

Item No. 22.	Classification: Open	Date: 22 July 2014	Meeting Name: Cabinet
Report title:		Quarterly Capital Monitoring Outturn Report for 2013/14 and Capital Programme Refresh for 2013/14-2023/24	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, Finance, Strategy and Performance	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, STRATEGY AND PERFORMANCE

Southwark Council's ten year capital programme is an immense £2billion plan for investment in our borough. These capital plans include:

- making all our council homes warm, dry and safe and ensuring every tenant has a quality kitchen and bathroom
- building new council homes
- a new leisure centre at the Elephant & Castle, refurbishments to the Peckham Pulse and Seven Islands
- bringing Southwark Park Athletics Track back into use and upgrading play and sports facilities in Peckham Rye Park
- a new library, improvements to the Green, pocket spaces and public realm improvements in Camberwell
- refurbishments and expansions of our secondary and primary schools needed to ensure every child has a local school place
- the Centre of Excellence for residents with dementia and new extra care council housing
- investment in maintaining our roads, improving pedestrian crossings and upgrading our cycling infrastructure
- doubling the estates receiving green energy
- upgrading CCTV and street lighting making our borough safer
- investing our shopping parades such as Evelina Road
- regeneration programmes like the Gateway to Peckham and a new world class civic centre at the Walworth Town Hall
- investing in council buildings and IT infrastructure.

These programmes are financed by a combination of:

- capital receipts from disposal of property
- grants
- external contributions
- section 106 contributions
- housing major repair reserve

- contributions from revenue
- contribution from reserves
- internal borrowing
- external borrowing.

So with the capital programme at the heart of so many of our fairer future promises and plans it is critical that we monitor performance in delivering these plans and in raising the capital to finance them. This report covers progress in 2013-14 and includes updates from every department. During the year we have invested £182m in the borough, the largest component of which is £82.5m invested in making council homes warm, dry and safe.

RECOMMENDATIONS

That cabinet:

1. Notes the outturn position for 2013/14 for the general fund capital programme including the overall position of the programme for the period 2013/14 to 2023/24 as detailed in appendix A and D.
2. Notes the outturn position for 2013/14 for the housing investment programme, including the overall position of the programme for the period 2013/14 to 2021/22, as detailed in Appendix B.
3. Approves the virements and funded variations to the general fund and housing investment capital programme as detailed in Appendix C.
4. Approves the re-profiling of the forecast expenditure and resources in the new financial year 2014/15 and future years in light of the 2013/14 outturn position for both the general fund and housing investment programmes as detailed in Appendices A, B and D and note further re-profiling will be required during 2014/15 based on more up to date information available at that time.

BACKGROUND INFORMATION

5. On 16 July 2013, the 2012/13 capital outturn report was presented to the cabinet. This reported the capital outturn position at the end of 2012/13 and approved the continued expenditure and resources, including new bids up the period 2021/22. At that time, the total value of the general fund programme, including the cost of the council building at 160 Tooley Street and Southwark Schools for the Future programme stood at £582.5m and the housing investment programme stood at £403.7m
6. On 18 March 2014, cabinet agreed the refreshed general fund capital programme of £498.3m for the period 2013/14 to 2023/24 including the agreed new capital bids of £158.7m. Cabinet also noted the housing investment programme of £1,544.6m for the period 2013/14 to 2021/22 including the agreed new bids of £1,042m.
7. The scale of the capital programme is immense and with a total forecast spend of over £2billion; 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 and or do business in the borough.

8. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Historically the capital programme has been over programmed in year to compensate for these variations, whilst retaining a balanced programme overall.
9. This report sets out the outturn position for 2013/14 for the General Fund and the Housing Investment Programme (HIP).

KEY ISSUES FOR CONSIDERATION

2013/14 Outturn Position

10. The table below shows the 2013/14 outturn for the General Fund and the Housing Investment Programme against the budgeted expenditure. There was a variation of £36.9m against the General Fund programme and a variation of £8.5m on the Housing Investment Programme. These variations are largely explained by the re-profiling of budgets across a range of several schemes on departmental programme activities as a result of the complexities of procuring contracts and works across a programme of this magnitude and the practicalities of contract management and monitoring.

Department	2013/14 Budget £m	2013/14 Outturn £m	2013/14 Variance £m
Childrens and Adults Care Services	21.0	11.4	9.7
Southwark Schools for the Future	13.5	9.7	3.8
Finance and Corporate Services	8.7	5.7	3.0
Environment	29.1	17.0	12.1
Housing General Fund	2.1	1.3	0.8
Chief Executive	26.0	18.4	7.5
Total General Fund	100.4	63.5	36.9
Housing Investment Programme	126.7	118.2	8.5

11. The total General Fund departmental expenditure for 2013/14 was 63.5m against a revised budget of £100.4m and this final outturn is lower than 2012/13 outturn figure of £80.9m (excluding the one off acquisition of cost of 160 Tooley Street)..
12. The variation of expenditure to budget in 2012/13 was 44% and this has reduced to 36% in 2013/14 indicating that there is better profiling of budgets on the expected expenditure for 2013/14 compared to the previous year. However, better forecasts could be achieved through project managers ensuring that the

projection for each project is based on all evidence available and financial commitments made, with forecasts reviewed by the appropriate level of management and challenged where appropriate to ensure the correct positions are reflected.

13. The total Housing Investment Programme expenditure for 2013/14 was £118.2m against a budget of £126.7m and this is a 38% increase in the expenditure figure of £85.6m for 2012/13. The variation of expenditure to budget in 2012/13 was 7% and this has reduced slightly to just over 6% in 2013/14. This illustrates the increased and accelerated investments being made on the Warm, Dry and Safe programmes within the Housing Investment Capital Programme and the benefits of accurate programming and profiling of budgets being achieved despite the increased spend.

GENERAL FUND (APPENDIX A)

14. The sections below provide commentary on the outturn position by departments for 2013/14.

Children's and Adults' Services

15. In summary, the capital programme across Children's and Adults' Services for the period 2013/14 to 2023/24 is £124.1m which includes £28m of new capital bids agreed at Quarter 3. The annual budget for 2013/14 was £21.0m and the final expenditure incurred was £11.4m, resulting in a variance of £9.7m.

Children's Services

16. The revised capital programme for 2013/14 to 2023/24 is £104.0m including £16m of new capital bid agreed at Quarter 3 and the annual budget for 2013/14 is £16.7m. The final expenditure incurred for 2013/14 was £10.3m resulting in a variance of £6.4m budget and future spend being re-profiled into future years.
17. The main expenditure has been £4.2m for Southwark Park Primary School new build school opening in 2014/15 and £2.3m on the major permanent expansion at Lyndhurst School that started in 2013/14.
18. The key reasons for the budget re-profile are:
 - The temporary expansion that took place at 9 schools benefited from competitive tenders, positive value engineering and under utilisation of contingency resulting in a favourable variance of £1.2m;
 - The £750k 2013/14 budget works at Cherry Garden School has been re-profiled to 2014/15 as a result of ongoing consultation;
 - A further £1.8m has been re-profiled for the Primary Expansion and Condition Programme as a result of ongoing negotiations with schools and statutory consultation;
 - Re-profiling of Southwark Park Primary School milestone payments of £800k;
 - Reprogramming £300k of works on the low carbon schools scheme to 2014/15.

Adults' Services

19. The capital programme for the period 2013/14 to 2023/24 is £20.1m including £12m of new capital bid agreed at Quarter 3. The annual budget for 2013/14 is £4.3m and the final expenditure incurred for 2013/14 was £1.1m resulting in £3.2m being re-profiled to 2014/15. The three main areas for re-profiling are Brandon Trust properties, Orient Street refurbishment and the Centre of Excellence.
20. The main expenditure during 2013/14 was £0.9m on the Tower Bridge Nursing home for the improvement of dementia care facilities funded by the successful grant bid "Improving the environment of care for people with dementia programme" received from the DoH.

Southwark Schools for the Future

21. The capital programme for the period 2013/14 to 2023/24 is £47.0m and the annual budget for 2013/14 was £13.5m. The total expenditure incurred for 2013/14 was £9.7m resulting in a favourable variance of £3.8m which will be re-profiled to 2014/15.
22. The largest area of spend totalling £8.5m in 2013/14 was incurred on the schools at St Michael's and All Angels (SMAA) site which incorporates the new Highshore Special School. The completion of the school was deferred from September 2013 and now the final landscaping and demolition works will take place in 2014/15 resulting in the re-profiling of £1.9m expenditure.
23. The remaining significant variances are due to a favourable variance of £229k VAT rebate on voluntary aided schools ICT equipment; delayed ICT payments of £400k; and £1m under utilisation of planned contingencies.

Finance and Corporate Services

24. The capital programme of this department focuses on two key areas: Information Technology infrastructure projects and premises-related improvements to council buildings. The total departmental capital programme for the period 2013/14-2023/24 stands at £62.2m including £37.5m of new capital bids approved at Quarter 3.
25. The total capital spend for the department in 2013/14 was £5.7m against a budget of £8.7m. This compares to forecast spend of £3.8m as at the end of quarter 3 against a budget of £7m. There is a favourable variance of £3m which is made up of £1.0m on the children's and adults social care case management software (previously referred to as the Upgrade to Care First) programme; £230k on the work to council buildings DDA programme, £170k on the property works programme and £1.6m on the upgrade of IT infrastructure and core enabling projects. These budgets will be re-profiled into future years to meet the revised plans for expenditure.
26. The primary corporate facilities management (CFM) services contract has successfully entered year 2 of a 5 year plus 2 year contract period and the procurement of the second and final major CFM services contract commenced in

2013/14. A budget of £10.25m is currently profiled within the departmental capital programme to address future facilities management capital requirements in respect of compliance and compliance related planned preventative maintenance. This reflects the anticipated cost of undertaking a comprehensive compliance and associated planned preventative maintenance programme to the council's operational estate from 2014/15. The work follows an earlier phase where the council undertook work to its front-line premises to ensure compliance with the Disability Discrimination Act.

27. The budget variation during the year of £1.7m relates to costs incurred as a result of the Walworth Road Town Hall fire and is to be financed from revenue following agreement for an interim settlement with the council's insurers. The costs include those for securing the building and protecting it from the elements which has been necessary for the council to move forward and reinstate the building to provide services. The total budget variation on this project relating to the fire and insurance claim is £2.7m which is reflected in Appendix C for approval.

Environment & Leisure

Summary

28. The total value of the departmental capital programme for the period 2013/14 to 2023/24 is £167.1m including £53.8m of new capital bids agreed at Quarter 3. The department carried out a detailed review of the capital programme at end of each quarter. This included scrutinising the projections and profiling of spend for the year. . The latest capital outturn for 2013/14 is £17m against the final agreed budget of £29m giving a variance of £12m, which will be re-profiled into 2014/15. The progress of major schemes are outlined below.

Public Realm

29. The implementation of the cemetery strategy continues to create further burial spaces and make associated infrastructure improvements. The cemeteries capital programme has been re-profiled for 2014/15 to allow for completion of detailed site investigations and further consultations on new burial areas.
30. The non-principal road programme delivered its entire planned major resurfacing works and achieved spend against budget of 79%. The slippage in expenditure was mainly due to late decisions on local resurfacing projects by the community councils and reduced fees been claimed against the programme.
31. The Southbank accessibility project completed in 2013/14 cost £136k less than the budget. This amount will not be drawn down from GLA grant.
32. During the year 2013/14, the Cleaner Greener Safer team has completed 211 projects and has been commissioned by the community councils to deliver a further 201 projects. This year's spend has been £2.5m compared with £1.9m in 2012/13 (151 projects)

Culture, Libraries, Learning & Leisure

33. Olympic Legacy Fund - A new bid of £1.5m for legacy funding was approved at Quarter 3 and included in the capital programme to enable further improvements at Homestall Road, Southwark Sports Ground grass pitches and the velodrome.
34. Works to bring Southwark Park Athletic Track back into use will commence in the near future. Officers have secured an additional £600k external funding to contribute towards this project, giving a total budget of £3m for the project. Designs for the track have been finalised and reports required for the procurement of works have been prepared. Additional community consultations will be carried out ahead of the submission of the planning application.
35. A phased approach was taken to investing £2.3m in Peckham Pulse. Phase one works costing £600k will be completed in June 2014 and includes new air conditioning systems for the gym. Phase two will include works on the spa suite, café and reception areas, all of which need upgrading or replacing, and these will be delivered in 2014/15.
36. Investment in self service technology is a key component of the libraries modernisation programme and installation of such equipment is key in supporting the savings agreed in the libraries review. Implementation of RFID equipment (Radio Frequency Identification) at Dulwich and Peckham was completed in 2012/13. RFID funding for Blue Anchor Library has been allocated and the library reopened on 12 May 2014. RFID for Newington was budgeted for 2014/15 and will now be implemented at the temporary library at Elephant and Castle.
37. The Thomas Calton Centre refurbishment of £632k was delayed due to planning application issues but the project team has now been assembled and works will commence during summer 2014. The works are to address longstanding maintenance issues to the roof and fabric of the building.
38. It is anticipated that work at Pynners sports ground costing £620k will be completed and handed over during first quarter of 2014/15.

Community Safety & Enforcement

39. The Housing CCTV refresh programme has involved the repair, replacement or installation of new CCTV systems on 19 housing estates that fell within the priority crime areas identified by crime analysis data prepared in August 2012. It has been almost fully completed (spend of £1.25m against a budget for the year of £1.32m); however, two estates (Gloucester Grove and Tustin Estate) need further works due to significant damage to the CCTV infrastructure including the concealed cabling and containment units. The damage was identified through site specific technical surveys and would not have been possible to detect through the original estate surveys. To ensure that there is an operational CCTV presence on these estates, re-deployable cameras have been installed.
40. Quality assurance testing (Site Assessment Tests) of the CCTV systems are currently underway and are due to be completed by the end of May 2014. Payments to the contractor will only be made on successful completion of these tests.

Housing Renewal

41. The total budget for Housing Renewals was £3.9m, of which only £1.8m was spent. £400k was earmarked for the set up costs of the landlord licensing scheme, leaving £1.7m slippage to be carried forward. The reasons for the slippage are mainly due to the protracted completion of external stock condition surveys for the shortlisted roads and to staff shortages following the divisional re-organisation, meaning there were less surveyors available to process renewal and disabled facilities grants. There was also a reduction in the activity within the East Peckham and Nunhead renewal area as officers moved to the final stage of the project which had to be justified, approved and tendered for.
42. Total spend on Empty Home projects was £276k. £216k (78%) of this was paid to Heritage of London Trust (HOLT) in respect of the special interest project - 549 Lordship Lane. The restoration work and conversion of the building into 5 flats is now complete. Hexagon Housing Association has acquired the building and all five flats have now been sold on a shared ownership basis to southwark residents. External funding is always sought wherever possible, to reduce the call on corporate capital resources for empty homes projects.

Environmental Services

43. The division's opening balance for 2013/14 was £2.3m. £334k has been spent finalising the SELCHP project. The remaining £2m is a contingency fund. £1.5m of this is needed in case TfL request road infrastructure improvement works due to an increase in traffic resulting from the new waste facility just off Old Kent Road (Red Route). They have this ability as part of the planning conditions placed on the development. The remaining £0.5m is needed in case Southwark's highways team request similar improvement works in the area for the same reasons as set out above - increased traffic.
44. As it is now over two years since the facility became operational, both potential demands are unlikely to materialise but TfL and Southwark's highways team have until end of 2019 to call upon Southwark to carry out improvement works depending when the road survey is carried out.
45. This report is also requesting cabinet approval for an additional capital allocation of £612k for 2014/15 under the Invest to Save initiative. The capital will be used to install two photovoltaic (PV) arrays on the roof of the Council's integrated waste management facility to generate electricity (thereby reducing energy bills) and attract Central Government financial incentives. Non financial benefits include carbon footprint reductions. The annual revenue savings will be around £62k per annum initially and increasing up to £74k per annum in 20 years time.
46. Details of budget virements and variations including the above request for additional capital allocation are reflected in Appendix C for approval.

Chief Executive's Department

47. Following the Quarter 3 capital refresh report approved by Cabinet in March

2014, the capital budget for Chief Executive's department over the period 2013/14-2023/24 has increased from £60m to £106.5m. The budget increase of £46.5m is due mainly to capital bids of £39.3m approved as part of Quarter 3 capital refresh report, additional £4.3m Local Implementation Plan (LiP) grant from Transport for London, £1.6m S106 allocations and £1.3m from Regeneration & Development reserve.

48. This budget increase will support the delivery of various projects from transformation of parks and open spaces in Elephant & Castle as part of the wider regeneration programme; rebuilding and refurbishment of Walworth Town hall following fire damage; rejuvenation of the southern end of Walworth Road to create a vibrant and sustainable high street; other regeneration initiatives such as Revitalise Camberwell and the rebuilding of the Peckham Rye playroom as part of Revitalise Peckham Rye programme. Most of these projects will commence in 2014/15 and further update will be provided to cabinet in subsequent quarterly reports throughout the year.
49. In 2013/14, the department incurred expenditure of £18.4m against a budget of £26.0m and a Quarter 3 forecast of £19.8m. This outturn figure of £18.4m represents 93% of projected expenditure at Quarter 3 and reflects a rigorous and robust monitoring regime embarked upon by the department.
50. Details of divisional expenditure and key achievements in project delivery are outlined in the following paragraphs.
51. The planning projects team in the planning division has a budget of £11.5m including £4.9m of new capital bids approved at Quarter 3 and £1.6m of S106 allocations. In 2013/14, a total sum of £936k was expended to deliver various public realm and open spaces improvement projects across the borough.
52. The Nunhead programme is moving towards the final phases of delivery, with the key elements of the programme delivered on site, most notably the improvements to the shop fronts and facades and various public realm improvements, a programme of festivals, business support and the ongoing management of the pop up shop. The Green improvements are on site and will be completed in the early part of 2014/15 to draw to conclusion the outer London Fund programme.
53. Abbey Street arch was opened following its extensive refurbishment; and a number of projects including Barons Place phase 2, Hatfield's, All Hallows started on site towards the end of the financial year. Improvement works to Ewer Street Bridge are complete and works continue at Great Guildford Street tunnel. The Tooley Street triangle site by Restaurant Story has been awarded to DP4UK and consultation with stakeholders has commenced. Funding packages for Tate Environs, Great Guildford Street and Lavington Street continue to be developed.
54. Going forward from 2014/15, projects are being developed for Meeting House Lane and Brayards Road to continue the work undertaken in Nunhead and Queens Road. The team will be focussing on the new ILRE programme around key regeneration programmes and the Walworth Road South scheme in conjunction with the transport team.

55. Transport planning, also in planning division, has a budget of £22.4m which is an increase of £5m from Quarter 3. This budget increase is largely funded by Transport for London to deliver various transport improvement projects as contained within the borough's transport plan. In 2013/14, the business unit spent £3.9m on various transport and environmental improvement projects.
56. Transport modelling on the Revitalise5 Camberwell project has been assessed by Transport for London who are due to begin associated Network management trials.. Datchelor Place Pocket Spaces project has progressed through detailed design stage. Transport for London has been consulted and positive feedback received. The detailed design will be communicated with local stakeholders.
57. Works to improve the accessibility of the boroughs bus stops and bring all Southwark bus stops up to standard are taking place over two financial years (2013/14 and 2014/15). The programme for the 2013/14 bus stops is nearing completion as is the Greenways cycling project.
58. Implementation is well underway on a number of schemes including East Dulwich Grove and Rotherhithe New Road and is nearing completion on Paxton Green. The Network Rail lift works are complete at Queens Road Peckham station and the complimentary works to improve the plaza are currently being implemented.
59. Consultation on Gateway to Peckham, a project to redevelop the area immediately in front of Peckham Rye Station, was undertaken from November 2013 to January 2014. This identified a number of issues and it has been agreed that the project timeline will be extended to allow for further community engagement throughout the summer.
60. The Regeneration division has a budget of £72.6 including £35m of new capital bids agreed at Quarter 3. In 2013/14, the division spent £13.6m on key regeneration projects such as the construction of a new leisure centre in Elephant and Castle; a new ultra modern library in Camberwell and the on-going provision of new office accommodation for council staff.
61. The council's office accommodation programme progressed in 2013/14 with the completion of new Customer Service Centre at Queens Road 3 in April 2013 and the generic office building of Queens Road 2 in December 2013. Both sites are now fully occupied and overall provide 206 workstations, extending modern ways of working to an additional 350 staff.
62. The decommissioning of Southwark Town Hall is complete and revised disposal arrangements are now in place and scheduled to complete by summer 2014
63. The construction work for the new leisure centre at the Elephant & Castle started on site in late April 2013 via our local education partnership, 4futures. The contractor, Balfour Beatty, is largely on programme to complete the building for the end of 2014 with opening to the public scheduled for the early part of 2015. There is a good working relationship between Lend Lease who are building the residential tower and Balfour Beatty as the two sites are adjacent to one another.

64. Following consultation, the new leisure facility has been named the Castle Centre and this has been well received by the public. The two swimming pools were tested for water tightness earlier this year and the building was 'topped out' in April 2014, a significant construction milestone.
65. The contract for the construction of the new library and plaza in Camberwell was awarded to the LEP (Local Education Partnership) in March 2014. The site has now been set up and pile probing completed. Excavations will continue through May with above ground construction planned to start in June 2014. The construction is due to complete in Feb 2015, with the library expected to open to public in spring 2015.

Housing General Fund

66. The total revised budget for the Housing General Fund capital programme was £2.1m including a budget variation of £661k for the telephony system supporting the customer call centre. The total budget of £2.1m was profiled to spend in 2013/14 but the total expenditure incurred was £1.3m resulting in a favourable variance of £800k which will be re-profiled into 2014/15. Commentary on the schemes within the Housing General Fund capital programme are provided below
67. The Family Mosaic scheme at 122-148 Ivydale Road, comprising 7 social rented dwellings, 2 shared ownership houses and 5 houses for private sale completed in February this year. The social rented units delivered through this scheme were part funded from the Affordable Housing Fund. Split into two tranches, the final payment of grant was made in March 2014.
68. Springtide Close traveller site is the last of Southwark's four managed traveller sites to be refurbished with the help of the CLG's 2004 Gypsy and Traveller site grant funding. The scheme has been delayed due to issues with the site but is now on course with the first two phases complete and an expected completion of the final phase by the end of June 2014.
69. In 2013/14, the Council incurred specific telephony costs as part of the overall project to bring the customer services centre back in house. The expenditure relates to the introduction of the Avaya telephony system supporting the new in house customer call centre. This project is now completed and the related budgets are reflected in Appendix C for cabinet approval.

Housing Investment Programme (APPENDIX B)

70. The total value of the Housing Investment Capital Programme for the period 2013/14 to 2021/22 is £1,544.6m including £1,042m of new capital bids agreed at Quarter 3. The final outturn for 2013/14 was £118.2m against a budget of £126.7m indicating a favourable variance of £8.5m which will be re-profiled into 2014/15. The section below provides a detailed commentary on the major areas of activity across the various capital projects within the Housing Investment Programme.

Warm Dry and Safe (WDS)

71. The spend target of £80m set for 2013/14 has been achieved with spend of £82.5m. The programme continues to accelerate and the WDS spend will continue to rise in 2014/15. Some schemes expected to start in 2013/14 have been delayed due to delayed S20s and delays in the tendering process and therefore, will be starting in 2014/15. However, additional schemes started in 2013/14 as our partner contractors were able to accelerate some works on a number of schemes in Quarter 4 which led to the overall spend target being met. Accurate long term forecasting has proved challenging as the extent of works required in meeting the WDS standard is generally higher than the provision made in the programme.
72. The WDS 2 year programme is mostly complete except for 3 schemes which are due to complete in early 2014/15. The 2 year programme is currently behind schedule mainly due to the delayed decision by Lands Tribunal in December 2011 and replacing of Wates and Breyer (partnering contractors) following the mutual conclusion of those contracts and the recent replacement of Breyer on the Rockingham scheme. The replacement of the contractors has led to delays and the overall additional costs being met from the WDS contingency fund. A total provision of £76m was previously made available for the two year programme, carry over schemes and the original FRA works within the original WDS budget. The final outturn on the previous allocation of £76m is expected to be around £82m for delivering these schemes.
73. All the WDS 2012 major works schemes are completed or on site, with the exception of Sunray due to the change in specification. The agreed costs for the schemes are higher than estimated in the initial stock condition survey and the WDS contingency fund is being used to meet the budget shortfall. £35.9m has so far been committed against an original WDS allocation of £13.6m for these committed schemes (the overall original WDS 2012 major works schemes allocation was £14.6m excluding contingency).
74. Four of the WDS 2013 major works schemes are committed and a further three schemes expected to be committed in the first half of 2014/15 following delays in the tendering process. Due to the phasing of the regeneration programme, the WDS works at Aylesbury will start in 2014/15. Acorn will follow on from completion of regeneration heating works. Tustin will also be delayed to 2014/15 due the level of work required to meet the WDS standard. £12.1m has so far been committed against an original WDS allocation of £4.2m for these committed schemes (the overall original WDS 2013 major schemes allocation was £30.8m including some brought forward blocks being delivered with these schemes but excluding contingency).
75. Some WDS 2014 major works schemes works were brought forward using the Decent Homes Backlog funding. In 2013/14, £25m was committed against an original WDS allocation of £9m for these committed schemes. The remaining WDS 2014 major works schemes are expected to be committed in 2014/15 along with WDS 2015 major works schemes in half the borough.
76. The trend of schemes requiring more resources than the stock condition survey estimate has continued, meaning that there will not be enough contingency within the WDS budget to commit the remaining programme. There is £15m WDS contingency and in excess of £70m of the original estates and streets

budgets still to be committed. A report is being prepared for cabinet to request additional resources in July 2014.

77. Both the Four Squares and Hawkstone WDS/HINE schemes have started on site, with the internals completing at Four Squares. The external packages for Four Squares and Hawkstone are now due to start in quarter 1 of 2014/15. £1m has now been spent from the High Investment Needs Estates (HINE) budget in 2013/14. Abbeyfield is due to start on site in 2014/15 subject to vacant possession. The HINE allocation for Four Squares was increased by £10.8m following structural issues and the scope of works required to complete the scheme.
78. £3.5m of the £4m individual heating budget was spent as some money was held back for future years. All the remaining WDS district heating schemes programmed up to 2013/14 were on site by the end of the year, except for Gilesmead which is starting early in 2014/15. The 2015/16 WDS district heating schemes are being brought forward to start in 2014/15.
79. All high rise blocks with a substantial risk from the fire risk assessments have been completed as part of the FRA Programme. The majority of the higher moderate risk high rise blocks are also complete except for works being completed to coincide with the WDS programme. FRA works to Gloucester Grove and Netley have also been completed. £2.3m has been allocated to complete substantial medium rise FRA works and these are also being completed in 2014/15 alongside planned WDS works. Sidmouth has also been added to the programme.
80. 1,451 homes fell into non-decency at the start of 2013/14 meaning the Decency level fell from 60.31% to 56.49% at 2012/13 year end. During 2013/14 the decency level increased from 56.49% to 61.84% with over 2000 homes becoming decent.

Aylesbury PPM

81. £3m was spent in 2013/14 from the Aylesbury PPM budget, which was down on previous forecasts as there were contract issues on the primary mains that have now been resolved and works are progressing well. Further works are being programmed for the remaining uncommitted Aylesbury PPM budget.

Regeneration Schemes

82. The total budget for East Dulwich Estate regeneration programme is £7.5m and comprises of four elements:
83. Drying Room Conversions - This consists of the conversion of 18 drying rooms in two phases for private sale. Phase 1 was completed in January with nine units now on the market. Phase 2 commenced in Feb 2014 and is due to complete in July 2014.
84. Badminton House - Refurbishment of an 11 unit block with a drying room conversion making a total of 12 units of which 3 will be for private sale and the remaining 9 for social rent.

85. New Build - A development of 2 blocks Gatebeck (9 units) and Southdown (18 units) being delivered as part of the council's Direct Delivery programme.
86. Environmental Works – An environmental works programme including health and safety works.
87. The latter three work streams are scheduled to start throughout 2014. The Elmington Estate Regeneration comprises of refurbishment works; rehousing of tenants to achieve vacant possession for new build; the restoration of a mural and existing nature garden. A total budget of £5m is allocated to the completion of this scheme.
88. The revitalisation of the Benhill Nature Garden, which forms part of the Elmington Estate Regeneration scheme, is well underway with the installation of the dipping platform and the pond. This element was funded by Cleaner Greener Safer funding. A landscape contractor will be appointed shortly to complete the gardening works. The new garden aims to be a natural green space with a variety of habitats including a meadow, woodland, pond, composting and mini beast area.
89. The restoration of the Pied Piper Mural is now complete; arising from a need to fulfil a planning condition attached to the development of new housing built on the estate in previous years. The mural has been relocated on Brunswick Park Primary School sports hall so that it is visible from the nature garden for the community to enjoy.
90. Seven new Hidden Homes ranging from 1, 2 and 4 bedroom were completed and let on the Glebe and East Dulwich Estates in January. An additional 11 units of varying sizes are currently on site throughout the borough. These are scheduled to complete by late autumn 2014. The programme is being funded through a mix of S106 funding of approx £700k and GLA "Building the Pipeline" grant of £228k.
91. A capital resource of £26.7m to forward fund the council's Direct Delivery Programme was approved by Cabinet in March 2014. Phase 1 comprising of 9 sites is currently in various stages of development. Construction work to Willow Walk which will deliver 21 general needs housing and a 54 short stay accommodation unit started on site in February with a scheduled completion date in early 2015. Planning consent has been obtained for four of the remaining sites and is currently being progressed for the remainder. The Direct Delivery programme will be funded from various other sources including RTB retained receipts, S106 affordable housing funding and GLA Building the Pipeline grant of £6m.
92. The total Housing Investment Capital Programme budget has increased by £6.6m and £5.3m of this increase relates to S106 funding agreed at Planning Committee in March 2014 which will part fund the delivery of the general needs housing at Willow Walk. Details of the budget variation are reflected in Appendix C for cabinet approval.

Resource implications

93. The council's capital resources are comprised of the following:
- capital receipts from disposal of property
 - grants
 - external contributions
 - section 106 contributions
 - housing major repair reserve
 - contributions from revenue
 - contribution from reserves
 - internal borrowing
 - external borrowing
94. After financing the capital expenditure for 2013/14, the council had accumulated cash balances of £183.5m, as reflected in the draft statement of accounts which will be used towards the funding of the capital programme. The balance consists of:
- capital receipts reserve balance of £70.2m
 - capital grants unapplied balance of £113.3m (of which £91.6m relates to S106 funds and Affordable Housing Funds used to fund both capital and revenue programmes)
95. In relation to the balance of unapplied capital grants (£113.3m), £47.9m consists of HRA funds and the remaining balance of £65.3m relates to General Fund grants.
96. These balances are committed against existing capital projects but were unapplied as at 31 March 2014 and could be subject to minor adjustments as part of the finalisation of the 2013/14 accounts.

Housing Services HRA Resources

97. The total spend on the Housing Investment Programme was £118.2m, which was largely funded from the Major Repairs Reserve, Revenue Contribution and grants. Further small contribution came from capital receipts, Section 106 and External contribution.
98. £64.3m of funding came from the Major Repairs Reserve. This comprises £46.1m from annual depreciation charge and £18.2m from the reserve balance unused in previous years.
99. The capital grant funding at £32.8m was the second tranche of three years funding grant given by GLA for Decent Homes backlog works.
100. The revenue contribution toward the capital spend was £15.2m and included an element of funding from external decorations cost code.
101. The external contribution of £3m related to the insurance claim for Summer Road.
102. The increase grant funding reduced the level of capital receipts used to fund the

capital program to £2.5m, which included £0.2m to support the “New Build” program at Willow Walk.

103. Further contributions of £0.4m were received under S106 developer contribution to support the New Build program at Willow Walk and other areas.

Resource Re-profiling

104. Due to the significant size of the capital programme and the number of projects involved, it is inevitable that unforeseen delays can occur leading to some variation against planned expenditure. As noted in the preceding paragraphs, the 2013/14 outturn position has resulted in a general favourable variance across the programme which it is recommended be re-profiled in the new financial year 2014/15, in light of the outturn position. Detail of this is shown at Appendix B and D.
105. Some of the forecasts will require further re-profiling when the programme is subject to a more detailed review by service managers during 2014/15 in terms of expected spend for the year based on the latest information available on procurement and contract management issues.
106. During 2013/14 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 as at 1 April 2014. Details of this are shown at Appendix C.

Risks

107. 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 re-profiling 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

108. 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.

Legal implications

109. The legal implications of this report are identified in the concurrent report of the Director of Legal Services.

Financial implications

110. This report fully explores the financial implications of the capital programme for the general fund and the housing investment programme at the end of 2013/14.

Consultation

111. Consultation on the overall programme has not taken place. However, each of the individual projects is subject to such consultation as may be required or desirable when developed. Some projects may require more extensive consultation than others, for example projects with an impact on the public realm. Projects funded by grant or s106 may require consultation as a condition of funding.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

112. 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.

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

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	General fund summary monitoring position
Appendix B	Housing investment programme summary monitoring position
Appendix C	Budget virements and variations at quarter 4 2013/14
Appendix D	General fund programme detail

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Strategy and Performance	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Jay Nair, Senior Finance Manger	
Version	Final	
Dated	10 July 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Legal Services	Yes
	Strategic Director for Finance and Corporate Services.	N/a
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	10 July 2014