

RESOURCE PLANNING WORKING GROUP

230709

ITEM NO 7

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LEAD OFFICER : Fergus McMorrow, Acting Chief Executive
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REVIEW OF CAPITAL PROGRAMME SLIPPAGE 2008/09 AND 2009/10 NEW STARTS

Summary

This report responds to a request from Executive at its meeting of 30th June 2009. The report outlines the current capital programme agreed at Full Council in February 2009, and the carrying forward of spending approval for uncompleted schemes from 2008/09, reported to Executive at its meeting on 30th June 2009.

The report sets out for consideration, a revised capital programme, which RPWG is asked to recommend to Executive at its meeting of 25th August, which will commence those new starts not already agreed, and the continuation of existing schemes funded from the slippage from 2008/09.

Recommendation

RPWG is recommended to consider the contents of this report and recommend a revised capital programme 2009/10 – 2011/12 to Executive.

1 ORIGINAL CAPITAL PROGRAMME 2009/10 – 2011/12

- 1.1 At the Executive meeting of 30th June, the provisional capital outturn 2008/09 was reported and the revised capital programme for 2009/10 as a result of slippage from 2008/09.

- 1.2 Executive agreed in principle, to the carrying forward of slippage (i.e. continuation of schemes into 2009/10) subject to further information in relation to the slippage on Management Information Systems projects and the Land Drainage Scheme and the original capital programme new starts for 2009/10, being considered by RPWG at its meeting of 23rd July to recommend commencement of schemes to Executive in August.
- 1.3 It is acknowledged that when the capital programme for 2009/10 was approved, the bids received by RPWG had not been considered in great depth, and in the light of the need to re-code expenditure at the end of 2008/09 to ensure compliance with capital funding regulations, Executive felt it was necessary to re-consider the appropriateness of the 2009/10 schemes (excluding the Housing Capital Programme) which had not already commenced.
- 1.4 Appendix A sets out the Original Capital Programme for 2009/10 agreed at Council in February of £3,118,710. This has been increased since February for further approvals of £200,000 in relation to Albion Square and £142,000 in relation to the housing programme to reflect confirmation of external funding for 2009/10. The slippage for 2008/09 approved in principle by Executive at its meeting of 30th June, totalled £854,412 for the non-housing block of the capital programme and £1,683,464 for the housing schemes, making £2,537,876 slippage in total. The revised capital programme for 2009/10, before review, is therefore £5,998,586.
- 1.5 Executive asked RPWG to consider, at this meeting, some specific non-housing schemes which were not completed in 2008/09. This slippage totals £752,238 and consists of the following schemes :-
- Revenues and Benefits Remote Working (£4,000)
 - New Financial Management System (£79,675)
 - E-Market Place (£9,282)
 - New CRM (£124,469)
 - T-Enabling (£70,951)
 - Website Development (£30,848)
 - Portable Devices (£2,675)
 - Regeneration Software (£112,377)
 - Data Capture (£5,310)
 - Surveys Cleansing (£312,651)

- 1.6 The review of the slippage position during Quarter One has been very timely and has provided for an opportunity to review these current schemes. What it shows in many instances, is a need to regularly review the phasing and profiling of schemes which are intended to run over more than one financial year. In addition there is a need to introduce a robustness of projections. Equally, the Council should expect to see (managed) variation in the capital programme, especially for those schemes which are technically complex and/or over a number of years.
- 1.7 The majority of slippage in relation to 2008/09 either related to absence of key staff to deliver the schemes, staff changes over the life of a project possibly resulting in a lack of clarity of objectives, over-optimism on the part of the project team in terms of what could be delivered, or indeed simplistic budget allocation to one year when in reality, the scheme would take longer. With the appointment of a Capital and Projects Accountant (new post funded in 2009/10 budget) supporting and advising project managers, it is intended that improved robustness of programme monitoring will develop in 2009/10.
- 1.8 Appendix B sets out template returns from managers outlining the purpose of the schemes and their requirements for funding of these schemes. The revised funding requirement for these specific schemes has reduced to £649,845 against this provisional slippage i.e. a reduction of £102,393. RPWG is asked to consider these returns. The headline messages from the returns are set out in the following paragraphs.
- 1.9 Funding in respect of the revenues and benefits remote working scheme of £4,000 is not required. The funding was for a pilot scheme, which has been completed. A paper will be presented to Corporate Improvement Board in August which will propose options for the development of the scheme, based on the lessons from the pilot and depending on the outcome, a bid for funding may be developed as part of the 2010/11 budget preparation process. In addition, the slippage in relation to portable devices of £2,675 is not required.
- 1.10 Slippage of £79,675 is identified in respect of the Financial Management System project. The slippage was due to the vacancies of key postholders in Accountancy in 2007/08 and 2008/09 resulting in delays to the development of the new system. The revised carry forward request is £55,000. Although a resource requirement is identified in relation to the Financial Management System, linked to work priorities reflected in the Accountancy Service Plan, given the uncertainties in relation to the requirements and implementation of International Financial Reporting Standards for 2010/11 (some work is required during 2009/10) the revised request for funding for 2009/10 focuses on the

development we know we need to progress and the requirements for the future will be worked up as part of the budget preparation process for 2010/11. The funding request for 2010/11 and provisional only at this stage. It may be preferable for these to be viewed as new schemes in 2010/11 onwards.

- 1.11 Stage 2 of the Customer Relationship Management Project will take place in 2009/10 and will build on stage 1. The original phasing of funding and activity for the two years of 2008/09 and 2009/10 has been revised and the carryforward from 2008/09 of £124,469 will be required to complete this phase. The four parts of Phase 2 involve project management, telephony and gazetteer / NI 14 reporting.
- 1.12 The E-marketplace project has developed over a period of time and an additional allocation of £5,248 to the slippage from 2008/09 of £9,252 will be required to complete the scheme in 2009/10. This requirement for support to finish the project was not, unfortunately, included when the final budget papers were presented to Executive and this review provides the opportunity to correct this omission. However, the slippage identified in relation to the Data Capture project of £5,310 is not required, as the project is working to its 09/10 approval of £30,000 and this would, in effect support the E-marketplace completion.
- 1.13 The website project will pick up momentum again with the appointment of a fixed-term website manager (funded from a vacancy within the IT team) and the next phase involving self – service developments and the use of e-forms to access and pay for Council services. The slippage is required to be carried forward into 2009/10.
- 1.14 The T-enabling programme in its current format has drawn to a close and this was reported to the Corporate Improvement Board in May. The T-Enabling Programme projects have been reassigned to the managers responsible for delivery of Corporate Improvement Board objectives. The slippage of £70,951 will not be required. T-Enabling projects will continue without the programme infrastructure, but will be mainstreamed into the existing programme of activities and services. In terms of capital budget requirements, it is likely that new specific bids for funding will come forward as part of the 2010/11 budget process, reflecting service plan targets and service improvements.
- 1.15 The regeneration software project is making good progress and will be completed in 2009/10. The slippage, as a result of the commencement of the scheme being later than originally envisaged when 2008/09 budget was set is required to be carried forward to complete the scheme.

- 1.16 The other significant scheme which did not achieve completion of spending in 2008/09 related to the surveys, cleansing and adoption of drains scheme. This capital scheme was established was part of the housing stock transfer in 2004.
- 1.17 There is a requirement upon the Council to bring existing drains up to a standard of repair and capacity to enable them to be adopted by statutory undertakers as mains drains and sewers. Turnover of key staff in relation to flooding and coastal defences and environmental health, coupled with the transfer of responsibilities between teams contributed to delays in project over the period. The requested carryforward from 2007/08 to 2008/09 was based on a limited, but increasing knowledge and understanding of the project requirements by the new staff involved.
- 1.18 The carryforward request should have identified the reality that the works were unlikely to be completed in one financial year as they include the following major projects :-
- a) Survey of Mirehouse Estate (Area A- D)
 - b) Survey of Hensingham Estate
 - c) Survey of Coronation Drive, Frizington
 - d) Survey of Lowca Estate
 - e) Repair of identified faults
 - f) Repair and adoption works to Bankhead estate, Haverigg - delays due the F&CDE vacancy resulted in contractor moving onto other projects. The proposal will need to be reviewed and confirmed if it meets the criteria for inclusion as Bankhead is an ex HMIP estate.
- 1.19 This work is progressing and as the experience of the postholders increase, the delivery of the projects will improve. Experience in 2008/09, drawing on the need for active engagement with United Utilities and Copeland Homes to support project planning and a phased approach to the areas for surveying, cleansing, repair and adoption we will need to profile the carryforward over a three year period, possibly five years. This is reflected in the template.
- 1.20 The total slippage requirement of £2,537,846 from 2008/09 (including housing programme) has reduced to £2,435,583 and this will be reflected in the recommendation for RPWG to consider to Executive. This results in a reduced forecast application of usable capital receipts (capital reserves) of £102,393. This is set out in Appendix D.

2 REVISED CAPITAL PROGRAMME 2009/10 – 2011/12

- 2.1 Appendix D sets out the total Original Capital Programme for 2009/10 to 2011/12 agreed at Council in February. This consisted of £3,118,710 for 2009/10 ; 2,041,120 for 2010/11 and £297,670 for 2011/12, making £5,457,500 in total for the three year period, before slippage from 2008/09. The total capital programme is split into two elements – the other capital programme and the housing capital programme
- 2.2 The original approval for 2009/10 of £3,118,710 has been increased since February for further approvals of £200,000 in relation to Albion Square and £142,000 in relation to the housing programme to reflect confirmation of external funding for 2009/10.
- 2.3 RPWG will remember receiving a set of capital programme bids for 2009/10 in December in respect of the ‘other’ programme i.e. non-housing schemes. These templates have been updated, based on current forecasts of expenditure, where available.
- 2.4 Appendix D sets out the Original Capital Programme for 2009/10, 2010/11 and 2011/12. Columns entitled ‘Changes to Schemes to be recommended’ reflect the current revision by project managers of the likely cost, profile of expenditure over the three years and the funding requirement for each scheme. Templates in respect of these schemes are set out in Appendices C1 to C ?????
- 2.5 If we turn to Appendix D, RPWG will note the ‘other-capital programme’ Original approval for 2009/10 was £1,708,710. This has been increased since February for the Albion Square project of £200,000. The current approval is £1,908,710. The review of schemes indicates that this can be reduced by £468,060 and would result, if recommended to and approved by Executive, a revised capital programme – other of £1,440,650.
- 2.6 This revision, in the main relates to the reprofiling of expenditure in relation to new cremators and the land purchase for Millom cemetery. There is a reduction in funding requirement for the T-enabling project (it has drawn to a close) and the performance management software and the capital funding for the improvements to playareas if option 2 (i.e. using Council resources to undertake works as opposed to external contractors) is selected.
- 2.7 The impact of these revisions on the other-capital programme is that over the three year life of the capital programme, excluding slippage from 2008/09, the funding requirement i.e. the Capital Programme - Other reduces by £153,350.

This is set out in the table over the page. This would result in a reduced call upon capital reserves over the period.

Table 1 – Revised Other - Capital Programme 2009/10 to 2011/12

	2009/10 (£)	2010/11 (£)	2011/12 (£)	Total (£)
Original Capital Programme	1,708,710	631,120	297,670	2,637,500
Further Approvals	200,000	110,000	0	310,000
Current Capital Programme	1,908,710	741,120	297,670	2,947,500
Revised Capital Programme	1,440,650	945,500	408,000	2,794,150
Increase (+) / Decrease (-) in Programme	-468,060	204,380	110,330	-153,350

- 2.8 RPWG are asked to consider the templates and the suggested revision to the other- capital programme schemes and recommend these amendments to Executive for their consideration at their meeting of 25 August 2009. The headline messages from the returns are set out in the following paragraphs.
- 2.9 A number of the MIS schemes are continued from 2008/09 and have been discussed as part of the slippage of funding from 2008/09. The T-enabling scheme has drawn to a close and there is no requirement for funding of this activity. The Data Capture scheme is explained in some detail in the appendices.
- 2.10 The public buildings conditions survey spending profile is amended over the three year period and reflects updated information since December. The purchase timeframe for land at Millom cemetery has also been amended – the cost is projected to be the same, but the bulk of the expenditure will occur in 2011/12. The replacement of the cremators project profile has been revised to reflect very current information, which estimates no change to the budgetary requirement of £700,000, offset by contributions from cameo of £148,000, but a different phasing of the work i.e. bulk of work occurring in 2010/11. This will be subject to a more detailed report to Executive, but the template provides an indication of the range of choices for the Council to consider. There is not an updated Millom Office customer service refit template as discussions are currently ongoing. The scheme is envisaged to be undertaken in 2009/10 and a verbal update may be available for the meeting.
- 2.11 The cemeteries and childrens' play areas scheme has been subject to reconsideration as to how best to deliver the works. The work programme has been reviewed to consider its eligibility for capital funding and two options exist to deliver the works, either through option 1 external contractors (capital cost of

£210,400) or option 2, involving some work being delivered through extending employment contracts of seasonal staff to undertake some of the improvement work. Option 2 requires capital funding support of £98,800 and £46,650 of revenue support. This is the least resource intensive and so has been included in Appendix D. The Cleator Moor Big Lottery scheme has been included in the revised programme as this was not available in December 2008 – it is all funded externally. Executive also approved the play builder project, which is funded from external grants received through the County Council at its meeting in May and this will need to be included in the final revised programme to be presented to Executive in August, unfortunately, a template was not available for this meeting.

3 CONCLUSION AND RECOMMENDATION

- 3.1 The approved capital programme 2009/10 – 2011/12 has been reviewed. This represents good practice. Table 2 summarises the results of this review (excluding revised slippage of £2,435,483 from 2008/09).

Table 2 – Revised Total Capital Programme 2009/10 to 2011/12 (Other schemes)

	2009/10 (£)	2010/11 (£)	2011/12 (£)	Total (£)
Original Capital Programme	3,118,710	2,041,120	297,670	5,457,500
Further Approvals	342,000	110,000	0	452,000
Current Capital Programme	3,460,710	2,151,120	297,670	5,909,500
Revised Capital Programme	2,992,650	2,355,500	408,000	5,756,150
Increase (+) / Decrease (-) in Programme	-468,060	204,380	110,330	-153,350

- 3.2 The revised total capital programme for the period 2009/10 to 2011/12 of £5,756,150 (excluding slippage) is set out in Appendix D for RPWG to consider and recommend to Executive for its meeting of 25th August 2009. This is £153,350 less than current approval and reflects the revisions of spend projections in respect of the other-capital projects. The slippage projection was set out in section 1 of the report and this has reduced by £102,393.
- 3.3 The analysis of eligibility of spend in relation to capital financing regulations is in process, it could not, unfortunately be completed in time in its entirety for this meeting, as it requires absolute detail of the costs involved and appreciation of this in terms of the regulations, finance working with the project managers. The analysis of the play areas scheme is evidence of the fine detail and

understanding required to correctly assess eligibility. Work will continue in readiness for the August Executive meeting.

- 3.4 In summary, if RPWG agree to recommend to Executive at their meeting of 25th August, the revised total capital programme for the three year period of 2009/10 to 2011/12 will be £8,191,633 made up of slippage of £2,435,483 from 2008/09 and approved programmes of £5,756,150 as set out in Appendix D. This compares the total capital programme set out in Appendix A of £8447,376, which requires £255,743 less capital reserves will be required to support the capital programme over the three year period. New bids for approval the period 2010/11 to 2012/13 will be presented to RPWG during this cycle of RPWG budget meetings.

Appendices

Appendix A – Proposed Capital Programme 2009/10 to 2011/12 (presented to Executive 30th June 2009)

Appendix B – Templates relating to slippage identified from 2008/09.

Appendix B1 – Financial management system

Appendix B2 – IDEA market place

Appendix B3 - CRM

Appendix B4 – Website

Appendix B5 – Cleansing

Appendix B6 – T-enabling

Appendix C – Templates for new schemes in 2009/10

(12 templates attached to this report including supplementary information for data capture, H&S playgrounds condition survey and public buildings backlog)

Appendix D – Proposed Capital Programme 2009/10 to 2011/12 (to be recommended to Executive at its meeting of 25th August 2009).

Julie Crellin, 17th July 2009 and 21st July 2009 (*Section 2 followed when paper finalised on 20th July*)