

CAPITAL PROGRAMME 2009-10**Key Issues and Variances**

Details of major variances (over £250,000) between the in-year budget and final outturn for 2009-10 along with any other issues for Departments are shown below.

People

The development of the Children & Families Capital Strategy has taken longer than anticipated owing to the lack of staffing resources in the School Organisation and Capital Strategy Team. The forecast was set assuming that priorities would be identified, and implementation would commence, during 2009/10. Development of the strategy is ongoing to ensure best use of resources. Funding is expected to be prioritised during the first quarter of the 2010/11 financial year and approval for schemes sought, as necessary, during the course of the year.

<u><i>Devolved Formula Capital in Advance (DFC)</i></u>			
In Year Budget	£1.050	m	
Outturn	<u>£0.432</u>	m	
Variance	£0.618	m	Underspend
DFC is 100% devolved to schools for them to spend on capital. It is notoriously difficult to forecast as schools can spend the years' allocation in full in the year it is allocated, or 'save' it towards a major scheme at the school. Schools have 3 years and 5 months to spend each year's allocation.			

<u><i>Schools - Access Initiative</i></u>			
In Year Budget	£0.501	m	
Outturn	<u>£0.065</u>	m	
Variance	£0.436	m	Underspend
The Children & Families Capital Strategy is still under development and the Schools Access Initiative will be prioritised against schemes in 2010/11 which meet the LA criteria.			

<u><i>Christ the King Catholic & C of E PS</i></u>			
In Year Budget	£0.576	m	
Outturn	<u>£0.000</u>	m	
Variance	£0.576	m	Underspend
Timescale revised due to formal Council / Diocese approval and continuing planning approval process. Completion planned for March 2011, final account will be agreed in April / May 2011			

<u><i>Harnessing Technology</i></u>			
In Year Budget	£0.630	m	
Outturn	<u>£0.241</u>	m	
Variance	£0.389	m	Underspend
This amount is still to be invoiced by Cheshire West and Chester			

<u>14-19 diploma</u>			
In Year Budget	£0.700	m	
Outturn	<u>£0.000</u>	m	
Variance	£0.700	m	Underspend
The Children & Families Capital Strategy is still under development and this allocation will be prioritised against schemes in 2010/11 which meet the LA and DfE criteria.			

<u>Cledford TLC Scheme</u>			
In Year Budget	£1.219	m	
Outturn	<u>£0.859</u>	m	
Variance	£0.360	m	Underspend
Scheme start delayed due to planning / approvals process - work re-programmed. Completion of scheme October 2010			

<u>Brine Leas Sixth Form</u>			
In Year Budget	£2.922	m	
Outturn	<u>£3.297</u>	m	
Variance	-£0.375	m	Overspend
Scheme programming amended to suit requirements of LSC funding. Completion of scheme September 2010			

<u>Integrated Children's Systems (ICS) East</u>			
In Year Budget	£0.567	m	
Outturn	<u>£0.293</u>	m	
Variance	£0.274	m	Underspend
A report has been submitted that a replacement of the system will be required to start in 10/11 after completion of the PARIS review.			

<u>Harnessing Technology East</u>			
In Year Budget	£0.734	m	
Outturn	<u>£0.089</u>	m	
Variance	£0.645	m	Underspend
This grant runs with the academic year and will be fully spent by end of August 2010.			

<u>TLC Sir William Stanier Comm S</u>			
In Year Budget	£8.478	m	
Outturn	<u>£7.907</u>	m	
Variance	£0.571	m	Underspend
Scheme re-programmed to account for extended work areas and legal negotiations with regard to combined heat & power plant. Project will complete summer 2010			

<u>Community Services Flexible and Mobile Working</u>			
In Year Budget	£0.650	m	
Outturn	<u>£0.143</u>	m	
Variance	£0.507	m	Underspend
Delays in procuring equipment and development time of Phase 1, caused timing of the Phase 2 team to slip into 2010/11.			

<u>National Dementia Strategy - Lincoln House 09-10</u>			
In Year Budget	£1.000	m	
Outturn	<u>£0.498</u>	m	
Variance	£0.502	m	Underspend
Delays in completing planning application and professional fees, and submitting subcontractor certificates caused slippage into 2010/11. It is anticipated that the project will be completed in summer 2010.			

<u>CSC Misters</u>			
In Year Budget	£0.280	m	
Outturn	<u>£0.000</u>	m	
Variance	£0.280	m	Underspend
Unavailability of Property Management capacity time caused delays in obtaining contractors quotes. The misters at Lincoln House have been installed and work is about to commence on Hollins View and Mount View; work on Bexton Court mister systems will follow. The project is expected to complete by the end of 2010/11.			

<u>Sandbach United Football complex</u>			
In Year Budget	£2.200	m	
Outturn	<u>£0.012</u>	m	
Variance	£2.188	m	Underspend
Initial projections indicated that the scheme would progress quite quickly in 2009-10, however delays occurred and the scheme has now slipped into 2010/11 when it is intended that the project will complete.			

Places

Drainage problems at the Dane Moss Household Waste Recycling Centre (HWRC) may require funding of £0.5 million above the amount currently programmed.

<u>Bridge Maintenance - Minor Works 2009-10</u>			
In Year Budget	£1,200	m	
Outturn	<u>£0.803</u>	m	
Variance	£0.397	m	Underspend
The CEC Bridges maintenance team required an initial period of gaining familiarity with systems and processes. The loss of an engineer led to delays in starting the Wheelock Station Bridge project (£230k) which is now due to start July 2010. The level of underspend will be offset by the transfer of £103k to A532 Merrills and £55k to A523 Hope Green which have both overspent due to contractor claims			

<u>Non Principal Roads Minor Works 2009-10</u>			
In Year Budget	£2,852	m	
Outturn	<u>£3,135</u>	m	
Variance	-£0.283	m	Overspend
The increase in expenditure arises from increased maintenance costs in repairing roads following the severe winter conditions.			

<u>Crewe & Macclesfield HWRC's</u>			
In Year Budget	£0.736	m	
Outturn	<u>£0.004</u>	m	
Variance	£0.732	m	Underspend
<p>The £4k spend relates to ground investigation work at Danes Moss HWRC. Drainage issues are being addressed with consultants and the Environment Agency The solution to drainage could require up to an additional £500k in addition to the current money if the only viable solution is the most expensive option i.e. having to trench and drain to the nearest foul sewer with capacity. Until all parties can agree a solution then site design remains on hold. When the outstanding responses have been received a report setting out the problem/options and preferred solutions will be presented to Members before any action is taken if costs exceed the current approval as seems likely.</p>			

<u>Alderley Edge By Pass - Scheme Implementation</u>			
In Year Budget	£24,930	m	
Outturn	<u>£24,496</u>	m	
Variance	£0.434	m	Underspend
<p>The underspend only represents 2% of the total yearly budget so whilst extremely good progress has been made on the construction and is ahead of programme there is a slight variance to the projected budget.</p>			

<u>Queens Park Restoration - HLF</u>			
In Year Budget	£4,239	m	
Outturn	<u>£1,196</u>	m	
Variance	£3,043	m	Underspend
<p>The expenditure anticipated in 2009 – 10 was not achieved due to the collapse of Wrekin Construction the engineering contractor appointed to carry out the Bridge and Lake Works Contract and the need to redesign the building works package. The lake and bridge works have now been completed by Tolent Construction and they have also been appointed as the main contractor for the building works package. The restoration works programme will be completed by end of April 2011 and the budget will be 95% expended with only retentions and bond monies remaining. The extension of the completion date from 30th December to 30th May 2011 has been agreed with the Heritage Lottery Fund.</p>			

<u>Disabled Facilities Grants</u>			
In Year Budget	£1,081	m	
Outturn	<u>£0.632</u>	m	
Variance	£0.449	m	Underspend
<p>Grants are made to individual households so we are reliant on applications being made to us to be able to commit the funding. Applicants are supported by the home improvement agencies to submit their application; their performance has been slow and a number of applications were made in the last quarter of the financial year. Plans have been put in place to improve this situation, and we are now seeing an improvement in timescales. The budget has been fully committed and work on individual grants is scheduled to start in the first quarter of 2010-11.</p>			

<u>Private Sector Assistance</u>			
In Year Budget	£1,481	m	
Outturn	<u>£0.497</u>	m	
Variance	£0.984	m	Underspend
This budget covers the provision of housing repair loans and grants. Difficulties in establishing legal processes for the security of loans delayed the delivery of the scheme until January 2010. Loans are now being approved and the budget will be fully committed in 2010-11.			

<u>Affordable Housing</u>			
In Year Budget	£0.600	m	
Outturn	0	m	
Variance	£0.600	m	Underspend
This budget covers the Assisted Purchase Scheme which was launched in January 2010. The scheme assists first time buyers who have identified properties to buy within the Cheshire East area. The scheme could not be launched until January 2010 as approval for the scheme was not obtained until then. 33% of the money has now been committed, and the remaining amount will be committed during 2010/11			

<u>Affordable Housing Initiatives</u>			
In Year Budget	£0.468	m	
Outturn	<u>£0.081</u>	m	
Variance	£0.387	m	Underspend
This scheme covers affordable housing initiatives with the HCA and RSLs, with an S106 contribution being used for a project in Holmes Chapel. The budget should be used in 2010/11.			

<u>Social Housing Grants / Enabling Affordable Housing</u>			
In Year Budget	£1,062	m	
Outturn	<u>£0.144</u>	m	
Variance	£0.918	m	Underspend
The greater part of the underspend has been committed for spend in 2010-11. It concerns projects with Housing Associations, and provision of temporary accommodation. After review and consultation a final decision on the future provision will be made in December.			

<u>Housing Grants - S106 Funded (Ex MBC)</u>			
In Year Budget	£0.759	m	
Outturn	<u>£0.047</u>	m	
Variance	£0.712	m	Underspend
There is a contractual arrangement with Moorlands Housing Association to buy empty properties in rural areas in former the Macclesfield BC area and bring them back into use as affordable housing. There are regular progress meetings with Moorlands HA, but it is difficult to find suitably sized and priced properties because of the limited availability in the rural areas.			

<u>CCTV Control Room Relocation</u>			
In Year Budget	£0.290	m	
Outturn	0	m	
Variance	£0.290	m	Underspend
This amount was offered up towards the rationalisation programme for the new CCTV/UTC control room at Macclesfield. There has been a delay in the start of this programme as a decision was made to joint procure the contract for the works, with that of the ICT project, in order to realise further savings from the whole project. Tender documents for the works are due to go out within the next few months.			

<u>Connect2 - Crewe & Nantwich Greenway</u>			
In Year Budget	£0.530	m	
Outturn	£0.032	m	
Variance	£0.498	m	Underspend
This scheme has been delayed in its delivery for several reasons including resources and land negotiations, however it is expected the scheme will start on site in the first quarter of the new financial year.			

<u>S278 Macclesfield Learning Zone</u>			
In Year Budget	£0.300	m	
Outturn	£0.010	m	
Variance	£0.290	m	Underspend
S278 Projects are dependent upon Developer progress which is largely out of the Authority's control. This project has changed significantly since the original agreement and is now complete. S278 projects are fully funded, any funding shortfall will be invoiced to the Developer and any funding surplus will be refunded			

<u>Project Development - Middlewich Eastern By Pass</u>			
In Year Budget	£0.400	m	
Outturn	£0.021	m	
Variance	£0.379	m	Underspend
The Middlewich Eastern Bypass is a partnership project with funding driven by the private sector in association with development accessed from the scheme. A significant part of the financial package for the project was identified as coming from the North West Development Agency and under their grant funding rules the scheme has to be procured through the Highway Authority. Cheshire East monies were identified in the 09/10 financial year to both fund the scheme procurement process and a block of finance determined as the initial element of the Local Authority contribution. A changing economic climate meant that the private sector element of the monies for the scheme has not been secured to the original timescale - such that the authority's funds were not required and the allocation for 2009/10 was written down to a level of funding that was used to fund a study into alternative ways of funding the bypass scheme			

<u>Crewe Town Squares - Lyceum Square</u>			
In Year Budget	£1,360	m	
Outturn	£0.902	m	
Variance	£0.458	m	Underspend

Works were delayed by having to re-tender the works following receipt of confirmation of funding from the NWDA only in the Autumn. The works then commenced on site towards the end of the financial year. The works will be completed in the following financial year

Performance & Capacity

Building maintenance funding

The uncertainty of future funding causes significant difficulties in the management of the maintenance programme. To maximise efficiencies and value for money a robust funding stream is vital to ensure the quality of our buildings and the reduction of the maintenance backlog. Procurement and specification of large complex boiler / roof / refenestration programmes have significant lead times; if funding is reduced then the result will be a significant waste of resources for the authority. Failure to provide a guaranteed year on year maintenance fund will result in the long term dilapidation of the property asset, an increase in Health and Safety issues, increased reactive maintenance with the resultant resource implication, as reactive maintenance is resource intensive and provides significantly reduced value for money for the Authority.

Policy & Performance

<u>Customer Relationship Management & Telephone System</u>			
In Year Budget	£1.705	m	
Outturn	<u>£0.099</u>	m	
Variance	£1.606	m	Underspend
The CRM procurement has been delayed resulting in a slippage of integration costs into 2010-11 In addition, the transition phase for the website has lasted longer than anticipated. This has led to a delay in the web development part of the transformation phase, pushing costs into 2010-11			

Borough Treasurer & Assets

<u>Farms Estate</u>			
In Year Budget	£1.410	m	
Outturn	<u>£0.025</u>	m	
Variance	£1.385	m	Underspend
Capital spending / investment has been limited, reflecting the delayed disposals programme, a very limited response from tenants in relation to NVZ (nitrate vulnerable zone) work and limited movement by tenants partly in anticipation of the development of management policy objectives resulting from the ongoing service review. It is however anticipated that activity on disposals will increase in the first quarter of 2010-11 and NVZ's in the second quarter.			

<u>Building Maintenance</u>			
In Year Budget	£5.645	m	
Outturn	<u>£1.943</u>	m	
Variance	£3.702	m	Underspend
The Asset Management Service have delivered an underspend on Capital Planned Maintenance in 2009-10. This is not a typical position and has been heavily influenced by a number of factors outlined below:- <ul style="list-style-type: none"> • Uncertainties over the formal budget allocation for Planned Maintenance; • Uncertainties over the availability of acceptable procurement processes and contractual arrangements for building works, resulting in further delays within the delivery and implementation of project works on site. • Limited staffing resources within Asset Management to assist in the procurement 			

and delivery of project works.			
<ul style="list-style-type: none"> Uncertainties over the availability and reliability of condition assessment data for many of the former district properties upon which to base a planned programme of maintenance works. 			
<u>Single Revenue & Benefits Systems</u>			
In Year Budget	£0.444	m	
Outturn	£0.035	m	
Variance	£0.409	m	Underspend
The variance relates to a delay in the implementation date following the need to re-tender. Payments have been reprofiled to reflect instalments payable at various stages of completion.			

<u>Flexible and Mobile working</u>			
In Year Budget	£0.585	m	
Outturn	£0.107	m	
Variance	£0.293	m	Underspend
The programme has slipped due to a number of factors: <ul style="list-style-type: none"> Conflicting resource requirements and priorities within Shared Services. The alignment of quarter 1 and quarter 2 commissioned projects with the strategic direction of ICT strategy and delays in independent projects. 			

<u>Government Connect</u>			
In Year Budget	£0.290	m	
Outturn	£0.025	m	
Variance	£0.265	m	Underspend
The programme has slipped due to a number of factors: <ul style="list-style-type: none"> Conflicting resource requirements and priorities within ICT Shared Service Delays in completion of prerequisite pieces of work Major revision of Code of Connection requirements issued by DWP 			

<u>Enterprise Content Management proposal</u>			
In Year Budget	£0.500	m	
Outturn	£0.061	m	
Variance	£0.439	m	Underspend
Under the original Project Plan Phase 1 was to be concluded in March 2010 with Phase 2 completion date planned for December 2010. The Project experienced significant delays in the start-up phase, largely due to lack of resources and procedural difficulties external to our service and outside of our control. Phase 1 of the contract started in mid April 2010, with early adopter roll outs scheduled for August, September and October. Officers have consulted with key stakeholders within the business and are confident that they will deliver stated benefits and meet expectations. It is therefore requested request that the variance of £439K is approved for slippage at this stage.			

<u>Data Centre Macclesfield</u>			
In Year Budget	£0.495	m	
Outturn	£0.028	m	
Variance	£0.467	m	Underspend
Work relating to the removal of equipment from the data centre will continue in the first quarter of 2010/11. As the data centre project is now aligned with the CCTV/UTC project with regards to single M&E equipment for both solutions and a single			

procurement exercise , the unique nature of the project requires a potential full OJEU procurement route. Therefore the business requirements for both have been revisited to ensure integration and maximum savings. It is anticipated that the full £467k will be committed in the 2010/11 financial year on Design Consultancy, an M&E refit as well as staffing costs.

<u>Transforming Cheshire - Improving Oracle (Shared Services)</u>			
In Year Budget	£1.038	m	
Outturn	£0.538	m	
Variance	£0.500	m	Underspend
Reasons for this slippage are:			
<ul style="list-style-type: none"> • Conflicting resource requirements and priorities within ICT Shared Service • Delays in completion of prerequisite pieces of work • A number of departmental services, corporate initiatives and priorities are dependent on the R12 technology. 			

<u>Development Management System</u>			
In Year Budget	£0.473	m	
Outturn	£0.055	m	
Variance	£0.418	m	Underspend
Conflicting resource requirements and priorities within Shared Services meant a significant delay in starting this work. It was necessary to carry out a complete review of the project scope starting with a review of the infrastructure supporting the Development Management system. Investment is required to improve service delivery and support the wider transformation programme which will generate savings, efficiencies and improved performance.			