

Capital Plan Budget Monitoring Statement – 1st Quarter 2011/12

Supporting information

A1. Introduction and history

- A1.1 The Council approved the original 4-year Capital Plan Budget for the period 2011/12 – 2014/15 in February 2011. This plan has been subsequently adjusted for slippage arising in 2010/11 of £4.0 million, (Capital Outturn Report Council 13th July – agenda item 11 refers), and amended by any further revision to both projects and timing resulting in the latest revision attached to Annex 1. The Plan totals £97.5 million over the 4 year period of which £35.0 million relates to 2011/12.
- A1.2 The purpose of this report, and the Monitoring statement attached, is to highlight any existing or potential issues which may affect the delivery of the major projects included in the Plan, on time and within budget and to consider any potential effect on corporate resources.
- A1.3 Details by “Theme” are provided based upon the latest information available to finance officers, in consultation with services and project managers are shown in Appendix One.
- A1.4 Expenditure to the end of this first quarter was £3.1 million, which is less than 8% of the latest budget for 2011/12. This compares with £10 million (or 23% of outturn) for the 1st quarter last year.

A2. Main Variations & Management Action

Overviews by Theme of the key issues are as follows:

A2.1 **Pride in the Bay –**

Changes/Significant Revision of timing/budget

Torre Abbey Mansion Phase 2

Grant monies from Heritage Lottery for design works were initially thought to be part of overall funding however it has been confirmed that this is, in fact, additional funding so the budget for the main works can increase by £0.130m to match additional resources.

South Devon Link Road

This scheme, along with other proposed national road schemes, is now under review by Central Government as part of the overall review of capital funding allocations. Following a report to Council on 13 July 2011 on this scheme, further approval for £11.5 m unsupported borrowing was approved. This additional funding has been added to the project budget in future years. The final announcement on the scheme is expected to be December 2011.

Princess Promenade Structural Repairs

Possible options for the repair to this important area were reported to Council on 13 July 2011. As a result resources of £4.0m of unsupported borrowing have been added to the Capital Plan to provide funding to address the structural problems. The £4.0 million is an indicative figure at this stage, further work will be undertaken by officers to investigate options and seek estimates for the work.

A2.2 New Economy –

Changes/Significant Revision of timing/budget

Haldon Pier Structure

Following completion of Phase 1 of the necessary repairs to Haldon Pier, the Environment Agency has confirmed a grant allocation of £1.3m to fund works for Phase 2 of the project. This has been added to the Capital Plan.

A2.3 Learning and Skills–

New Schemes

Following the announcement of (mostly unring fenced) Government grant support for 2011/12 capital projects for schools, which the Council allocated to Children's Services in the Capital Plan approved in February 2011, proposals have now been developed to allocate the funds to particular school developments as follows:

Capital Repairs & Maintenance Allocation 2011/12 = £1.8m:

Schools Access/Disability Discrimination Act 2011/12	0.150m
School Security 2011/12	0.075m
Adaptations to Homes 2011/12	0.050m
Additional resources for My Place Parkfield	0.400m
Mayfield Expansion	0.250m
EOTAS Halswell House	0.060m
Capital Repairs & Maintenance 2011/12	0.800m

Basic Need 2011/12 = £ 1.35m:

Primary Places 2011/12	0.200m
Additional resources for Preston Primary	1.000m
Mayfield Expansion	0.150m

Short Breaks for Disabled Children Capital Grant 2011/12 –

Department of Education have recently announced a capital allocation of £0.076m. This grant is now unring fenced so allocation of this grant is a Council decision. Officers are requesting that Members allocate it for its intended purpose i.e. Short Breaks for Disabled Children.

Changes/Significant Revision of timing/budget

Re Profiling of Expenditure:

Project	Slippage proposed £m	Reason
Curledge Street Primary School Remodelling	0.700	Further delays in agreeing a design solution have resulted in slippage. The enabling contract has recently been let so work is now underway. Revised completion date is likely to be Sept 2012.
Barton Primary Project	1.800	Insufficient funds for the preferred scheme so whole scheme reconsidered/redesigned to focus on refurbishment as opposed to new build. This has resulted in significant delays. Revised completion date is likely to be Dec 2012.
Preston Primary School ASD Unit	0.800	Some delay as a result of process of securing additional funds required to deliver preferred scheme. Revised completion date is likely to be Sept 2012
PCSC Replace mobiles 14-19 project	0.580	To minimise disruption project has had to be phased to fit in with school holidays.
Total	3.880	

Completed Projects

Torquay Community College BSF Rebuild -

Achieved practical completion on 11th February 2011. The project was delivered on time and within budget.

Queensway Primary Capital Programme (PCP) Project

Achieved practical completion on 9th March 2011. The project was delivered on time and within budget.

Roselands Primary School Remodelling

Achieved practical completion on 8th April 2011. The project was delivered on time and within budget.

Other Issues

My Place - Parkfield

This project has experienced significant difficulties with the discovery of protected wildlife that necessitates a re-design. The additional cost consumes the original client contingency and requires an additional £0.4 million which includes a re-established contingency to cover the remainder of the project.

A2.4 Stronger Communities –

New Schemes

Disabled Facilities Grants

The Council has been notified of a capital grant of £778,000 million for Disabled Facilities Grants. This grant is now an unring fenced so allocation of this grant is a Council decision. It is recommended that this grant is allocated to services in line with the central government indicated intentions for the use of the grant.

Changes/Significant Revision of timing/budget

Grants to Housing Providers

The Council has received some Right to Buy Clawback receipts from Sanctuary Housing Association arising from sales of former Council houses in 2010/11. In accordance with the Council Capital Strategy these resources have been allocated to Affordable Housing capital projects so that £0.220m has been added to the Capital Plan to be allocated to appropriate housing schemes.

There have been some minor adjustments of the level of Council support required to some housing schemes being progressed by Registered Social Landlords. These changes are similarly adjusted with the remaining unallocated budget so there is no overall impact on the programme from these adjustments.

A2.5 Corporate Health –

New Schemes

Solar Panels on Council Properties

Council approved in July a capital budget of £1.8m to enable the provision of solar panels on various Council properties. This is an invest to save scheme (self financing) and will be funded initially by unsupported borrowing to be repaid from future income streams. Actual spend could be lower than the approved figure subject to a more detailed business case and the agreement with certain locations to have these panels installed under the Council project.

Changes/Significant Revision of timing/budget

Office Accommodation Strategy

This project is currently paused for a review of future options. The works to Torhill House phase one have now been completed and the Economic Development Company has relocated to the third floor. Additional works will be undertaken at Torhill House to enable staff from other office accommodation to relocate during 2011/12. When the options for the scheme are resolved the capital plan and the funding will be adjusted accordingly with an impact on the Council's Treasury Management strategy.

Performance Reward Grant

The remaining unused resources from this funding stream have been transferred to revenue to facilitate some schemes which were short of revenue resources. The Torbay Strategic Partnership (TSP), who oversee this grant, decided to allocate the remaining funds on a project by project basis.

A3. Income Monitoring

A3.1 The funding identified for the latest Capital Plan budget is shown in Annex 1. This is based on the latest prediction of capital resources available to fund the budgeted expenditure over the next 4 years.

A summary of the funding of the Capital plan is shown in the Table below:

	2011/12	2012/13	2013/14	2014/15	Total
Funding	£m	£m	£m	£m	£m
Supported Borrowing	2	1	0	0	3
Unsupported Borrowing	4	30	4	14	52
Grants	25	8	5	0	38
Contributions	0	0	0	0	0
Reserves	1	0	0	0	1
Revenue	0	1	0	0	1
Capital Receipts	3	0	0	0	3
Total	35	40	9	14	98

A3.2 Capital Receipts

There have been minimal Capital Receipts in the year to date (£31,000) although there are a few disposals "in the pipeline". The balance of receipts at the start of the year of £0.4m leaves an outstanding overall target of £2.8 million over the four years of the capital plan. Although the expected capital receipt from Tesco has not yet been received the Council and Tesco have now exchanged contracts for proposed the Brixham store.

It is still anticipated that successful marketing of the earmarked sites and the remaining assets on the approved disposal list will eventually generate sufficient receipts to meet the overall sales target. The Council has its Asset Rationalisation Board to encourage services to identify surplus assets for disposal and to generate resources to fund investment in the remaining assets.

The Community Asset Transfer Strategy means that some assets which previously would have been sold are now transferred to Community groups, thereby reducing the amount of achievable capital receipts

In May 2011 a number of properties, including industrial units and innovation centres, were transferred to the new Economic Development Company at nil consideration.

A4. Prudential Indicators

A4.1 The Council set its Prudential Indicators and monitoring arrangements for affordable borrowing in February 2011. (Report 10/2011 refers). The Authorised Limit for External Debt including long term liabilities (the maximum borrowing the Council can legally undertake) and the Operational Boundary (the day-to-day limit for cash management purpose) are monitored on a daily basis by the Executive Head- Finance and reported to this Board quarterly.

A4.2 The limits are as follows

- **Authorised Limit** **£228 m**
- **Operational Boundary** **£201 m**

External Debt, and long term liabilities, such as the PFI liability, as at end of June 2011 was £173 million. No borrowing was undertaken during the first quarter of 2011/12. The current level of debt is within the Operational Boundary and the Authorised Limit set for the year. No management action has been required during the quarter.

A4.3 The Council's capital expenditure has an overall positive impact on the Council's Balance Sheet. The majority of expenditure in the Capital Plan is on the Council's own assets which will therefore increase the value attached to the Council's fixed assets. This also applies to investment in assets funded from borrowing where the increase in asset value will exceed any increase in the Council's long term liabilities. As at 31 March 2011 the Council's Fixed Assets were valued at over £337 million.

A5. Outline of significant key risks

That capital receipts will be not be generated to support the plan.

The contingency is only 1% of total planned expenditure on a total programme of £98 million. There could be inflationary cost pressures on the programme thus increasing expenditure.

A6. Other Options

Council could consider alternative funding for the schemes recommended to be funded from prudential borrowing. Council could consider reducing the capital programme to reflect any potential reduction in capital receipts or other capital resources particularly in the light of Government spending announcements.

A7. Summary of resource implications

Resources implications are outlined in the report with a summary of funding in paragraph A3.1.

Schemes funded from prudential borrowing have a revenue impact until the borrowing is "repaid". Unless the scheme is an invest to save scheme, the costs of interest and repayment of principal (MRP) will need to be funded from the Council's revenue budget.

A8. What impact will there be on equalities, environmental sustainability and crime and disorder?

No direct impact but the Capital programme supports all Council priorities and complies with Council policies.

A9. Consultation and Customer Focus

Where appropriate capital schemes have public consultation and negotiation with stakeholders.

A10. Are there any implications for other Business Units?

The Capital programme supports all Council priorities thus will directly impact on service delivery.