

Item No. 10.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Quarter 2 Capital Reporting for 2012/13	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report sets out the projected expenditure of the council on its capital programme for the current year and asks the Cabinet to agree the funded variations set out in Appendix C.

Whilst the general fund capital budget for the current year was established on the basis that programme slippage was probable, further work is needed to ensure that delivery is timely. As the report shows, most (61%) of the slippage to date is within children's services, principally as a consequence of delays in work on primary schools.

Another cause has been that anticipated expenditure on a number of projects will be less than the budgets set for them, demonstrating that the council is working hard to deliver value for money.

On the anticipated expenditure on the Housing Improvement Programme, the gap with the budget is smaller than in recent years. The Housing Department have been proactive in ensuring that programme delays are offset by bringing other future programmes forward.

RECOMMENDATIONS

That cabinet:

1. Note the general fund capital programme 2012/13–2021/22 as at Quarter 2 2012/13, as detailed in Appendix A and D.
2. Note the housing investment programme 2012/13–2021/22 at Quarter 2 2012/13 as detailed in Appendix B.
3. Agree the virements and funded variations for Quarter 2 2012/13 as detailed in Appendix C.
4. Instructs strategic directors to work with project managers and finance colleagues to ensure that forecasts for project activity are as robust as possible for each department moving toward the year end financial position for 2012/13.

BACKGROUND INFORMATION

5. On 25 September 2012 the cabinet approved a refresh of the 10 year capital programme for the period 2012/13 – 2021/22, approving a total general fund programme of £387.2m, including £59.8m of new departmental bids and noting the Housing Investment Programme forecast of £398m.

KEY ISSUES FOR CONSIDERATION

General Fund Capital Spend

6. The Q1 2012/13 monitoring report indicated that expenditure of £24.3m had been incurred against the general fund capital programme, against a budget for the year of £123m. This represented spend of 19.5% to budget, or slightly under a quarter of the overall budget at that point. A small underspend of £98k was predicted against budget at this point.
7. The Q2 monitoring report indicates expenditure of £36.4m incurred at the end of Q2 against a budget of £139m showing a 26% spend against budget as at that point. A forecast outturn of £106m, with positive variance of £32m has been predicted to the end of the financial year, indicating a final forecast spend of 80% against budget. The increase in budget since Q1 relates to confirmed allocation of Dfe grant for 2012/13 of £9.2m and inclusion of new bids impacting on 2012/13 including just over £4m on works for the new office accommodation strategy and a range of environment and leisure bids totalling just over £1m.
8. In light of the final outturn position against budget noted in the outturn report for 2011/12, officers will be monitoring this forecast closely for the remainder of the financial year to ensure that any anticipated reduction in forecast is flagged early on, so that budgets can if necessary be re-profiled in good time.

Housing Investment Programme Spend

9. Although reporting quarterly and annually at the same time as the General Fund the Housing Investment Programme was presented to cabinet in October 2011. It showed the principal aims of delivering warm, dry and safe homes across the borough and investing in the regeneration of estates, as well as the required landlord obligations.
10. The monitoring position for Q1 2012/13 on the programme indicated spend to date of £14.5m against a budget of £89.3m for the year, reflecting spend of 16.2% against budget. At Q2 2012/13 the monitoring position indicates spend to date of £25.3m, or 27.4% of budget with a year end forecast of around £85m.

Capital Resources

11. The council is able to access a number of resources to fund capital expenditure which have been set out below:
 - capital receipts from disposal of property
 - grants
 - external contributions

- section 106 funding
 - housing major repairs allowance
 - contributions from revenue
 - contributions from reserves
 - Borrowing, which the council at the present time chooses not to use
12. The capital programme is influenced by resource timing and availability. Over the life of the programme all commitments must be met from anticipated resources. Regular monitoring and formal reporting regulates the programme and mitigates cash flow and funding risks and officers undertake regular reviews as part of the process for preparing monthly and quarterly monitors to assess income to date, forecasts and changes.
 13. Each department forecasts its programme as accurately as possible to minimise the need for re-profiling. Where this does occur the requirement is flagged as early as possible. Given the general complexity of capital projects it is common to see some variation in the profile of the actual programme against the forecast. The impact of this is mitigated through regular formal monitoring, departmental reviews and access to a resource base wide enough to cope with change.
 14. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources, to identify new resources or to make changes to the use of resources at an organisational level as projects complete or new projects appear.

Section 106 and Community Infrastructure Levy (CIL)

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

18. A preliminary draft charging schedule was developed for this report and the council is undertaking consultation on this as the year progresses. The capital programme will be subject to future refresh and pending finalisation of the charging schedule for CIL this may be used to support appropriate schemes.

New Homes Bonus

19. The New Homes Bonus (NHB) is intended to reward local authorities and communities where growth in housing stock occurs. The allocation formula matches the level of council tax paid on each new home for six years, with an additional £350 per affordable unit. The grant is not ring-fenced so no restrictions apply to its use.
20. Payments for NHB amounted to £2.5m in 2011/12, of which £1.5m was allocated to fund revenue expenditure, with the balance earmarked to fund capital expenditure. This was in accordance with a cabinet decision of 21 June 2011 that all NHB resources not committed to the revenue budget should be allocated to corporate resources to fund future capital expenditure.
21. The same level of revenue commitment was at that time assumed in forecasts for future years to 2016/17 and the balance allocated to capital. This resulted in totals of £9.0m, £41.7m and £3.6m being forecast to fund revenue, capital general fund and capital housing expenditure respectively.
22. The government has been consulting on the localisation of business rates which proposes major changes into the way that local government is funded from 2013/14 onwards. The position is being monitored by officers and revision may be made to the forecast allocations included in the capital programme as changing circumstances require.

Contributions from Earmarked Reserves

23. Reserves are funds set aside from under spends or planned budget contributions, to meet contractual commitments or future expenditure plans which may include risks or liabilities that arising at a later date. Three reserves which have relevance for funding the capital programme are outlined below.
24. The modernisation reserve supports one-off expenditure or multi-year projects designed to modernise and further improve the operational efficiency of Southwark's service provision. The use of the reserve is subject to a protocol listing admissible items in accordance with the council's Medium Term Resources Strategy.
25. The regeneration and development reserve funds one-off expenditure and multi-year projects delivering regeneration and development across the borough. Relevant projects include the Aylesbury Estate Regeneration, Canada Water, and Elephant & Castle Regeneration.
26. In 2011/12 the council established a compliance and planned preventative maintenance reserve which may be used to support activities upgrading the wider council estate in line with legislative and/or preventative maintenance requirements. The reserve could for example be used to support the

implementation of a maintenance programme in specific parts of the council's operational estate. Use of the reserve would need to be requested through appropriate approval channels, such as via cabinet, and it is likely that works would be programmed over more than one year, or relate to more than one site.

Capital Receipts

27. The council operates a ten-year disposals programme. Planned disposals generate capital receipts which the council can use as a funding source to finance capital expenditure.
28. Capital receipts are categorised as Housing or General Fund depending on the nature of the asset giving rise to the receipt. Certain receipts arising from right to buy sales are also generated within the housing disposals programme and subject to pooling arrangements with government, so that the council can repay housing debt.
29. The annual receipts forecast to 2021/22 is between £30 - £40m per annum generated by disposals from both general fund and housing. The new capital bids in the refreshed programme presented an anticipated additional call of around £45m on capital receipts, to be funded over the life of the programme.
30. In the event that in-year funding generated by disposals is insufficient to meet the level of expenditure alternative short term sources of funding may need to be accessed or projects deferred or re-profiled. Short term sources of funding include use of earmarked reserves and/or accelerating the disposals programme.

Capital Grants

31. The council uses a range of capital grants to fund capital expenditure. These grants tend to be programme or project specific since each has grant requirements of some form and the largest areas of grant use often correspond to the largest and most complex projects. The Southwark Schools for the Future (SSF) programme has the highest grant use on a single scheme with around £82m of grant funding over the remainder of the capital programme.
32. Grants may be provided as a sole funding source, or as one of several funding sources depending on project requirements. In each case grant funding conditions of some form should be met to demonstrate that grants have been applied for the purposes given and audit trails are maintained.

Resourcing to Quarter 2 2012/13

33. A number of balances were brought forward from the outturn of 2011/12 and can be applied in 2012/13 in addition to resources received in year.
34. In terms of property receipts, balances of £25.2m and £1.9m were brought forward on the Housing Investment Programme and General Fund respectively. Of the Housing Investment Programme balance £9.3m related to receipts arising from right to buy sales.

35. As at the end of Quarter 2 2012/13 £23.4m had been received from Housing receipts, with £1.9m brought forward on General Fund receipts and around £15m anticipated by the end of the financial year.
36. A grants balance of £63.8m was brought forward from 2011/12. This included balances of £4.7m relating to housing grants, £15.2m relating to education use grants and £36.4m relating to receipts generated through S106. At the end of Quarter 2 2012/13 £22.3m grant had been received including £15.2m of education use grants and £7.1m of S106.
37. Much of the council's capital programme is supported by its disposals of property which form a significant part of corporate resources over the life of the programme. At Q2 2012/13 the budgeted positions on the general fund and housing investment programmes were £16.9m and £45m respectively. The disposals programme is subject to ongoing review by officers to mitigate the risk of funding unavailability due to timings or amounts received in year. Where pressure arises alternative short term sources of funding will be sought using the range outlined above.
38. The above resources will be monitored and applied as appropriate to schemes in 2012/13.

Programme position at Quarter 2 2012/13

39. Attached at Appendix A is a summary of the general fund programme position as at Quarter 2 of 2012/13. This shows a total expenditure budget of £398m budgeted over the programme.
40. Attached at Appendix B is a summary of the housing investment programme position as at Quarter 2 of 2012/13. This shows a total expenditure budget of £397.5m over the programme.
41. Appendix C shows the budget virements and variations arising in quarter 2 of 2012/13.
42. Appendix D shows a more detailed view of the general fund programme to enable spend and forecast on individual projects or groups of projects to be seen.
43. This programme position will continue to be monitored and reviewed over the remainder of the financial year, with regular updates to cabinet.

Departmental updates

Children's Services

44. The Children's Services capital programme at quarter one stood at £54.1m. The agreed capital bids of £16.4m were included for approval by cabinet and a virement of £270k from Environment for the Peckham One O'clock has been included in this report. The confirmed DfE grant for basic needs and maintenance was £9.2m comprising £4.9m original basic needs and a further £1.6m allocation and £2.7m capital maintenance grant and this has been shown

at Appendix C. A sum of £206k capital grant funding for Aiming High for Disabled Children was confirmed in September 2012. The revised departmental capital programme budget stands at £80.0m.

45. The quarter one forecast for CS was estimated at £20.3m for 2012/13. The revised quarter 2 forecast for 2012/13 has been reduced to £10.9m. The majority of the re-profiling relates to £7.7m re-forecasting use of unallocated budgets pending the review of the primary estate condition and capacity surveys completed in the summer of 2012. The final tender submission for Southwark Park Primary School is now expected in the autumn of 2012 and this has resulted in £900k of forecast expenditure re-profiled to future years. The Youth Services programme of £600k is now expected for delivery in 2013/14. The remaining re-profiling of £200k relates to smaller schemes and the release of unspent contingency from finished schemes back to the programme.
46. Progress this year includes 300 new primary places made available in September as part of the temporary expansion programme.
47. The permanent expansions at Haymerle and St Anthony's for new places in 2013 are progressing. The outcome of the condition and capacity surveys and the primary places review is expected to be reported by the end of the Autumn term 2012. This will help inform the strategy to be agreed for the provision of new places to 2015/16.
48. The project working budget for Gloucester and Cherry Gardens is increased from £12.5m agreed in the 2011/12 capital refresh to £13m. This is as a result of more detailed designs for the education specification and value engineering exercises. However, every effort will be made to keep the contract sum and council retained liabilities to a minimum.
49. Cabinet are requested to approve the virement of £270k for the Peckham Rye One O'clock Club from the existing environment capital budget to Children's Services capital budget as shown in Appendix C.

Southwark Schools for the Future

50. The SSF quarter one forecast for 2012/13 at £47.1m included £7.4m budget rolled forward from 2011/12, anticipating a balanced spend to budget. The quarter two forecast for 2012/13 is correspondingly reduced by £7.3m to £39.8m. The full programme budget stands at £81.6m.
51. The New School Aylesbury design and build was completed ready for Sacred Heart to take up occupation in September. This has enabled the new PFI school at Sacred Heart to commence on a cleared site.
52. The final phase for the PFI school at St Thomas the Apostle went operational on 05 November 2012 and Phase 3c for SILS KS3/4 is expected to reach contract award by the end of December 2012 for construction start in the Spring 2014.

Adult Social Care

53. The main focus of the Adult Social Care (formerly Health and Community

Services) capital programme is investment in the infrastructure necessary to support the delivery of services to improve the health and well being of local people. A summary of the activity in 2012/13 thus far is given in the following paragraphs.

54. In 2012/13, Southwark Resource Centre has an agreed budget of £358k and is forecast to cover 5% contract retention fee, some post completion works and equipment costs. The project is currently forecast to show a final under spend of £75k which will be returned to the programme for use on other projects.
55. The agreed budget for Department of Health Capital Grant (“adult personal social services capital allocation”) for 2012/13 is £1.6m. This includes a carried forward balance of £780k from the prior year. The grant is earmarked for various day services projects including major refurbishment works and is currently forecast to spend fully in year. The programme is currently forecast to under spend by £980k, which will be re-profiled into the 2013/14 financial year due to delays in commissioning planned capital works on various projects e.g. day centres.
56. There is a rolled forward residue from 2011/12 single capital pot mental health grant of £19k. This is being forecast to be fully utilized in 2012/13.
57. All other projects in the pre-2012/13 programme have successfully been completed.
58. Due to new and emerging issues developing over the last year, Adult Social Care submitted three bids to cabinet. All three bids were approved and the agreed budgets have been revised and re-profiled to 2013/14.
59. A bid of £7m was agreed to meet costs which may potentially arise as the termination of a care accommodation contract operated by Anchor Homes is negotiated. This has an agreed budget of £7m and depending on the required eventual amounts for capital purposes, it is expected this will be funded from a combination of corporate resources and reserves.
60. A bid of £1.2m addressing capital maintenance issues on care homes currently operated by Odyssey Care was also approved and it is anticipated that this will be funded using £800k of corporate resources and the remaining £400k from external grant sourced by the department.
61. A bid of £2m for a centre of excellence in the borough aiming to provide specialist care and support for older residents with dementia was approved at the cabinet meeting on 25 September 2012 and it is expected that this will be funded from corporate resources, although officers also intend to explore the potential for accessing S106 funding for this scheme.
62. With new bids included the departmental budget stands at £12.1m to 2021/22.. It is anticipated that the 2012/13 budget will demonstrate a favourable variance of £1.05m reflecting the final position expected on the Southwark Resource Centre project and the re-profiled or rolled forward major modernisation works on various adult day centres. A small variation of £3k reflecting a change in Adult PSS allocations has been included at Appendix C, requested for approval.

Environment and Leisure

63. The departmental capital review board meets quarterly to scrutinise expenditure on projects. The department's latest approved capital budget for 2012/13 is £23m against the projected spends of £21.1m, giving an overall favourable variance of £1.9m to be carried forward into 2013/14.
64. Bids amounting to £12.2m were approved in July and September 2012/13 capital reports to cabinet and have been included in the programme. This produces a total approved departmental capital programme for 10 years to 2021/22 of £103m.

Sustainable Services

65. The Integrated Waste Management facility was signed off as fully operational on 2 March, 2012. A saving of £600k has been identified and released for use on other projects. This resulted mainly from the use of the same contractor (Volker Fitzpatrick) to undertake the various facets of the project (site remediation, access road construction and build of main facility) which generated significant benefits of costs synergies and economies of scale.
66. A capital bid made in an earlier refresh and associated with the final phase of the project also included an estimate of £520k for S106 Renewables. This involved an obligation to provide an Off-Site Renewable Energy Infrastructure and supply. However, if a sum of £520k was paid to a Green Energy Fund, then the developer would be released from all further liability in relation to this obligation. This obligation is currently expected to be covered/discharged by the Southwark Heat Network from South East London Combined Heat and Power plant (SELCHP) project, which is designed to take heat from the plant and deliver it through a network of hot water mains to the boiler houses on several Southwark Council estates.
67. The heat will provide heating and hot water, and will replace gas which is currently burned in the boilers, saving an estimated 6,000 to 10,000 tonnes of CO₂ per annum and 2 tonnes per annum of Nitrous Oxides (NO_x). Heads of terms were signed on 19 July 2012 and the final contract negotiations are continuing. The contract should be finalised late in 2012 when this provision could be considered for release as savings and the scheme should be operational in late 2013.

Public Realm

68. Burgess Park was opened on 21 July 2012. To address spending pressure on this project in 2012/13 a number of budget virements have been requested for cabinet approval, firstly a re-allocation of available resource on the integrated waste project totalling £400k, with the balance of £732k re-allocated from available resource on the now completed Southwark Resource Centre project. These movements have been shown and requested for approval in Appendix C. In addition a further £200k has been granted to the project from the Capital Programme as a result of a bid approved in September 2012 to fund a borehole as a sustainable water source for Burgess Park Lake. These works are subject

to Environment Agency Permission being granted.

69. The new BMX track in Burgess Park received planning permission in March 2012. The current budget allocation is £150k with an anticipated total budget of £654k, funded through a variety of sources. The Olympic Legacy fund awarded the project £150k currently in the programme, Cleaner Greener Safer sources awarded £44k and S106 contributions (pending formal confirmation) are due to deliver £163k. External funders include Play Sport providing £121k, London Marathon Trust with £75k and British Cycling at £100k. The project is due for completion in the summer of 2013. Budget variations will be included in the programme as new resource allocations are confirmed to bring the budget up to total in due course.
70. The Non Principal Roads programme of £5.5m for 2012/13 is forecast to spend in full. The programme started slowly due to the Olympic embargo over the summer months but is now fully underway. Reserve schemes have been identified for bringing forward in quarter 3 of 2012/13 if any issues delay parts of the programme, for example, the need to co-ordinate works with utilities companies.
71. The Cleaner Greener Safer budget for the year is £4.3m. Forecast spend has been revised to £3m. This reduction reflects slower than anticipated spend on CGS grants (which are largely outside the Council's control) and a number of other projects which have returned positive variances or are due to finish, such as may be the case if the council has been able to fund works from external budget sources instead. In such case there is unlikely to be time in the current financial year for Community Councils to reallocate such funds and spend in full before year end. It is anticipated that savings or positive variances will be rolled forward for re-allocation to new or alternative Cleaner Greener Safer projects in subsequent financial years.

Culture, Libraries, Learning & Leisure

72. Dulwich Leisure Centre and Camberwell Leisure Centre Phase 2 indicate that works are now completed. There was an adverse variance of £232k on the Dulwich Leisure Centre, however this will be offset with a projected favourable variance on the Camberwell Leisure Centre Phase 3 works which are due for completion in 12/13. A budget virement is requested for cabinet approval to transfer the corresponding sum of £232k from Camberwell Leisure Centre code to Dulwich Leisure Centre code. This virement is shown and requested for approval in Appendix C.
73. Work at Pynners Sports Ground involves rebuilding the pavilion that was destroyed by a fire a number of years ago. Project completion is subject to some re-profiling but is expected to be completed by the end of the calendar year.
74. The remaining budget of £80k for the Thomas Calton Centre refurbishment is anticipated to be spent in 12/13. A balance of £73k is available for use which had been allocated as part of the budget for the Thomas Calton Project, the intention is for this to be used alongside the £80k for the first phase of emergency remedial works in the Centre. A budget virement is therefore requested for cabinet approval to transfer the sum of £73k from the Thomas

Calton Project code to the Thomas Calton Centre refurbishment code. This virement is shown and requested for approval in Appendix C.

75. The capital programme has a provision of £2m over 2 years for the Southwark 2012 Olympic capital legacy fund, including £500k allocated to OLF works around Camberwell Leisure Centre, with an objective to invest in capital projects that support a lasting Olympic and Paralympic legacy in Southwark from the 2012 games, improving access to and increasing participation in physical activity and encouraging the development of the Olympic values in the borough's communities. The expenditure for each of the 10 schemes has been profiled and systems and procedures are in place to monitor their financial performance.
76. Implementation of RFID equipment (Radio Frequency Identification) at Dulwich will be completed by March 2013 and other two libraries are programmed to spend in 2013/14 onwards.
77. A number of other small budget variations, including £112k on the Camberwell Leisure Centre and £5k in relation to the Trinity College Sports area have also been included in Appendix C for approval.

Community Safety and Enforcement

78. The current CCTV project picking up a digital upgrade of the CCTV control room is now complete and the project was delivered on budget. A bid for work on the council's CCTV systems (Housing Refresh) was agreed in the capital report tabled at cabinet on 25 September 2012. Much of this budget relates to future financial years however it is anticipated that remaining spend of around £100k in relation to the Housing Refresh project will be incurred in 2012/13 as work progresses. Around £350k of spend has already been incurred in 2012/13. Officers will monitor this position closely and will if needed re-profile budget resource forward in the programme to address this accelerated spend. Work includes building works to upgrade the CCTV suite, and upgrade of the equipment for monitoring and the capacity to link in with other CCTV networks. Funding for these projects is secure.
79. Projects to link the housing estate cameras and parking camera networks to the control suite will form future stages following the capital programme refresh in September 2012.

Finance and Corporate Services

80. The capital programme of this department focuses on two key areas: information technology infrastructure projects and premises improvements to council buildings.
81. The departmental capital programme stands at £23.1m including the addition of the new bids approved by cabinet in the capital programme refresh. The budget for 2012/13 stands at £2.3m with spend to date of £762k recorded at the end of quarter 2. Balanced spend to budget has been forecast for the end of the financial year.
82. The council is engaging a new Information Technology Managed Service

supplier early in 2013 which will be delivering a series of core enabling projects to modernise provision of IT services in the council. A bid of £5m was included in the refreshed programme, with spend anticipated to start in 2013/14 and funded by corporate resources.

83. The procurement of a new Facilities Management (FM) services supplier is has been approved by cabinet which will see a four-year contract being awarded.
84. To address future FM capital requirements a bid of £10.25m was approved by cabinet in the capital programme refresh. This reflects the anticipated cost of undertaking a comprehensive PPM and compliance programme on council property fabric from 2013/14. The work follows an earlier phase where the council undertook DDA work to its front-line premises. It is anticipated that this work will be funded through a combination of corporate resources and reserves.

Chief Executive's department

85. Following the appointment of the chief executive earlier this year, and overall reorganisation of the council's management structure, the services undertaken by the former deputy chief executive's department, along with regeneration, property and planning have been merged to form a single department. Delivery of key strategic regeneration projects fall within the department's remit.
86. The total departmental programme budget is £70m, divided between the major programme areas for the department with £6.4m allocated to framework and implementation, £18.6m to Property Services; £8.2m to Planning and Transport and £36.8m to Other schemes (such as the leisure centre at Elephant and Castle). As noted in the Outturn report for 2011/12 at paragraphs 167 and 169, emerging issues relating to progress on specialist children's accommodation and Camberwell library were noted and result in a budget variation of £1.2m being included in this report and requested for approval. This is generated by a variation of £500k on the original budget allocation for the Camberwell Library and £700k in relation to specialist children's accommodation.
87. Budget pressure of £173k in relation to the premises at Talfourd road has also been noted and additional resource is requested to meet this. This may be resourced from available resources drawn from elsewhere in the programme and requested as a budget variation if needed.
88. At quarter one of 2012/13 new capital bids totalling £5.7m were approved by cabinet, including £5.4m extra funding for the office accommodation strategy and £350k to providing improvements to local retail environments around the borough.
89. Performance thus far 2012/13 has been steady with spend to date of £7.9m at the end of quarter 2 against a 2012/13 budget of £28.9m. Work is continuing on delivery of the office accommodation strategy and its development of a significant council presence at Queens Road Peckham; the revitalisation of the town centre at Camberwell anticipating a range of funding sources; and the delivery of key community items at the Elephant and Castle Leisure Centre and Peckham Rye Station.

90. At the present time the council's headquarters located at Tooley Street does not appear in the capital programme. However the potential to include the premises alongside other strategic accommodation projects will be explored by officers over the coming months as part of an options review associated with the lease arrangements on the premises and adjustment to the programme will be made as appropriate based on the conclusion of this review.
91. A number of small budget variations in the corridors, neighbourhoods and supporting measures range of projects and reflecting a £535k reduction overall have been noted at Appendix C and requested for approval, where projects are being re-classified as revenue expenditure items.

Housing General Fund

92. The housing general fund capital programme represents investment in housing in the borough which is not directly focused on council properties and includes travellers' sites and affordable housing fund contributions. This includes housing renewal which allows assistance to a wider section of the community, subject to financial status, than existing council aid provision solely for the over 65s and individuals with medical needs.
93. Other main elements of the programme include: the East Peckham and Nunhead renewal area programme; the group repair scheme which replaces energy inefficient components, provides insulation and is working to retrofit for the future "green" energy products, contributing to CO2 emission targets; the affordable housing fund funded through S106 contributions which supports new build social housing by registered providers; and work to a number of travellers' sites within the borough.
94. The housing renewal programme is mainly funded from corporate resources but also attracts government grant for disabled facilities and external funding from the GLA. Southwark was successful in getting one of 10 low carbon zones within the London area which has levered in additional funding from the GLA.
95. The full departmental programme budget agreed for 2012/13 onward was £27.6m, including the agreed growth bid for renewal grants including disabled facilities grants. Budget for 2012/13 is £5.2m with expenditure to the second quarter of £1.1m, against a revised outturn forecast of £4.8m. The majority of expenditure to date is in respect of DFG grants, for which demand remains consistently high, and which formed a substantial part of the bid.
96. Responsibility for the delivery of projects in the renewal areas programme has recently changed and expenditure profiles will be subject to review in addition to some initial adjustments shown in the current figures.
97. The Burnhill Close travellers' site scheme will be the subject of a gateway 3 report to approve increased costs, and meanwhile shows a variation which will require a budget virement within the overall travellers sites programme provision when signed off. The final travellers' site project in this programme, at the Springtide site, is now at gateway 1 report stage and the profile of expenditure has been updated in line with the current proposals.

Housing Investment Programme

98. The Housing Investment Programme report to cabinet on 18 October 2011 confirmed detail of the housing investment programme (HIP), the resources available and how these would be used to provide warm, dry and safe homes across the borough. It also reported the approach to be taken for additional works on high investment needs estates, which has since been reported to cabinet in more detail. The format of the HIP summary has been revised to better reflect the programme in its agreed form.
99. The programme budget contained in the 2011/12 outturn report was £432.9m over the life of the 5-year programme. The addition of £15.2m reflecting the budgeted cost of demolishing the Heygate Estate and £0.3m additional resources received for the adaptations programme produced a revised total budget of £448.4m. When adjusted to allow for the roll forward of budgets at the end of 2011/12 and quarter one variations, the revised budget stood at £397.5m for the remaining four years of the approved programme.
100. Capital expenditure to the second quarter of 2012/13 was £25.3m with a revised outturn forecast of £85m. The most significant proportion of this expenditure was within the Warm, Dry and Safe (WDS) programme, which in respect of decent homes performance has contributed to an increase in decency level of 706 properties. Following difficulties with one of the partnering contracts, revised notices of proposals have now been issued, and together with agreed maximum prices now being obtained for further works packages this will accelerate the delivery of the WDS programme.
101. Forecast expenditure for the 5 year period totals £407.3m, against a budget of £397.5. The increase of forecast spend against budget is a combination of the ongoing requirement for fire safety works as previously reported, and the pricing of works packages under the partnering contracts against the original cost estimates based on stock condition information. The financing of this expenditure has been adjusted to reflect confirmation of government backlog grant funding at £15m for 2013/14 and £50m for 2014/15. The increased forecast can be covered through the reallocation of resources released by this grant funding, maintaining a fully funded programme

Community impact statement

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

Resource implications

105. This report forms part of the council's budget framework. It outlines the current position on the capital programme and identifies potential new projects to be included in it.
106. The resources supporting programme delivery are identified on a project by project basis. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be the subject of separate reports.

Legal implications

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

Financial implications

108. This report fully explores the financial implications of the capital programme at Q2 of 2012/13. The report presents a capital programme over 10 years where predicted resources are sufficient to meet anticipated spend.

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

110. The council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the council's financial position. Section 28 of the Local Government Act 2003 imposes a duty on the council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in the original budget calculations. The council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.
111. The Capital Programme satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.

BACKGROUND PAPERS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	General Fund Capital Programme Summary - 2012/13 at Quarter 2
Appendix B	Housing Revenue Account Capital Programme Summary 2012/13 at Quarter 2
Appendix C	Funded Virements and Variations for Approval at quarter 2 2012/13
Appendix D	General Fund Capital Programme Details

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Alex Vaughan, Senior Finance Manager	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
		Comments included
	Director of Legal Services	Yes
	Strategic Director for Finance and Corporate Services.	N/a
	Cabinet Member	Yes
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