165)		
E100	NDS Modernisation (SCA)				(2,459)	2,459	Allocation now refocused to be spent on Parkfield
E102	The Compton	2,358	1,675	(683)		(683)	
E104	Frith Manor	4,531	2,061	(2,470)	(1,682)	(788)	Budget was originally misprofiled
E107a	Modernisation All Schools Need 2004/05	3,189	1,562	(1,627)	(1,567)	(60)	
E107b	Modernisation - Primary School Need				(1,385)	1,385	Allocation now refocused to be spent on Parkfield
E107c	New Pupil Places	468	52	(416)	(468)	52	Programme to be determined
E108	Sure Start - Underhill Ward (Location to be decided)	75		(75)	(1,075)	1,000	£1m has been refocused to be spent on Parkfield
E109	Bell Lane Sports Hall & Other NOF schemes	1,692	150	(1,542)	(1,394)	(148)	Only received approval from Lottery Fund on schemes at tail end of 2004. Design work is now in progress.
E111	Underhill Infants - new Nursery	230		(230)	(201)	(29)	Work has not proceeded due to lack of design staff. Architect now appointed, design work has commenced - spend will be in 2005/06.
E112	Dollis Infants	194		(194)	(182)	(12)	Work has not proceeded due to lack of design staff. Architect now appointed, design work has commenced - spend will be in 2005/06.
E114	Parkfield School	4,964	120	(4,844)		(4,844)	Scheme was approved in December 2004. 2004/05 Capital Grant and Supported Borrowing Allocations held back to fund. Budget was originally mis-profiled.
	Total - Education	18,679	6,248	(12,431)	(10,578)	(1,853)	
INFORMATION SYSTEMS							
R73	Local Government on line	545	504	(41)		(41)	
R81	ICT Infrastructure	98	81	(17)		(17)	
R87	Information Systems Recovery Plan	2,582	93	(2,489)		(2,489)	Due to delays in procurement stage of the project.
R92	Modernising Core Systems	5,629	3,483	(2,146)		(2,146)	Due to delays in procurement stage of the project.
	Total - IS	8,854		(4,693)		(4,693)	
HIGHWAYS							
P26	Carriageway Reconstruction	3,405	2,702	(703)		(703)	
P47	Edgwarebury Brook Flood Alleviation - Phase 1	56		(56)	(56)		
P68	Silkstream Flood Alleviation	1,100		(1,100)	(1,100)		Environment Agency only now progressing works in Barnet. As a result, scheme has been deferred to 2005/06.
D85	Cartwright Memorial, St Mary's Church	42	8	(34)	(40)	6	
	Total - Highways	4,603	2,710	(1,893)	(1,196)	(697)	
PUBLIC OFFICES							
R75	NLBP	1,327	1,147	(180)		(180)	

CAPITAL PROGRAMME - PROJECTED SLIPPAGE TO 05/06 AS AT JAN 2005

Schemes projecting significant slippage to 2005/06

Ref	Service/Scheme	Revised budget	Projected outturn	Current Slippage Projected	Slippage reported in Nov	Movement	Comments
		£000	£000	£000	£000	£000	
R80	Barnet House	963	68	(895)		(895)	A redesign to accommodate FirstContact in the reception has delayed commencement of works but this is now due at end February hence costs slipped into 2005/6.
R84	Friary House	280	15	(265)		(265)	
R93	Council Offices Security Systems	180		(180)		(180)	
	Total - Public Offices	2,750	1,230	(1,520)		(1,520)	
	ENVIRONMENTAL						
D45	Parks Infrastructure - Old Crthse Rec Grd Catering	18	8	(10)		(10)	
D89	Nortel Bowling	71	71		(10)	10	
D90	Friary Park and New Southgate Rec Ground	116	70	(46)	(27)	(19)	
D92	Darlands Lake / Stonegrove Park	16	9	(7)	(7)		
D93	Watling Park	129	70	(59)	(59)		
D94	Glebelands Open Space	75		(75)		(75)	
R64	CCTV	1,094	686	(408)	(205)	(203)	
P45	Crime Hot spot Lighting	60		(60)	(60)		Now refocused - to be spent on CCTV Control Room.
P45	Garden Bins LPSA Target 9	632	410	(222)		(222)	
	Woodfield Park Pavilion	922	100	(822)		(822)	Implementation delayed by insurance negotiations. Construction commenced at the end of January. Slippage will not affect grant funding.
	Total - Environmental	3,133	1,424	(1,709)	(368)	(1,341)	
	CENTRAL						
R77	Pericles - Revenues and Benefits System	1,000	559	(441)		(441)	This project has continued to slip due to delays by Anite in providing a software solution that matches the specification set out in the contract, and the project board has determined that it would be too high a risk to attempt to go live with the full system until these issues have been resolved. The business rates module did go live on 2 February, which was an imperative since the legacy system is not capable of processing bills under the new transitional relief scheme from 1 April 2005.
R82	Local Land Charges	138	11	(127)		(127)	Software supplier was selected last week. The project has slipped due to the necessity to analyse compatibility with other relevant systems operating within the council and building this into the selection process.
R88	Capitalised Redundancies	5,000	3,500	(1,500)	(1,500)		
	Total - Central	6,138	4,070	(2,068)	(1,500)	(568)	
	CHILDRENS						
R88	Commitments on completed schemes	15	15		(15)	15	
	Total - Childrens	15	15	0	(15)	15	
	CUSTOMER CARE						
D75	Arts Centre Development - Services Diversion	1,305	1,305		(50)	50	
D87	Hendon Library: Refurbishment & Lift	780	765	(15)		(15)	
	Total - Customer Care	2,085	2,070	(15)	(50)	35	
	CRICKLEWOOD & STRATEGIC DEVELOPMENT						
R50	Town Centre Regeneration and Improvement	153		(153)		(153)	

CAPITAL PROGRAMME - PROJECTED SLIPPAGE TO 05/06 AS AT JAN 2005

Schemes projecting significant slippage to 2005/06

Ref	Service/Scheme	Revised budget	Projected outturn	Current Slippage Projected	Slippage reported in Nov	Movement	Comments
		£000	£000	£000	£000	£000	
R60	Town Centre Initiatives - North Finchley Regeneration	223	5	(218)		(218)	
	Total - Cricklewood & Strategic Dev	376	5	(371)	0	(371)	
	Total			(24,700)	(13,707)	(10,993)	