

Item No. 12.	Classification: Open	Date: 19 November 2013	Meeting Name: Cabinet
Report title:		Quarterly Capital Monitoring Report Quarter 2 and Capital Programme Refresh 2013-21	
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 council's expenditure for the first half of 2013/14 on its capital programme, comparing this to budgets and projecting year-end spend by department. It also asks cabinet to agree funding variations set out in Appendix C.

Departments are currently working on proposals for the next refresh of the capital programme. These will be considered by cabinet along with the capital monitoring report for the third quarter of 2013/14, due in January 2014.

RECOMMENDATIONS

That cabinet:

1. Notes the general fund capital programme for the period 2013/14 to 2021/22 as at Quarter 2 2013/14, as detailed in appendices A and D.
2. Notes the housing investment programme for 2013/14 and future years as at Quarter 2 2013/14, as detailed in Appendix B
3. Approves the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C, including the updated budget requirement for Phases 1 and 2 of the Aylesbury regeneration programme, as reflected in paragraphs 100-106.
4. Approves the re-profiling of the expenditure and resources for 2013/14 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D as at Quarter 2 2013/14 and note that further re-profiling will be required during the year based on more up to date information available at that time.

BACKGROUND INFORMATION

5. With a total forecast spend of approximately £794m the current capital programme represents a major element of the council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and or do business in the borough.

6. The Quarter 1 2013/14 capital monitor report indicated that expenditure of £9.9m had been incurred on the general fund capital programme against a budget of £96.3m. This represented a spend of just over 10% to budget as at Quarter 1 and a small favourable variance of £2m was projected against the budget for the year at that point.
7. The Quarter 1 2013/14 capital monitor report also reflected a spend of £10.2m on the Housing Investment Capital programme against a budget of £120.5m which represented a spend 8.5% against the budget for the year.
8. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Historically the capital programme has been over programmed in year to compensate for these variations, whilst retaining a balanced programme overall.
9. Robust and continued monitoring of numerous schemes across the departmental capital programme and the complexities of managing the capital programmes of this magnitude will inevitably lead to some variations in the budgeted expenditure which requires re-profiling of the budgets.
10. This report sets out the re-profiled budget and forecast outturn position for 2013/14 and future years for the General Fund and the Housing Investment Programme (HIP) as at Quarter 2 2013/14.

KEY ISSUES FOR CONSIDERATION

General Fund Capital Spend

11. The Quarter 2 capital monitor report indicates that expenditure of £23m incurred against a re-profiled budget of £95.3m showing a spend of 24% to budget on the general fund capital programme. The summary position and the programme details by departments are reflected in Appendices A and D respectively.

Housing Investment Programme Spend

12. The 2013/14 budget as at Quarter 2 has been re-profiled, taking into account the latest information available on contract procurements, scheme progress and possible slippages. The total re-profiled budgets on the Housing Investment Programme for 2013/14 is £131.2m and the projected expenditure for 2013/14 as at Quarter 2 is £128.2m. The majority of the expenditure on the Housing Investment Programme relates to the numerous works on the Warm, Dry and Safe programmes which is forecast to spend £80m in 2013/14. Details of the schemes and budgets within the Housing Investment Programme are reflected in Appendix B.

Resource implications

13. The council's capital resources come from a variety of sources, which were detailed in the Q1 report to cabinet in September 2013, and are comprised of the following:

- capital receipts from disposal of property
 - grants
 - external contributions
 - section 106 contributions
 - housing major repair reserve
 - contributions from revenue
 - contribution from reserves
 - internal borrowing
 - external borrowing
14. The capital programme is influenced by resource timing and availability. Over the life of the programme, all commitments must be met from anticipated resources. The final funding requirement in each year will be based on the final actual expenditure, and will seek to maximise the use of grants and other funding sources, prior to the use of capital receipts. Regular monitoring and formal reporting regulates the programme and mitigates cash flow and funding risks and officers undertake regular reviews as part of the process for preparing monthly and quarterly monitors to assess income to date, forecasts and changes.
15. Each department forecasts its programme as accurately as possible to minimise the need for re-profiling. Where this does occur, the requirement is flagged as early as possible and budgets re-profiled in line with anticipated spend. Given the general complexity of capital projects, it is common to see some variation in the profile of the actual programme against the forecast. The impact of this is mitigated through regular formal monitoring, departmental reviews and access to a resource base wide enough to cope with change.
16. 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)

17. The Quarter 1 report explained Section 106 (S106) agreements, otherwise known as a planning obligations, and the Community Infrastructure Levy (CIL)
18. A draft charging schedule was published in April 2013, followed by consultation. The council is working towards a 2014 adoption date for its own CIL. The capital programme will be subject to future refresh and pending finalisation of the charging schedule for CIL this may be used to support appropriate schemes.

New Homes Bonus

19. The Quarter 1 report explained the New Homes Bonus (NHB). In accordance with a cabinet decision of 21 June 2011 that all NHB resources not committed to the revenue budget (currently all but £1.5m) should be allocated to corporate resources to fund future capital expenditure.

20. The same level of revenue commitment was at that time assumed in forecasts for future years to 2016/17 and the balance to be allocated to capital. There are, however, changes expected in the financing arrangement for the New Bonus Scheme in 2013/14 and this will be reviewed as part of the future revenue budget setting process.

Contributions from earmarked reserves

21. The Quartet 1 report explained the use of the three reserves which have relevance for funding the capital programme:
- modernisation reserve supports one-off expenditure or multi-year projects designed to modernise and further improve the operational efficiency of Southwark's service provision.
 - the regeneration and development reserve funds one-off expenditure and multi-year projects delivering regeneration and development across the borough. Relevant projects include the Aylesbury Estate Regeneration, Canada Water, and Elephant & Castle Regeneration.
 - compliance and planned preventative maintenance reserve which may be used to support activities upgrading the wider council estate in line with legislative and/or preventative maintenance requirements.

Capital receipts

22. The quarter 1 report explained the council's ten-year disposals programme. Planned disposals generate capital receipts which the council can use as a funding source to finance capital expenditure.
23. The disposals programme is subject to ongoing review by officers to mitigate the risk of funding unavailability due to timings or amounts received in year. The capital receipts forecasts together with other sources of funding will be monitored on a regular basis for funding the capital programme. In the event that in-year funding generated by disposals is insufficient to meet the level of expenditure, alternative short term sources of funding may need to be accessed or projects deferred or re-profiled. Short term sources of funding include use of earmarked reserves and/or accelerating the disposals programme.
24. As at the end of Quarter 2 2013/14, £7.3m and £4.5m had been received from the housing and general fund receipts respectively.

Capital grants

25. The Quarter 1 report explained the use of a range of capital grants to fund capital expenditure. 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.
26. At the end of Quarter 2 2013/14, £22.6m grant had been received including £14.3m of education related grants and £5.9m secured through S106 agreements.

Programme position at Quarter 2 2013/14

27. Attached at Appendix A is a summary of the general fund programme position as at Quarter 2 of 2013/14. This shows a total expenditure budget of £337.2m budgeted over the programme from 2013/14 to 2021/22.
28. Attached at Appendix B is a summary of the housing investment programme position as at Quarter 2 of 2013/14. This shows a total expenditure budget of £531.8m over the programme for 2013/14 and future years.
29. Appendix C provides details of the budget virements and variations arising in quarter 2 of 2013/14.
30. Appendix D shows a more detailed view of the general fund programme on individual projects or groups of projects over the period 2013/14 to 2021/22.
31. This programme position will continue to be monitored and reviewed over the remainder of the financial year and the final outturn position will be reported to cabinet.

Departmental updates

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

GENERAL FUND (APPENDIX A)

Children's and Adults' Services

33. In summary, the capital programme at Quarter 1 across Children's and Adults' Services is £102.5m; with an annual 2013/14 budget of £19.2m. The total programme for future years has reduced by £6.5m to £96m following the purchase of the Anchor Trust leases last financial year. Expenditure incurred to date is £3.5m and the forecasted expenditure for 2013/14 is £15.5m.

Children's Services

34. The revised capital programme for 2013/14 to 2021/22 is £88.8m. The annual budget for 2013/14 is £15.8m; expenditure incurred to date is £3.5m and the forecasted expenditure for 2013/14 is £14.4m.
35. Of the £3.5m expenditure at Quarter 2, £1.6m is for Southwark Park Primary School new build school opening next year. The major permanent expansion at Lyndhurst School has entered into contract and so far, expenditure of £900k has been incurred. Over the summer holidays, temporary expansion took place at 9 schools and the costs for the £2.5m budget will mostly fall into Quarter 3. The £750k budget in 2013/14 for works at Cherry Garden School has been re-profiled to 2014/15 as a result of ongoing consultation.
36. There continues to be pressure for primary school places and a report was submitted to cabinet in July 2013 detailing the emerging primary strategy for places, the available funding and the emerging funding gap of around £16m for

phase two of the programme in 2016/17.

Adults' Services

37. The revised capital programme at Quarter 2 is £7.2m. The annual budget for 2013/14 is £3.4m and the forecast expenditure for 2013/14 is £1.1m. A variation funded from reserves of £500k is added to the Centre of Excellence to increase the budget to £2.5m
38. The main areas of capital investment for 2013/14 are for the refurbishment of Orient Street, the refurbishment of the Brandon Trust properties and the development of plans for the development of the Centre of Excellence.

Southwark Schools for the Future

39. The capital programme for 2013/14 to 2021/22 is £47m. The annual budget for 2013/14 is £12.9m and the forecast spend is £12.5m.
40. The largest area of spend in 2013/14 will be for the schools at St Michael's and All Angels (SMAA) site which incorporates the new Highshore Special School.
41. The expenditure at quarter two is £5.9m of which £5.7m is for SMAA/Highshore construction works.

Finance and Corporate Services

42. The capital programme of this department focuses on two key areas: Information Technology (IT) infrastructure projects and premises-related improvements to council buildings. The total departmental capital programme stands at £21.9m.
43. The departmental capital budget for 2013/14 is £6.97m and expenditure of £1.2m has been recorded at the end of Quarter 2. Total spend for the year is forecast to be on budget.
44. The council has engaged a new IT Managed Service provider which will be delivering a series of core enabling projects to modernise provision of IT services to the council. Total spend in 2013/14 is expected to be £4.5m and is funded by corporate resources.
45. The procurement of a new Corporate Facilities Management (CFM) services provider was approved by cabinet and the contract commenced in February 2012 for a five-year contract period. To address future Facilities Management capital requirements, a bid of £10.25m was approved by cabinet in the capital programme refresh in 2012. This reflects the anticipated cost of undertaking a comprehensive planned preventative maintenance and compliance programme on council property fabric from 2014/15. It is anticipated that this work will be funded through a combination of corporate resources and reserves. The work follows an earlier phase where the council undertook work to its front-line premises to ensure compliance with the Disability Discrimination Act.

Environment & Leisure

46. The Departmental Capital Review Board continues to scrutinise the forecasts of all projects and their profiling at end of each Quarter to check their robustness and arrive at a more realistic estimate of expenditure for the year.
47. Environment and leisure department's latest approved capital budget for 2013/14 is £25.1m against the projected spends of £18.9m, giving an overall favourable variance of £6.3m to be carried forward into 2014/15.
48. Total approved E&L capital programme and projected spend from 2013/14-2021/22 is £90m.
49. In addition, the budgets of Housing Renewals (£22.5m) previously shown under Housing General Fund is now reflected under E&L, following the transfer of management arrangements across the departments and this is reflected in Appendix C. An update on the current programmes within the Housing Renewal areas and any significant issues arising from the monitoring will be reported at the next quarter.

Sustainable Services

50. The budget of £2.3m for Integrated Waste Solutions Programme & Southeast London Combined Heat & Power (SELCHP) for the current financial year 2013/14 is mainly S106 items and retention sums for the access road contract. The planning related costs, which may be payable to planning and highway authorities (LBS and TfL), are conditional on the results of a number of road traffic surveys, which have taken place in the last 12 months. The financial implications of the outcome of the surveys may not be immediate and the budgets may have to be held for a while longer. The bulk of the funding has therefore been moved to 2014/15 and beyond.

Public Realm

51. Cleaner Greener Safer (CGS) forecast for 2013/14 is £2.4m. This is an increase of 21% on the 2012/13 final outturn. This reflects an enhanced focus on delivering these projects.
52. The Non Principal Road (NPR) Programme is forecast to achieve a full spend, except for a slippage of £300k forecasted on Community Council devolved funding where the decisions have been delayed.
53. The Burgess Park BMX track project was completed and opened to the public in August 2013. The project was delivered within budget.
54. Work has commenced on the delivery of the next phase of the cemetery strategy to create further burial spaces at Camberwell new cemetery and Camberwell old cemetery. Some of the expenditure is however, forecasted to be carried forward as a result of delays to the design process.
55. The majority of schemes under the parks and public realm projects programme are expected to be completed by 31 March 2014 within the allocated budget.

The deferral of funds to the new year includes retention payments and £200k earmarked for possible boreholes for water supply which requires further agreement with the Environment Agency.

Culture Libraries Learning and Leisure

56. Olympic Legacy Fund - This capital programme was a provision of £2m over 2 years for the Southwark 2012 Olympic capital legacy fund with an objective to invest in capital projects that support a lasting Olympic and Paralympic legacy. The project will improve access to and increase participation in physical activity and encouraging the development of the Olympic values in the borough's communities. Almost all the projects have now been completed. The main exception is the Southwark Park Athletics Track, which requires consideration at the next capital refresh in order to agree the approach to be taken.
57. A phased approach is being taken to investing in Peckham Pulse. Phase one works will be undertaken in Quarters three and four this year and will consist of major life cycle issues being addressed. This includes air conditioning works which have already commenced. Phase two will include works on the spa suite, café and reception areas – all of which need upgrading or replacing and these will be delivered in 2014/15.
58. Following a virement agreed at the last quarter, a budget has been identified to carry out works at the Livesey building and address a number of important structural issues
59. Implementation of RFID equipment (Radio Frequency Identification) at Dulwich and Peckham was completed in 2012/13. RFID funding for Camberwell Library is now needed in 2014/15 rather than 2013/14 to tie in with new dates for completion of the construction programme. RFID for Newington is budgeted for in 2014/15 – it is anticipated that this will still be needed to install RFID in to a medium term alternative site for this library.
60. The Thomas Calton Centre refurbishment commenced in late 2012/13 and will complete in 2013/14. The works are to address longstanding maintenance issues to the roof and fabric of the building. Spend is profiled over 2 years for this project.
61. Work at Pynners sports ground continues and it is anticipated that it will be completed during the current financial year.

Community Safety

62. The CCTV project is well underway and has to date, repaired and replaced systems on 9 estates, installed new systems on 4 estates and installed new redeployable cameras on 6 estates. This equates to an additional 121 CCTV cameras which are now recorded and monitored from the central CCTV control room affording access to 312 CCTV cameras. This represents approximately 68% completion of programmed works. The unit is confident the project is on course to be completed by 31 March 2014 and within the allocated resources.

Chief Executive's Department

63. The capital budget for Chief Executive's department over the period 2013/14-2021/22 has increased from £56.4m to £57.8m since the Quarter 1 monitor was presented to cabinet. The increase is due to the transfer of £1.4m General Fund budget from Housing department, following the transfer of management arrangements for Housing/Area Renewal projects. The £1.4m will be managed by the Planning Projects team to deliver a range of projects in the Nunhead and Queens Road areas.
64. The Nunhead element of the budget will support the current programme of projects funded through the GLA Outer London Fund. Works include shop front improvements due to commence on site this year and associated public realm works. The Queens Road budget will supplement works to the shop fronts and the improvements currently underway on Queens Road Station over the next two years.
65. For the current financial year, the department is forecasting an expenditure of £20.7m, a reduction of £4.3m from the Quarter 1 report. This movement is explained below
66. The planning projects team (formerly framework and implementation) within planning division has a budget of £5m with forecast expenditure of £2.2m for 2013/14, and £2.8m for 2014/15. A number of public realm and streetscape improvement projects are on site. The Nunhead Outer London Fund (OLF) schemes, partly funded by GLA grant, are progressing with the pop-up shop now let to the second tenant as a gallery. The festival programme is well underway and Nunhead green consultation is progressing well. The shop front improvements have been tendered and are due to commence on site in this year.
67. The team is currently undertaking the final snagging of Legible London wayfinding system in Bankside and Bermondsey to agree the final account. As part of the Bermondsey Spa programme, Abbey Street improvement works are complete and opened on 11 October 2013
68. Lamb Walk public realm improvements have been completed in part. The full completion of the scheme will be dependent upon an adjacent private development. Whites Ground skate park refurbishment has restarted on site following the Network Rail Thameslink works. Other projects that have started on site this quarter include improvement works to the bridge at Ewer Streets, shop fronts in Queens Road, the triangle site in Tooley Street, Alice Street redesign and resurfacing, Nelson Square redesign and Copperfield Street open space improvements.
69. Transport planning has a budget of £16.1m with forecast expenditure of £5.6m in 2013/14, and the balance of £10.5m profiled for 2014/15 and 2015/16. In addition to the delivery of key regeneration projects such as Gateway to Peckham and Revitalise5 Camberwell, a number of transport improvement projects are either complete or underway. Two of the priority streets

(Kennington Park Place and Adys Road) from the better pavement programme are now complete.

70. Implementation has also begun on improvements to Forest Hill Road. Electric Vehicle Charging Bays have been delivered and the lift works at Queens Road Peckham station are in progress.
71. A number of schemes are currently being consulted on including East Dulwich Grove, Rotherhithe New Road. Greendale and Paxton Green schemes have been developed to design stage. Workshops for the Pocket Places in Peckham are now complete and this scheme is entering design stage.
72. Technical assessment and transport modelling is progressing on the Revitalise5 Camberwell project and concept designs prepared for the Pocket Spaces project. Additional funding was granted by Transport for London to deliver a number of schemes from bus stop accessibility to additional cycle parking.
73. The Regeneration division has a budget of £36.7m with forecast expenditure of £12.9m in 2013/14 and £23.8m for 2014/15 and 2015/16. The construction of £20m leisure centre in Elephant & Castle as part of the regeneration is progressing with completion currently scheduled for 2015.
74. Public realm improvement works around Bermondsey Spa are going on as scheduled. Grange Yard road adoption project has been delayed slightly due to legal issues around the ownership of the land and rights of other landowners. This is currently being resolved while the design phase of the project is progressing
75. The council's office accommodation programme is progressing with development for a generic office fit out at Queens Road 2. The site will deliver 86 workstations spread over four floors. The main construction works commenced on 22 July and is progressing on schedule. Practical completion is scheduled for end of November 2013 with occupancy expected to commence in January 2014. The decommissioning of Southwark Town Hall is in the final stages and revised disposal arrangements are now in place

Housing General Fund

76. The majority of the budgets previously reflected under Housing General Fund are now shown under the Environment and Leisure and Chief Executive's departments, following the transfer of management arrangements across the departments. These budgets relate mainly to the Housing Renewals and Area Renewal Improvement works managed by the respective departments.
77. This transfer of budget and management arrangements is reflected in Appendix C for approval and going forward, these budgets will be monitored and reported against the departmental capital monitoring arrangements.
78. The General Fund budgets remaining within the Housing Department equates to £1.4m and relates to the travellers' site and Affordable Housing Fund.

Travellers' Sites

79. A budget of £1.4m is currently profiled for 2013/14 but spend is difficult to predict due to a current legal dispute between Southwark and Network Rail over responsibility. The budgets will be profiled against the expected spend once this issue is resolved.

Affordable Housing Fund (AHF) - 122-148 Ivydale Road:

80. A budget of £455k is budgeted for 2013/14 and the scheme consists of 7 social rent units on the Family Mosaic development to provide 14 new homes of mixed tenure in Nunhead. This is part funded by the AHF and is due for completion in quarter 4. The first payment of £682k was paid to Family Mosaic at the start of the works with the balance of £455k due following handover. Being street properties, the scheme has been run in 2 phases due to the need to exit the site to complete construction of the last 2 properties. There has been a delay of 12 weeks due to urgent works required to make the boundary wall to Nunhead cemetery, sited to the rear of the development, safe.

Housing Investment Programme (HIP)

81. The Housing Investment Programme consists of a series of works to Housing Revenue Account properties, which are detailed in Appendix B. Progress on this programme are summarised as follows;

Warm Dry and Safe (WDS)

82. Despite the delayed start to the programme and the mutual conclusion of two of the partnering contracts, spend target for 2012/13 WDS was achieved and a spend target of £80m has been set for 2013/14 as the programme continues to accelerate. Spend in quarter 2 has continued to be steady with £27m spent. The programme is still forecasting to spend to the target with many of the WDS 2013 major works schemes and WDS 2014 major works brought forward schemes due to start in the second half of the year. Accurate long term forecasting has proved challenging as the extent of works required in meeting the WDS standard is generally higher than the provision made in the programme.
83. The 2 year programme is now all on site and due to complete this year. The 2 year programme is currently behind schedule mainly due to the delayed decision by Lands Tribunal in December 2011 and replacing of Wates and Breyer (partnering contractors) following the mutual conclusion of those contracts. The replacement of the contractors will mean that that the programme has incurred additional overall costs that are being met from the WDS contingency fund.
84. The majority of schemes in WDS 2012 major works schemes are on site. Due to the mutual conclusion of the Breyer contract, the Brandon estate schemes will start this financial year, with the first scheme on site at the end of quarter 2. The Dickens estate previously under Wates will also be on site in the current financial year. The agreed costs for the schemes are higher than estimated in the stock condition survey and the WDS contingency fund is being used to meet the budget shortfall.

85. All the WDS 2013 major works schemes are expected on site this year with the exception of the WDS works at Aylesbury, due to the phasing of the regeneration programme. Acorn is also on hold but will follow on from completion of regeneration heating works. Tustin will also be delayed to 2014/15 due to the potential cost of delivering this scheme.
86. £14.9m of works from future years have been brought forward to start in 2013/14 using the Decent Homes Backlog funding.
87. We expect the trend of schemes requiring more resources than the stock condition survey estimate to continue, so the contingency in the programme is expected to be inadequate to complete the programme. The 18 October cabinet report allowed for £29m of backlog funding towards the Housing Investment Programme. In June 2013 cabinet approved the additional £48.8m of backlog funding that was not accounted for in the original resources planned for the programme to be added to the investment assumptions for the delivery of the Warm, Dry and Safe programme in addition to the current resources. A further report in this year will formally request for any additional resources, for the completion of the Warm, Dry and Safe programme. The budget adjustments including the above allocation of £48.8m are reflected in Appendix C.
88. Both the Four Squares and Hawkstone WDS/HINE schemes have started on site with the external packages due to start later in the year. Abbeyfield is due to start on site in 2014/15.
89. The £4m individual heating budget is expected to fully spend by year end as it is ahead of schedule. The remaining WDS district heating schemes programmed up to 2013/14 are expected to be on site this year. The 2015/16 WDS district heating schemes are being brought forward to start in early 2014/15.
90. All high rise blocks with a substantial risk from the fire risk assessments have been completed as part of the FRA Programme. The majority of the higher moderate risk high rise blocks are also complete except for works being completed to coincide the WDS programme. Gloucester Grove and Netley have also been added to the programme and are currently being funded from the WDS contingency budget. Whilst the programme has addressed the higher risk properties, there are still lower moderate risk high rise blocks requiring work. In addition further surveys are being undertaken on FRA works required for street properties and lower rise blocks. Work is being undertaken to prioritise these assets in discussion with the London Fire Brigade. A paper has been prepared for approval for the additional resources required to address the substantial risks identified.
91. 1,451 homes fell into non-decency at the start of this financial year (2013/14) meaning the Decency level fell from 60.31% at 2012/13 year end to 56.49%. The overall level of decent homes at the end of quarter 2 was 58.12%, which is only a small rise due to the low number of completions in the first half of the year.

92. As more schemes are one site and completing in the second half of 2013/14 there is expected to be a larger net rise in the levels homes meeting the decency standard.

Other Programmes

93. The budgets across the Housing Investment Programme have been reviewed and re-profiled in line with previously approved budgets and this is reflected in Appendix C

Housing Adaptations

94. The referral rate for adaptations received is on target at 315. The current target for adapted properties to be completed this year is 255.
95. The adaptations to council stock completed to end of September 2013 includes level access, wet floor showers, over bath showers, stair lifts and wheelchair user ramps to 128 properties and 9 conversions of void properties to wheelchair or mobility standard.

Cash Incentive (Home Purchase Grant) Scheme

96. Some favourable variances to budget is expected in 2013/14 due to a number of factors including the competition with the Right to Buy and the resulting churn as well as ongoing difficulties with tenants obtaining mortgages and being able to locate suitable homes on the open market.
97. A further increase in the current budget is expected as a result of a successful bid made to the GLA for match-funding and this will be profiled within the budgets once confirmed. The council is currently awaiting relevant contractual documentation from the GLA for senior management sign-off. In addition to the current budgets, the match funding from the GLA in particular will enable SHS to open the scheme to a much wider audience, particularly to 2-bed occupiers by increasing grant levels to compete with the statutory RTB scheme, whilst maintaining the number of grants/re-lets.
98. In addition, as part of a recent Cabinet Member for Housing IDM on the SmartMove scheme, SHS has also requested for an 'in principle' agreement from the member to the use of CIS resources to run a small subsidiary scheme for secure tenants wanting to relinquish their tenancy and move into private/social renting outside the borough. This together with the proposal to open the general cash incentive scheme up to two bed occupiers will be subject to separate reports for formal member approval.

Housing Investment Board

99. Budget proposals for some schemes within the Housing Investment Programme were reviewed and agreed at the Housing Investment Board meetings and these are also reflected in Appendix C for approval.

Housing Regeneration - Aylesbury

100. The procurement of a development partner for the regeneration of the Aylesbury Estate is progressing well and it is expected that a recommendation for the appointment of a preferred bidder will come to cabinet in January 2014. Subject to this approval, it is planned that a Development Partnership Agreement will be signed in April 2014.
101. This agreement will provide the framework for the redevelopment of the whole Aylesbury Estate over a 20 year period. It is proposed that the council will fund the land assembly costs and then grant long leases of individual sites to the partner who will fund and build the new development which will deliver over 3500 new homes. It is expected that the developer will pay the council for the land on a site by site basis.
102. Land assembly for the whole estate, including phases 1 to 4 is estimated to take 15 years and includes the re-housing of tenants, the buy back of all non-council owned interests including residential leaseholders and the demolition of the existing blocks.
103. The cost analysis produced by Grant Thornton indicates that the cost of the land assembly for Phases 1 and 2 of the Aylesbury regeneration programme for the period 2013/14 to 2019/20 is estimated to be £76.7m. The budget variation relating to the above total costs of £76.7m for phases 1 and 2 is reflected in Appendix C for approval. The total budget of £76.7m is also reflected in Appendix B and the budget profile for the years will be updated as the schemes progresses.
104. In addition to the above costs, the council would also wish to buy back as many leasehold interests as possible by agreement for phases 3 and 4 at an early stage in the regeneration process and an updated position on the budget requirement for these costs is expected to be included in the Quarter 3 capital monitoring and capital refresh report in early 2014.
105. It is also expected that the cost of the land assembly for the whole estate including phases 3 and 4 will be incorporated in the capital programme refresh process expected in early 2014 for cabinet approval.
106. Although it is difficult to quantify at this stage, it is expected that land receipts in later years will generate significant income for the council that should offset the total land assembly costs being incurred by the council in the early stages of the regeneration programme.

Resource re-profiling

107. The budgets across the capital programme have been profiled based on the latest information as at Quarter 2 2013/14. However, due to the size of the capital programme and the number of projects involved, it is inevitable that unforeseen delays can occur leading to some variation against planned expenditure. Some of the forecasts will require further re-profiling as the programme will be subject to on-going review by service managers during 2013/14 in terms of expected spend for the year based on the latest information available on procurement and contract management issues.

Community impact statement

108. This report describes the current capital position on the council's capital programme .The projected expenditure reflects plans designed to have a beneficial impact on local people and communities, which will be considered at the time the services and programmes are agreed. It is important that resources are used efficiently and effectively to support the council's policies and objectives.
109. 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.
110. The council's capital programme is designed to deliver projects of value to local people.

Resource implications

111. This report forms part of the council's budget framework and outlines the current position on the capital programme.
112. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be subject to separate reports.

Legal implications

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

Financial implications

114. This report fully explores the financial implications of the capital programme for the general fund and the housing investment programme at Quarter 2 of 2013/14. The report presents the capital programme over the period 2013/14 to 2021/22 where predicted resources are sufficient to meet anticipated spend.

Consultation

115. 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

116. 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.
117. 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 DOCUMENTS

Background Papers	Held At	Contact
Quarter 1 Capital Monitor Report to 17 September 2013 cabinet	160 Tooley Street London SE1 2QH	http://modern.gov.southwark.gov.uk/documents/s40379/Report%20Quarter%201%20Capital%20Monitor.pdf

APPENDICES

No.	Title
Appendix A	General fund summary monitoring position
Appendix B	Housing investment programme summary monitoring position
Appendix C	Budget virements and variations at quarter 2 2013/14
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	Jay Nair, Senior Finance Manager, Finance and Corporate Services	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director for Finance and Corporate Services.	N/a	N/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	7 November 2013	