Item No. 15.	Classification: Open	Date: 17 July 2012	Meeting Name: Cabinet
Report title:		Quarterly Capital Monitoring Report Outturn and Capital Programme Refresh 2012-2022	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY

This report sets out the council's use of its capital expenditure in the 2011/12 financial year, for both the general fund and the housing investment programme, and seeks approval for some new bids to be included in the programme for forthcoming years. Cabinet will be taking further decisions to amend the programme when it considers the capital programme refresh report in the autumn.

In 2011/12, there was a significant variance, of just below 50%, in the expenditure on the housing investment programme. This has been as a result of delays in leaseholder buy-backs in the Aylesbury, Heygate and Abbeyfield projects and the delay in partnering contracts arising from the Lands Tribunal case. As part of the Warm, Dry and Safe programme agreed for 2012 onwards last October, steps have been put in place to pick up the pace on these works in future years.

On the general fund side, there has also been a significant variance. Some of this was anticipated when the programme was agreed last year, and some expectation of slippage was built into the programme. Nevertheless, the outturn represents 78.4% of the resources identified in the programme for the year and work is being undertaken with departments to improve that figure in future years. The report details the reasons for this difference, including the withdrawal of government support for the Rotherhithe school proposal preventing that work proceeding, delays in work on other school sites as part of the Southwark Schools for the Future programme, re-profiling of council ICT projects and slippage in the Highways and Lighting programme and improvements to the public realm near the riverfront.

New bids for approval as part of the programme in this report include funding decisions previously agreed by Cabinet in other reports, including the cemeteries strategy and changes to the office accommodation strategy. In addition, proposals are made here to Revitalise Camberwell and to fund housing renewal in the private sector.

RECOMMENDATIONS

That Cabinet:

1. Notes the outturn position for 2011/12 for the general fund capital programme including the overall position of the programme from 2011-21 (Appendix A).

2. Notes the outturn position for 2011/12 for the housing investment programme (Appendix B).

3. Approves the virements and funded variations to the general fund capital programme (Appendix C).

4. Approves the reprofiling of general fund expenditure and resources in the new financial year 2012/13 in light of the outturn position in 2011/12, and new bids for both general fund and housing investment programmes. (Appendix D).

5. Requests the Strategic Director of Finance and Corporate Services to present an updated programme report with the remaining items for refresh in September 2012 in light of updated resources and information.

BACKGROUND INFORMATION

6. On 21 June 2011 the 2010/11 capital outturn report was presented to the Cabinet. This reported the capital outturn position at the end of 2010/11 and approved the continued expenditure and resources to be brought into the existing 2010–19 programme. At that time the total value of the general fund programme stood at approximately £429.4m including the Southwark Schools for the Future programme; the housing investment programme stood at £445.9m.

7. The quarter 3 2011/12 monitor showed a total forecast spend of £379.3m, for the general fund programme for 2011-21. The total forecast available resources over the period were £422.8m, giving an overall surplus of £43.5m. The quarter 3 monitor showed a total forecast spend of £415.7m for the Housing Investment Programme (HIP) against a revised budget of £415.7m.

8. With a total forecast spend of around £800m and annual expenditure of around £200m, the capital programme represents a major element of the Council's financial activities. It has a significant and very visible impact on the borough, and hence on the lives of those who live, learn, visit or do business here.

9. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays occur which lead to some variation against planned spend. Historically the capital programme expenditure has been over programmed in year, to compensate for these variations whilst retaining a balanced programme overall.

10. This report sets out the outturn position for 2011/12 for the General Fund and Housing Investment Programmes (HIP), with commentary on new and emerging issues.

KEY ISSUES FOR CONSIDERATION

2011/12 Outturn

11. The table below shows the 2011/12 outturn for the General Fund and Housing Investment Programme against the budgeted expenditure for 2011/12. There was a variation of £49.2m against the General Fund programme and a variation of £52.7m on the Housing Investment Programme. These variations are largely explained by the re-profiling of budgets across a range of departmental programme activities, due mainly to the complexities of procuring contracts and works across a programme of this size and thereafter the practicalities of contractor management and monitoring.

DEPARTMENT	2011/12 Agreed Budget	2011/12 Outturn	Outturn/ Forecast Variance	Forecast at Q3 2011/12
	£'m	£'m	£'m	£'m
General Fund				
Children Services	16.8	9.3	(7.5)	(2.7)
Southwark Schools for the Future	48.6	34.3	(14.3)	(8.8)
Finance & Resources	3.9	0.7	(3.2)	(1.5)
Environment	30.3	18.1	(12.2)	(5.1)
Health & Community Services	4.5	2.8	(1.7)	0
Housing General Fund	6.6	3.5	(3.1)	(1.6)
Regeneration & Neighbourhoods	22.8	15.5	(7.3)	(4.7)
Total General Fund	**133.5**	**84.2**	**(49.2)**	**(24.3)**
Housing Investment Programme	**106.2**	**53.5**	**(52.7)**	**(41.3)**

12. Total General Fund departmental expenditure was £84.2m against a revised expenditure budget of £133.5m. This is slightly lower than the general fund expenditure in 2010/11, which was £96.1m. In 2010/11 the in-year variation of expenditure to budget was 29%; this has increased slightly in 2011/12 to 37%.

13. Outturn General Fund spend, at £84.2m has employed some 78.4% of the £107m start of year resourcing position, demonstrating a significant ongoing investment in achieving the council's key priorities and objectives. Allowing for variations agreed in year when viewed against the expenditure budget this illustrates that the programme had always anticipated an element of expenditure re-profiling on large and complex projects over the course of the year.

14. Total Housing Investment Programme expenditure for 2011/12 was £53.5m against a budget of £106.2m. This is approximately 24% lower than the housing investment programme expenditure in 2010/11 recorded at £70.5m. The in-year variation of expenditure against budget is just over 50%.

15. The report includes a section outlining new and emerging priorities. The major influences impacting in this area include:

- Discussions with departments during the financial year.
- Updates made to the disposals programme.
- Notifications of funding regime changes from central government.
- New decisions by Cabinet over the last year.

16. The sections below provide commentary on the outturn position by department for 2011/12.

COMMENTS ON THE CAPITAL PROGRAMME BY SERVICE

GENERAL FUND (Appendix A)

CHILDREN'S SERVICES

17. The overall departmental programme budget is £63.3m. The total programme spend of the Children's Services capital programme was £9.3m in 2011/12 against a revised budget of £16.8m, a favourable variation of £7.5m. These favourable variances include £3.7m on the primary capital programme; £509k on the three primaries programme; £138k on youth services projects and £2.8m on smaller projects or re-profiled to future years.

18. The most significant achievement during 2011/12 was the opening of the Phoenix School in January 2012, this overall investment of £9.7m has enabled the sympathetic refurbishment of the listed buildings, and the school now has three new teaching blocks and a nursery. Works were completed at Heber primary school for additional places, lavatories and entrance redesign. Further completed works for the council's investment in nursery provision conclude with the major refurbishment, enlargement and works to improve disability access at Gumboots and new kitchen and entrance at Goose Green.

19. The reasons for the most significant variances are shown below in the context of the programme as a whole.

20. A £2.1m favourable variance arose due to the reprogramming of St Anthony's Catholic Primary School refurbishment and expansion. A sum of £1.3m funding has been set aside to address the pressure for primary school places in following years; a further £1.3m of additional government grant for places was received in December 2011, increasing the available budget. Children's Services has commissioned a capacity and condition survey of all primary schools to inform the future budget strategy for additional places and building maintenance priorities within the borough.

21. The co-location of Cherry Garden expansion and Gloucester School was delayed whilst further consultation took place to agree the final proposals and scope of

works, resulting in a re-profiling to future years of £426k. Detailed designs are expected to start autumn 2012.

22. A £661k favourable variance at Haymerle School arose due to a delay in awarding the contract to enable a value engineering exercise to take place. Additionally, the programme of works was rescheduled to ensure continuity of school operation during construction.

23. A £466k favourable variance arose at Crampton school expansion due to additional foundation works being required once on site and some contractor delays in resourcing the works.

24. The remaining favourable variance of £1.2m is spread between the delivery of the three primaries programme and a number of smaller projects being reprofiled to future years.

SOUTHWARK SCHOOLS FOR THE FUTURE (SSF)

25. The overall programme budget is £115.9m. The total programme spend in 2011/12 was £34.3m against a budget of £48.6m, a favourable variation of £14.3m.

26. During 2011/12 the following projects were completed: major refurbishment and enlargement at Spa Special School opened in September 2011 providing eight new classrooms, including science lab and a drama space. Further, the first phase of St Thomas the Apostle College PFI scheme became operational in February 2012.

27. Favourable variances arose due to reprofiling of the programme amounting to £18.9m which were partially offset by adverse variances of £4.6m leaving a net favourable variance of £14.3m.

28. The major favourable variances were as follows.

29. A favourable variance of £4.9m arose due to the delay in awarding the contract for St Michael's and All Angels, to include revised pupil numbers and the co-located Highshore special school.

30. A favourable variance of £6.9m arose at Rotherhithe school due to the original budget allocation not being spent owing to the PfS withdrawal of support for the original scheme.

31. A favourable variance of £3.3m arose at New School Aylesbury due to reprogramming of works during construction by the contractor and the original milestone payments not being triggered.

32. A sum of £1.8m of budgeted ICT payments was not triggered due to general programme reprofiling.

33. The remaining £2m favourable variance is due to unallocated budgets not called upon, the ICT drawdown being deferred by Walworth Academy and milestone payments not being reached.

34. An adverse variance of £4.6m relates to Notre Dame and St Saviour's and St Olave's school refurbishments. This is due to changes to the actual milestone and irrecoverable VAT payments profile originally agreed. Both projects are on timetable to open during 2012-13 and within budget.

FINANCE AND RESOURCES

35. The overall departmental programme budget is £8.6m with a budget allocation of £3.9m for 2011/12. A final outturn of £731k expenditure was recorded, which included £389k on ICT related projects and £342k on Facilities Management related projects.

36. This produced an under spend of £3.2m for 2011/12, which will be carried forward to 2012/13 and which was formed of £933k in relation to Facilities Management projects and £2.2m in relation to ICT projects.

37. The activity on the major schemes in the department is outlined in the paragraphs below.

38. The Facilities Management capital spends are generally reactive, and in most cases responding to failures in services and building fabric. As the majority of the council's front line accommodation is already DDA compliant, current expenditure is based on changing needs and supporting DDA compliance in new and refurbished accommodation as and when required. The requirements of a fuller proactive PPM programme are to be the subject of a future review.

39. There is a direct connection between the various CIT projects. Essentially they are on-going and are enabling technical projects which are in place to support and facilitate other council initiatives and programmes. These are necessary to address a lack of investment in the past.

ENVIRONMENT AND LEISURE (E&L)

40. The overall departmental programme budget is £103.6m with a budget allocation of £30.3m for 2011/12. A final outturn of £18.1m expenditure was recorded giving a favourable variance of £12.2m for 2011/12, which will be carried forward to 2012/13.

41. This favourable variance is formed of £2.0m unspent on sustainable services waste management projects; £2.5m on Culture Libraries, Learning and Leisure projects and £7.7m on Public Realm projects including parks, highways and street works.

42. The progress of major schemes is outlined in the paragraphs below.

Environment and Leisure: Sustainable Services

43. The new Integrated Waste Management Facility (IWMF) at the Old Kent Road opened on 4 January, 2012. It has undergone a process of Independent Certification of Acceptance Testing which involved practical tests at the Mechanical Biological Treatment (MBT) plant and Materials Recovery facility (MRF). There were other tests relating to quality of build, staffing arrangements, and compliance with regulatory conditions which have all been passed. The new facility was signed off as fully operational on 2 March, 2012.

44. The division is currently working with Facilities Management to decommission Manor Place Depot, the hub of waste operations for the last 140 years.

45. This budget covers the costs of site acquisition and preparation for the new facility, and an access road. The facility itself was financed by Veolia and repayable through the PFI unitary charge.

46. The project is currently forecasting a favourable variance of £600k due to a reduction in contract costs with Veolia Environmental Services via Volker Fitzpatrick. Using the same contractor (Volker Fitzpatrick) to undertake the various facets of the project (site remediation, access road construction and build of main facility) has resulted in significant synergies/economies of scale.

47. The final phase of the project included a S106 obligation upon the developer to deliver Off-Site Renewable Energy Infrastructure. Failure to provide this required a payment of £550k by the developer into a council Green Energy Fund which would release the developer from all further liability in relation to this obligation. However payment would then be recharged through the Unitary Charge for the scheme and effectively fall back onto the council.

48. This obligation is currently expected to be covered/discharged by the Southwark Heat Network from South East London Combined Heat and Power plant (SELCHP) project. All indications are that this project will go ahead as planned, but the division has taken a prudent view and projected the £550k as a liability in its figures until contracts have been signed. Should the SELCHP project proceed as expected, the projected favourable variance on this scheme would then be £1.15m, which is formed by the £600k and the £550k identified above.

49. A viable route and a technical solution for the Southwark Heat Network from the SELCHP have been identified. A Gateway 2 report to award the contract in principle was approved by cabinet on 15 May 2012 and the leaseholder consultation process has started. Current planned timelines are for agreement to Heads of Terms in June 2012 and contract in September 2012. It is anticipated that the remaining scheme capital budget of £486k will be spent in full.

Environment and Leisure: Public Realm

50. There was no new funding allocated for the Cleaner Greener Safer (CGS) programme in 2011/12, in part due to other pressures on the Council's capital budgets and also to allow a backlog of allocated projects from previous years to be delivered. In addition £340k revenue savings were made within the team resulting in all delivery costs being met from the allocated capital resources and halving the number of project officer posts to six.

51. In the first nine years of the CGS programme £26.6m has been allocated to Community Councils. The programme has proved very popular with Community Councils and the general public enabling a wide range of improvement projects to be delivered in partnership with the local community. By the end of 2011/12, 1263 (95%) of the agreed projects have been delivered and £24.8m (93%) of the budget spent. Given the reduction in resources the time from submission to completion of

projects has increased slightly by 8% (49 to 53 weeks) however efficiency of spend in terms of staff numbers has also increased.

52. The programme spend in 2011/12 was £2.9m, with 115 project completions and 76 partial completions being recorded. Of the remaining allocation of £2.39m £849k is contractually committed and it is anticipated will be spent within the first quarter of 2012/13. A further £388k was re-allocated to new projects during the year. There remains some £0.7m allocated to projects which are on hold as they rely on external factors before they can be delivered, i.e. match funding and planning consents (Peckham Rye One o'clock club and Nunhead Community centre, for example). This leaves some £412k to be committed to the programme.

53. The Highways and Lighting Capital programme completed 2011/12 with a 15% slippage showing £4.4m spend against a £5.2m budget, largely due to unforeseeable delays by other statutory undertakers. Three of the four large resurfacing schemes were delayed by issues with Thames Water and the time taken to progress approvals by EDF has slowed progress in the lighting programme. To reduce future risk of delays a monthly coordination meeting now takes place with Thames water and new arrangements have been made with an alternate electrical connections provider to overcome delays previously encountered with EDF.

54. The council has secured a sum of £600k from Connect2 funding to meet the cost of delivering a safe cycling and walking route between Camberwell and Rotherhithe, which will include replacement of a redundant railway bridge over Rotherhithe New Road. The project is due to complete by the end of 2012/13 and the council will need to provide match funding of £237k which will be sourced from identified S106 agreements.

55. For the Southbank Improvement Project GLA funding of £3.1m was secured to deliver a number of accessibility and public realm improvements along the Southbank from the borough boundary with Lambeth to Tower Bridge. This scheme reflects the importance of this area for tourism in London with just under £1m spent in 2011/12, and completion due by October 2012.

56. The majority of works within the scope of the current Burgess Park Revitalisation project have been completed leaving the final elements of soft landscaping scheduled for completion in time for the anticipated opening in July.

57. Physical construction work has not yet commenced on the Peckham Rye One O'clock project because the service requirements of the space were still being finalised in 2011/12. This has now been established and these works are to be jointly managed from 2012/13 by Children's Services in liaison with Regeneration.

58. A further planning application has been implemented for short term burial space need which if approved will deliver 800 further burial spaces to the 350 already provided under the strategy.

59. An OJEU advert has been placed and expressions of interest received to install mandatory mercury abatement infrastructure at council crematoria. The evaluation process will be completed by the end of May 2012 with installation scheduled for completion by the end of December 2012.

60. Remediation work at Camberwell New Cemetery has been completed leaving further remediation work to be undertaken in Camberwell Old and Nunhead Cemeteries. This work has been rescheduled into 2012/13 to allow for the consultation on the cemetery strategy to be undertaken. The strategy has now been drafted and has been presented to Cabinet in June 2012 for approval following which the affected areas will be remediated in preparation for future burial. The remaining budget of £465k in the capital programme is required to deliver the work in both these sites.

Environment and Leisure: Culture, Libraries, Learning & Leisure

61. Work has now completed on Dulwich Leisure Centre and the only outstanding commitment is a final retention of £90k for which a budget has been set aside. Work has also been completed on Camberwell phase 1, and likewise a £97k budget exists to provide for the final retention amount. Work on phase 2 is due to start in July 2012.

62. Funding of £1m has been awarded for a third phase of development at Camberwell Leisure Centre, which has been sourced to the value of £490k from the council's Olympic capital legacy fund and £521k from capital receipts. This work includes the upgrade of the centre's sports hall and is due to start early in 2012/13.

63. Work at Pynners sports ground rebuilding a pavilion destroyed by a fire a number of years ago. The project value is £603k but has required reprofiling of around £197k into 2012/13 and which is expected to be completed by July 2012.

64. Current programmed work on The Thomas Carlton Centre had a favourable variance of £73k at the end of 2011/12. It is anticipated that further work will need to commence in 2012/13 to resolve high priority maintenance issues with the roof and windows.

65. The capital programme has a provision of £2m for the Southwark 2012 Olympic capital legacy fund which has an objective to invest in capital projects supporting a positive lasting Olympic and Paralympics legacy in Southwark from the 2012 games. Ten successful bids were announced in October 2011 and systems and procedures are in place to monitor financial performance. As a result of expenditure re-profiling, £1.14m has been moved out to 2012/13.

Environment and Leisure: Community Safety and Enforcement

66. Refurbishment and upgrade of the Southwark CCTV control room situated at Southwark Police Station is underway, with completed anticipated for June 2012. The estimated total expenditure for the upgrade of the control room is £350k which includes building works to upgrade the CCTV suite, upgrade of monitoring equipment and networking capability.

67. Projects to link the housing estate cameras and parking camera networks to the control suite will form future stages. These will commence once additional funding is secured.

HEALTH AND COMMUNITY SERVICES

68. The overall departmental programme budget is £5.6m with an allocation of £4.5m for 2011/12. A final outturn of £2.8m expenditure was recorded giving a favourable variance of £1.7m for 2011/12, which will be carried forward to 2012/13. Just under 99% of the variance relates to under spends on the Southwark Resource Centre, and Adult Personal Social Services budget allocations, with the balance formed of variances on smaller projects.

69. The progress of major schemes in the department is outlined in the following paragraphs.

70. Two projects in the programme concluded prior to 2011/12 but had remaining minor issues in year. The Social Care Single Pot and Social Care IT infrastructure were two projects funded by Department of Health (DoH) grant which ended in 2010/11.

71. The Southwark Resource Centre project had a budget allocation of £1.3m for 2011/12 and completed in year. Spend totalling £425k was recorded, which was lower than originally budgeted due to a reduction in construction and equipment costs. A balance of £358k has been rolled forward into 2012/13 to pay for retention fees due to the contractor at the end of June 2012. The variance of £544k will be returned to the capital programme.

72. Adult Personal Social Services budget allocations of £818k were available during the year funded in full by a DoH grant. Spend against this budget was £38k with the balance being reprofiled into 2012/13.

73. The council acquired premises at Bowley Close in March 2012 for £1.8m, funded in full by DoH grant. This transaction transferred residential care properties from Southwark PCT to Southwark Council as required under the NHS' Valuing People Now programme.

74. The Mental Health Single Pot Scheme provides services for people with diagnosed mental health issues and who are in need of support. The budget was £57k allocated in full to 2011/12 and funded by DoH grant. Spend for the year of £38k was incurred and the unspent balance is expected to be used in the first quarter of 2012/13.

75. The Thames Reach project had a budget of £469k for 2011/12 and represented the final element of funding from 2010/11 received from GLG for this project. The budget was spent in full during the year.

HOUSING GENERAL FUND

76. The total housing general fund programme to 2021 started the 2011/12 financial year with an overall budget of £13.6m for investment in housing other than the council's own housing stock. Following the addition of further resources the overall figure now stands at £14.8m.

77. The outturn for 2011/12 was £3.5m against a total budget of £6.6m, which generated an underspend of £3.1m to be reprofiled into the following financial years.

It was formed of underspends of £1.58m on Area Renewal schemes; £789k on the Housing Renewal Service and salaries; £765k on Travellers Sites projects.

78. The major areas of activity for the section are set out in the paragraphs below.

Housing General Fund: Area Renewal

79. The East Peckham renewal area group repair scheme for Goldsmith Road, Marmont Road and Furley Road started on site in August 2011. The overall scheme covers 139 properties including 43 council, 35 housing association and 61 private homes, which all benefit from brick cleaning and garden walls, while low income home owners and council properties also receive new doors, windows and roofs. The scheme also includes insulation works to some properties, attracting grant funding through the community energy saving programme (CESP).

80. In addition to the insulation works within this scheme, further energy saving works within the renewal area programme started on site in September to provide solar heating to approximately 60 homes, for which GLA grant funding of £420k has been received. Programmed works have been delayed due to slow take-up of solid wall insulation by low income residents in particular, and technical problems with the installation of solar panels, but both of these issues have since been resolved.

81. Overall, work within the group repair schemes is progressing well and it is anticipated that the programme will be back on track for completion in summer 2012. A bid has been made to secure additional resources from the Outer London Fund for environmental improvements within the Nunhead area, however this has meant some delay due to the further consultation required and resultant re-programming of planned work.

82. The responsibility for delivery of some of the housing renewal area projects is still under consideration, and while the profiling of forecasts has been adjusted it will be the subject of further review.

Housing General Fund: Housing Renewal

83. Grant funding of £382k was made available for 2011/12 through the South East London Housing Partnership (SELHP). The scheme is directed toward reinstatement of empty homes via refurbishment funding, and provision of loans.

84. An additional £411k has been confirmed by SELHP for 2012/13 and as loans fall due for repayment, funding is recycled into the programme providing extra resources during the year. These additional funds have been used first and so reduced the immediate call on the corporate budgets, which will be carried forward to continue the programme meeting future demand as SELHP funding stops after this year.

85. Demand remains high for disabled facilities grants, with £47k government grant funding received in 2011/12, and £515k approved for 2012/13. Other changes have been agreed to budget profiles to reflect demand across various grant types with new commitments to a value of £195k being made for 2012/13.

86. An overall sum of £4.655m is anticipated to be available from government grant funding for Disabled Facilities Grants (DGFs) to 2021/22 to cover housing renewal works. It is likely that there could be significant pressure if the council is to meet ongoing demand in this service area from 2012/13 with the resources available solely through DGF with spend of around £1.5m forecast for 2012/13 and around £1.7m for 2013/14. A forecast overall total of £17.3m including the grant outlined above is predicted as growth in the programme.

87. From 2012/13 it is proposed to make savings adjustments to the level of assistance available per application under the various small grants and loans schemes operated by the housing services, in light of resource availability. These schemes offer financial support in the <£5,000 - £20,000 region, subject to award criteria of each regime.

Housing Services General Fund: Travellers' Sites

88. Works to improve the Burnhill travellers' site were completed in May 2011, and the final account has now been agreed.

89. Following consultation with residents, a planning application was approved in January for the revised Springtide travelers' site scheme. Expenditure has been re-profiled in line with a start on site now expected in the summer of 2012, and will use the balance of government funding received for the programme along with approved match funding from the council.

90. The railway embankment retaining wall at the Ilderton Road site boundary has been established as the responsibility of Network Rail, who have attended site to assess the work required. The budget provision will be moved into next year to cover any related costs, although it is anticipated that it will not be needed.

Housing Services General Fund: Affordable Housing Fund

91. Family Mosaic has now taken possession of a site at Ivydale Road and drawn down the first tranche of funding, with the balance not expected to be claimed until 2013/14. At £1.138m the overall funding requirement is £162k lower than the original provision. AHF funding for the scheme is entirely from developer S106 contributions.

DCE: (Regeneration and Neighbourhoods)

92. The former Regeneration & Neighbourhoods department, now part of the Deputy Chief Executive (DCE) Department, is responsible for the delivery of key regeneration projects such as Elephant & Castle leisure centre, Gateway to Peckham, Revitalise Camberwell, and Office Accommodation strategy, plus a number of planning and transport related projects.

93. The overall departmental programme budget is £71.6m with a budget allocation of £22.8m for 2011/12. A final outturn of £15.5m expenditure was recorded giving an under spend of £7.3m for 2011/12, which will be carried forward to 2012/13.

94. This under spend is formed of £3.1m on Economic Development and Strategic Partnerships projects; £1.2m on Planning and Transport projects, and £3m on Property Services and other Regeneration Projects.

95. The progress of the major schemes in the department is outlined in the paragraphs below.

DCE (Regeneration and Neighbourhoods): Property Services

96. In late 2011, the department submitted a funding bid to Greater London Authority (GLA) Mayor's Regeneration Fund to deliver the Gateway to Peckham project. The bid was successful and a grant of £5m was awarded thus releasing back into the capital programme, the £5m capital receipts originally allocated to the project.

97. In December 2011, the department with the community, submitted a funding bid for £1.6m to the Heritage Lottery Fund's Townscape Heritage Initiative which was successful and announced in May 2012. Together these projects will deliver £11.6m of investment to Peckham over the next five years.

98. In November 2010, cabinet agreed a continued investment programme of £10.8m to continue the rationalisation of office accommodation to provide modern, sustainable, fit for purpose office and service accommodation. This investment programme included sums of £4.9m and £1.7m for commissioning costs at Blocks F and J at Queen's Road Peckham; £618k for IS commissioning and £1.1m for fees, decommissioning and disposal costs. It also included a sum of £1m for accommodation for Looked After Children services and £1.4m for the then Bermondsey One Stop Shop pavilion relocation project. The programme is reducing future unfunded maintenance liabilities and releasing capital assets for disposal.

99. In line with the revised office accommodation strategy agreed by cabinet in November, work has continued to develop a new corporate office hub at Queens Road station. Works started on site at Block F in January 2012 and are due for completion by the end of July.

100. The refurbishment projects at Curlew House and 7 Talfourd Close, SE15, are now complete. These projects have provided much improved facilities for children, young people, parents, carers and staff of the Children Looked After service at a single site, bringing together services previously located at three sites across the borough.

101. The original programme schedule anticipated the Youth Offending Service (YOS) being accommodated within the corporate estate. However, this would have resulted in an unacceptable delay in the vacation of poor quality accommodation at 1 Bradenham Close. The early expansion of scope of the programme to include a refurbishment of 47b East Dulwich Road has allowed for early vacation of Bradenham and the reallocation of corporate accommodation to alternative services.

102. The YOS accommodation project was completed in December 2011 and the service completed a move into the building in January 2012. A well attended public and stakeholder event was held in March.

103. In addition to the vacation of 1 Bradenham Close, allowing for future redevelopment as part of the Aylesbury Estate plans, these projects are providing for the vacation and disposal for capital receipt of 23 Harper Road.

104. Alongside investment in the wider operational estate, rationalisation at 160 Tooley Street has resulted in the moving in of more than 350 staff over an above the original 2009 allocation. This has allowed services including the housing central operations team and the in-housed revenues and benefits service to be accommodated at no additional cost to the council. Further significant moves-in are planned for 2012.

105. The construction of a £20m leisure centre in Elephant and Castle is being progressed through Southwark's local education partnership, 4 Futures. The project is currently in the early design stages. A planning application is anticipated to be submitted in July 2012 with a view to construction works commencing later in the year and completion scheduled for 2014.

106. Completion of the Canada Water Development took place in year with the official opening of the library taking place last autumn. Other developments supported by the private sector continue in the area further enhancing its sense of place.

107. The site of the Bermondsey One Stop Shop (BOSS) at 17 Spa Road has been disposed of for development to facilitate the further regeneration of that area and provide for a capital receipt, in line with the decisions taken by the previous executive. The council now needs to provide vacant possession of the site. An alternative site to replace BOSS services has been identified at 11 Market Place, SE16, a currently vacant unit within the council's commercial estate. An IDM was agreed by the Cabinet Member for Finance, Resources and Community Safety in April 2012 and subject to planning, a new service point providing excellent modern facilities for local people at a central Bermondsey location will be provided in late 2012.

DCE (Regeneration and Neighbourhoods): Planning and Transport

108. The first year of the Revitalise Camberwell programme was 2011/12, a £7m scheme to transform the streetscape in Camberwell. This saw short term street improvements including de-cluttering and minor repairs, initial community consultation, data collection and the development of an urban design framework.

109. In 2011/12 there was the completion of the conservation and restoration works to No. 20 to 23 Camberwell Church Street which included new shop fronts, repairs to the terracotta facades, repairs to windows and to the roofs at total cost of £240k. A total of £75k has been secured to develop a master plan for Camberwell Green (being led by Environment & Leisure) which will be consulted alongside the Revitalise Camberwell programme.

DCE (Regeneration and Neighbourhoods): Economic Development and Strategic Partnerships and Other Projects

110. Work continues to improve the local retail environment with the majority of the schemes now completed. The remaining schemes are due to finish in the new

financial year. These improvements are intended to enhance the high street and bring people back into their communities.

HOUSING INVESTMENT PROGRAMME HRA (Appendix B)

111. The overall programme expenditure budget is £432.9m over the duration of the HRA programme refreshed in 2011/12. The 2011/12 capital outturn was £53.5m against a budget of £106.2m, producing an underspend of £52.7m.

112. The underspend was generated by the outturn positions on the HRA service areas as follows. Within the warm dry safe programme the expenditure outturn was £36.8m against a budget of £66.2m, producing an underspend of £29.4m. In the housing regeneration programme the expenditure outturn was £8.8m against a budget of £26.0m producing an underspend of £17.2m. The outturn position for other housing programmes was £9.3m against a budget of £15.4m producing an underspend of £6.1m.

113. There was a £1.5m expenditure to revenue adjustment on the programme in 2011/12.

HRA: Warm Dry and Safe

114. The outcome of the Lands Tribunal hearing in respect of the partnering contracts arrangements was in the council's favour, but the written judgement was only received on 21 December 2011. Although this was a welcome decision, it did not allow sufficient time to achieve delivery of the warm dry and safe programme to the extent intended. In addition the council is still working with one of its partnering contractor to agree works packages in one of the key delivery areas.

115. As a result of these issues around £29.4m expenditure is recommended for reprofile into future years.

116. Action is now being taken to ensure that staff resources are in place to ensure there is no overall impact on the level of works to be delivered through the approved 5-year programme.

117. Delays to the implementation of the partnering contracts have not prevented the ongoing delivery of decent homes through the existing two year major works programme, as a result of which over 1,400 properties were made decent in 2011/12. The overall level of decent homes has increased by 0.6% during the year, giving a current level of 56.5%.

118. Although this is a small overall increase, it compares favourably with the net change in decency level experienced at the beginning of 2011/12, when a significantly higher number of newly non-decent properties caused the overall decency level to reduce by 14% at the start of the financial year.

HRA: Housing Regeneration

119. In terms of the performance in the Housing Regeneration Programme, significant changes have arisen in the anticipated profiling of lease buy-backs across the programme. These affect the Aylesbury and Elephant & Castle regeneration

projects, and schemes at Bermondsey Spa and Abbeyfield. The council's approach to negotiate voluntary agreements rather than rely on compulsory purchase orders means that while the funding needs to be in place, the timing of expenditure is difficult to forecast, with some £7.6m of planned expenditure now falling into later years.

120. The substantial changes to the Aylesbury regeneration project have resulted in the need to reconsider the programme of planned maintenance provision for the estate, with £4.2m deferred from the current year. East Dulwich Estate shows reprofiling of £2.4m expenditure where further work, including further consultation with residents, has been necessary in putting together the planning application for further stages of the scheme for new build, conversions and environmental works.

121. Expenditure of £2.2m on the new build schemes at Brayards and Lindley has been reprofiled due to delays in the provision of mains services which had affected progress. The HCA agreed a revised completion date in 2012/13 for Lindley which will therefore not affect the grant funding position. The Brayards scheme was completed in March 2012 and funding secured. Handover has now been taken and the properties are ready for occupation.

HRA: Other Housing Programmes

122. The outturn position on other housing programmes includes reinstatement of the fire damage at Sumner Road which is the subject of ongoing negotiations with the council's insurers, where estimated costs have reduced by around £500k overall and £2.0m has additionally been reprofiled into next year.

123. Other overall cost reductions include major voids (£1.2m) where fewer suitable properties have arisen requiring works, and the capitalisation of scheme management at around £700k where the restructuring of housing services in particular has resulted in lower charges to this provision.

124. As it is anticipated that these changes will give continued benefits, the budget provision for future years has been adjusted accordingly. With projects intended to be delivered through the partnering contracts, around £700k of expenditure on Hostels schemes has been reprofiled into future years.

RESOURCE IMPLICATIONS

125. The council's capital resources are comprised of planned capital receipts, government supported borrowing, grant, resources from Section 106 agreements, and revenue contributions.

126. As at 31 March 2012 the council had accumulated cash balances of £91.2m to help fund the current capital programme, which are reported within the draft statement of accounts and represented as follows:
    - capital receipts reserve balance £ 27.1m
    - capital grants unapplied balance £ 64.1m
      (of which £37.0m relates to section106)

127. In relation to the balance of capital receipts, £1.9m of this is General Fund resource, with £25.2m being HRA. Of the HRA element, £9.3m relate to receipts from right to buy sales.

128. In relation to the balance of unapplied capital grants, £4.7m represents HRA funding and the remaining balance of £59.4m General Fund grants.

129. These balances are committed against existing capital projects but were unapplied as at 31 March 2012 and could be subject to minor adjustment following the finalisation of the 2011/12 accounts.

Housing Services HRA Resources

130. There have been some changes in the level and timing of resources to fund HIP expenditure. Decent homes backlog funding of £11.3m has been confirmed as government grant for 2012/13, rather than in the form of borrowing approval as had originally been anticipated.

131. Changes to the Elephant & Castle regeneration scheme as reported to cabinet will result in a revised profile of capital receipts to reimburse HRA expenditure, with £11m now to be received beyond the current 5-year HIP. This delay is however more than offset by receipts estimated at £16.2m arising from the High Investment Needs Estates schemes recently agreed by cabinet, together with increases of approximately £7m in 2011/12 capital receipts from disposals and an increase of £2m in the projection for 2012/13.

132. The level of funding available through depreciation charges under the new self-financing arrangements exceeds the level assumed under the major repairs allowance it replaces, increasing these resources by £24.1m over the 5 year programme.

133. Other resource adjustments relating to small grants, developer and TMO contributions and totalling £2.4m have also been included in the report.

134. While there is a significant rise in the level of resources for the five year HRA programme overall, the timing of these means that there is still pressure on resources for the earlier years of the programme. Consideration of this will be through a review of the overall position of the HIP following reconciliation of the year end position, and will be the subject of a separate report to members.

Resource reprofiling 2011/12

135. Due to the size of the capital programme and the number of projects involved, it is inevitable that unforseen delays can occur leading to some variation against planned expenditure. As noted in the preceding paragraphs the 2011/12 outturn position has resulted in a general underspend across the programme which it is recommended be reprofiled in the new financial year 2012/13, in light of the outturn position and emerging issues in 2011/12. Detail of this is shown at Appendix D.

136. Some forecast spend may require further reprofiling when the programme is subject to a fuller refresh, as an additional year will be added to the programme to ensure a ten year total is maintained. This will be of most relevance for programmes

anticipated to spend year on year over the programme, such as highways maintenance and housing renewal.

137. During 2011/12 there have been a number of funded and agreed variations to the capital programme budgets. These have been included in the total budgets against which the outturn expenditure is set, in order to provide an up-to-date position of the budgets available at 01 April 2012. Detail of this is shown at Appendix C.

NEW AND EMERGING ISSUES

138. The current forecast position for the capital programme shows resourced spend of £383m for the General Fund programme and £432m for the Housing Investment Programme. The current programme runs to 2020/21 and for the purposes of reviewing the programme this financial year, an additional year will be added bringing the final to 2021/22, so that a ten year programme timetable is maintained.

139. It is important that a robust forecast of spend is achieved so that resources can be profiled appropriately, particularly for projects where annual ongoing expenditure is envisaged throughout the programme as is the case with the non-principal roads network and lamp column replacements.

140. Through 2011/12 a number of issues have emerged which have been set out in brief by department in the following paragraphs; a full refresh of the programme will be tabled later on in 2012/13.

141. Unspent resources have been identified on some projects which had finished in 2011/12 in the Environment and Leisure and Health and Community Services departments. The total is just over £1m to be returned to the programme and which could be made available for future reallocation to other schemes.

Children's Services and Southwark Schools for the Future

142. The schools' carbon reduction programme reduces carbon emissions in schools through identifying cost effective small value works and is match funded by participating schools. The programme is a response to a mandatory carbon reduction requirement set by Government and work will be taking place during 2012/13 and 2013/14 to put steps in place.

143. The troubled families' initiative requires services to work in a seamless and co-ordinated way across department and sector boundaries, challenging and supporting families to raise children successfully. Some necessary adaptations to schools and children's centres are anticipated during 2012/13 and 2013/14 in order that the service can work locally, alongside families who would most benefit.

144. It is estimated that by 2015/16 an additional 10 to 14 permanent school class expansions will be required due to growth in pupil numbers. This requirement is likely to generate financial pressure in the capital programme which will be quantified as part of the refresh activity. A survey is currently being undertaken of all maintained schools to review their capacity to expand and to survey necessary maintenance. Any additional resource requirement will need to supplement government capital grants which fund the expansion of Southwark schools, to meet

this statutory obligation to provide school places and continue school building maintenance.

145. The redevelopment of the Peckham Rye One o‘clock playroom is a council commitment to replace the current Peckham Rye One o’clock playroom building and enlarge and redesign the enclosed outdoor play space. An existing capital budget provision is available for this which will be transferred from Environment and Leisure to Children’s Services. Any additional resource requirement for this project will be quantified as part of the refresh process later in the financial year.

Finance and Resources

146. The council will be engaging a new Information Technology Managed Service supplier early in 2013 which will be delivering a series of core enabling projects to modernise provision of IT services in the council. These projects will include upgrades to Citrix, Microsoft and system refreshes. Over the summer officers will be working to quantify the anticipated cost of delivering the projects and assessing the capacity of existing budgets. An update will be provided as part of the refresh programme.

Environment and Leisure

147. The first phase of the Burgess Park revitalisation project is nearly completed with £8million invested. Future phases of this project include the improvements to all secondary and tertiary entrances, installation of a new multi-use games area (MUGA), additional tree planting, further infrastructure improvements (including the restoration of the heritage bridge) as well as implementing the Wells Way crossing. Around £350k has been identified for spending on additional landscaping and minor infrastructure in the park in 2012/13, included in the programme. Further resource requirements for the scheme will be identified for the refresh.

148. Several new issues are emerging in the Cemetery Service. A report recommending cabinet approve the future Cemetery Strategy for Southwark has been presented in June 2012. The proposed strategy is to re-use and reclaim existing land in cemeteries to provide burial space delivering a further 5,865 plots (subject to planning) until 2040. The anticipated cost of implementing the strategy for short and medium term burial space has been assessed at around £4.7m over the programme and a bid for resources has been prepared on this basis. A bid has also been prepared for improving access to some crematoria at £100k, and to respond to new legislative obligations relating to mercury abatement totalling around £150k in 2012/13. The impact of these activities on the programme has been shown for the department at Appendix D.

149. Work is underway to assess the investment requirements at South Dock Marina including work on replacement of pontoons, decking, electrics, washroom, the possible replacement of the lock gates and major work on the sluices. It is anticipated that additional funding requirements for this service will be addressed in the refresh report.

150. Urgent work is in progress to resolve drainage problems on the Walworth Road in order to complete works prior to the Olympics embargo. This need has arisen due to the high volume of traffic on the road.

151. The early stages of a re-tendering exercise are underway for the council's parking contract. This contract will contain enforcement, vehicle removal and traffic enforcement services with effect from 2013/14.

152. Investment in self service technology is a key component of the libraries modernisation programme with RFID equipment (Radio Frequency Identification) equipment already successfully installed at several locations in the borough, for example at the John Harvard library. The expansion of the installation programme to other libraries around the borough, such as Peckham Library where the installation of such equipment has been assessed at £152k would further move this programme forward. This has been included within the initial departmental bids at Appendix D. Additional proposals will be developed for evaluation in the capital refresh later.

153. Agreement has now been reached with the developer for a new library at Grove Vale to be provided as part of a development adjacent to East Dulwich Station. The library will replace the current rented provision which is very small, lacks basic facilities and offers no opportunity for significant improvement. It is anticipated that a council contribution will be required to supplement the developer's contribution and to ensure an appropriate fit out of the space including fixtures, fittings and ICT.

154. Since this scheme was last reported on, the developer's planning application has been approved and there is an indication that work will commence on the scheme in early 2013. In view of this, a capital contribution from the Council is likely to be required in 2013/14 rather than 2014/15 and this will be included in the refresh process.

155. A number of important issues are emerging in the Leisure Centres Service including capital maintenance requirements for the overall estate and strategic options appraisals at two key sites. In relation to capital maintenance issues the current annual revenue budget addresses all reactive repairs for eight sites but further funding may be required for larger lifecycle works to ensure that assets are optimally managed and maintained. Officers are currently working on options appraisals for the Seven Islands and Southwark Park centres, which will be evaluated to assess suitability for inclusion in the refreshed capital programme.

156. During 2011/12 officers examined the provision of CCTV equipment at various sites in the borough. It was established that work will be needed in this service area to replace stolen equipment, refresh CCTV systems and implement deployable systems in areas of high crime. In addition a refresh of obsolete fixed units on existing estates and upgrade to the transmission network is currently being scoped.

157. Capital investment in the non-principal roads network and lamp column replacement programme continues year-on-year. This is an ongoing requirement and such investment currently runs at around £5m and £500k p/a respectively up to the current programme end date in 2020/21.

Health and Community Services

158. Officers have been reviewing capital implications of service provision in the Adult Care Accommodation and Learning Disability Care services.

159. The council is currently mid-way through a 25 year block contract for residential care for older people with Anchor Care. The contract provides 224 beds in four care homes. Renegotiating the terms of the contract would reduce the cost of care in revenue terms and officers will be exploring the implication of this in terms of cost/benefit evaluation over the summer.

160. The Housing Strategy Older People action plan gives a commitment to develop 150 units of extra care housing either through new build or re-provision of existing generic sheltered housing. Work is underway to determine how much of this work can be funded from within existing housing capital budgets. Development of a new resource centre for older people, with a focus on dementia care to provide an enhanced facility in light of increased demands is also being examined.

161. The Council provides assistive technology (Telecare) and adaptations to help disabled people remain at home. Demand has been increasing and the option is being explored to purchase more Telecare equipment which could require investment.

Housing General Fund: Housing Renewal

162. As outlined in the section on Housing Renewal above, a growth bid of £17.3m over the programme is required to meet anticipated service demand in this area. External grant of £4.6m is forecast over the period leaving a net growth bid of £12.7m to be met from corporate resources. Allowing for forecasts already included in the programme at outturn of 2011/12 the anticipated remaining balance for the department’s bid is shown in Appendix D.

Regeneration and Neighbourhoods

163. The office accommodation strategy continues to fund itself in revenue and capital terms and has so far released capital receipts to the value of £30m for reinvestment in council priorities. Disposals continue to deliver receipts in line with the initial prudent valuations and an estimated further £20m is anticipated over the life of the programme. In addition to capital disposals, where appropriate, properties will be returned to the commercial portfolio to support the council's revenue position. Finally, properties and sites are being released for regeneration schemes and house building projects.

164. The scope of the office accommodation strategy has been significantly expanded following reports to cabinet and IDM decisions on the development of Blocks J and C at Queens Road (the Block C report is due to be considered at the July Cabinet meeting), the Camberwell Library project and the development of a new customer access point at 11 Market Place.

165. The initial office accommodation programme business case proposed a lease of Queens Road Block J. A revised commercial assessment agreed by cabinet in March 2012 concluded that a capital purchase was a better value option for this property. A further decision to obtain a lease on an adjacent property on Luggard Road (block C) has been placed on the forward plan for cabinet decision in July 2012. Taken together with the in progress development at Block F, these two sites will complete the campus at Queens Road, ensuring a major council presence in Peckham.

166. In addition to the housing, community safety and social care functions earmarked for Block F, the campus will now be able to accommodate a new corporate call handling facility in line with the cabinet's decisions on customer service provision in May 2012. Further candidate teams are being identified, delivering additional property rationalisation opportunities and modernisation benefits to those agreed in the original business case. The commercial decision to proceed with capital purchase at Block J and the increase in scope to incorporate development at the newly available Block C and improve accessibility and meeting facilities at Block F have increased the overall capital requirement for the Queens Road campus.

167. A December 2011 IDM confirmed the pressing need for a high quality new library in Camberwell to replace the inadequate facilities at the existing site and in particular to replace the hard to access children's library. Further feasibility work for the business case identified a capital investment requirement of £1.9m to allow for a purpose built and fit for purpose facility that will also contribute to the wider development of Camberwell town centre the green as a destination, and enhance the impact of other local capital investment schemes outlined elsewhere in this report.

168. The site of the Bermondsey One Stop Shop (BOSS) at 17 Spa Road has been disposed of for development to facilitate the further regeneration of that area and provide for a capital receipt, in line with the decisions taken by the previous executive. Consultation and service development activity identified an on going need for face to face local service provision and an appropriate site for a new customer access point has been identified at 11 Market Place, SE16, currently a vacant unit within the council's commercial estate. An IDM was agreed by the Cabinet Member for Finance, Resources and Community Safety in April 2012 and subject to planning, a new service point providing modern and accessible facilities for local people at a central Bermondsey location will be provided in late 2012. It is anticipated that this development will require further capital expenditure.

169. The extension of the specialist children's service projects to incorporate re-provision of Youth Offending Service accommodation at 47b East Dulwich Road in addition to the projects at 7 Talfourd Place and Curlew House requires capital expenditure of around £1.7m. This approach has allowed the cessation of service from 1 Bradenham Close a minimum of 12 months earlier than would have otherwise been possible. Alternative corporate accommodation will now be used by further candidate teams still requiring the provision of modernised accommodation.

170. The extended scope of the overall programme along with changes in contract arrangements with the council's IS provider which require capital investment in assets, with commensurate reduction in revenue expenditure, will increase capital expenditure on technology infrastructure, printing and desktop to £1.4m. This estimate includes a prudent allowance for the fit out of the new call centre requirement which is in an early design phase.

171. In addition to the revised office accommodation strategy, Revitalise Camberwell is a major initiative to drive forward improvements to Camberwell town centre in order to provide streetscape and public realm improvements and to further invest in the community facilities in Camberwell by relocating the existing Camberwell library from rented accommodation to a newly built library adjacent to Camberwell Green.

The initiative is formed of three distinct but interrelated projects which will improve the quality of the links to and between Camberwell town centre, a regenerated Elmington estate and Camberwell Green. A bid for funding work on the Camberwell town centre programme has been prepared with a value of around £7.5m over the programme and £2.7m of this sourced from corporate resources. Allowing for forecasts already included in the programme at outturn of 2011/12 the anticipated remaining balance for the department's bid is shown in Appendix D.

172. This will create a new centre of activity and the proposed project will encourage the use of the new library and the town centre in equal measure, particularly for those in the Elmington estate. Through aligning these projects there will be economic efficiencies as well as providing a platform for the Camberwell SPD and ultimately it will lead to a transformation of this key town centre within the borough. To date a variety of funding sources have been identified with £0.95m secured for streetscape works and the Camberwell Green master plan.

173. The financial implications of the Revitalise Camberwell scheme will be captured in the capital refresh. It is likely that match funding will be sought to unlock a total of £4.6m investment being made by Transport for London. This requirement provide for sums to undertake works for the streetscape, to undertake improvements to the Green as identified in the Camberwell Green master plan, to establish a forecourt and deliver public realm improvements to the civic space surrounding the library.

174. The space that is adjacent to the new Camberwell library will be upgraded to improve the public realm and with new lighting to become a safer and welcoming dynamic public space and pedestrian route through to the Green from the Magistrates Court and surrounding housing estates. Included in this is the removal, relocation and replacement of trees, as appropriate, from the existing space to the wider town centre.

175. Further funding sources will continue to be identified with the intention to submit a proposal to the Heritage Lottery's Parks for People programme to secure additional funding to implement the master plan currently being developed for Camberwell Green. This investment bringing together £10m worth of public investment forms the basis of a regeneration programme for Camberwell, supporting the wider regeneration in the Baths, Elmington Estate, Camberwell College of the Arts and SLaM.

Housing Investment Programme HRA

176. The five-year Housing Investment programme was approved by Cabinet in May 2011, with an updated report being agreed in October 2011. A further updated report is being prepared and will be submitted for consideration and approval over the summer of 2012.

177. It is anticipated that the council will be undertaking the demolition of the Heygate Estate with the development partner for the site over the next three financial years. A business case for this has been prepared including a detailed financial implications and an independent third party opinion by DriversJonasDeloitte. The cost of this is anticipated at around £15m and any funding provided by the council to facilitate the demolition will be returned by the developer with an agreed indexation

uplift once the relevant contractual conditions have been met on site. The impact on the programme from this departmental activity has been shown at Appendix D.

Risks

178. A number of risks have been identified which can affect the successful delivery of capital projects and which have been described below.
    - Programme slippage resulting in slower than anticipated use of resources is mitigated through use of realistic timelines and supporting programme assumptions and documentation. Resource allocations are made to specific schemes so that resources use can be tracked against specific programmes.
    - Lack of management and/or departmental capacity which could result in poor quality financial management is mitigated through use of dedicated finance teams and management of departmental programmes by appropriately qualified departmental finance managers, who are responsible for the outturn positions of each department.
    - Lack of certainty over the timing, amount and origin of funding sources is mitigated through monthly financial monitoring with reprofiling and reallocation of resources where needed. Suitable controls are in place to govern the approval of new items, and virement/reallocation of resources. The programme is subject to regular refresh through cabinet.
    - Changes to funding regimes due to legislation or central government requirements resulting in negative impacts on the programme are mitigated where possible through contact with departments, use of a range of funding sources, development and retention of reserves and robust forward planning. A clear, regularly updated disposals programme allows the council to forecast its receipts profile with reasonable accuracy and supports a level of flexibility in the programme.

COMMUNITY IMPACT STATEMENT

179. This Outturn report is considered to have no or a very limited direct impact on local people and communities, although of course the capital programme itself will deliver significant enhancements to the amenities and infrastructure of the borough.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

180. Under the constitution the cabinet are responsible for the Council's capital programme, ensuring effective financial control and the achievement of value for money, within the provisions of financial standing orders.

181. The Council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the Council's financial position. Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in the original budget calculations. The Council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.

182. The Capital Programme 2012-2022 satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangements to secure the continuous improvement in the way its functions are exercised, by having regard to the combination of economy, efficiency and effectiveness.

183. By agreeing the recommendations in the report the cabinet will demonstrate that it has made adequate arrangements for the proper administration of the Council's financial affairs.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Capital monitoring working papers	160 Tooley Street, London SE1 2QH	Alex Vaughan 020 755 7691

APPENDICES

No.	Title
Appendix A	General Fund Capital Programme 2011/12 Outturn Summary
Appendix B	HRA Capital Programme 2011/12 Outturn Summary
Appendix C	Funded Variations for Approval
Appendix D	Capital Programme Update 2012 - 21

AUDIT TRAIL

Cabinet member	Councillor Richard Livingstone, Finance, Resources and Community Safety		
Lead officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services		
Report author	Alex Vaughan, Project Accountant		
Version	Final		
Dated	5 July 2012		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	**Comments included**
Director of Legal Services		Yes	Yes
Strategic Director of Finance and Corporate Services		Yes	No concurrent required
Date final report sent to constitutional team			5 July 2012