

Item No. 11.	Classification: Open	Date: 21 September 2010	Meeting Name: Cabinet
Report title:		Capital Programme 2009/10 Outturn Report	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance and Resources	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE AND RESOURCES

1. The report below sets out the outturn for the 2009/10 financial year against the authority's capital programme. Cabinet will note the slippage against the general fund programme of £46.6m and the slight acceleration of spend against the Housing Investment Programme of £2.7m. The report details the reasons for these variances.
2. Appendix d sets out proposed reprofiling of spend and resources to address issues in the general fund capital programme to address recently emerging issues. Cabinet members need to consider whether to agree these recommendations.
3. Cabinet members will be aware that the capital programme will be refreshed to reflect the policies of the new administration. The revised programme will be considered by Cabinet before being submitted to Council Assembly for decision later this year.

RECOMMENDATIONS

That Cabinet:

4. Notes the outturn position for 2009/10 for the capital programme 2009-19 for both the General Fund and Housing Investment Programme including the overall position of the programme (appendices a and b).
5. Notes and approves the addition to the capital programme of the funded schemes identified in appendix c.
6. Notes and approves the reprofiling of spend and resources into the 2010-19 general fund capital programme (appendix d and paragraphs 88 to 90).

BACKGROUND INFORMATION

7. On 29 September 2009 the 2008/09 Capital Outturn report was presented to the then Executive. This reported the capital outturn position at the end of 2008/09 and approved the spend and resources to be brought forward into the 2009/10 – 2015/16 programme. At that time the total value of the General Fund programme and associated resources stood at approximately £421m including the Southwark Schools for the Future programme; the Housing Investment Programme stood at £240m.

8. On 9 February 2010 the refresh of the 10-year capital programme for 2009-19 was approved by the Executive. This included the projection of £103m of new capital resources and approved new capital bids totalling £58.2m for the general fund programme. These new bids were for contractual obligations, health and safety pressures and identified high priorities including invest to save schemes.
9. At a current total budget of some £1,123m (general fund £531m and the housing investment programme £592m), with annual expenditure of over £200m per annum, 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.
10. This report sets out the outturn position for 2009/10 for both the General Fund programme and the Housing Investment Programme (HIP). It also sets out the impact of the 2009/10 outturn on the programme from 2010/11 onwards.

KEY ISSUES FOR CONSIDERATION

2009/10 Outturn

11. The table below shows the 2009/10 outturn for the General Fund and Housing Investment Programme against the planned expenditure for 2009/10. There was slippage of £46.6m against the General Fund programme, and accelerated spend of £2.7m against the Housing Investment Programme. These variations are explained by the reprofiling of budgets across a range of programme activities, due mainly to the complexities of procuring contractual provisions across a programme of this size and thereafter the practicalities of contractor management and monitoring.
12. Total General Fund departmental expenditure was £98.3m against an original estimate of £144.9m. This is the highest expenditure in a single year for the General Fund programme (some 48% higher than last year), which is a measure of the importance of capital expenditure in the council's financial activities. However the rate of slippage of expenditure has increased from 16.4% in 2008/09 to 32% in 2009/10.
13. Total Housing Investment Programme expenditure for 2009/10 was £96.8m against an original estimate of £94.1m.

DEPARTMENT	2009/10 Forecast £'000	2009/10 Outturn £'000	Outturn/ Forecast Variance £'000
General Fund			
Children Services	33,678	15,391	(18,287)
Finance & resources	2,564	466	(2,098)
Deputy Chief Executives-modernisation	9,150	9,249	99
Environment	33,881	28,293	(5,588)
Health & Social Care	1,447	652	(795)
Housing General Fund	6,312	3,739	(2,573)
Major Projects	6,329	5,751	(578)
Regeneration & Neighbourhood	25,943	11,840	(14,103)
Southwark Schools for the Future	25,596	22,914	(2,682)

Total General Fund	144,900	98,295	(46,605)
Housing Investment Programme	94,147	96,837	2,690

14. The Medium Term Resource Strategy (MTRS) as approved by the Executive in February 2010, includes the aim to maintain a capital contingency of £5m, subject to the availability of resources. At the beginning of 2009/10 there was a balance on the capital contingency reserve of £2.7m. During the year there were no additions to or calls on this resource, and the reserve therefore remains at £2.7m. The capital contingency reserve exists to help meet the cost of urgent and unavoidable capital works. Release of these funds is subject to the approval of the Finance Director in consultation with the Cabinet Member for Finance and Resources. Proposals to increase the capital contingency to the target £5m will be considered within the capital options paper planned for autumn 2010.
15. Paragraphs 17 to 81 below provide commentary on the capital programme for each department.
16. Between the last monitoring report to Executive in February and the end of the financial year, there have been a number of funded or agreed variations to the capital programme budgets. These have been included in the total budgets against which the outturn expenditure is set, so as to provide an up to date position of the budgets available at 1 April 2010. Commentary on these additions is included in the departmental commentaries below.

Comments on Capital Programme Outturn by Service

General Fund

Children's Services

17. The Children's Services capital programme set a 2009/10 forecast budget of £33.7m. The total overall programme is £88.2m for the period 2009-19. However, the final outturn position was £15.4m. The main reasons for this significant variance include slippage on individual projects for a variety of reasons. The key projects and reasons are set out below. All of these projects, the majority funded from specific grants, are committed to be spent over the whole programme period.
18. Overall, it is anticipated that the projects will continue to be managed, across the whole programme, within the original budget allocation. Where project expenditure has been incurred at a greater rate than originally anticipated, these have been low value and therefore were able to be managed within the overall programme for 2009/10.

Primary Capital Programme

19. The Bessemer Grange Primary School project slippage of £0.8m is due to funding confirmation delaying the start on site and a further six weeks delay caused by additional work and delivery delays on major elements of the project. However Bessemer Grange now has a new entrance and reception, refurbished toilets and cloak rooms and improved keystage two planting and play areas opening September 2010.

20. The Dog Kennel Hill Primary School project has been reprogrammed so that work is only carried out in the school holidays. This gives a longer spend profile, and £0.4m of expenditure has slipped into 2010/11.
21. The Rye Oak Primary School budget has slipped by £0.7m due to the process of agreeing the final payment of the retention fees.
22. The project brief for Lyndhurst has been developed in the light of revised funding allocation and it is now proposed that the larger project will proceed in 2010/11 and subsequent financial years, resulting in slippage of £1.2m.

Three Primaries

23. The overall slippage on the three primaries totals £8.4m, being £3.0m on Michael Faraday, £1.1m on Eveline Lowe primary school and £4.3m on Southwark Park school.
24. The Michael Faraday Primary School project was expected to start Easter 2009, but this was delayed until July 2009. In addition, the cold weather in January/February 2010 delayed the completion of the main structure, which in turn, had a knock on effect on the high spend mechanical and electrical installations resulting in the significant slippage in 2009/10 of £3.0m. However, the project is now on track to be completed early in the autumn term. The new school is an important step towards the regeneration of the Aylesbury Estate.
25. The Eveline Lowe primary school £1.1m slippage is mainly due to unexpected ground obstructions and the need to obtain detailed approvals from English Heritage as the school is a listed building. The refurbished and extended buildings will be completed in the autumn term 2010.
26. In 2009/10, phase 1 enabling works were carried out on the Southwark Park site totalling £1.5m, however, progress to the next phase has been delayed whilst options for proceeding within the available resources are being explored, including via the Local Education Partnership (LEP).

Other projects

27. Nine outdoor play areas were built as part of the Playbuilder Scheme in 2009/10, with a further eleven planned to be built in 2010/11. However, two of the 2009/10 projects were delayed due to supplier and manufacturer delays.
28. Slippage in spending Surestart Grant funded projects of £1.8m has been caused by design and legal issues. Following the recent DfE announcement, the whole programme is being reviewed to ensure it is contained within the reduced resources available.
29. Youth Projects totalling eight large schemes have been delayed due to a combination of contract negotiation and planning delays. Four schemes have been transferred to other departments for delivery, approx 60% of programme. The majority of schemes are now expected to complete in 2010/11 and are either under construction or contracts have been signed.

30. Surrey Square Dining Pavilion has been completed and opened, providing new kitchen and dining facilities under a green roofed play area. Dulwich Hamlet Dining block is open and providing popular healthy meals to pupils. Heber School has a new secure and attractive entrance and reception. The Redriff Children's Centre is open and providing services to local families.
31. The capital programme reported to Executive included the 'Local Authority Coordinated Voluntary Aided Programme' (LCVAP) capital budgets; the Authority draws up plans with the schools to spend these funds, however, these are not received by the Local Authority. Although the funds are part of the overall investment in Southwark voluntary-aided schools, these funds are paid directly to the schools. Therefore, this budget has been excluded from this and future monitoring reports.

Southwark Schools for the future - Major Projects/Children's Services

32. May 2009 saw the successful formation of a Local Education Partnership (LEP) company, 4 Futures Ltd, which will deliver the SSF programme. Tuke, a design and build school, and St Michael's, a new PFI school with a 25 year operations period, were commissioned in phase one.
33. Tuke school payments during 2009/10 were £2.7m less than originally budgeted. However, the Tuke construction is on target for completion in 2010/11.
34. St Michael's PFI school bid was within the financial parameters agreed to build and maintain the school. However, the credit market at the time of close meant that the school was only affordable with the addition of £2.25m capital contribution to the scheme. PfS agreed to provide a capital loan for this purpose and £850k was used during 2009/10. Capital contingency has been set aside for the loan repayment and it is hoped that future market conditions will enable refinancing to offset all or some of this cost.
35. Walworth Academy is outside Southwark's Schools for the Future programme but is funded through PfS Academies programme. It opened in January 2010 and £655k was spent in excess of the original anticipated budget but within the programme milestones. The final cost of the academy may include unbudgeted costs for asbestos works and an appropriate amount has been set aside from the programme contingency to cover this.
36. The overall SSF programme is being delivered within the agreed budgets. The contingency is being used to cover council risks and matching the scope of works in the different phases to the available budgets. Of the £1.5m contingency budgeted for in 2009/10 only £0.1m was used. The remaining contingency will cover programme risks for subsequent phases. £6m of the contingency has been transferred to the Primary Capital Programme for the primary school solution at Rotherhithe.

Deputy Chief Executive

37. The major capital project for DCE has been the development of 160 Tooley Street involving the relocation of over 2,000 back office staff from buildings across the borough, giving the Council the chance to introduce more modern, flexible and environmentally friendly ways of working, for example by bringing the Finance Transactions Shared Services team together, that will result in significant future revenue savings.
38. The programme ran from 2007/08 and completed in 2009/10 at an overall cost (including stamp duty and ICT) of just under £15m. Occupying the building has been done in managed and coordinated phases, with the revenues and benefits team moving in May 2010. This will be followed by a gathering of staff who work with the public into modern hubs in the community. The moves will allow residents to access different services at the same location.
39. This project is self financing and may give rise to additional contributions to corporate resources as the council has sold and will be selling a number of buildings as well as making better use of existing buildings to support improvements to local service delivery. The sales will bring in some capital receipts to support existing and future projects across the borough. The council will also forgo expenditure by not having to spend money to modernise old, not-fit-for-purpose buildings. The capital receipts target for disposals in 2009/10 relating to Phase 1 was £15m. The first phase of the asset disposal process has yielded £7m in 2009/10 and a further £21m under offer. The total receipts from Phase 1 is on target to deliver £39.5m.

Finance and Resources

40. Information Services (IS) projects show a variance of £2.1m in 2009/10 due to slippage on planned capital expenditure. This slippage was due to changes to project requirements to accommodate additional requirements of data security and changing infrastructure regulation. These projects will be completed in 2010/11. The IS Strategy is currently being implemented to deliver further modernisation and infrastructure requirements in conjunction with the Office Accommodation Strategy and the council's Modernisation Agenda, and has improved operational governance by introducing a program to look at meeting targets and dependencies.

Health and Community Services

41. The main projects within the Health and Community Services capital programme include the following:
42. Cherry Garden Street: this development is underway to meet the need to relocate day services for people with learning disabilities located at The Grange Project and Evelyn Coyle day centre. The construction phase was delayed and did not start until early April 2010. Despite the delayed start, which created a £300k slippage in the 2009/10 budget, the project is currently on time and to budget.
43. Aylesbury Resource Centre (ARC): capital funding has been allocated for a new purpose-built resource centre and building work is underway. The timescale for completion is November 2010. It replaces the nearby day centre for adults with physical disabilities which is due for demolition within the next year.
44. The development has been subject to delays due to it being dependent on the progress of Phase 1a of the Aylesbury redevelopment and due to the gap between

the handover to H&CS, and the appointment of the new project managers. This has resulted in slippage in 2009/10 of £500k.

Regeneration and Neighbourhoods (Including Major projects)

45. The main focus of Regeneration and Neighbourhood department is to lead the corporate agenda of transforming the borough, making it a better place to live, work and visit.
46. This is achieved through the implementation and delivery of various physical and social regeneration programmes ranging from public realm projects in Bermondsey, Borough and Bankside, Improving Local Retail Environments projects across all Community Council areas, development of parks and youth facilities to various transport projects aimed at improving road safety and encourage sustainable transportation across the borough.
47. The 2009/10 final capital outturn for Regeneration & Neighbourhood and Major Projects together was £17.6m against a budget of £32.3m. The difference of £14.7m is due to reprofiling across the numerous schemes. This includes £4.6m for Improving Local Retail Environment schemes with the programme completion by March 2011, £2.1m for Transport for London allocation where claim for spend is allowed up to August 2010 and £7.1m relates to reprofiling of work on Canada Water Library and other property projects.
48. The Economic Development and Strategic Partnership (ED&SP) variance of £4.6m in 2009/10 (as mentioned above) has now been addressed by the re-profiled programme for Improving Local Retail Environment scheme and public realm projects in Bermondsey and Borough and Bankside. The bulk of programme spend is now anticipated in quarters 2, 3 and 4 of 2010/11, and all sites are due to complete by March 2011 to their original allocated budgets. The remaining ED&SP public realm projects are funded by specific S106 agreements and they are on time and on budget and will be delivered this year.
49. In 2009/10, twelve public realm projects totalling some £1.43m, largely funded through S106 agreements, were delivered by EDSP. These made pedestrian movement easier and safer around Bermondsey and Bankside and included Boundary Row, Union Street and the Improving Local Retail Environments project at Great Suffolk Street. The latter has included works to the junction of Great Suffolk Street and Southwark Bridge Road which links to the Transport for London Cycle Highway scheme. Other projects in the Bankside and Bermondsey Streetscape programmes include Redcross Way phase 1, Barons Place Shared Surface Scheme, and the Dodson & Amigo Estate. The design of Dodson & Amigo Estate improvement work was done in consultation with the residents of the estate with the project due for completion by summer 2010; Rothsay Street Improvements (sketch design completed and currently being consulted upon) and Long Lane/Bermondsey Square works (working with public realm).
50. Seven projects to regenerate open space and youth facilities are under way. These include Tanner St. Park Environmental Improvements where the scheme design and public consultation has been completed. Implementation programmed to start September 2010 and will include enhanced play facilities as part of the Playbuilder programme managed by Environment & Housing department. The second phase of Whites Ground Play space is on site and that includes construction of office and toilets. This is due for completion in summer. Two other parks, Mary Magdalen

Churchyard and St. John's Churchyard are both currently under development with works commencing on site later this year.

51. A number of unappealing tunnels have been refurbished and lit as part of the ongoing Light at the End of the Tunnel programme. The two large rail bridges on Southwark Street have been painted; pigeon proofed and have had art works installed to make them more inviting to pedestrians. Working with the Public Realm Division, Bermondsey Street Tunnel, long seen as a barrier to pedestrian movement, has been cleaned and relit with highway lighting and feature lighting of the metal structure. Preliminary design works and consultation has also been undertaken for Clink Street Tunnel. Again working with the Public Realm Division an innovative computer controlled LED installation will be implemented in summer 2010.
52. The department spent £5.9m, largely funded by Transport for London (TfL), to implement the borough's transport improvement schemes. The funding by TfL reflects the council's key priorities identified in the local implementation plan; the drive to improve road safety, reduce traffic speeds and encourage greener and more sustainable modes of transportation in the borough.
53. For Planning & Transport the slippage of £2.1m, of which £547k was allocated late in the year, represents the remainder of the 2009/10 Transport for London (TfL) allocation which can be claimed until August 2010 in accordance with the funding agreement with TFL.
54. The regeneration of Bermondsey Spa is on going with the completion of the first phase of St James Churchyard refurbishment in June 2009. This phase saw the creation of a new playground, new paths, a re-landscaped burial site, replacement railings and some new planting. The second phase started early in 2010 and due for completion in the summer. This delivers a new ecology garden incorporating a pond, new railings, wild meadow area, new bespoke garden furniture and a new memorial garden. These works complement the new development at Site J of the Bermondsey Spa Masterplan.
55. The Grade 2 listed Spa Road railway arch had a complete refurbishment including cleaning, painting, new lighting, new pavement and new railings. These works were funded by a grant of £138k from the Railway Heritage Fund with the balance funded by a Cleaner Greener Safer grant of £205k. The works are due to complete in 2010.
56. The Aylesbury NDC programme completed its final year (year 10) on 31 March 2010. Some of the achievements in the final year include the demolition of William IV pub on the perimeter of Burgess Park; grant contributions to a number of projects such as the new pavilion at Surrey Square school; refurbishment of Michael Faraday school; the provision of CCTV facilities in Burgess Park and various capital grants to voluntary organisations within NDC defined areas.
57. The increase in budget of £6.3m for Major Projects, shown as a budget variation, is largely due to additional receipt of £6m NDC funds in 2009/10. This resulted in additional expenditure of £5.6m on various NDC funded projects as mentioned above. The balance will fund other NDC projects in 2010/11.
58. On Canada Water Library and other property projects, the difference of £7.1m is due largely to reprogramming of work required. The construction of the Canada Water Library started in June 2009 with Phase 1 (sub structure) completed in February 2010. The overall project is due to be completed within budget by June 2011.

Environment and Housing

59. Environment's agreed capital programme for 2009/10 of £33.1m was increased by £768k for external funding secured for:

CCTV (Transport for London Project)	£124k
Amelia Street (S106 Project)	£636k
Burgess Park - Improvements	£ 8k

60. Against the revised programme of £33.9m, the final outturn position for the year was £28.3m (83%). The main projects within each division, their progress and reasons for slippage or accelerated spend during the year are set out below. Overall, it is anticipated that the estimated total cost of the projects can be contained within the total programme of £115.7m for the period 2009-19.

Sustainable Services

61. The Waste PFI contract has been running for nearly two years and has already provided significant benefits to the Council, even before the new waste processing facilities are built on the Old Kent Road. Missed collections are at an all time low and we have been able to realise savings on the waste disposal element of the contract. In addition, our partnership with Veolia has meant that even during the recent uncertainty with recycling end markets we have ensured that all the waste collected for recycling has been recycled. Site preparation works are now complete. At the time of preparing the original spend profile for 2009/10, there were a number of outstanding key milestones e.g. Veolia obtaining planning permission, completion of s106 negotiations, ongoing site investigation works, and negotiations to contract with Fitzpatrick to construct the new access road. It was anticipated that spend on the access road would mainly incur in 2010/11. However, Veolia's planning permission was approved in September 2009 which meant the construction of the new facility road access and associated works scheduled to begin in 2010 was able to commence early in December 2009. This resulted in accelerated spend of £800k in 2009/10 but the overall programme is within the budget.

Public Realm

62. There has also been a step improvement from previous years in the quality, number of projects delivered and time for delivery. Since April 2003 the CGS programme has received capital funding totalling £21.5m, of this £16.9m has been spent or committed by March 2010 and 906 of the approved 1,101 schemes have been completed. 94% of schemes approved before April 2008 have been completed. In 2009/10 287 projects were completed with an average completion time of 40 weeks compared to 220 projects completed in an average 45 weeks in the previous financial year.

63. Both CGS and Projects teams are on track to deliver their programmes within budget. The year end slippage of £2.3m is reduced from previous years and it is projected that this will be further reduced by £1.7m by the end of 2010/11. Other public realm projects are showing a slippage of £1.5m. Many of these are large projects funded by s106 and subject to detailed community consultation in 2009/10. It is anticipated that this backlog will be reduced by £1.0m by the end of 2010/11.

64. Asset Management has overseen an element of devolved capital budgets for Highways and Lighting improvements. Each Community Council received £175k to spend on projects of their choice. In addition to the devolved budget continued capital investment has taken place with improvements to 14km of carriageways and footpaths and over 750 lighting units were replaced. Out of the overall slippage of £3.2m, £2.9m relate to Streetcare section. The delays in the road resurfacing project are a result of not receiving community council selections and design approval from stakeholders for implementation. All schemes now have member and stakeholder approval and are programmed for delivery with orders placed with providers. Similarly lighting projects also slipped due to delays by community councils in selecting projects for implementation. All orders are now placed and EDF main works are now in progress or programmed.
65. The initial phase of Burgess Park refurbishment project commenced, managed by the Environment & Housing Department. We were successful in obtaining £6m towards the redevelopment of Burgess Park. £2m was awarded from the Mayor of London as part of the Premier Parks Scheme, for which Burgess Park came top, and £4m from the Aylesbury NDC. Five organisations were invited to submit their tenders on 7 September 2009. They presented their submissions on 26 September. These tenders were assessed and LDA Design was appointed in November 2009. We are currently going through the procurement process to contract a company to undertake the first phase of works, which is due to begin by February 2011. The work must be completed by March 2012. The variance of £300k for 2009/10 is only a matter of the spend profile. The project is on time and on budget (as of March 2010).

Culture, Libraries, Learning & Leisure

66. The £2.4m project to refurbish Surrey Docks Water Sports Centre was completed early in 2010 and the Centre re-opened on 16 February 2010.
67. The BLF-funded £1.4m refurbishment of the John Harvard Library was completed during 2009/10 and the Library officially re-opened on 16 November 2009.
68. Dulwich Leisure Centre: Full planning approval for the scheme was received in February 2009. Phase 1 works (creation of new entrance building, studio suite, wet side changing areas and pool refurbishment) are due to be completed in September 2010, directly after which Phase 2 works will commence. Phase 2 includes a refurbished gym hall, new dry side changing areas, restoration works to the existing East Dulwich Road entrance building, and finalisation of all remaining areas across the centre. The entire project is due to be completed in Spring 2011.
69. Camberwell Leisure Centre – work on the refurbishment of the Centre got underway at the start of 2010. Funding of the £4m project consists of £2.5m council funds and £1.5m external funding, and enables the Council to refurbish the gym and gym changing facilities as well as the pool. This will allow the centre to offer a greater service mix to customers and (importantly) increase gym memberships which are the main source of income for leisure centres. Our contract with Fusion means a proportion of increased income returns to the council. The project is due for completion during October 2010. The accelerated spend of £1.4m was achieved by bringing forward some of the programmed works earlier to meet the external grant condition to commit the funds by 31 March 2010.

Housing (including the Housing Investment Programme)

Housing Investment Programme

70. The planned housing investment programme (HIP) as stated in the 2009 Housing Strategy set out to deliver capital investment of £100.3m overall. Of this figure, £91.6m was to be invested in council stock (HRA) and £8.7m in other General Fund (GF) housing provision. When reported as part of the capital monitor to Executive in February 2010 this split had been revised slightly to £94.2m HRA and £6.1m GF. While the overall housing capital outturn came in very close to the planned figure at £100.5m, there was a further shift to HRA from GF, which had outturns of £96.8m and £3.7m respectively.

Housing General Fund programme

71. Following the match funding bid agreed as part of the refresh report to Executive in February, the scheme for improvements to the Springtide travellers' site is being further developed to utilise the balance of the Gypsy and Traveller Sites Grant funding received. However, we have now been advised that the planned bid for an increased level of grant funding will not be possible due to government funding cuts, and the scheme will now need to be contained within the level of resources previously approved, with slippage of £0.6m against the original planned profile. The travellers site scheme at Burnhill Close has been the subject of delays, giving rise to slippage of £0.2m, but is now progressing on site.

72. Following delays in the timescale of the housing association scheme at Ivydale Road, the agreed council contributions from the S106 Affordable Housing Fund will now not be required until 2010 and 2011. This represents slippage of £0.8m against 2009/10 forecast.

73. The Housing Renewal programme has continued in 2009 with the completion of the Asbury & Colls group repair scheme, and the Nunhead lighting improvement scheme. The Low Carbon Zone scheme has now been agreed to progress to tender stage. Demand remains high for Disabled Facilities Grants, with expenditure of over £1.4m including government grant funding of £515k. A review of project priorities within this programme has resulted in some delays, giving rise to slippage of £0.9m.

HRA programme

74. Unplanned costs arising from the two major fires at Lakanal and Sumner Road increased the planned level of HRA expenditure by some £5.0m. Of this, £3.6m was funded from a corporate allocation of £19m over four years for strategic safety works, agreed by the then Executive in February 2010. A programme of fire risk assessments is close to completion, identifying high rise blocks requiring capital investment. Works to three blocks have been completed to date, with a further twenty identified.

75. The HIP includes an annual allocation of £40m for works to make homes decent. The refresh report indicated the intention to increase this allocation for 2009 to accelerate the programme, which resulted in an increase of some £3.5m in decent home expenditure. This gave a total outturn of 1,866 homes made decent. New stock condition data now available will assist in targeting resources to maximise the effectiveness of this allocation.

76. The energy efficiency of council homes is being improved through a borough-wide cavity wall insulation programme which started in February. This project has attracted grant funding in excess of £4.8m and has already spent over £1m in 2009/10. The scheme is aimed particularly at high-rise blocks which are difficult to insulate and will benefit approximately 5,800 properties. Delays in getting this and a second insulation contract on site have resulted in slippage of approximately £1.6m.
77. The Aylesbury acquisitions programme has continued with a further 50 units acquired at a cost of £5.8m, funded by NDC grant. This brings the total number of units acquired since 2007 to 105, leaving a further 391 leasehold properties to be acquired over the lifetime of the regeneration project. The timing of lease acquisitions is by negotiation with leaseholders, and it has been possible to complete a larger number than forecast, bringing forward expenditure of £2.7m. Acquisition of these properties at a low point in the market is giving savings for the longer term programme.
78. Acquisitions have also continued on the Heygate Estate with a further 22 properties acquired at a cost of £3.2m, bringing the total acquired to 87. A further 24 leasehold units remain to be acquired in the coming year.
79. The refurbishment of the East Dulwich Estate continues with a further 205 occupied units and 130 voids completed, bringing the total number of units completed to 575 out of 601 to be refurbished in the scheme. Six of the refurbished voids have now been marketed for sale, with two sold and two under offer. The Albrighton community facility phase of the scheme is also now on site, and both contracts are due to finish in the coming year. Planning submissions are expected in the summer for further conversion and new build phases of the project, which are primarily for generation of receipts as part of the funding arrangements for the scheme.
80. Funding for the HRA programme has been adjusted to allow a specific revenue reserve to roll forward for the Aylesbury project, with a consequent increase in housing capital receipts used to fund the programme outturn. With 2010/11 being the last year for which government supported capital expenditure is confirmed, the continuing HRA programme will be increasingly reliant on the generation of capital receipts from HRA land and property disposals, which are generally agreed specifically to fund linked schemes or improvements to the council's housing stock.
81. The HIP is resource-led, and forecasts therefore reflect the overall level of anticipated resources over time. However, the reduced predictability of future resources, given current uncertainties around government funding, market conditions and the need to obtain planning permissions prior to site disposals, may require adjustments to the planned programme. Variances indicated in the appendices reflect revised resource assumptions rather than any over or underspend in the overall programme, and these will be reviewed in the first quarter of the new programme year.

Resource Implications

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

83. As at 31 March 2010 the Council had accumulated cash balances of £68.6m to help fund the current capital programme, which are reported within the draft statement of accounts and represented as follows:

- Capital Receipts Reserve balance £ 3.3m
- Capital Grants Unapplied balance £65.3m
(of which £22.4m relates to S.106)

84. These balances are committed against existing capital projects but were unapplied as at 31 March 2010.

85. Significant cuts were imposed by the new government through its emergency budget on 22 June 2010 to reduce the overall government deficit. The savings across the public sector amount to a real terms reduction of around 25% on average over the next four financial years in government spending. These likely reductions, and the continued impact of the recession on land and property values, present a key financial risk to the resources available to meet the requirements of the council's ambitious 10 year capital programme.

86. An assessment on the impact on future capital resources will be considered in the capital options paper due to cabinet this autumn. This will also allow the cabinet to map the direction of travel with regards to capital spending, assessment of the new pressures and hence take informed decisions around priorities.

87. This capital options paper will also produce proposals for resolving any cash flow issues arising in 2010/11 where currently expenditure exceeds expected income in the year.

Capital Programme 2010-19

88. The current budgetary position for the capital programme 2010-19, including the effect of slippage, programme variations and reprofiling arising from the outturn position at the end of 2009/10, shows a total General Fund programme for 2010-19 of £428.9m. The total forecast available resources over this period are £463.5m (appendix d).

89. The current forecast position for the Housing Investment Programme for 2010-19, including the effect of slippage, is a total programme of expenditure and funding of £494m.

90. Between the last monitoring report to the then Executive in February 2010, and the outturn position, there have been a number of funded or agreed variations to the capital programme budgets, not least the addition of some £6m budget from new deals for communities. These have been included in the total budgets against which the outturn expenditure is set, so as to provide an up to date position of the budgets available at 1 April 2010. Commentary on these additions is included in the departmental commentaries above.

Community impact statement

91. This monitoring 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.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Capital monitoring working papers	160 Tooley Street	Le Cheung Extension 54300

APPENDICES

No.	Title
Appendix A	General Fund summary
Appendix B	Housing Investment Programme summary
Appendix C	Funded variations
Appendix D	General fund reprofiled 2010-19 programme

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Cabinet Member for Finance and Resources	
Lead Officer	Duncan Whitfield, Finance Director	
Report Authors	Cathy Doran, Finance and Resources	
Version	Final	
Dated	9 September 2010	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
		Comments included
	Strategic Director of Communities, Law & Governance	No
	Finance Director	Yes
	Date final report sent to Constitutional/Community Council/Scrutiny Team	9 September 2010

GENERAL FUND SUMMARY MONITORING POSITION																							APPENDIX A			
DEPARTMENT	2009/10					2010/11					2011/12					2012/13+					Total Programme 2009/10 - 18/19					
	Agreed Budget 2009/10	Budget Variations	Revised Budget 2009/10	Outturn 2009/10	Variance 2009/10	Agreed Budget 2010/11	Budget Variations	Revised Budget 2010/11	Forecast 2010/11	Variance 2010/11	Agreed Budget 2011/12	Budget Variations	Revised Budget 2011/12	Forecast 2011/12+	Variance 2011/12+	Agreed Budget 2012/13+	Budget Variations	Revised Budget 2012/13+	Forecast 2012/13+	Variance 2012/13+	Total Agreed Budget @ 01/04/2009	Budget Variations	Revised Budget	Total Forecast	Total Variance	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Children Services	33,678		33,678	15,391	(18,287)	29,319		29,319	35,076	5,757	22,225		22,225	13,195	(9,030)	3,000		3,000	24,560	21,560	88,222	0	88,222	88,222	(0)	
Deputy Chief Executives	9,150		9,150	9,249	99	0		0	264	264	0		0	0	0	0		0	0	0	9,150	0	9,150	9,513	363	
Environment & Housing	33,113	768	33,881	28,293	(5,588)	32,515		32,515	38,718	6,203	14,752		14,752	15,343	591	34,554		34,554	33,348	(1,206)	114,934	768	115,702	115,702	0	
Finance & Resources	2,564		2,564	466	(2,098)	1,900		1,900	2,098	198	0		0	1,900	1,900	0		0	0	0	4,464	0	4,464	4,464	0	
Health & Community Services	1,447		1,447	652	(795)	5,189	187	5,376	6,237	861	434		434	0	(434)	3,003		3,003	0	(3,003)	10,073	187	10,260	6,889	(3,371)	
Housing General Fund	6,312		6,312	3,739	(2,573)	9,925		9,925	10,475	550	5,139		5,139	6,972	1,833	0		0	190	190	21,376	0	21,376	21,376	0	
Major Projects	0	6,329	6,329	5,751	(578)	0		0	578	578	0		0	0	0	0		0	0	0	0	6,329	6,329	6,329	0	
Regeneration & Neighbourhood	25,541	402	25,943	11,840	(14,103)	11,715	4,892	16,607	30,987	14,380	350		350	6,958	6,608	7,000		7,000	112	(6,888)	44,806	5,294	49,900	49,897	(3)	
Southwark Schools for the Future	25,596		25,596	22,914	(2,682)	57,108		57,108	59,789	2,681	131,261		131,261	135,810	4,549	11,181		11,181	6,633	(4,548)	225,146	0	225,146	225,146	0	
TOTAL	137,401	7,499	144,900	98,295	(46,605)	147,671	5,079	152,750	184,222	31,472	174,161	0	174,161	180,178	6,017	58,738	0	58,738	64,843	6,105	517,971	12,578	530,549	527,538	(3,011)	
FINANCED BY:																										
Capital receipts b/f	20,473		20,473	20,473	0	0		0	0	0	0		0	0	0	0		0	0	0	20,473	0	20,473	20,473	0	
Capital grants unapplied b/f	15,371		15,371		(15,371)	0		0	15,371	15,371	0		0	0	0	0		0	0	0	15,371	0	15,371	15,371	0	
Capital grants unapplied -S106 @ b/f	7,889		7,889		(7,889)	0		0	7,889	7,889	0		0	0	0	0		0	0	0	7,889	0	7,889	7,889	0	
Capital receipts	21,415		21,415	30,220	8,805	37,153		37,153	37,153	0	28,575		28,575	28,575	0	133,000		133,000	133,000	0	220,143	0	220,143	228,948	8,805	
Use @ payback of Housing receipts			0	9,178	9,178	0		0	(9,178)	(9,178)	0		0	0	0	0		0	0	0	0	0	0	0	0	
General Fund contribution to HIP	(4,000)		(4,000)	(13,723)	(9,723)	(5,000)		(5,000)	(5,277)	(277)	(5,000)		(5,000)	(5,000)	0	(5,000)		(5,000)	(5,000)	0	(19,000)	0	(19,000)	(29,000)	(10,000)	
Supported Borrowing			0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	0	0	0	0	
Reserves & Revenue	2,221		2,221	71	(2,150)	391		391	1,487	1,096	0		923	923	0	0		0	571	571	2,612	0	2,612	3,052	440	
Capital Grants Committed	72,636	6,691	79,327	50,191	(29,136)	78,843	4,030	82,873	86,820	3,947	144,795		144,795	139,608	(5,187)	4,290		4,290	15,836	11,546	300,564	10,721	311,285	292,455	(18,830)	
Section 106 Funds Committed	4,940	740	5,680	1,365	(4,315)	1,905	1,049	2,954	6,822	3,868	650		650	1,400	750	0		0	0	0	7,495	1,789	9,284	9,587	303	
Section 106 Funds 09-10 onwards	1,210		1,210	0	(1,210)	850		850	2,060	1,210	788		788	788	0	6,162		6,162	6,162	0	9,010	0	9,010	9,010	0	
External Contributions	3,191	68	3,259	521	(2,738)	400		400	355	(45)	1,298		1,298	10	(1,288)	0		0	3,111	3,111	4,889	68	4,957	3,997	(960)	
TOTAL RESOURCES	145,346	7,499	152,845	98,296	(54,549)	114,542	5,079	119,621	143,502	23,881	171,106	0	171,106	166,304	(4,802)	138,452	0	138,452	153,680	15,228	569,446	12,578	582,024	561,782	(20,242)	
Forecast variation (under)/over	(7,945)	0	(7,945)	(1)					40,720	7,591				13,874							(88,837)	(9,123)			(34,244)	
Cumulative position									40,721					54,594							(34,243)					

HOUSING INVESTMENT PROGRAMME SUMMARY MONITORING POSITION																									APPENDIX B	
DEPARTMENT	2009/10					2010/11					2011/12					2012/13+					Total Programme 2009/10 - 18/19					
	Agreed Budget 2009/10	Budget Variations	Revised Budget 2009/10	Outturn 2009/10	Variance 2009/10	Agreed Budget 2010/11	Budget Variations	Revised Budget 2010/11	Forecast 2010/11	Variance 2010/11	Agreed Budget 2011/12	Budget Variations	Revised Budget 2011/12	Forecast 2011/12+	Variance 2011/12+	Agreed Budget 2012/13+	Budget Variations	Revised Budget 2012/13+	Forecast 2012/13+	Variance 2012/13+	Total Agreed Budget @ 01/04/2009	Budget Variations	Revised Budget	Total Forecast	Total Variance	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Decent homes and associated works	41,004		41,004	44,475	3,471	52,621	(2,621)	50,000	49,987	(13)	79,064	(19,540)	59,524	54,727	(4,797)	245,017	2,047	247,064	247,467	403	417,706	(20,114)	397,592	396,656	936	
Landlord obligations	17,781		17,781	16,351	(1,430)	24,718	0	24,718	21,397	(3,321)	6,138	0	6,138	11,517	5,379	28,800	0	28,800	28,795	(5)	77,437	0	77,437	78,060	(623)	
Regeneration schemes	18,988		18,988	18,859	(129)	12,251	0	12,251	14,527	2,276	15,832	0	15,832	14,957	(875)	0	0	0	0	0	47,071	0	47,071	48,343	(1,272)	
Other	5,251		5,251	4,521	(730)	4,575	0	4,575	7,398	2,823	4,037	0	4,037	4,067	30	7,988	0	7,988	7,988	0	21,851	0	21,851	23,974	(2,123)	
Strategic fire safety	4,000		4,000	3,634	(366)	5,000	0	5,000	5,103	103	5,000	0	5,000	5,258	258	5,000	0	5,000	5,005	5	19,000	0	19,000	19,000	0	
Heygate lease acq (housing)	11		11	1	(10)	0	0	0	0	0	0	0	0	10	10	0	0	0	0	0	11	0	11	11	0	
Heygate lease acq (executive)	0		0	6	6	0	0	0	0	0	309	0	309	303	(6)	0	0	0	0	0	309	0	309	309	0	
Heygate lease acq (additional)	4,000		4,000	3,223	(777)	4,600	0	4,600	5,387	787	2,277	0	2,277	2,277	0	0	0	0	0	0	10,877	0	10,877	10,887	(10)	
Aylesbury lease acq (NDC)	3,112		3,112	5,767	2,655	5,040	1,155	6,195	3,540	(2,655)	4,638	0	4,638	4,638	0	0	0	0	0	0	12,790	1,155	13,945	13,945	0	
TOTAL	94,147	0	94,147	96,837	2,690	108,805	(1,466)	107,339	107,339	0	117,295	(19,540)	97,755	97,754	(1)	286,805	2,047	288,852	289,255	403	607,052	(18,959)	588,093	591,185	(3,092)	
check	94,146					108,805					117,295					272,227										
	1					(0)					(0)					14,578										
Per Dept Returns																										
FINANCED BY:																										
Corporate Resource Pool	14,082		14,082	13,724	(358)	5,008	0	5,008	5,110	102	5,331	0	5,331	5,583	252	5,000	0	5,000	5,005	5	29,421	0	29,421	29,422	(1)	
Housing Receipts	21,442		21,442	22,515	1,073	20,280	7,510	27,790	26,716	(1,074)	29,193	7,224	36,417	36,417	0	111,745	(7,604)	104,141	104,141	0	182,660	7,130	189,790	189,789	1	
Supported Borrowing	12,526		12,526	12,526	0	12,526	0	12,526	12,526	0	0	0	0	0	0	0	0	0	0	0	25,052	0	25,052	25,052	0	
Reserves & Revenue	2,427		2,427	13,741	11,314	24,581	(11,535)	13,046	15,883	2,837	40,350	(27,161)	13,189	13,139	(50)	17,771	9,101	26,872	27,270	398	85,129	(29,595)	55,534	70,033	(14,499)	
Capital Grants	4,176		4,176	6,657	2,481	6,127	1,285	7,412	5,187	(2,225)	5,333	0	5,333	4,967	(366)	0	0	0	0	0	15,636	1,265	16,921	16,811	110	
Section 106 Funds	126		126	123	(3)	0	0	0	85	85	0	0	0	15	15	0	0	0	0	0	126	0	126	223	(97)	
Major repairs allowance	37,106		37,106	25,713	(11,393)	37,040	533	37,573	37,573	0	37,088	397	37,485	37,485	0	152,289	550	152,839	152,839	0	263,523	1,480	265,003	253,610	11,393	
External Contributions	2,262		2,262	1,838	(424)	3,244	740	3,984	4,259	275	0	0	0	148	148	0	0	0	0	0	5,506	740	6,246	6,245	1	
TOTAL RESOURCES	94,147	0	94,147	96,837	2,690	108,806	(1,467)	107,339	107,339	0	117,295	(19,540)	97,755	97,754	(1)	286,805	2,047	288,852	289,255	403	607,053	(18,960)	588,093	591,185	(3,092)	
Forecast variation (under)/over	0	0	0	0	0	(1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	(1)	1	0	0	0	
Cumulative position						(1)			0	0	(1)			0	0	(1)		0	0							

2009/10 - 2018/19 - Programme variations since Refresh report								APPENDIX C
TOTAL PROGRAMME EXPENDITURE BUDGETS								
Variation	Children's Services	DCE/F&R	Environment & Housing	Health & Community Services	Housing General Fund	Southwark Schools for the Future	Regeneration & Neighbourhoods	General Fund Programme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BUDGET AS AT REFRESH REPORT	88,222	13,614	114,933	10,073	21,376	225,146	44,606	517,970
								0
RESTRUCTURED REFRESH BUDGETS	88,222	13,614	114,933	10,073	21,376	225,146	44,606	517,970
PROGRAMME FUNDED VARIATIONS								
ADDITIONS TO PROGRAMME ALREADY APPROVED								0
								0
								0
								0
PROGRAMME BUDGETS	88,222	13,614	114,933	10,073	21,376	225,146	44,606	517,970
VARIATIONS REQUESTED TO BE APPROVED								
CCTV (Transport for London Project)			124					124
S106 PROJECT - Amella Street			636					636
Burgess Park - Improvements			8					8
Bermondsey Spa EIP - Regen.							144	144
Southampton Way							97	97
Economic & Development & Strategic Projects							951	951
Transport for London - 2010 allocation							4,101	4,101
Spa Road Railway Arch Improvements							375	375
New Deal for Communities							5,954	5,954
Transforming Adult Social Care Capital grant				187				187
Total Requested to be Approved	0	0	768	187	0	0	11,622	12,577
REVISED BUDGETS	88,222	13,614	115,701	10,260	21,376	225,146	56,228	530,547
VARIATIONS REQUESTED TO BE APPROVED								
FINANCED BY:								
Corporate Resource Pool								0
Housing Receipts								0
Supported Borrowing								0
Reserves & Revenue								0
Capital Grants			124	187			10,410	10,721
Section 106 Funds			636				1,152	1,788
Major Repairs Allowance								0
External Contributions			8				60	68
TOTAL RESOURCES	0	0	768	187	0	0	11,622	12,577

Capital Programme - 2010/11-18/19	GENERAL FUND			Appendix D	
		1	2	3	
DEPARTMENT	Total Budget Available as at 01/04/10 £'000	2010/11 Forecast £'000	Forecast 2011/12 £'000	Forecast 2012/13 £'000	Total Forecast Spend £'000
Children Services	72,831	35,076	13,195	24,560	72,831
Deputy Chief executives & Finance & Resources	3,998	2,098	1,901		3,999
Environment	87,409	38,718	15,343	33,348	87,409
Health & Community Services	6,237	6,237			6,237
Housing General Fund	17,637	10,475	6,972	189	17,636
Regen & Neighbourhoods/Major Projects	38,539	31,466	6,958	115	38,539
Southwark Schools for the Future	202,232	59,789	135,810	6,633	202,232
TOTAL SPEND	428,883	183,859	180,179	64,845	428,883
FINANCED BY:					
Capital Receipts Reserve balance as at 31.3.10					
Capital Grants Unapplied balance as at 31.3.10	15,371	15,371			15,371
Capital Grants Unapplied balance as at 31.3.10 - S106	7,889	7,889			7,889
Corporate Resource Pool	198,728	37,153	28,575	133,000	198,728
Use of Housing receipts	(9,178)	(9,178)			(9,178)
General Fund contribution to HIP	(15,277)	(5,277)	(5,000)	(5,000)	(15,277)
Supported Borrowing					
Reserves & Revenue	2,981	1,487	923	571	2,981
Capital Grants	242,264	86,820	139,608	15,836	242,264
Section 106 Funds b/f (per years to be applied)	8,222	6,822	1,400		8,222
Section 106 Funds 09-10 onwards	9,010	2,060	788	6,163	9,011
External Contributions	3,476	355	10	3,110	3,475
TOTAL RESOURCES	463,486	143,502	166,304	153,680	463,486
Forecast Variation (Under)/Over	(34,603)	40,357	13,875	(88,835)	(34,603)
Cumulative Position		40,357	54,232	(34,603)	