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Report to: **Executive**
Date: **Tuesday 16th December 2008**
Report of: **Executive Member for Resources**
Subject: **Capital Programme 2008/2009 - Half-Year Review**
Ward: **All**

1. Purpose of Report

- 1.1 This report has been prepared to advise the Executive of the progress made on delivering the 2008/9 capital programme and contains details of actions taken in light of current financial pressures.

2. Consultation

- 2.1 Management Team and the Capital Programme Working Group have been consulted in the preparation and review of the information contained within this report.

3. Background

- 3.1 The gross capital programme agreed for 2008/2009 amounts to £16.5m comprising the allocation of £16.099m, which was supplemented by £0.415m arising from slippage carried forward of £27k and additional funding of £389k, allocated within year.
- 3.2 The original funding of the programme was agreed as follows:-

GOVERNMENT SUPPORT	£
Supported Capital Expenditure (Revenue) - SCE(R)	1,000,000
Supported Capital Expenditure Capital Grant - SCE(G)	750,000
Major Repairs Allowance	5,415,156
CAPITAL RECEIPTS	
Capital Receipts - Housing Schemes	2,409,844
Capital Receipts - General Fund	4,046,000
SPECIFIC RESERVES	
Capital Reserve	309,000
Regeneration Reserve	605,000
Use of Reserves Scheme	409,000
Planning Reserve	100,000
Revenue One Off Programme	200,000
Section 106 Reserve	25,000
GRANTS AND EXTERNAL FUNDING	
Grants & Contributions	495,000
Liveability	335,000
Total	16,099,000

- 3.3 This funding was allocated into 4 main themes as follows and where applicable carry forwards from the 2007/2008 programme, and additional

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grants/allocations have been included to make up the gross 2008/2009 programme:-

	£	c/f 2007/08 / Additional Funding (£)	TOTAL £
Theme 1 Economic Development and Regeneration	1,055,000	0	1,055,000
Theme 2 Physical Renaissance of the District	1,530,000	65,000	1,595,000
Theme 3 Housing Investment			
EDH - Decent Homes	6,835,000	0	6,835,000
EDH - Non Decent Homes	865,000	300,000	1,165,000
Council Led Schemes	4,379,000	0	4,379,000
Theme 4 Asset Management and Minor Works	1,235,000	49,860	1,284,860
Contingency	200,000	0	200,000
	16,099,000	414,860	16,513,860

4.0 Financial Update to 30th September 2008

4.1 Analysis of expenditure committed for each of the main expenditure blocks within the programme is summarised in the table below. Officers have been realistic in forecasting what can actually be delivered by the year-end and the programme has been tailored accordingly. The year-end figures reflect the outcome of decisions by the Capital Programme Working Group to seek to maximise activity within the year whilst at the same time balancing the programme to available funding. Please note the percentages shown in Column D are "Expenditure To Date" (ie to the end of September 2008) (Column C) against "Year End Forecast".(Column B)

	Available Funding (£) (Column A)	Year End Forecast (£) (Column B)	Expenditure To Date (£) (Column C)	%age Spent (Col: D)
Theme 1 Economic Development and Regeneration	1,055,000	892,000	703,774	78.9%
Theme 2 Physical Renaissance of the District	1,595,000	1,183,000	123,832	10.5%
Theme 3 Housing Investment				
EDH - Decent Homes	6,835,000	6,950,000	3,459,970	49.8%
EDH - Non Decent Homes	1,165,000	1,050,000	465,724	44.4%
Council Led Schemes	4,379,000	2,229,000	506,575	22.7%
Theme 4 Asset Management and Minor Works	1,284,860	1,283,276	225,548	17.6%
Contingencies	200,000	104,724	0	0%
	16,513,860	13,692,000	5,485,423	40.1%

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- 4.2 Analysis of these totals however does need to take into account that the commitment of Council resources is impacted upon by changes to certain external funding contributions being secured as well as the advancement of schemes requiring further development and negotiation. As a result some expenditure has therefore been carried forward into 2009/2010 and thus revised programmes for 2009/2010 and 2010/2011 have been developed for submission to the new authority on that basis.
- 4.3 The current economic climate has created additional pressures in terms of delivering these programmes. The Head of Asset and Property Management has reported that capital receipts from disposals have all but dried up for the time being. The issues regarding the funding of these programmes were addressed and agreed by the Executive in the 2008/2009 General Fund/Housing Revenue and Capital Monitoring Report considered on the 25th November 2008.
- 4.4 As a result of the half-year review programmes to the value of £2,177,860 have been carried forward into future years whilst £932,000 of reductions have been realised within the programme. The reductions have materialised from savings from tendering (£13k), securing additional external funding (£395k) and the re-programming of schemes (£524k). In addition some virement of funding has also been addressed the results of which are contained in the financial statement at Appendix 1. The virement does not make any significant change to the overall nature and structure of the programme previously agreed by the council. The changes were undertaken to maximise funding and delivery opportunities.
- 4.5 At the end of the second quarter, the overall expenditure equates to 40.1% of that **forecasted** to the end of the financial year. This figure is expected to increase significantly in coming weeks as schemes currently “on site” come to fruition and invoices are paid. Individual major schemes, which are currently at the development stage, will also have a significant impact on this figure once they come on line. It should be noted that this level of completion is on par with previous years performances at this stage.
- 4.6 The Capital Programme Working Group undertakes continuous review of anticipated year-end expenditure and expected levels of slippage to be carried forward as part of the normal monitoring process. This exercise is intended to ensure that expenditure forecasts are as realistic as possible in light of the range of variables that can influence schemes being implemented within the financial year.
- 4.7 Appendix 1 provides a detailed financial analysis of the half-year position.

5.0 Performance Reports

Schemes delivered by East Durham Homes

- 5.1 Appendix 2 outlines the performance to the half-year of the East Durham Homes programme (decent and non decent elements of theme 3). Members will note that the information is colour coded the left hand side showing whether the scheme has started (Red), on site (Green) and completed (Blue). Over to the right of the document the Target/Outturn figures refers to properties completed followed by comments. Kevin White the Investment and Procurement Manager from East Durham Homes will explain the information at the meeting.
- 5.2 In terms of decent homes schemes being undertaken at Matteredale Road Peterlee, Pony Fields Horden and general improvement of void properties, 85 dwellings will be improved to decent homes standard. Of these 45 have been

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completed to date. Planned renewals to windows and doors, heating and electrics will be undertaken to a further 1,259 properties to prevent them falling into higher levels of non-decency. Of this figure 436 properties have been completed to date.

Council Schemes

Appendix 3 outlines the performance to the half-year of the remainder of the programme. A large part of this information takes the form of a verbal update because targets are not always appropriate. An example would be a feasibility study where performance will be denoted as completed.

6. Implications

Financial

- 6.1 The financial implications are contained within the main body of the report.

Legal

- 6.2 None

Policy

- 6.3 None.

Local Government Review

- 6.4 Issues affecting the review are outlined within the report. A copy of the report will be forwarded to Durham County Council after consideration by this Committee.

Risk

- 6.5 A risk assessment has been completed and the necessary actions required to manage the identified risks have been/will be implemented.

Communications

- 6.6 Press releases will be arranged at the appropriate time to highlight the successes achieved in delivering the 2008/2009 programme and will include percentage outturn figures against original targets.

Corporate Implications

Corporate Plan and Priorities

- 6.7 The 2008/2009 Capital Programme is aligned to the Council's objectives and agreed priorities. The main thrust of the programme is towards decent homes/affordable housing and regeneration issues.

Performance Management and Scrutiny

- 6.8 The Capital Programme is monitored on a monthly basis with financial reports being submitted to the Capital Programme Working Group and the Executive. In addition quarterly reports on performance are also prepared.

Equality and Diversity/Social Inclusion

- 6.9 The Capital Programme includes a number of schemes that will assist to:-
- a) improve access to facilities for people with a disability
 - b) renew communication facilities to care for older people

Procurement

- 6.10 The programme is being delivered in accordance with the Council's Procurement Strategy and Code of Practice.

7. Recommendations

- 7.1 The Executive is recommended to:-

Endorse the decisions of the Capital Programme Working Group relating to the half-year review of the 2008/2009 programme and as such to agree the revised programme and to note the position statement at the end of the half year.

Background Papers

Financial monitoring forms - held electronically (H Drive)

Monitoring Officers Performance monitoring reports - held electronically by E-mail