

COMMITTEE:	CABINET
DATE:	1 JULY 2002
SUBJECT:	CIVIC BUDGET 2001-2002: CAPITAL PROGRAMME PERFORMANCE
REPORT OF:	DIRECTOR OF FINANCE AND CORPORATE SERVICES
Ward(s):	All
Purpose:	To inform Cabinet of the Council's Capital Programme – performance for the year ended 31st March 2002.
Contact:	Sue McHugh, Director of Finance and Corporate Services telephone 01323 415104 or internally on extension 5104.
Recommendations:	Cabinet are asked to endorse the actions proposed to improve the timeliness of the delivery of the programme.

1.0	<u>Introduction</u>
1.1	The 2001-2002 Capital programme incorporated the Government's new proposals of a single capital pot whereby Councils can spend in accordance with their own priorities.

1.2	The capital strategy for the period to 2002-2007 identifies the priorities for capital investment to support delivery of the Council's corporate aims, and target spending on key services.
1.3	The authority's Asset Management Plan (AMP) sets out the arrangements for ensuring efficient management of all Council assets, including processes to identify assets for disposal to fund the capital strategy.
2.0	<u>2001-2002 Programme Delivery</u>
2.1	Attached at Appendix A is an analysis of the capital programme out turn figures for both the Housing Investment Programme and General Fund capital programme. The reasons behind any under/overspend and actions for future years are included within the appendix.
2.2	There was significant slippage on the housing programme, which was forecast and reported to cabinet in year. Section 3 sets out proposals to improve the timeliness of delivery in future years.

2.3	<p>The performance of the non-housing capital programme was very much dependent upon the generation of capital receipts through the sale of assets identified in the AMP. Disposals were delayed, primarily due to lack of dedicated resources to progress sales, and as a consequence, some expenditure has had to be deferred to 2002-2003.</p>
2.4	<p>The timing of the sale of one particular piece of land which was originally scheduled for completion late in the financial year (which would have meant it was not possible to spend the proceeds in year) was rescheduled for 2002-2003. This was done in order to avoid the Council being penalised by the Government's capital regulations for holding large balances of capital receipts at the financial year end.</p>
2.5	<p>As a result of the rescheduling of this capital receipt various schemes had to be reprogrammed to commence in 2002-2003.</p>
3.0	<p><u>Monitoring and evaluation of Housing Investment Programme schemes</u></p>
3.1	<p>Programmes for each financial year are identified as part of the Housing Strategy and Housing Investment Programme bids, which are submitted to Government each July.</p> <p>Once announcements on capital funding are received, all areas of capital spend are subject to a process of profiling and risk assessment analysis for the forthcoming year. This facilitates the ongoing monitoring which occurs. This profiling allows the identification of slippage on specific programmes and allows for contingencies to be planned.</p> <p>Key officers from Housing, Environmental Health and Financial Management meet</p>

3.2

Despite the extensive monitoring arrangements which are in place, the nature and risks associated with major improvement and re-development schemes mean that we must continue to develop our management and planning arrangements. Specifically, we will seek to target the following areas for improvement:

- Contract letting – earlier letting of contracts wherever possible – as soon as the resource position for the following year is known. In practice, contracts funded through the Major Repairs Allowance can be planned on a ‘rolling’ programme basis or, at least, progressed from December onwards once the allocation is announced. Contracts funded from credit approvals could be progressed from February onwards once the budget is set. The establishment of a working group to progress major contracts and general fund developments involving housing, planning, architects, legal services and finance could be established.

- Project planning – for major schemes effective planning of works is essential to ensure all preparations are complete prior to start date.

- Expenditure profiling – this needs to be as realistic as possible taking account of issues such as tenant/resident consultation.

- Contract supervision – to ensure agreed timescales are achieved.
- Contingency planning – including bringing forward alternative schemes where slippage is forecast.

Such areas for improvements will be explored for all Council capital expenditure projects.

3.3	Commitments for HRA expenditure totalling £801,952 had been placed at 31 March 2002 in addition to the expenditure actually incurred.
4.0	<u>Funding Streams</u>
4.1	<p>Funding for the 2001-2002 programme was sourced through credit approvals and capital grants, Major Repairs Allowance, capital receipts and s.106 monies, delivered through planning gain. The 2001-2002 investment in the council's own stock was also supplemented through the release of reserves from the Housing Revenue Account.</p> <p>Underspends were forecast in year and officers ensured that there are no adverse financial implications associated with rolling over funding into the new financial year.</p>

4.2	The appointment of a commercial Estates Manager early in 2002 is intended to improve the management of the disposals programme so that schemes dependent on capital receipts funding are not unnecessarily delayed in future.
5.0	<u>Consultations</u>
5.1	Officers responsible for delivering schemes have been consulted on this report.
6.0	<u>Financial Implications</u>
6.1	The appendix attached to this report shows the allocated budget for each scheme, and the expenditure incurred in 2001-2002.
6.2	The spreadsheet also provides further information on the progress of each scheme.
6.3	Unused resources will be carried forward to 2002-2003 to fund committed expenditure on the progressing and deferred capital schemes.
7.0	<u>Summary</u>

7.1		Capital projects by their very nature are complex and often have a long lead in time. Large schemes will often span more than one financial year.
7.2	Officers closely monitored the progress of capital receipts during the year in order to allow capital schemes to proceed.	
7.3	The schemes rescheduled to 2002-2003 will commence on the completion of the sale of the piece of land referred to in paragraph 2.4.	
Sue McHugh Director of Finance and Corporate Services		
Background Papers: The Background Papers used in compiling this report were as follows: None To inspect or obtain copies of background papers please refer to the contact officer listed above.		
OpenlinkCFO/documents/Civic Budget 2001-2002 Capital Strategy 020701		