

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 23 November 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Capital Programme 2010-19 Quarter 2 Monitoring Report	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance and Resources	

## **FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE AND RESOURCES**

1. This report sets out the position for this year's capital programme as at the end of September 2010. Cabinet members will recall that we took a similar report in September reviewing the capital programme for the first quarter of the financial year, and that we asked officers to work to make more realistic profiles of expenditure in the current financial year. This work has led to the projected expenditure on the general fund programme for the year decreasing from £183.610m to a more realistic £151.560m.
2. In the full ten-year general fund programme, there is now £12.979m unallocated, compared to £9.230m at the end of quarter 1. This unallocated amount will inform the refreshed Capital Programme that we will now consider as a Cabinet in early February and will then be submitted to the February Council Assembly for approval.
3. The report also sets out the quarter 2 position of the Housing Investment Programme. This is fully funded to 2016, but will need revision to deliver the pledge to make every council home Warm, Dry and Safe.
4. The report asks us to approve the reprofiled general fund capital programme budget and approve the funded additions to the programme set out in appendix C. I would therefore recommend that Cabinet, after due consideration, agree the recommendations set out below.

## **RECOMMENDATIONS**

That Cabinet:

5. Note the current monitoring position for the capital programme 2010/11 – 2018/19 for both the General Fund and Housing Investment Programme as at 30 September 2010 (appendices A and B).
6. Approve the addition of budgets into the programme, matched by additional funding secured (appendix C).
7. Note and approve the reprofiling of spend and resources in the 2010-19 general fund capital programme (appendix D)

8. Request that the Finance Director refresh the 10 year capital programme taking into account issues arising from the spending review 2010, new emerging priorities and strategies and the detailed options appraisals on the remaining bids from the capital refresh in February 2010. This to be considered in the context of resources available.

## **BACKGROUND INFORMATION**

9. On 9 February 2010 the refresh of the 10 year capital programme for 2009-19 was approved by the then Executive. This 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. The report also requested that the Finance Director provide more detailed options analysis and financial appraisals on the remaining bids received for future consideration by Cabinet in the context of resources available and considering any additional resources which can be identified.
10. The quarter one capital monitor was reported to cabinet on 21 September 2010. It reported a total General Fund (GF) programme for 2010-2019 of £430m with forecast resources over the same period estimated to be £439m, an overall surplus of £9m. Overall the GF programme was reported on track to spend within the approved budget. However there were concerns raised over the profiling of spend and resources, particularly in 2010/11. A review of the existing capital programme was instigated to identify the latest estimates of reprogramming, and, if required, to ascertain which schemes are not yet contractually committed that could be reprofiled or deferred. In parallel a full appraisal of the resources was instigated to accelerate receipt where possible and to ensure maximisation in totality.

## **KEY ISSUES FOR CONSIDERATION**

### **Summary of spend and resources**

11. The quarter 2 monitor shows a total forecast spend of £430m, for the General Fund programme for 2010-19, against a budget of £435m, a favourable variance of £5m. (appendix A). The total forecast available resources over this period are estimated to be £443m, an overall surplus of £13m.
12. The general fund programme for 2010-19 has increased by £5m from £430m to £435m since the quarter one report for 2010/11. This is as a result of the Thames Reach Employment grant passport through HCS of £3.7m, additional funding received from TFL of £0.6m and £0.5m disabilities facility grant.
13. Overall the general fund programme for 2010-19 is on track to spend within the approved budget, in fact a favourable variance of £4.7m is projected, £3.2m of which is due to the fall out of capital grants. The remainder is a reduced call on corporate resources.
14. The quarter 1 monitor highlighted concerns over the profiling of spend and resources, particularly in 2010/11. The departmental returns for quarter 2 have identified £36m of reprogramming (19.3% of budget) in 2010/11. However projected expenditure still exceeds resources by some £37m, which is a reduction of £13m to the position reported at quarter 1. £19m of the reprogrammed expenditure is in relation to schemes funded by external funds, largely grants, where the funding will slip with the expenditure. This, combined with the reprofiling of capital receipts,

explains why the profiling of spend and resources has not improved by the full amount of the reprogramming. The Finance Director is seeking further detail from each department on their programmes, including the robust profiling of expenditure, review of alternative funding proposals, options for delaying expenditure in order to balance spend and resources projections for 2010/11.

15. The total Housing Investment Programme (HIP) for 2010-16 totals £450.6m and is fully funded.

### **Pressures and impacts on the capital programme**

16. The capital programme is currently subject to a number of pressures;
  - Spending review 2010
  - Market conditions
  - New and emerging service strategies, priorities and pressures.

### **Spending review 2010**

17. The Chancellor of the Exchequer set out the government's Spending Review for 2011-15 on 20 October. A number of announcements made in his statement will have a significant impact on the finances of the Council. The following paragraphs give the headline figures that impact upon capital resources. However the specific resource details for the Council will not be clear until at least receipt of the provisional grant settlement which is expected later in the autumn.
18. Capital funding from all government departments will fall by around 45% over the spending review period.
19. Flexibility of prudential borrowing is to be maintained. However interest rates on the public works loan board have been increased to 1% above UK government gilts.
20. £15.8 billion of capital funding is to be provided over the SR period to provide new school places in areas of severe demographic pressure, maintain the school estate and meet existing BSF commitments to rebuild and refurbish 600 schools.

### **Market conditions**

21. Whilst it has been announced that the country is out of recession there are still issues of confidence in relation to the land and property market, particularly the volatility with regard to the level of demand and values achieved. This has a significant impact on the level and timing of capital receipts available to fund the capital programme.

### **New and emerging service strategies, priorities and pressures**

22. In addition to the impact of market conditions on funding resources and the uncertainty with regard to future capital funding available from government there are a range of new and emerging strategies and pressures on the capital programme that need to be addressed. These include;
  - to enable the provision of free healthy school meals to all primary school pupils;
  - to provide additional primary school places

- to enable the office accommodation strategy
  - to invest in highways infrastructure
  - to invest in ICT infrastructure and service improvements through use of new technology
  - to refurbish leisure centres
  - to create and enhance sports facilities as part of the Olympics "legacy programme".
23. In order to encompass these and take stock of the existing capital programme, agreed in February 2010, the Finance Director advises that there is now an urgent need to refresh the 10 year programme with effect from 2011/12. This will allow the Cabinet to map the direction of travel with regards to capital spending, assessment of the new strategies and pressures and hence take informed priority decisions, all within the context of the resources available.
24. The following paragraphs give the latest monitoring position by services.

### **Comments on Capital Programme by Service**

#### **General Fund (Appendix A)**

##### **Children's Services**

25. The Children's Services original forecast spend for 2010/11 as reported at quarter 1 has lowered by £8.3m to £26.8m; partially attributable to a reduction/freezing of in year capital grants totalling £2.8m.
26. Southwark Park School has been delayed because of the need to bring about a viable proposal within the available budget. This has meant the scheme is now likely to go into contract in 2011 with completion at the end of 2012; therefore £5.5m of expenditure has been reprogrammed into future years.
27. Further Surestart capital funding was cut mid-year by £2.4m as a result of government announcements; a total of in excess of 30 schemes and several grants to independent nurseries have been halted. In addition, the Playbuilder grant has been frozen and therefore, no expenditure has been incurred against the £400k programme. As a result 10 play schemes have been brought to a standstill; awaiting news on the future of this grant. Two capital bids, totalling, £600k have been proposed to enable higher priority projects affected by these unexpected in year cuts to progress.
28. As previously reported, the new Michael Faraday School is operational and the rebuilt Eveline Lowe School will be finished by the end of this year. Other schemes which have been completed this year include: the renewal of the kitchen and dining hall at Dulwich Hamlet primary school including a food and design technology suite, and the completion of a new wing at Bessemer Grange housing the school's foundation stage and children's centre. Additional primary places have also been opened following works at Goodrich, Lyndhurst and Heber schools with others in existing accommodation.
29. The overall Children's Services capital programme is expected to remain within budget.

## **Health and Community Services**

30. Low year to date expenditure on Aylesbury Resource Centre is because the agreement requires payment upon completion. The project is expected to complete in December 2010 but there could be a slight delay due to alterations that were made to the original room layouts. Cherry Gardens St Building completed on 20 September 2010 and we are yet to pay the last instalment less 2.5% retention fee of the overall capital cost as we are still waiting for the invoice.
31. Mental Health SCP, Social Care SCP, Social Care IT Infrastructure, Transformation in Adult Social Care are all on target for financial year 2010/11. Thames Reach Employment Academy is a passported capital grant through Health & Community Services. This has been spent in 2010/11. Overall the health and community services capital programme is on track to come in within budget.

## **Regeneration and Neighbourhood**

32. 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. This is achieved through the implementation and delivery of various physical and social regeneration programmes.
33. The department is on course to deliver various projects aimed at improving road safety, encourage greener and sustainable modes of transportation in the borough as well as supporting the commercial viability of local shopping areas through environmental improvements; trader empowerment and continued business support. This is additional to the major regeneration proposals at Aylesbury, Elephant and Castle and Canada Water
34. The current total value of the capital budget for the department over the 2010/11-2018/19 period is £36.4m and the latest capital monitor is projecting a total spend of £35.8m against this budget.
35. In 2010/11, the department is currently projecting spend of £23.8m against the profiled budget of £29.8m. Details of the total variance of £6.0m by divisions and its capital programmes are given below.
36. Economic Development and Strategic Partnership (ED&SP) has a capital budget for 2010/11 of £8.5m, 46% of this budget (£3.9m) is funded from council capital resources. The main area of spend for this sum is the "Improving Local Retail Environments" programme where the reprofiled 2010/11 budget of £3.9m is expected to be fully utilised. The remainder is mainly derived externally from S106 income (52%, £4.5m) this funding is not limited to the financial year however, spend is conditional on a number of factors including joint working with developers and other partners and the availability of match funding. There are various S106 schemes which make up the budget of £4.5m and the projected spend to 31 March 2011 is £2.5m.
37. There have been a variety of external factors that have affected the S106 spend. One project is still awaiting Secretary of State Permission to proceed (required as part of the site is a Scheduled Ancient Monument) and the Tanner Street Park project has been affected by the government's cancellation of the Play-Builder funding programme requiring the project to be redesigned. Other S106 projects in the Bankside area have had to be scaled back and re-profiled as the London

Development Agency has put on hold a £4.5m grant for the Bankside Urban Forest programme. Support for Blackfriars Settlement has been reprofiled to spend in 2011/12. This has been required as Blackfriars Settlement, an external organisation, has delayed the delivery of their new headquarters building.

38. The capital projects funded by S106 on site include the Clink Street tunnel lighting, Dodson and Amigo estate improvements, Rothsay Street public realm and the ARC Nursery refurbishment. In addition a number of projects are currently under development and will commence on site in quarter 4 this year. These include Cathedral Steps environmental improvements, St Mary Magdalene park improvements, Tanner Street Park improvements and Flat Iron Square. Other projects such as Tooley Street Improvements and St John's Churchyard are currently being developed for delivery in 2011/12.
39. With regard to the Investment in Local Retail Environments programme (IRLE) scheme, one site has been fully completed and two further sites (Herne Hill and The Blue) are currently on site. The remaining 21 sites are all in an advanced stage of delivery with planning permission being granted and tenders sought. Seven sites will commence on site in Q3 while the remaining 14 sites will shortly be scheduled for works. The final sites to be implemented are scheduled to commence on site in Q4 (January 2011). The full capital budget is programmed to be spent within 2010/11.
40. ED&SP is therefore currently projecting total capital spend of £6.6m against budget of £8.5m for 2010/11. The remaining S106 spend of £1.9m will be re-profiled to 2011/12.
41. Planning and Transport is currently reflecting a total budget of £7.1m for 2010/11, of which £6.4m (90%) relates to TfL funding for the implementation of the borough's transport improvement schemes. TfL allocation 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.
42. Planning and Transport division is projecting a total spend of £6.7m in the current financial year indicating a variance of £381k. However some budget adjustment is required on the TfL funding, which once confirmed, is expected to eliminate the majority of this variance.
43. The capital budget allocated to Property Services for 2010/11 is £14.0m, of which £9.6m (70%) relates to the completion of the Canada Water Library.
44. There is an overall current year projected variance of £3.7m of which some relates to the schemes on Voluntary Sector strategy (£1.0m) and the New Nunhead Community Centre (£550k). Spend on the Voluntary Sector Strategy will be determined by the updated Asset Management Plan for that estate to be agreed by Cabinet. It will therefore not be possible to achieve spend against that budget until priorities have been identified. Spend will therefore not occur until 2011/12. Consultation with local residents has now commenced on the delivery of a new Community Centre for Nunhead. The project has been re-profiled and the majority of the spend will be achieved in 2011/12. The remainder of the variance is in relation to the 19 Spa Road Project (£2.1m) which has been reprogrammed awaiting decisions on the office accommodation strategy presented elsewhere on this agenda.

45. The Aylesbury NDC programme completed its final year (year 10) on 31 March 2010. There is residual budget amounting to £104k which has been fully utilised for the final wrap up of the programme.

### **Environment and Housing**

46. The department carried out a detailed review of the Capital Programme for the second quarter and as a result identified £1.2m of capital resources as surplus to requirement. £1.0m of this surplus relates to over programming in improvements to Non Principal Roads. As part of the review, projections and profiling of spend were also scrutinised to arrive at a more realistic estimate of expenditure for the year. This resulted in deferring £6m of allocation to the next financial year. This was mainly due to re-profiling of expected spend for Burgess Park (£4.3m), Non Principal Roads (£1.0m) and Southwark Park Stadium (£700k). Following this review, the total value of capital budget for the department over the 2010/11-2018/19 period is revised to £86.3m and is projected to spend £31.9m in the current financial year. The progress of major schemes is outlined below.

### **Sustainable Services**

47. 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.. Site preparation works are now complete. The construction of the new facility road access and associated works are currently in progress. The project is currently projected to be within budget. Work on the main facility commenced in June 2010 and is expected to complete by December 2011 to be fully operational during January 2012.
48. SELCHP & MUSCO Decentralised Energy Initiatives: £1m capital fund was allocated for professional services required to undertake two large scale Decentralised Energy initiatives in Southwark, (technical, legal, financial & commercial negotiation services). These initiatives will deliver large scale, long term, low or zero carbon energy provision, with secure supply and stabilised energy prices for the future for a significant number of our council tenants and leaseholders. All with no capital infrastructure cost to the council. The MUSCO initiative is nearing the end of its feasibility stage, and the SELCHP initiative is about to enter its commercial negotiation stage.
49. On 20 September Dalkia submitted written responses to further clarification queries raised by the Council arising from their BAFO. The consortium is scheduled to give a high level presentation to Council officers on 14 October. Thereafter officers expect to complete initial evaluation of the proposal by the end of October. A Dalkia MUSCo decision report will be prepared for review by CCRB and CMT in November and will be taken to Cabinet in December 2010.

## **Public Realm**

50. CGS programme – The programme budget for 2010/11 of £6.2m includes the annual allocation of £3.2m along with £3m from previous years and is projected on target.
51. Asset Management are projected to deliver their Highways and Lighting programmes within budget and time. All major schemes have member and stake holder approval and are programmed for delivery. Quarterly updates on all capital schemes are now provided to all ward councillors.
52. Burgess Park Revitalisation Project - 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.

## **Culture, Libraries, Learning & Leisure**

53. Dulwich Leisure Centre: Phase 1 works 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.
54. Camberwell Leisure Centre – work on the refurbishment of the Centre got underway in 2009. Funding of the £4.7m project consists of £2m Council funds with the balance being funded externally. This 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 February 2011.
55. Southwark Park Athletics Stadium. The planning permission requested for refurbishment of the facility was rejected. Options for the future of this project are now being reviewed.

## **Southwark Schools for the Future**

56. At quarter 1 the forecast was the budget figures for the programme, as this was the best estimate at that time. Two major events have occurred during the second quarter: the first was the deferral of St Michael's and All Angels (SMAA)/Highshore schools and the second was financial close of the remaining phase 2 schools.
57. In July a decision was made by Partnerships for Schools (PFS), in the light of falling pupil numbers at SMAA, to defer the commissioning of the enlarged school along with the co-located Highshore school. The current pupil intake at SMAA was projected at 2 Form Entries (FE) at the existing 4FE school. Therefore, the business case for a larger school is in the process of being revised. In effect, these two schools will be incorporated into the Phase 3 schools due to reach financial close in July 2011. This explains the revised profiling between 2011/12 and 2012/13.



58. The remaining Phase 2 schools successfully reached financial close in August. As the contracts have now been entered into, the profiling of the expenditure can now be predicted with greater certainty.
59. The interdependence of the programme in phase 3 has been revised to take into account the reprogramming for the SMAA/Highshore schools. Thus, the programme for Key Stage 3 to be located on the vacated Highshore site has been put back a year. Due to the revenue cost of borrowing, the revised programme also reflects the decision to fund £2.298m of ICT through the capital contingency instead of supported borrowing.

## **Finance & Resources**

60. Under facilities management (FM), there is a forecast of £3m for the Property Works Programme (PWP) and Works to Council Buildings (DDA Programme). All of this expenditure is committed. Based on past experience with the PWP, there is a risk that the £3m budget may not be sufficient depending on emerging issues over the current financial year. Risks include building closure, loss of service delivery and serious H&S/compliance ramifications.
61. On an ongoing basis there are calls for DDA works, generally as part of funded new build or refurbishment programmes, which are met through a contribution for specific DDA related works from the DDA capital budget. There is a draft programme of DDA works that are required for full compliance. To implement this entire programme will require additional funding to the existing allocation. However in the current financial climate with the continuing uncertainty on building retention, the risk will be managed and DDA issues will be dealt with on an individual building basis. This will require utilisation of this budget as and when required.
62. Moving forward, capital availability and flexibility are obvious priorities in the PWP and this requirement will continue into 2012/13 and onwards. Budget will be required to address emergency and unavoidable capital expenditure to ameliorate the risks highlighted above. As these risks can be managed, consideration should be given to a reallocation of the budgets from the DDA programme to the PWP. This will be subject to cabinet approval.
63. The IS programme has been reprofiled to accommodate changes in regulatory and networking requirements, and to ease financial pressures to the council. The current profile shows that the IS projects will complete in 2012/13 and not 2011/12 as previously planned. 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. The strategy has improved operational governance by introducing a program to look at meeting targets and dependencies.

## **Housing Investment Programme**

64. The 2010/11 housing investment programme (HIP) aims to deliver investment of £100m to improve housing in Southwark. Excluding revenue expenditure related to the programme, this includes planned expenditure of £11.7m within the General Fund and £87.8m on the council's own stock within the HRA. Capital expenditure as at 1 October was £2.9m and £28.0m respectively.

## **Housing General Fund**

65. The travellers site scheme at Burnhill Close is progressing on site, prioritising government Gypsy and Travellers Sites Grant funding already received. Further consultation has taken place with residents of the Springtide travellers site, to firm up scaled-back plans for the scheme following advice that the additional grant funding originally anticipated will not now be available for this project.
66. The first and second tranches of Affordable Housing Fund payments for the Canada Water scheme have now both fallen due and been paid. The second tranche payment of £600k represents an increase in the current year forecast, as this was previously forecast for 2011/12. The first tranche on the Ivydale Road scheme is also expected, with the remaining tranche due in 2011. Both schemes are funded from S106 developer contributions.
67. Demand remains high for Disabled Facilities Grants within the Housing Renewal programme, with expenditure of £700k to date this year largely covered by government grant funding. A bid has been made for an increased level of grant funding at £858k for 2011/12, although currently the level assumed in the programme for the next two years is at the 2010/11 level of £515k per year. The scheme for solar heating to 60 properties in Peckham, for which £420k targeted sub-regional funding has been received, is due to start in December following pilot schemes in November. The Low Carbon Zone group repair scheme is due to start on site in January. The Renewal Area Programme is being reviewed and a revised expenditure profile will be reported in the next monitor.

## **HRA programme**

68. The HIP is resource-led, and the planned programme reflects the anticipated level of available resources. With no government borrowing approval beyond the current year, there is increased reliance on other resources including capital receipts to fund the programme. The current disposals policy is being reviewed in this light and will be reported separately. Meanwhile, current market conditions have led to a more cautious approach to the profiling of receipts. Reprogramming in expenditure forecasts for non-DH major works, and for acquisitions on Heygate and Aylesbury, has enabled the reprofiling of capital receipts use, with an £8m reduction in the current year and an overall reduction of £5m in the current 6-year reporting period.
69. The programme of strategic safety works continues, funded from the allocation approved by the then Executive in February 2010 following the two major fires at Lakanal and Sumner Road in 2009. The programme of fire risk assessments has identified 29 high rise blocks requiring capital investment. Works to five blocks have been completed to date, with a further four on site and an additional twenty at design stage to specify the scope of works. Reprogramming of £1.1m from 2010/11 to 2011/12 is anticipated against the original expenditure profile.
70. Leasehold acquisitions continue on Aylesbury and Heygate with expenditure in excess of £1.1m this year to date. Expenditure has however been significantly reprofiled with a reduced requirement of approximately £4.4m in the current year and £1.6m next, which will be required from 2012/13 onwards. Programme resources have been adjusted to allow for the reimbursement of the NDC funding swap from which the HIP benefited last year.

71. The HRA programme includes an allocation of £40m for Decent Homes. For clarity this is now reported as a separate line in the HRA appendix, whereas it was previously combined with other related major works. It is estimated that the programme is on track to achieve the 1,700 target for dwellings to be made decent in 2010/11.
72. The two new build schemes under the HCA Challenge Fund programme to deliver new council homes at Brayards Road and Lindley Estate are being worked up. The planning applications for Brayards has been approved, with the number of units reduced from eight to three. The application for Lindley is currently still under consideration. Meanwhile, the projects have been tendered, with an October return date to meet HCA funding requirements and enable a start on site in Q3. The original HCA bidding requirement that council funding for these schemes should be met from prudential borrowing has now been relaxed. Funding has therefore been identified within the programme for the council contribution, from within existing HIP resources.
73. The main contract for the refurbishment of the East Dulwich Estate was completed on site in August, delivering improvements to 753 properties. This figure includes 50 void properties refurbished for sale, four of which are now sold and a further two under offer, and their marketing is now due to be intensified. The associated contract for the Albrighton community facility is due to finish in December. Planning submissions are due in December for further phases of the overall scheme, including 46 new build units (of which 28 are for rent by a RSL), works to convert 25 drying rooms to dwellings, and environmental improvements.
74. Under the Hidden Homes programme, two units have been completed to date and a further seven are due to complete this year. An additional 10 units are in the pipeline for completion in 2010/11.

### **Community impact statement**

75. 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.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance**

76. The Capital Programme 2010-2019 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.
77. By agreeing the recommendations in the report the Cabinet will demonstrate that it has made adequate arrangement for the proper administration of the council financial affairs

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Capital monitoring working papers	160 Tooley Street	Le Cheung 020 7525 4300

## APPENDICES

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

## AUDIT TRAIL

<b>Cabinet member</b>	Cllr Richard Livingstone, Finance and Resources	
<b>Lead officer</b>	Duncan Whitfield, Finance Director	
<b>Report author</b>	Cathy Doran, Finance & Resources	
<b>Version</b>	Final	
<b>Dated</b>	11 November 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		12 November 2010

## General Fund Summary Monitoring Position

Department	2010/11								2011/12					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Spend to date	Projected spend remaining	Forecast	Variance	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	35,076	0	0	35,076	11,585	15,177	26,762	(8,314)	13,195	0	0	13,195	15,808	2,613
Southwark Schools for the Future	59,789	0	0	59,789	12,090	32,700	44,790	(14,999)	135,810	0	0	135,810	54,033	(81,777)
Finance & Resources	3,157	0	0	3,157	750	2,006	2,756	(401)	3,845	0	0	3,845	2,325	(1,520)
Environment and Housing	39,020	0	0	39,020	11,221	20,634	31,855	(7,165)	15,163	0	0	15,163	21,056	5,893
Health & Community Services	6,237	0	3,700	9,937	2,593	7,344	9,937	0	0	0	0	0	0	0
Housing General Fund	11,105	0	0	11,105	2,890	8,775	11,665	560	6,842	0	0	6,842	6,282	(560)
Regeneration & Neighbourhoods	29,226	0	552	29,778	5,029	18,766	23,795	(5,983)	6,474	0	0	6,474	9,671	3,197
<b>TOTAL</b>	<b>183,610</b>	<b>0</b>	<b>4,252</b>	<b>187,862</b>	<b>46,158</b>	<b>105,402</b>	<b>151,560</b>	<b>(36,302)</b>	<b>181,329</b>	<b>0</b>	<b>0</b>	<b>181,329</b>	<b>109,175</b>	<b>(72,154)</b>

<b>FINANCED BY:</b>															
Capital Grants Unapplied @ 31.03.10	15,371			15,371			15,371	0				0	0	0	0
Capital Grants Unapplied @ 31.03.10 - S106	7,889			7,889			7,889	0				0	0	0	0
Section 106 Funds - New	2,060			2,060			2,060	0	788			788	788	0	0
Payback of Housing Receipts	(9,178)			(9,178)			(9,178)	0				0	0	0	0
General fund Contribution to HIP	(5,277)			(5,277)			(4,252)	0	(5,000)			(5,000)	(6,025)	(1,025)	0
Corporate Resource Pool	27,550	0	0	27,550	24,752	(5,902)	18,850	(8,700)	24,150	0	0	24,150	24,900	750	0
Major Repairs Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves & Revenue	2,722	0	0	2,722	576	2,146	2,722	0	923	0	0	923	923	0	0
Capital Grants	87,513	(62)	4,207	91,720	14,974	58,904	73,878	(17,842)	139,808	0	0	139,808	60,330	(79,478)	0
Section 106 Funds	8,687	0	45	8,732	3,203	4,124	7,327	(1,405)	1,679	0	0	1,679	3,000	1,321	0
External Contributions	169	62	0	169	60	109	169	0	0	0	0	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>137,506</b>	<b>0</b>	<b>4,252</b>	<b>141,758</b>	<b>43,565</b>	<b>59,381</b>	<b>114,836</b>	<b>(26,922)</b>	<b>162,348</b>	<b>0</b>	<b>0</b>	<b>162,348</b>	<b>83,916</b>	<b>(78,432)</b>	<b>0</b>
<b>Forecast variation (under)/over</b>	<b>46,104</b>	<b>0</b>	<b>0</b>	<b>46,104</b>	<b>2,593</b>	<b>46,021</b>	<b>36,724</b>	<b>(9,380)</b>	<b>18,981</b>	<b>0</b>	<b>0</b>	<b>18,981</b>	<b>25,259</b>	<b>6,278</b>	<b>0</b>
<b>Cumulative position</b>															

## General Fund Summary Monitoring Position

Department	2012/13+						Total Programme 2010/11 - 18/19					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance	Total Agreed Budget @ 01/04/2010	Budget Virements	Budget Variations	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	24,560	0	0	24,560	27,447	2,887	72,831	0	0	72,831	70,017	(2,814)
Southwark Schools for the Future	6,633	0	0	6,633	103,409	96,776	202,232	0	0	202,232	202,232	0
Finance & Resources	0	0	0	0	1,921	1,921	7,002	0	0	7,002	7,002	0
Environment and Housing	33,348	0	0	33,348	33,348	0	87,531	0	0	87,531	86,259	(1,272)
Health & Community Services	0	0	0	0	0	0	6,237	0	3,700	9,937	9,937	0
Housing General Fund	191	0	515	706	706	0	18,138	0	515	18,653	18,653	0
Regeneration & Neighbourhoods	112	0	0	112	2,298	2,186	35,812	0	552	36,364	35,764	(600)
<b>TOTAL</b>	<b>64,844</b>	<b>0</b>	<b>515</b>	<b>65,359</b>	<b>169,129</b>	<b>103,770</b>	<b>429,783</b>	<b>0</b>	<b>4,767</b>	<b>434,550</b>	<b>429,864</b>	<b>(4,686)</b>
<b>FINANCED BY:</b>												
Capital Grants Unapplied @ 31.03.10				0	0	0	15,371	0	0	15,371	15,371	0
Capital Grants Unapplied @ 31.03.10 - S106				0	0	0	7,889	0	0	7,889	7,889	0
Section 106 Funds - New	6,163			6,163	6,163	0	9,011	0	0	9,011	9,011	0
Payback of Housing Receipts				0	0	0	(9,178)	0	0	(9,178)	(9,178)	0
General fund Contribution to HIP	(5,000)			(5,000)	(5,000)	0	(15,277)	0	0	(15,277)	(15,277)	0
Corporate Resource Pool	122,650	0	0	122,650	128,750	6,100	174,350	0	0	174,350	172,500	(1,850)
Major Repairs Allowance	0	0	0	0	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0
Reserves & Revenue	571	0	0	571	571	0	4,216	0	0	4,216	4,216	0
Capital Grants	15,836	0	515	16,351	110,536	94,185	243,157	(62)	4,722	247,879	244,744	(3,135)
Section 106 Funds	0	0	0	0	0	0	10,366	0	45	10,411	10,327	(84)
External Contributions	3,071	0	0	3,071	3,071	0	3,240	62	0	3,240	3,240	0
<b>TOTAL RESOURCES</b>	<b>143,291</b>	<b>0</b>	<b>515</b>	<b>143,806</b>	<b>244,091</b>	<b>100,285</b>	<b>443,145</b>	<b>0</b>	<b>4,767</b>	<b>447,912</b>	<b>442,843</b>	<b>(5,069)</b>
<b>Forecast variation (under)/over</b>	<b>(78,447)</b>	<b>0</b>	<b>0</b>	<b>(78,447)</b>	<b>(79,962)</b>	<b>3,485</b>	<b>(13,362)</b>	<b>0</b>	<b>0</b>	<b>(13,362)</b>	<b>(12,979)</b>	<b>383</b>
<b>Cumulative position</b>												

Appendix B (i)

Housing Investment Programme

Programme	2010/11								2011/12					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Spend to date	Projected spend remaining	Forecast	Variance	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Decent Homes allocation	40,000	0	0	40,000	15,054	24,946	40,000	0	40,000	0	0	40,000	40,000	0
Other major works to stock	5,089	0	0	5,089	744	3,426	4,170	(919)	4,880	0	0	4,880	7,989	3,109
Landlord obligations	14,729	0	0	14,729	3,998	11,081	15,079	350	16,877	0	0	16,877	21,565	4,688
Regeneration schemes	10,589	0	0	10,589	5,424	5,974	11,398	809	3,222	0	0	3,222	5,952	2,730
Other programmes	10,910	0	0	10,910	1,091	4,903	5,994	(4,916)	8,454	0	0	8,454	6,775	(1,679)
Strategic Safety works	5,415	0	0	5,415	595	3,654	4,249	(1,166)	4,951	0	0	4,951	6,068	1,117
Heygate	5,687	0	0	5,687	887	2,442	3,329	(2,358)	2,277	0	0	2,277	2,061	(216)
Aylesbury	5,611	0	0	5,611	247	3,315	3,562	(2,049)	9,662	0	0	9,662	8,261	(1,401)
<b>TOTAL</b>	<b>98,030</b>	<b>0</b>	<b>0</b>	<b>98,030</b>	<b>28,040</b>	<b>59,741</b>	<b>87,781</b>	<b>(10,249)</b>	<b>90,323</b>	<b>0</b>	<b>0</b>	<b>90,323</b>	<b>98,671</b>	<b>8,348</b>

<b>FINANCED BY:</b>														
Corporate Resource Pool	5,417	0	0	5,417	597	3,655	4,252	(1,165)	4,951	0	0	4,951	6,049	1,098
Housing Receipts	22,826	0	0	22,826	5,000	9,366	14,366	(8,460)	33,057	0	0	33,057	38,157	5,100
Major Repairs Allowance	37,575	0	0	37,575	5,000	32,575	37,575	0	37,666	0	0	37,666	37,666	0
Supported Borrowing	12,526	0	0	12,526	12,526	0	12,526	0	0	0	0	0	0	0
Reserves & Revenue	13,384	0	0	13,384	2,189	9,867	12,056	(1,328)	14,082	0	0	14,082	12,010	(2,072)
Capital Grants	4,474	0	0	4,474	894	3,470	4,363	(111)	319	0	0	319	2,024	1,705
Section 106 Funds	3	0	0	3	0	3	3	0	100	0	0	100	100	0
External Contributions	1,824	0	0	1,824	1,834	804	2,638	814	148	0	0	148	2,665	2,517
<b>TOTAL RESOURCES</b>	<b>98,029</b>	<b>0</b>	<b>0</b>	<b>98,029</b>	<b>28,040</b>	<b>59,740</b>	<b>87,779</b>	<b>(10,250)</b>	<b>90,323</b>	<b>0</b>	<b>0</b>	<b>90,323</b>	<b>98,671</b>	<b>8,348</b>
<b>Forecast variation (under)/over</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative position</b>														

## Appendix B (ii)

## Housing Investment Programme

Programme	2012/13+						Total Programme 2010/11 - 15/16					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance	Total Agreed Budget @ 01/04/2010	Budget Virements	Budget Variations	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Decent Homes allocation	160,000	0	0	160,000	160,000	0	240,000	0	0	240,000	240,000	0
Other major works to stock	17,672	0	0	17,672	26,222	8,550	27,641	0	0	27,641	38,381	10,740
Landlord obligations	28,800	0	0	28,800	28,289	(511)	60,406	0	0	60,406	64,933	4,527
Regeneration schemes	21,832	0	0	21,832	9,948	(11,884)	35,643	0	0	35,643	27,298	(8,345)
Other programmes	9,198	0	0	9,198	8,730	(468)	28,562	0	0	28,562	21,499	(7,063)
Strategic Safety works	5,000	0	0	5,000	5,067	67	15,366	0	0	15,366	15,384	18
Heygate	380	0	0	380	3,054	2,674	8,344	0	0	8,344	8,444	100
Aylesbury	19,353	0	0	19,353	22,803	3,450	34,626	0	0	34,626	34,626	0
<b>TOTAL</b>	<b>262,235</b>	<b>0</b>	<b>0</b>	<b>262,235</b>	<b>264,113</b>	<b>1,878</b>	<b>450,588</b>	<b>0</b>	<b>0</b>	<b>450,588</b>	<b>450,565</b>	<b>(23)</b>
<b>FINANCED BY:</b>												
Corporate Resource Pool	5,330	0	0	5,330	5,397	67	15,698	0	0	15,698	15,698	0
Housing Receipts	68,201	0	0	68,201	66,561	(1,640)	124,084	0	0	124,084	119,084	(5,000)
Major Repairs Allowance	154,142	0	0	154,142	154,142	0	229,383	0	0	229,383	229,383	0
Supported Borrowing	0	0	0	0	0	0	12,526	0	0	12,526	12,526	0
Reserves & Revenue	28,401	0	0	28,401	31,702	3,301	55,867	0	0	55,867	55,768	(99)
Capital Grants	6,152	0	0	6,152	6,202	50	10,945	0	0	10,945	12,589	1,644
Section 106 Funds	9	0	0	9	9	0	112	0	0	112	112	0
External Contributions	0	0	0	0	100	100	1,972	0	0	1,972	5,403	3,431
<b>TOTAL RESOURCES</b>	<b>262,235</b>	<b>0</b>	<b>0</b>	<b>262,235</b>	<b>264,113</b>	<b>1,878</b>	<b>450,587</b>	<b>0</b>	<b>0</b>	<b>450,587</b>	<b>450,563</b>	<b>(24)</b>
<b>Forecast variation (under)/over Cumulative position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>1</b>



## 2010/11 - 2018/19 - Programme variations since Q1 Report to Q2

## Total Programme Expenditure Budgets

Variation	Children's Services	Environment & Housing	Health & Community Services	Housing General Fund	Regeneration & Neighbourhoods	Southwark Schools for the Future	Finance & Resources	General Fund Programme Total	Housing Investment Programme	Total Programmed expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>BUDGET AS AT QUARTER ONE REPORT</b>	72,831	87,531	6,237	18,138	35,812	202,232	7,002	429,783	450,588	880,371
CHANGES IN DEPARTMENTAL RESPONSIBILITY								0		0
Description of								0		0
<b>RESTRUCTURED OUTTURN BUDGETS</b>	72,831	87,531	6,237	18,138	35,812	202,232	7,002	429,783	450,588	880,371
<b>PROGRAMME FUNDED VARIATIONS</b>										
<b>ADDITIONS TO PROGRAMME ALREADY APPROVED</b>								0		0
<b>PROGRAMME BUDGETS - Q2</b>	72,831	87,531	6,237	18,138	35,812	202,232	7,002	429,783	450,588	880,371
<b>Q2 VARIATIONS REQUESTED TO BE APPROVED</b>										
Thames Reach Employment grant			3,700					3,700		3,700
Transport for London					507			507		507
Borough & Bankside and Rotherhithe - Section 106 Funds					45			45		45
Disability Facilities Grant (DFG)				515				515		515
								0		0
<b>Total Requested to be Approved</b>	<b>0</b>	<b>0</b>	<b>3,700</b>	<b>515</b>	<b>552</b>	<b>0</b>	<b>0</b>	<b>4,767</b>	<b>0</b>	<b>4,767</b>
<b>REVISED BUDGETS - Q2</b>	72,831	87,531	9,937	18,653	36,364	202,232	7,002	434,550	450,588	885,138
<b>Q2 VARIATIONS REQUESTED TO BE APPROVED</b>										
<b>FINANCED BY:</b>										
Corporate Resource Pool								0	0	0
Major Repairs Allowance										0
Supported Borrowing								0	0	0
Reserves & Revenue								0	0	0
Capital Grants			3,700	515	507			4,722	0	4,722
Section 106 Funds					45			45	0	45
External Contributions								0	0	0
<b>TOTAL RESOURCES</b>	<b>0</b>	<b>0</b>	<b>3,700</b>	<b>515</b>	<b>552</b>	<b>0</b>	<b>0</b>	<b>4,767</b>	<b>0</b>	<b>4,767</b>

DEPARTMENT	Total Budget Available				
	as at 01/04/10	2010/11 Forecast	Forecast 2011/12	Forecast 2012/13+	Total Forecast Spend
	£'000	£'000	£'000	£'000	£'000
Children Services - schools	72,831	26,762	15,808	27,447	70,017
Southwark Schools for the Future	202,232	44,790	54,033	103,409	202,232
Finance & Resources	7,002	2,756	2,325	1,921	7,002
Environment and Housing	87,531	31,855	21,056	33,348	86,259
Health & Community Services	6,237	9,937			9,937
Housing General Fund	18,138	11,665	6,282	706	18,653
Regen & Neighbourhoods/Major Projects	35,812	23,795	9,671	2,298	35,764
<b>TOTAL SPEND</b>	<b>429,783</b>	<b>151,560</b>	<b>109,175</b>	<b>169,129</b>	<b>429,864</b>
<b>FINANCED BY:</b>					
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
Section 106 Funds - New	9,011	2,060	788	6,163	9,011
Payback of Housing Receipts	(9,178)	(9,178)			(9,178)
General fund Contribution to HIP	(15,277)	(4,252)	(6,025)	(5,000)	(15,277)
Corporate Resource Pool	174,350	18,850	24,900	128,750	172,500
Major Repairs Allowance					
Supported Borrowing					
Reserves & Revenue	4,216	2,722	923	571	4,216
Capital Grants	243,157	73,878	60,330	110,536	244,744
Section 106 Funds	10,366	7,327	3,000		10,327
External Contributions	3,240	169		3,071	3,240
<b>TOTAL RESOURCES</b>	<b>443,145</b>	<b>114,836</b>	<b>83,916</b>	<b>244,091</b>	<b>442,843</b>