

Item No. 13.	Classification: Open	Date: 16 September 2014	Meeting Name: Cabinet
Report title:		Quarter 1 Capital Monitoring for 2014/15 and Capital Programme Refresh for 2014/15-2023/24	
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

I am happy to report that the capital programme is proceeding as planned and as indicated in this report. This is the first report for 2014/15 and we will continue to review progress against this programme through the course of this year.

RECOMMENDATIONS

That cabinet:

1. Notes the general fund capital programme for the period 2014/15 to 2023/24 as at Quarter 1 2014/15, as detailed in appendix A and D.
2. Notes the housing investment programme for the period 2014/15 to 2021/22 as at Quarter 1 2014/15, 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 projected expenditure for 2014/15 and future years for both the general fund and housing investment programmes as detailed in Appendix A, B and D and also note the resources available for the capital programme based on latest information available at Quarter 1 2014/15.

BACKGROUND INFORMATION

5. On 22 July 2014, the 2013/14 capital outturn report was presented to the cabinet. This reported the capital outturn position of £63.5m on the general fund programme and £118.2m on the housing investment programme for the financial year 2013/14
6. At that meeting, cabinet also approved the re-profiling of the expenditure and resources for the financial year 2014/15 in light of the 2013/14 outturn position for both the general fund and housing investment programme and noted that

further re-profiling will be required during 2014/15 based on more up to date information available.

7. The scale of the capital programme is immense and with a total forecast spend of approximately £1.9billion; 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 re-profiled budget and forecast outturn position for 2014/15 for the General Fund and the Housing Investment Programme (HIP).

KEY ISSUES FOR CONSIDERATION

General Fund Capital Spend

10. The 2013/14 capital outturn report showed expenditure of £63.5m against a total budget of £100.4m on the General Fund. The 2014/15 budgets has been re-profiled in light of the 2013/14 outturn position and the revised budgets for 2014/15 indicate a forecast spend of £90.3m. The summary position and the programme details by departments are reflected in Appendix A and D respectively.

Housing Investment Programme Spend

11. The 2013/14 capital outturn report showed expenditure of £118.2m against a budget of £126.7m on the Housing Investment Programme. The 2014/15 budget has been re-profiled, taking into account the latest information available on contract procurements, scheme progress and possible slippages. The total re-profiled budgets on the Housing Investment Programme for 2014/15 is £187.8m and a forecast spend of £185.6m is expected for the year. The majority of the expenditure on the Housing Investment Programme relates to the numerous works on the Warm, Dry and Safe programmes which is forecast to spend £90m in 2014/15. Details of the schemes and budgets within the Housing Investment Programme are reflected in Appendix B.

Resource implications

12. 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
13. The capital programme is influenced by resource timing and availability. Over the life of the programme, all commitments must be met from anticipated resources. The final funding requirement will be based on the final actual expenditure, and will seek to maximise the use of grants and other funding sources, prior to the use of capital receipts. Regular monitoring and formal reporting regulates the programme and mitigates cash flow and funding risks and officers undertake regular reviews as part of the process for preparing quarterly monitors to assess income to date, forecasts and changes.
 14. Each department forecasts its programme as accurately as possible to minimise the need for re-profiling. Where this does occur, the requirement is flagged as early as possible and budgets re-profiled in line with anticipated spend. Given the general complexity of capital projects, it is common to see some variation in the profile of the actual programme against the forecast. The impact of this is mitigated through regular formal monitoring, departmental reviews and access to a resource base wide enough to cope with change.
 15. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources, to identify new resources or to make changes to the use of resources at an organisational level as projects complete or new projects appear.

Section 106 and Community Infrastructure Levy (CIL)

16. The council can enter into a Section 106 (S106) agreement, otherwise known as a planning obligation, with a developer where it is necessary to provide contributions to offset the deemed negative impacts caused by construction and development. Contribution requirements can take several forms and range from provision of affordable homes and new open space to funding of school places or community facilities. Depending on the agreement, developers may deliver works directly or choose to make payments to the council to undertake work.
17. Use of S106 funding has been forecast in the programme, which is provided through existing balances and new funds anticipated from future agreements. Some changes to the use of S106 planning obligations are anticipated resulting from the adoption of the Community Infrastructure Levy (CIL) regime and the council is proposing to update its S106 planning obligations statutory planning document to the same timescale as development and adoption of the CIL.
18. The CIL is a levy which local authorities can choose to charge on new developments occurring in their area, with the funds raised being used to deliver infrastructure required by the council, local community and neighbourhoods. Use of the levy as a potential funding source for capital schemes was outlined in a report considered by cabinet on 17 July 2012.
19. A draft charging schedule was published in April 2013, followed by consultation.

The council is working towards an end of 2014 adoption date for its own CIL. The capital programme will be subject to future refresh and pending finalisation of the charging schedule for CIL this may be used to support appropriate schemes.

New Homes Bonus

20. The New Homes Bonus (NHB) is intended to support local authorities and communities where growth in housing stock occurs. The allocation formula matches the level of council tax paid on each new home for six years, with an additional £350 per affordable unit. The grant is not ring-fenced so no restrictions apply to its use.
21. Payments for NHB amounted to £8.9m in 2013/14, of which £1.5m was allocated to fund revenue expenditure, with the balance earmarked to fund capital expenditure. This was in accordance with a cabinet decision of 21 June 2011 that all NHB resources not committed to the revenue budget should be allocated to corporate resources to fund future capital expenditure.
22. The council's budget setting process for 2014/15 committed the full 2014/15 NHB amounts to revenue and there are also some changes expected in the financing arrangement for the New Home Bonus Scheme. These changes will be identified as part of the future revenue budget setting process and any resulting impact on the capital programme will be reflected in the capital monitoring reports.

Contributions from Earmarked Reserves

23. Reserves are funds set aside from favourable variances in the revenue and capital budgets. They can also be planned contributions to meet contractual commitments or future expenditure plans which may include risks or liabilities that arise at a later date. The three reserves which have relevance for funding the capital programme are outlined below:
 - modernisation reserve supports one-off expenditure or multi-year projects designed to modernise and further improve the operational efficiency of Southwark's service provision.
 - the regeneration and development reserve funds one-off expenditure and multi-year projects delivering regeneration and development across the borough. Relevant projects include the Aylesbury Estate Regeneration, Canada Water, and Elephant & Castle Regeneration.
 - compliance and planned preventative maintenance reserve which may be used to support activities upgrading the wider council estate in line with legislative and/or preventative maintenance requirements.

Capital Receipts

24. The council operates a ten-year disposals programme and the planned disposals generate capital receipts which the council can use as a funding source to finance capital expenditure.

25. The disposals programme is subject to ongoing review by officers to mitigate the risk of funding unavailability due to timings or amounts received in year. The capital receipts forecasts together with other sources of funding will be monitored on a regular basis to ensure adequate funding for the capital programme. In the event that in-year funding generated by disposals is insufficient to meet the level of expenditure, alternative short term sources of funding may need to be accessed or projects deferred or re-profiled. Short term sources of funding include use of earmarked reserves and/or accelerating the disposals programme.

Capital Grants

26. The council uses of a range of grants to fund capital expenditure and the grants tend to be programme or project specific with each grant having some form of conditions.
27. Grants may be provided as a sole funding source, or as one of several funding sources depending on project requirements. In each case, funding conditions are met to demonstrate that grants have been applied for the purposes given and audit trails are maintained.

Resourcing to Quarter 1 2014/15

28. The 2013/14 capital outturn report provided details of the balances carried forward from the 2013/14 outturn position that can be applied in 2014/15 in addition to the resources received in year.
29. As at Quarter 1 2014/15, capital receipts of £13.9m and £420k had been received from the housing and general fund receipts respectively for the financial year 2014/15.
30. At the end of Quarter 1 2014/15, £8.8m grant had been received including £1.6m of education related grants and £6.7m secured through S106 agreements.
31. The above resources will be monitored and applied as appropriate to schemes in 2014/15.

Programme position at Quarter 1 2014/15

32. Attached at Appendix A is a summary of the general fund programme position as at Quarter 1 of 2014/15. This shows a total expenditure budget of £449.2m budgeted over the programme from 2014/15 to 2023/14.
33. Attached at Appendix B is a summary of the housing investment programme position as at Quarter 1 of 2014/15. This shows a total expenditure budget of £1,433.9m over the programme from 2014/15 to 2021/22.
34. Appendix C shows the budget virements and variations arising in quarter 1 of 2014/15.
35. Appendix D shows a more detailed view of the general fund programme on

individual projects or groups of projects over the period 2014/15 to 2023/14.

36. This programme position will continue to be monitored and reviewed over the remainder of the financial year and the final outturn position will be reported to cabinet.

Departmental Updates

37. The sections below provide commentary on the budget position by departments for 2014/15.

GENERAL FUND (APPENDIX A)

Children's and Adult Services

38. In summary the capital programme across Children's and Adults' Services is £115.7m; with an annual 2014/15 revised budget of £17.2m and expenditure incurred of £447k.

Children's Services

39. The revised capital programme for 2014/15 to 2023/24 has increased by £500k grant for Universal Infant Free School Meals and £2.5m DfE maintenance grant making an overall programme of £96.7m. The annual budget for 2014/15 is £13.7m.
40. The majority of the £400k spend at quarter one is for temporary expansion for September 2014 and permanent enlargement at Bessemer primary school. In 2014/15, the main areas of capital investment are Southwark Park Primary school, permanent expansion at Bessemer Grange, Lyndhurst and Dulwich Wood primary schools.

Adults' Services

41. The revised capital programme for 2014/15 to 2023/24 is £19.0m; the annual budget for 2014/15 is £3.6m.
42. To date no expenditure has been incurred. The main areas of capital investment scheduled for this financial year include major refurbishment of properties and investment in Centre of Excellence.

Southwark Schools for the Future

43. The overall budget for the period 2014/15 to 2023/24 is £37.3m; the annual revised budget for 2014/15 is £11.2m and this has been re-profiled to reflect the updated programme of delivery of £8.2m projected for the year.
44. To date £2m expenditure has been incurred on the St Michael's and All Angels/Highshore (SMAAH) new school and the University Engineering Academy South Bank (UEASB). In 2014/15, the main areas of capital investment are SMAAH, SILS KS3/4 and the refurbishment of the new UEASB opening in September 2014

Finance and Corporate Services

45. The capital programme of this department focuses on two key areas: information technology infrastructure projects and improvements to council buildings.
46. The departmental capital programme stands at £56.7m with a budget of £10.4m for 2014/15. Spend and commitments at quarter 1 are recorded as £1.24m, however the longer term forecast for the year is that the budget will be fully consumed. Should it become clear that this will not be the case, approval will be sought from Cabinet to reprofile budgets in future monitoring reports.
47. The council's information technology managed service supplier is delivering a series of projects to modernise provision of IT services. Against an agreed budget of £5m for the upgrade of the infrastructure and enabling core works, £3.4m was spent in 2013/14 and the remaining £1.6m is on target to be delivered in 2014/15. In addition to this project work, the capital programme now includes a £1m per annum budget for an information technology planned maintenance service scheduled to commence during 2014/15.
48. The future procurement of the second major facilities management (FM) services supplier to include the delivery of selected capital works projects has been approved by cabinet which will see a four-year contract being awarded. In addition to this and to address future facilities management capital requirements, an approved budget of £10m is included in the capital programme. This reflects the anticipated cost of completing a comprehensive planned improvement and maintenance programme to the council's operational estate.
49. The council also continues with its programme of work to its front line council buildings to ensure that they meet the requirements of the Disability Discrimination Act.
50. In March 2013, the Walworth Road Town Hall was damaged by fire and since then work has been undertaken in phases to secure, protect and prepare this historic listed building for the longer term aim of reinstatement and delivery of a new facility. Costs of £2.7m were identified and reported in the 2013/14 capital outturn report of which £1.7m was incurred in 2013/14. Expenditure continues and the remaining £1m is expected to be fully consumed in 2014/15.

Environment & Leisure

Summary

51. The total value of the departmental capital programme for the period 2014/15 to 2023/24 is £150.8m. The Departmental Capital Review Board continues to scrutinise the forecasts of all projects and their profiling at end of each quarter to check their robustness and arrive at a more realistic estimate of expenditure for the year. As a result, the projected spends for the year is estimated to be £28m against the latest capital budget for 2014/15 of around £40m. The overall net variance which arises from re-profiling of the expenditure is proposed to be carried forward into 2015/16.

52. The progress of major schemes are outlined below.

Public Realm

53. 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 to allow for completion of detailed site investigations and further consultations on new burial areas by March 2015 to enable the required works to start in 2015/16. The spend for this year will also include refurbishment of the lodges and replacement of polluting cremators.
54. The Non-principal road programme will spend approximately £5.4m against a budget of £6.5m. The aim for this year is to build capacity within both the client and contractor teams and to develop a three year programme for agreement with the Cabinet lead member before March 2015. The re-profiling reflects longer lead in times to ensure more effective design and allocating of works than in previous years. The priority in 2014/15 will be dealing with the backlog of previously agreed works.
55. Cleaner Greener Safer spending is on forecast to spend £2.1m by year end. This is around 10% less than 2013/14 but reflects the change in profile and type of projects funded. Budget of £1.7m being carried over to 2015/16 relates to projects which are not programmed to complete within the current financial year.
56. The 20mph programme funding will now be spread over three years. Against the initial estimate of £1m required for the signage for the 20mph borough, the department has been able to both reduce costs and attract TfL funding. As a result, the substantial bulk of the allocation is now to be retained to undertake any additional physical measures that may be required in areas where signage alone is not sufficient to reduce speed. This work will be planned once the 20mph borough signage has been in place for 12 months and monitored for its effectiveness and thus the retained element is most likely to be committed in 2016/17. These changes are reflected in the revised profiling of the expenditure.

Culture, Libraries, Learning & Leisure

57. The £500k refurbishment of Peckham Library will commence with works to the roof and other vital major works this year. The lifts will be replaced in 2015/16.
58. Works to bring Southwark Athletics Centre back into use will commence by September 2014. Designs for the track have been finalised and reports required for the procurement of works have been prepared. The planning application has been drawn up and will be submitted in August 2014. The planning and consultation has started for the pavilion work to commence in 2015/16 and the budgets have been re-profiled to reflect the phased implementation of the project.
59. A phased approach is being taken to investing £2.3m in Peckham Pulse. Phase one works will be completed in June 2014, including a new boiler and 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 2015/16.

60. Investment in self service technology is a key component of the libraries modernisation programme and installation of such equipment is essential in supporting the savings agreed in the libraries review. RFID has been implemented at Blue Anchor Library, with the library reopening on 12th May 2014. RFID for Camberwell was planned for 2014/15 but with the library opening planned for spring 2015, this may be incurred early in 2015/16. There will be a temporary library at Elephant and Castle from late summer 2014. The structure is in place and furniture has been commissioned. The revised phasing of expenditure to bring forward £1m reflects the latest time table.
61. The Thomas Calton Centre refurbishment of £520k was delayed due to planning application issues. 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.
62. Olympic Legacy Fund – The allocation of £1.5m for legacy funding in the capital programme will enable further improvements at Homestall Road, Southwark Sports Ground grass pitches and other potential projects. Plans are being developed for these projects to be rolled out over two financial years.

Community Safety & Enforcement

63. The Housing CCTV refresh programme is in the main, completed. The programme covered CCTV systems on 19 housing estates that fell within the priority crime areas identified by crime analysis data prepared in August 2012. The unit is currently undertaking site acceptance tests before final payment is made.
64. The £61k balance on the account is earmarked for the completion of CCTV works on Gloucester Grove and Tustin Estates.

Housing Renewal

65. The total budget for Housing Renewals for the year is £6.1m. It includes £2.1m slippage brought forward from 2013/14. The slippage was mainly due to the need to re-profile the stock within the East Peckham and Nunhead renewal area to take account of rising property values and to aid the completion of external stock condition surveys to identify final housing repair projects. It was also due to work undertaken on shortlisted roads and to staff shortages following the divisional re-organisation, meaning there were fewer surveyors available to process renewal and disabled facilities grants and loans.
66. Brayards Road has been selected as the final housing group repair project as well as an area wide home security initiative which are both going through the gateway process. It is anticipated that gateway approval and project tendering will take place by September 2014. After that, residual budgets for East Peckham and Nunhead will be amalgamated to fund the Brayards improvement zone group repair scheme project.
67. The statutory Disabled Facilities Grant (DFGs) annual budget of £1.5m includes an annual subsidy of approximately £460k from central government. This will be

used for a variety of adaptations such as wet-room installations, through floor lifts, hoists and stair-lifts.

68. The new housing renewal policy has also been agreed and marks a shift in housing renewal assistance from grants to loans, which although have a longer lead in and processing time, means any loan repayments can ultimately be added back to the capital programme which can then be recycled. It is expected the majority of spend on repair grants and loans will take place between October 2014 and March 2015.

Environmental Services

69. The remaining £2m on this account is a contingency fund for planning related costs which may be payable to planning and highway authorities (LBS and TfL). It is conditional on the results of a number of road traffic surveys. The second GLA roads survey report was submitted in October 2012. There has not been a request from TfL for any mitigation works, however TfL have 24 months (i.e. October 2014) after submission of the second survey to request yet another survey, the Third GLA survey.
70. Should the GLA request the third survey, the potential liability will remain for a further five years after the date of the survey.

Chief Executive's Department

71. The capital budget for Chief Executive's department over the 2014/15-2023/24 period is £85.1m with forecast expenditure of £23.1m for 2014/15, £26.4m for 2015/16 and the balance of £35.6 profiled over 2016/17-2018/19. These forecasts would be subject to ongoing review as the programme evolves and new information becomes available. .
72. Planning projects team within planning division has a budget of £11.2m with forecast expenditure of £2.6m for 2014/15 and £8.6m over 2015/16-2018/19. The team will continue to deliver various environmental and public realm improvement projects across the Borough during 2014/15. Works recently completed include the cleaning, painting and lighting of the railway bridge across Ewer Street in conjunction with adjacent Mount Anvil development on Union Street. The second phase of environmental improvements will commence shortly.
73. A number of other projects are also on site. These include improvements to Winchester Palace garden; environmental improvements and repairs on behalf of Housing Department to Quentin House. The team is also working closely with the 'Friends of' group to improve All Hallows gardens; with Lambeth council to improve Hadfield's public realm and park; and with Bankside Open Spaces Trust (BOST) on Christchurch Gardens.
74. In the south of the borough, the team is currently on site improving shop fronts along Queens Road, Peckham and will soon let the contract to design the complimentary public realm improvements. Works are continuing with the final phase of the Outer London Fund programme in Nunhead, following the success of the pop-up shop and the well received festivals programme.

75. A number of schemes have been developed and will be commencing shortly. These include another phase of works on the Fair Street estate; Great Guildford Street cleaning, lighting and painting of the railway bridge, and the prestigious triangle site in Tooley Street where works include the conservation and cleaning of the two statues.
76. Two S106 programmes have been agreed by Planning Committee for Bermondsey and Peckham and Nunhead areas and a third for Rotherhithe is due later in the year. Collectively, these will see investment of some £5m S106 funds towards various schemes. A number of schemes are already being developed with local ward members and residents.
77. The team will also be developing proposals and delivery plans for projects in Meeting House Lane, Brayards (working closely with colleagues in Transport and Group Repair) and the Walworth Road and ILRE capital programmes in the current financial year. Delivery of these projects is programmed to start in 2015/16. In particular work will be carried out to shortlist and identify sites for the new phase of ILRE, tendering of contracts and setting the parameters for each parade.
78. The planning and transport division has a budget of £14.9m with forecast expenditure of £7.8m in 2014/15, and the balance of £7.1m profiled for 2015/16 and 2016/17. The budget is largely funded by Transport for London (TfL) to deliver various transport improvements related projects.
79. The 2014/15 programme includes completion of works started last year to improve the accessibility of the borough's bus stops and bring all Southwark bus stops up to standard - this project has been awarded £700k from TfL this year. TfL have also allocated £931k to principal road renewal, improving six of the boroughs principal roads.
80. New schemes beginning this year include five 'neighbourhood schemes' which look holistically at a local area in order to make a range of transport improvements. 2014/15 is also the first year of TfL's Borough Cycling Programme in which a number of initiatives are taking place including design work on the new Quiet ways and Central London grid.
81. The Regeneration division has a budget of £59m with forecast expenditure of £12.8m in 2014/15 and £46.3m in 2015/16 -2018/19. The construction of the Castle Centre (formerly known as Elephant & Castle Leisure centre) a new community centre in Nunhead and ultra modern library in Camberwell are progressing with completion of the Castle Centre scheduled for this year.
82. Other key projects include the construction of a new play facility for children in Peckham Rye; regeneration of parks and open spaces in Elephant & castle, refurbishment of Walworth Road Town Hall and improvement works to void commercial and retail properties following the success of the Improving Local Retail Environment Programme (ILRE).

Housing General Fund

83. The total projected spends for 2014/15 is £3.3m against a budget of £3.4m and any remaining budget is expected to be carried forward into 2015/16.
84. 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 final phase of the scheme is one site and due to complete by the end of the summer 2014.
85. Ilderton traveller's site - Awaiting the outcome of lengthy negotiations between Southwark Legal Services and Network Rail over responsibility for the repairs required to make the embankment wall safe. It is likely that responsibility will be shared, certainly in terms of costs.
86. Affordable Housing Fund agreement with Guinness Partnership for the development at the Elephant is known as Stead St. The funding of this particular scheme is part of a long-term commitment in the Elephant & Castle area. 84 units on the scheme will be affordable housing units of which 18 will be directly financed by Southwark's AHF and will be available at social rent, and Southwark will have 100% nomination rights to the initial lets. The £2.6m from the Affordable Housing Fund is financed from developers' contributions from other developments and the donor schemes located in the Borough, Bankside and Walworth Community Council area.

Housing Investment Programme (APPENDIX B)

87. The total value of the Housing Investment Programme for the period 2014/15 to 2023/24 is £1,433.9m. The re-profiled budget for 2014/15 is £187.8m and spend of £185.5m is projected for the year. 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

88. The spend target of £80m that was set for 2013/14 has been achieved with spend of £82.5m. An increased spend target of £90m has been set for 2014/15. As with previous years, spend in quarter 1 is steady and is expected to accelerate through the year. Spend in the first quarter was just under £16m with almost half of that spend on the WDS 2014 major works programme as some of this programme was brought forward. Accurate long term forecasting has proved challenging as the extent of works required to meet the WDS standard is generally higher than the provision made in the programme and due to the size of this years programme detailed surveying is expecting to continue until September.
89. The 2 year programme is complete except for 3 schemes that will complete in 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 will mean that that the programme has incurred

delays and additional overall costs that have been met from the WDS contingency fund. A total provision of £76m was made for the two year programme, carry over schemes and the original FRA works within the original WDS budget. The final outturn is expected to be around £80m for delivering these schemes.

90. 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 stock condition survey and the WDS contingency fund is being used to meet the budget shortfall. £36.9m 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).
91. 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 is also delayed pending a decision on how to proceed with works 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).
92. Some WDS 2014 major works schemes works were brought forward using the Decent Homes Backlog funding. Currently £32m is committed against an original WDS allocation of £10m for these committed schemes.
93. 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.
94. The trend of schemes requiring more resources than the stock condition survey estimate has continued, meaning that there is no unallocated contingency within the WDS budget to commit the remaining programme and the WDS 2015 budget is now being used to commit projects where they are above the estimated original budget.
95. Following the manifesto commitment to deliver a kitchens and bathroom programme, resources will need to be assessed. A capital bid will be put forward to the Housing Investment Board to include assumptions on kitchens and bathrooms and for the resources required to complete the WDS programme.
96. There are a number of potential funding streams that can contribute to or reduce the commitment for extra resources for this programme including the potential for bidding for further Decent Homes Backlog funding from the GLA, 'risk pots' in committed projects not being utilised, under spends on projects and programmed works being assessed as not requiring works following detailed surveys.
97. 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 have now also started. The main Abbeyfield scheme is now due to start on site in 2015/16. The HINE allocation for Four Squares was increased by £10.8m following structural issues and the scope of works required to complete the scheme.

98. All the remaining WDS district heating schemes programmed up to 2013/14 are now on site. The remaining programmed 2015/16 WDS district heating schemes are being brought forward to start in 2014/15. The ongoing individual and plant boiler programmes require an estimated £5.2m of additional resources to the end of 2015/16 for the investment required due to the age of the boiler systems. This will form part of the capital bid will be put forward to the Housing Investment Board.
99. All high rise blocks with a substantial risk from the fire risk assessments have been completed as part of the FRA Programme. All but one of the higher moderate risk high rise blocks are also complete except for works being completed to coincide 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 are also being completed in 2014/15 alongside planned WDS works. Sidmouth has also been added to the programme.
100. 2,173 homes fell into non-decency at the start of 2013/14 meaning the Decency level fell from 62.66 % at 2012/13 year end to 56.88%. The decency level of at the end of quarter 1 was 57.74%.

Aylesbury PPM

101. Spend in Quarter 1 is £0.8m and the Aylesbury mains is now progressing well and is expected to complete in 2014/15.

Regeneration Schemes 2014/15

102. The East Dulwich Estate regeneration programme comprises of four elements:
 - 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 6 of the 9 units created now sold. Phase 2 commenced in Feb 2014 and is due to be handed over in July 2014;
 - 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. Costs for these works are currently being developed.
 - 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. Construction works are due to start on site in October 2014.
 - Environmental Works – An environmental works programme including health and safety works. The latter is currently underway.
103. 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.
 - The refurbishment works to existing blocks have been completed.

- The rehousing of tenants to achieve vacant possession for new build is still on track for Phase 3 with 4 tenants remaining. Likewise The Edmund Street development is also on target with the social housing element due for handover in August 2014.
 - Landscaping works are currently underway on the Benhill Road
 - Nature Garden and is due to complete in September 2014.
104. Eleven new Hidden Homes units of varying sizes are currently on site throughout the borough and are scheduled to complete by late autumn 2014. This programme is being funded through a mix of S106 funding of approx £700k and GLA Building the Pipeline grant of £228k.
105. The council's Direct Delivery Programme is underway. Phase 1 comprising of 9 sites is currently in various stages of development. Willow Walk which will deliver 21 general needs housing and a 54 short stay accommodation started on site in February and is scheduled to complete in early 2015. Enabling works have been completed on 4 sites and construction due to commence in mid autumn 2014. The Direct Delivery programme will initially be forward funded with capital resources of £26.7m as approved by Cabinet in March 2014. Other sources of funding for the programme include Right To Buy retained receipts, S106 affordable housing funds and GLA Building the Pipeline grant of £6m.

Resource Re-profiling

106. The budgets across the capital programme have been profiled based on the latest information as at Quarter 1 2014/15. However, due to the 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. Some of the forecasts will require further re-profiling as the programme will be subject to on-going 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.

Community impact statement

107. This report describes the current capital position on the council's capital programme. The projected expenditure reflects plans designed to have a beneficial impact on local people and communities, which will be considered at the time the services and programmes are agreed. It is important that resources are used efficiently and effectively to support the council's policies and objectives.
108. Each project within the capital programme will be considered with regard to its impact on age, disability, faith/religion, gender, race and ethnicity and sexual orientation.
109. The council's capital programme is designed to deliver projects of value to local people.

Resource implications

110. This report forms part of the council's budget framework and outlines the current

position on the capital programme.

111. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be subject to separate reports.

Legal implications

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

Financial implications

113. This report fully explores the financial implications of the capital programme for the general fund and the housing investment programme at Quarter 1 of 2014/15. The report also presents an updated position on the refreshed capital programme over the period 2014/15 to 2023/24 on the predicted resources and expenditure across this period.

Consultation

114. 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

115. 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.
116. 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
Quarterly Capital Monitoring Outturn Report for 2013/14 and Capital Programme Refresh for 2013/14-2023/24 (Item 22)	160 Tooley Street, London SE1 2QH	Jay Nair, Senior Finance Manager, Finance and Corporate Services

Background Papers	Held At	Contact
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4861&Ver=4		

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 1 2014/15
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 Manager, Finance and Corporate Services	
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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	4 September 2014
	Comments included	Yes