

LONDON BOROUGH OF BRENT

**Meeting of the Executive
Monday 15th November 2004**

Report from Director of Finance

For Action

All Wards

Report Title: 2004/2005 CAPITAL PROGRAMME BUDGET MONITORING REPORT

Forward Plan ref: BFS 04/05/84

1. SUMMARY

This report reviews the latest position on the 2004/2005 Capital Programme.

2. RECOMMENDATIONS

The Executive is recommended to:

- 2.1. Note the latest position and agree the revised budget in respect of the 2004/2005 programme per paragraph 3.1.
- 2.2. Agree that the usage of the capital receipt from the John Billam sports pavilion, per paragraph 3.5, will be considered when this is received.
- 2.3. Note the implications of the report entitled Design Development and Outline Planning Application for John Kelly (Boys and Girls) Schools, elsewhere on this agenda, as per paragraph 3.6, and the implications for the 2004/2005 Capital Programme.
- 2.4. Note the position on the Council's 2004/2005 Prudential Indicators per paragraph 3.7.

3. DETAIL

3.1 Overall Position on the Programme

The latest 2004/2005 Capital Programme is set out below in Table 1. It details estimated resources and agreed total budgets against the latest projected outturn. Currently the position shows a projected outturn surplus of £0.330m.

TABLE 1 - 2004/2005 REVISED BUDGET AND PROJECTED OUTTURN

Programme Detail	July Report £m	Revised Budget £m	Projected Outturn £m
Resources:			
Supported Borrowing – General Fund	6.900	6.946	6.946
Grant Income – General Fund	10.145	10.557	10.557
Supported Borrowing – HRA	27.764	27.764	27.764
Capital Funding Account	2.008	2.255	2.255
Capital Programme Surplus	9.515	9.515	9.515
Capital Receipts in Year	5.658	5.658	5.658
Section 106	3.483	3.483	3.483
Unsupported Borrowing – General Fund	16.259	16.259	16.259
Revenue Contribution to Capital Outlay	0	0.020	0.020
Total Resources	81.732	82.457	82.457
Service Area Expenditure:			
Education, Arts and Libraries	14.707	13.252	13.252
Environment	15.795	15.841	15.841
Social Services	1.698	1.945	1.945
Housing – General Fund	11.924	11.624	11.624
Housing – HRA	27.764	27.764	27.764
Corporate Services	4.241	4.627	4.627
Total Service Expenditure	76.129	75.053	75.053
Central Items			
Retentions	0.300	0.300	0.300
Provisions for Liabilities	0.850	0.850	0.850
Grange Road Acquisition C/fwd	0.140	0.140	0.140
Deferred Purchase	0.659	0.659	0.659
Surestart	0.042	0.042	0.042
Elm Road Car Park Lease C/Fwd	0.250	0.250	0.250
Property Leases (Slippage)	0.700	0.700	0.700
Estate Access Corridor	1.291	3.591	4.133
Total Central Items	4.232	6.532	7.074
Overall Total Expenditure	80.361	81.585	82.127
(Surplus)/Deficit	(1.371)	(0.872)	(0.330)

3.2 Members should note that the figures within this report are based upon the 2003/2004 provisional outturn position reported to Committee in July and may change following audit.

3.3 The main variations that have occurred, since the July report to Executive, are as follows:

- (a) The Education programme has been amended by the Executive from the original budget to reflect the five year capital programme forecast for school scheme expenditure.

- (b) Slippage of at least £150k is forecast on the Education Wembley Manor Hut Replacement schemes due to further consideration on the nature of the expansion of the school.
- (c) Slippage of £300k for the Preston Park Junior School Hut Replacement Scheme due to a delay in the school finding suitable design consultants.
- (d) A sum of £120k has been used from the Education slippage to fund Hay Lane Prefabricated Classroom for Autistic Children in order to reduce the level of exports to specialist schools out of borough.
- (e) Slippage of £150k for the Brent House One Stop Shop Refurbishment project, due to the revision in the project to integrate with the dedicated Revenue and Benefits Counter Service at Brent House.
- (f) Additional grant funding of £112k has been received for the Building Safer Communities initiative. This project will be managed by the Community Safety Unit.
- (g) The July report to the Executive set out how the Control of Asbestos at Work Regulations 2002 (CAWR 2002) has laid down new requirements for the management of the Council's buildings to prevent exposure to asbestos by employees, contractors and the public. Corporate Property has instigated a programme of surveys of all buildings utilised by the Council and a budget to meet the costs of these surveys was included in the 2004/2005 Capital Programme. The cost of remedial works was to be contained within existing budgets as no specific budget provision has been created. However, in order to comply with the provisions of CAWR 2002 an additional budget requirement of £424k has been identified.
- (h) Additional Supported Capital Expenditure (Revenue) of £46k has been received for Air Quality Management. This project will be managed by the Environmental Health Team.
- (i) The Social Services Capital Programme position has been amended to include Primary Care Trust (PCT) funding of £247k. There is a nil effect to the Capital Programme overall.
- (j) A reduction of £300k has been achieved on the Housing General Fund Capital Programme. This is due to the removal of the Tenants Incentive scheme which has been deemed as HRA expenditure and will be met from the existing allocation within that account.

These changes are reflected in the Revised Budget column in Table 1.

3.4 Estate Access Corridor

The 2003/2004 Capital Budget Outturn and 2004/2005 Capital Budget Monitoring Report submitted to Executive on 12 July 2004 identified an additional expenditure forecast on the EAC scheme of £2.3m.

Since the July report the situation on the EAC has worsened by a net £242k. Additional grant funding of £300k has been received from LOWBEG, which partially offsets £542k of identified additional expenditure. Currently the

Council is awaiting a response from GOL to a request for additional funding towards the increased costs on this project.

3.5 John Billam Sports Pavilion

The previous Capital Monitoring report to Executive also addressed the use of the expected capital receipt on the sale of the John Billam sports pavilion to the Gujarati Arya Association (GAA). It was agreed the decision would be deferred until an updated position on the Capital Programme can be considered and the receipt has been secured.

The last monitoring report stated that works were scheduled to be completed by July 2004, as a result of a request from the GAA for an extension on completion due to inclement weather being agreed. This extension elapsed and the Council wrote to the GAA seeking confirmation that the works were complete. Due to delays on the building programme, this confirmation was not received and in mid August officers attended a meeting on site with the GAA where the situation was reviewed and the Council's requirement for a timely completion of the works, was stressed. GAA undertook to complete the works at the earliest possible time and the situation continues to be monitored by the Parks Service. Upon receipt of confirmation of completion and subject to a satisfactory inspection of the works a formal grant of lease can be arranged, at this time the Council will be required to pay over the £85k contribution for the changing rooms and GAA will pay the balance of the £500k purchase price.

As the situation is largely unchanged in terms of the receipt still being outstanding and only a minimal surplus being identified on the overall capital programme it is again recommended that the decision on the use of the John Billam capital receipt should be deferred.

3.6 Overall Position

The latest projected outturn on the Programme shows a very small surplus position of £330k.

Members should also note that additional expenditure requirements have been offset by identified slippages to 2005/06 primarily within the Education programme. This puts greater pressures on the 2005/2006 Capital Programme and increases the level of the funding gap which will have to be addressed as part of the forthcoming budget setting process.

In the July report a number of potential pressures on the programme were identified. These pressures remain and include the risk on the 2004/2005 Capital Disposals Programme as a significant percentage of this complicated list is reliant on the actions of third parties for achievement. This includes the sale of Grange Museum, where negotiations are continuing with bidders.

Members should also note that a report elsewhere on this agenda entitled Design Development and Outline Planning Application for John Kelly (Boys and Girls) Schools, requests that the costs of professional fees for developing an outline scheme for the proposed new build school to a level that is sufficient for obtaining outline Planning permission be met from the balance of slippages on the EAL programme. If this is approved it will further reduce the projected surplus on the overall capital programme. The report does not outline the level of required funding, but states that Executive will be updated when further information has been obtained.

Members are requested to retain the currently projected surplus as a contingency against future risks.

3.7 2004/2005 Prudential Indicators

The Prudential Code allows local decision making on the appropriate level of investment expenditure, but within a framework that ensures that:

- (a) Capital investment plans are affordable, prudent and sustainable.
- (b) Treasury management decisions are taken in accordance with good professional practice and support affordability, prudence and sustainability.
- (c) Supports local strategic planning, local asset management planning and proper project appraisal.

To demonstrate that authorities have fulfilled these objectives, the Code sets out the factors that must be taken into account and the indicators that must be used. These Prudential Indicators were first laid down for members in Section 9 of the report to Council on 1st March 2004 entitled 2004/2005 Budget and Council Tax.

The Prudential Code requires the reporting of the Prudential Indicators during each financial year to demonstrate compliance with the Code. To date there have not been significant changes to the Council's overall Capital Programme position and as such there will be no material changes to the Prudential Indicators.

A full review of the Council's Prudential Indicators will be reported to Executive Committee in a future report when the 2003/2004 Statement of Accounts audit process has been completed.

4. FINANCIAL IMPLICATIONS

- 4.1 This report is entirely concerned with financial matters in relation to the Council's Capital Programme.

5. LEGAL IMPLICATIONS

- 5.1 None specific.

6. DIVERSITY IMPLICATIONS

- 6.1 This report has been subject to screening and officers believe that there are no diversity implications.

7. STAFFING IMPLICATIONS

- 7.1 There are no staffing implications from this report.

8. BACKGROUND INFORMATION

1. Report from the Director of Finance entitled "2004/2005 Budget and Council Tax" to the Council Meeting on 1st March 2004.
2. Report from the Director of Finance entitled "2003/2004 Capital Budget Outturn and 2004/2005 Capital Budget Monitoring Report" to the Executive Meeting on 12th July 2004.

Any person wishing to inspect these documents should contact Democratic Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

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