

DECISION-MAKER:	CABINET
SUBJECT:	CORPORATE GENERAL FUND CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2011
DATE OF DECISION:	21 NOVEMBER 2011
REPORT OF:	CABINET MEMBER FOR LEISURE, CULTURE AND RESOURCES
STATEMENT OF CONFIDENTIALITY	
N/A	

BRIEF SUMMARY

This report summarises the General Fund capital financial position for the Authority for the six months to the end of September 2011, and highlights any key issues by Portfolio which need to be brought to the attention of Cabinet. In addition, it also includes an update of the overall project management status of the schemes within the Capital Programme as highlighted through the Council's project management system (Sharepoint).

RECOMMENDATIONS:

It is recommended that Cabinet:

- (i) Note the current General Fund capital budget monitoring position for 2011/12 as at Month 6 (September), which is an in-year forecast under spend of £1.4M.
- (ii) Note the current General Fund capital budget monitoring position for the overall programme which is a forecast under spend for all schemes of £151,000.
- (iii) Note that two schemes (0.9%) out of a total of 220 active schemes have an overall Red RAG status. This represents around £6.6M (2.3%) out of a total overall programme budget of £288.3M.
- (iv) Note the capital funding position which is an overall deficit of £8.1M in the programme which will need to be met from new resources and note that any shortfall in funding at the end of 2011/12 will need to be met through the use of delegated powers to undertake temporary borrowing.
- (v) Note the action plans in place, where applicable, to ensure capital expenditure remains within allocated budgets and that project delivery targets are met.
- (vi) Note that this report combines for the first time financial monitoring of the Capital Programme with project management in an attempt to assess the overall effectiveness of delivery of the programme, for example, with regard to outcomes and timeliness.

REASONS FOR REPORT RECOMMENDATIONS

1. To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.

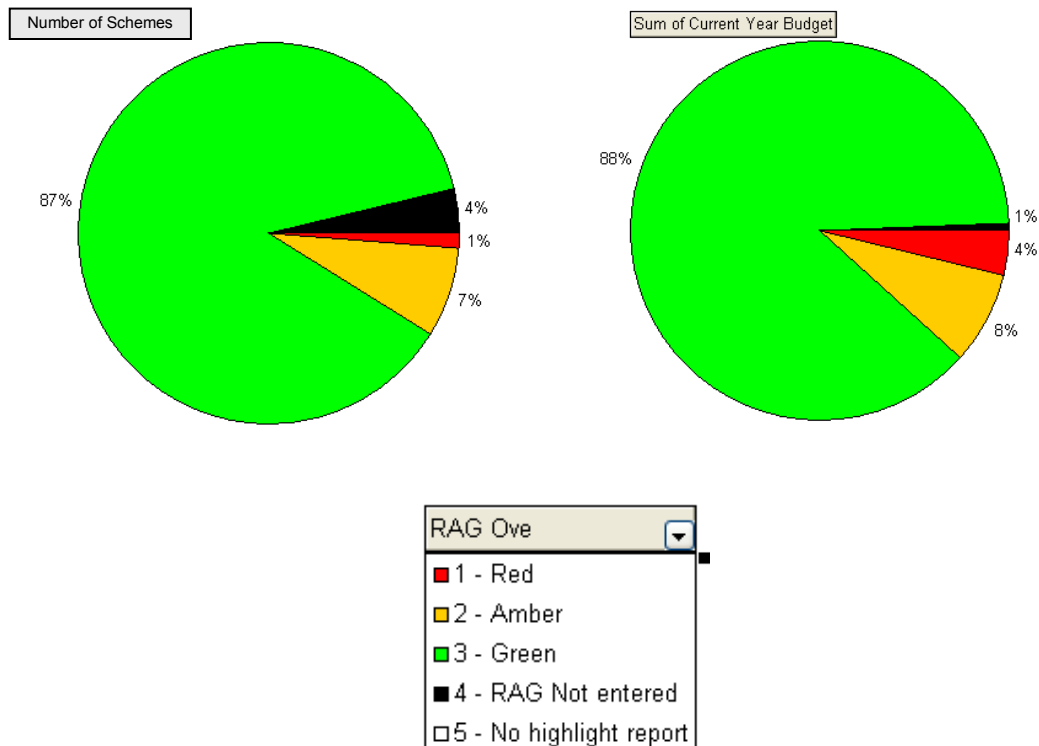
DETAIL (Including consultation carried out)

CONSULTATION

2. Heads of Service, Budget Holders and Executive Director's have been consulted in preparing the reasons for variations contained in the financial appendices. The detailed financial and project monitoring information has also been reviewed by Capital Boards as part of the current regime. This report will also be made available to all Scrutiny Panels.

3. Financial Summary

The total current year budget represented by active projects in Sharepoint is £92.1M. Of this £4.4M relates to schemes with a budget RAG status of Red, £3.5M relates to schemes with a status of Amber and £83.0M relates to schemes with a status of Green. No RAG status was entered for a number of projects at Month 6. The following charts show the percentage split of the budget RAG status based on the number of schemes and value of schemes:



The capital programme was updated in September and this report reflects the new approved programme. Appendix 1 sets out a high level summary for the General Fund showing the overall forecast outturn position for the Council is an under spend of £1.4M in the current year and an overall forecast programme under spend for all schemes of £151,000. This is summarised below:

Portfolio	Budget 2011/12 £000's	Forecast Outturn Variance		Forecast Scheme Variance £000's	See Appendix
		£000's	%		
Adult Social Care & Health	3,043	0	0.0	0	2
Children's Services & Learning	43,734	1,364 F	3.1	114 F	3
Environment & Transport	22,083	39 F	1.8	16 F	4
Housing A - Housing General Fund	3,262	0	0.0	0	5
Housing B - Local Services & Community Safety	1,609	0	0.0	0	6
Leader's	3,722	29 F	0.8	10 F	7
Leisure & Culture	14,714	10 F	0.1	10 F	8
Resources	12,239	0	0.0	0	9
Portfolio Total	104,406	1,442 F	(1.4)	151 F	

The Key issues affecting each portfolio are set out in Appendices 2 to 9, as per the table above.

4. **Corporate Financial Issues**

There are no schemes where a material under or over spend is being forecast.

5. **Slippage**

There are a small number of schemes where there is significant slippage forecast in the year. These schemes are highlighted in the table below with further explanation provided in Appendix 3.

Portfolio	Scheme	Forecast Slippage 2011/12 £000's	See Appendix & Reference
Children's Services	Primary Review Phase 1	241	3 – CSL 1
Children's Services	Primary Review Phase 2	725	3 – CSL 2
Children's Services	Newtown Adventure Playground	280	3 – CSL 3

The above schemes account for just over £1.2M of the forecast in year under spend of £1.4M.

6. **Funding the Capital Programme**

A variety of resources can be utilised to fund the capital programme such as grants from government and other bodies, contributions, capital receipts and unsupported borrowing. Following the latest update of the capital programme there is deficit of £8.1M, due largely to a loss of assumed capital receipts. This can be compared to the £9.2M deficit reported in February 2011. The deficit reduced slightly due to a number of factors including a net increase in future capital receipts and a reduction in the use of Council Resources within the Children's Services & Learning capital programme. At this stage rather than make large scale changes to the existing programme, it was recommended that the Council continue to "over-programme" on the basis that in future years the position should improve. The deficit represents 3.2% of the overall capital programme which is within the limit of 5% set in the Medium Term Financial Strategy and approved on the 13 May 2009.

The overall deficit of £8.1M in the programme will be met from new resources that will become available in future years or by the use of prudential borrowing, the costs of which will have to be built into future budget forecasts. There is deficit funding in 2011/12 of £16.2M. However, analysis of previous programmes has shown that there has been on average a minimum level of slippage of £15M per annum which will partly offset this cash flow deficit.

It is therefore proposed at this stage to manage the deficit in individual years through slippage in the programme, which will be monitored carefully throughout the year, together with the potential use of delegated powers to prudentially borrow in the event of a deficit in any particular year. At the end of 2010/11 it was necessary to use these powers and £2.8M of additional temporary borrowing was carried out. It is likely that some further temporary borrowing will be required at the end of 2011/12.

7. **Capital Programme Management**

Whilst this report focuses on the financial monitoring of the Capital Programme, effective and robust reporting also requires an assessment of the overall effectiveness of the delivery of the programme, for example, with regard to outcomes and timeliness.

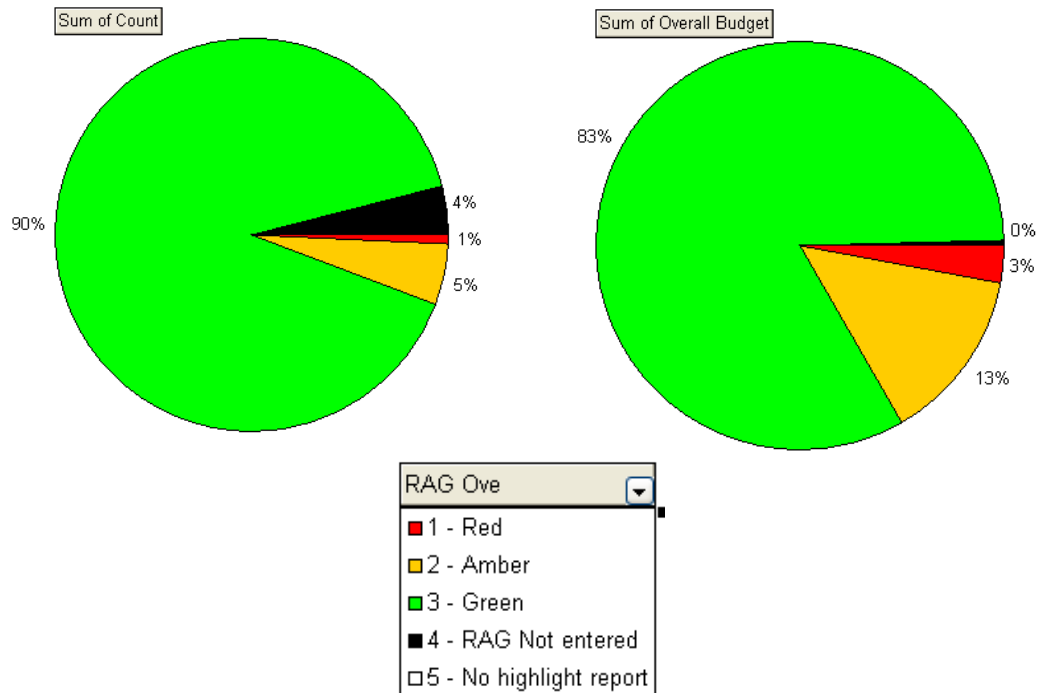
In the past, there have been issues with regard to delivery of schemes in the light of which a review of project management within the Council was undertaken and a project management system, (Sharepoint), developed and implemented. Following a period to establish the efficient and effective use of Sharepoint across the Council we have now taken the opportunity to review and develop reporting to include an assessment of all facets affecting the delivery of the Capital Programme.

Within Sharepoint, projects are allocated a RAG status based on the following broad criteria:

- **RED – Significant Concern** - Low level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3 (project initiation). Any significant risks or issues should be noted under 'Highlighted Risks and Issues' on the Highlight Report and a Red RAG status selected where the Project Manager believes that the risk and/or issue may lead to significant slippage or impact cost and / or quality.
- **AMBER – Some Concern** - Medium level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3. Any medium risks or issues should be noted under 'Highlighted Risks and Issues' on the Highlight Report and an Amber RAG status selected where the Project Manager believes that the risk and/or issue may lead to some slippage or impact cost and / or quality.
- **GREEN – On Track** - High level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3. Any minor risks or issues can be noted under 'Highlighted Risks and Issues' on the Highlight Report. The RAG status would remain 'Green' unless the risk and/or issue is likely to lead to some or significant slippage or impact cost and / or quality.

8. **Project Management Summary**

At Month 6, of the 220 active projects currently in Sharepoint, two have an overall RAG status of Red, ten have a status of Amber and 188 have a status of Green (leaving 20 with no recorded RAG status). The following graphs show the percentage split of the overall RAG status based on the number of schemes and the value of schemes:



The following table shows a portfolio breakdown of the value pie chart above:

OVERALL PORTFOLIO RAG REPORT FOR SEPTEMBER 2011 (201106)

Portfolio	Red	Amber	Green	RAG Not Entered	Total
Adult Social Care & Health Capital	0.0%	0.0%	100.0%	0.0%	100.0%
Children's Services & Learning Capital	10.5%	0.9%	88.0%	0.5%	100.0%
Environment & Transport Capital	0.0%	5.3%	94.6%	0.1%	100.0%
Housing General Fund Capital	0.0%	0.0%	100.0%	0.0%	100.0%
Leader's Portfolio Capital	0.0%	0.0%	100.0%	0.0%	100.0%
Leisure & Culture Capital	0.0%	0.0%	99.7%	0.3%	100.0%
Local Services & Community Safety	0.0%	1.2%	97.8%	0.9%	100.0%
Resources Capital	0.0%	90.3%	9.7%	0.0%	100.0%
Total	3.2%	13.4%	83.2%	0.3%	100.0%

9. Corporate Project Management Issues

There are a small number of schemes where there are corporate project issues to report this month. These schemes are highlighted in the table below with

further explanation provided in Appendices 3 and 9

Portfolio	Scheme	Project Category	Overall RAG Status	See Appendix & Reference
Children's Services	Bitterne Park 6 th Form	Gold	RED	3 – CSL 4
Children's Services	Increased Places at Freemantle Infants	Silver	RED	3 – CSL 5
Resources	Accommodation Action Strategy Programme	Gold	AMBER	9 –RES 1

RESOURCE IMPLICATIONS

Capital/Revenue

10. The capital implications are contained in the report and there are no revenue implications in 2011/12.

The revenue implications of any additional temporary borrowing which is needed to finance the capital programme will need to be built into the budget forecast for future years.

Property/Other

11. None.

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

12. Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council.

Other Legal Implications:

13. None.

POLICY FRAMEWORK IMPLICATIONS

14. Not applicable.

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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	General Fund Financial Summary
2.	Adult Social Care & Health Portfolio
3.	Children's Services Portfolio
4.	Environment & Transport Portfolio
5.	Housing Portfolio A – Housing General Fund
6.	Housing Portfolio B – Local Services & Community Safety
7.	Leader's Portfolio
8.	Leisure & Culture Portfolio
9.	Resources Portfolio

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject/recommendations in the report require an Integrated Impact Assessment to be carried out.	No
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Other Background Documents

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	The General Fund Capital Programme 2010/11 to 2013/14 as approved by Council 14 September 2011	
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Integrated Impact Assessment and Other Background documents available for inspection at:

WARDS/COMMUNITIES AFFECTED:	None
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