

**REPORT TO** **CORPORATE SERVICES SCRUTINY COMMITTEE,  
EXECUTIVE AND COUNCIL**  
**Date of Meeting:** **Corporate Services Scrutiny - 29 September 2016  
Executive - 11 October 2016  
Council - 18 October 2016**  
**Report of:** **Assistant Director Finance**  
**Title:** **Capital Monitoring Statement to 30 June 2016**

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Council

**1. What is the report about?**

To report the current position in respect of the Council's revised annual capital programme and to advise Members of the anticipated level of deferred expenditure into future years.

The report seeks Member approval to amend the annual capital programme in order to reflect the reported variations.

**2. Recommendations:**

**It is recommended that Corporate Services Scrutiny Committee notes and Council approves:**

- (i) The revision of the annual capital programme to reflect the reported variations detailed in 8.4 and 8.5**
- (ii) The additions to the capital programme detailed in 8.7**

**3. Reasons for the recommendation:**

Local authorities are required to estimate the total of capital expenditure that it plans to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.

Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.

In order to manage the risks associated with capital programming the annual capital programme is updated every three months to reflect any cost variations, slippage or acceleration of projects.

**4. What are the resource implications including non financial resources**

The financial resources required are set out in the body of this report.

**5. Section 151 Officer comments:**

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of the Capital Programme as at 30 June 2016.

**6. What are the legal aspects?**

The capital expenditure system is framed by the Local Government and Housing Act 1989.

**7. Monitoring Officer's comments:**

This report raises no issues to concern the Monitoring Officer.

## 8. Report Details:

### CAPITAL MONITORING STATEMENT TO 30 JUNE 2016

#### 8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2016/17 Capital Programme, including commitments brought forward from 2015/16, was last reported to Corporate Services Scrutiny Committee on 29 June 2016. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Corporate Services Scrutiny Committee, 29 June 2016</b>	<b>31,343,030</b>	
Play Area Refurbishments	48,460	S106 Funding and Interest
Disabled Facilities Grants	292,330	Additional funding awarded from the Better Care Fund
eFinancials - Version 5	50,000	Approved by Council 26 July 2016
Canal Pontoon	26,220	Funding awarded by ECQT
Idox	75,700	Approved by Council 15 December 2015 (Strata Joint Executive Committee 24 November 2015)
<b>Revised Capital Programme</b>	<b>31,835,740</b>	

#### 8.2 PERFORMANCE

The revised capital programme for the current financial year is £31.836 million. During the first three months of the year the Council spent £2.167 million on the programme, which equates to 6.8% of the revised programme. This compares with £1.534 million (6.6%) being spent in the first three months of 2015/16.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2016/17 of £23.140 million with £7.765 million of the programme potentially being deferred to 2017/18 and beyond.

Appendix 2 shows the approved budgets for 2017/18 with the proposed 2016/17 budget to be carried forward to 2017/18 and beyond for Executive and Council to consider for approval.

Appendix 3 shows the overall position for those schemes which span more than one financial year.

#### 8.3 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2016/17 are £4.053 million. An estimated spend of £8.635 million is required of which £4.582 million will have to be funded from borrowing. The available capital resources for the HRA for 2016/17 are £21.875 million. An estimated spend of £14.505 million is required leaving £7.370 million to be

carried forward into 2017/18. Appendix 4 sets out the forecast use of the resources available for the General Fund and the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next two years.

The value of actual capital receipts received in the quarter in respect of the General Fund and the HRA are:

	<b>General Fund £</b>	<b>HRA £</b>
New Receipts	0	902,010
Less HRA Pooling		(107,536)
<b>Balance as at 30 June 2016</b>	<b>0</b>	<b>794,474</b>

#### 8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2016/17 are:

<b>Scheme</b>	<b>Estimated Overspend / (Underspend) £</b>	<b>Reason</b>
Northbrook Flood Alleviation	(498,130)	This scheme is dependent on partner funding which has not been forthcoming, therefore it is unlikely this scheme will go ahead in the near future.
Replace Car Park Ticket Machines	9,521	More fibre connections than originally anticipated were required in order to complete the project.
RAMM Development	(382,380)	It is unlikely that this budget will now be required.
City Centre Enhancements – TV Screens	(40,000)	Despite extensive research a suitable location could not be found.
Heavitree Environmental Improvements	(22,880)	Agreement on this S106 funded scheme has not been reached with local groups.
eTendering System	(15,000)	A less expensive solution will be purchased from revenue.
Other Works	7,881	Additional health and safety measures at Faraday House including the provision of a roof guard-rail have resulted in a minor overspend against these two budget headings.
Faraday House Roof Replacement	3,254	

Lift Replacement at 98 Sidwell Street	7,000	Delays associated with undertaking leasehold flat consultation has required seeking revised quotations and a forecast overspend is reported due to contract price rises. Works are expected to start on site week commencing 15 August.
---------------------------------------	-------	---

## 8.5 SCHEMES TO BE DEFERRED TO 2017/18 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2017/18 and beyond are:

Scheme	16/17 Budget £	Budget to be Deferred £	Reason
Newcourt Community Hall (Grant)	36,240	20,000	The Community Association are making the funds stretch further than originally envisaged.
Newtown Community Centre (1 <sup>st</sup> Grant)	50,000	50,000	Efforts are continuing to raise sufficient funds from elsewhere.
Newtown Community Centre (2 <sup>nd</sup> Grant)	46,750	46,750	
Bus Station Complex	6,126,240	5,029,660	The budget has now been re-profiled in-line with projected expenditure.
Leisure Complex – Build Project	1,538,210	175,410	This is a minor re-profiling of the budget.
Energy Conservation	86,000	20,000	A £20k contribution towards the placement of solar panels at the new Rennes House car park development will not be required until 2017/18 as it will form part of the later stages of the project.
Rennes House Structural Works	400,000	400,000	Significant works are not expected to be undertaken until 2017/18 whilst consultants carryout an options appraisal including potential grant funding for energy conservation measures.

Common Area Footpath/Wall Improvements	2,244,050	1,300,000	Surveys of 2/3rds of HRA footpaths and walls have been completed to date and works identified for 2016/17 total £944,050. The remaining budget will be deferred into 2017/18 until all the surveys have been completed and the full extent of improvement works have been established. A budgetary risk has been highlighted due to the uncertainty of outstanding survey results.
Electrical Re-wiring	1,768,100	590,000	The contract for programmed electrical testing and remedial works commenced from 1 August with slippage of £300k into 2017/18 forecast. Further slippage of £290k is expected in respect of electrical repairs to communal areas whilst capacity of the in-house electricians is reviewed.
COB Wave 2 – Rennes House car park	2,466,060	33,410	The budget for the development of this site has been re-profiled in accordance with the latest cash-flow projections. Minor slippage of the main scheme has occurred whilst ancillary works to install a new substation were completed. The next key stage is the demolition of the existing car park which is scheduled for mid-August.
Acquisition of Social Housing	416,810	100,000	The acquisition of 3 new affordable housing units are expected to complete this financial year. Further spend of this budget is pending Section 106 negotiations and slippage into 2017/18 is expected.

## 8.6 ACHIEVEMENTS

The following schemes have been completed during the first quarter of 2016/17:

- **Replace Car Park Ticket Machines**

A new parking control system to replace the failing one at Guildhall and Mary Arches Street car parks has been installed with the additional benefit of automated links to John Lewis car park and St Stephens Control Centre.

Reusable plastic discs have replaced expensive paper/card ones and will net revenue savings over the course of the life of the equipment (7-8 years).

Newer more reliable equipment enhances customer experience. Alterations to the entrance and exit at Guildhall means the middle lane can be utilised for maximum benefit to traffic flow (e.g. two lanes in and one lane out during the morning changing to one lane in and two lanes out during the afternoon, or

when circumstances dictate). These sites take approximately £2.2 million income per year.

- **Repair to Turf Lock Gates**

The outer gates of the canal into the estuary had not been refurbished for 25 years and were becoming unstable. These were lifted out, rebuilt and replaced.

## **8.7 ADDITIONS TO THE CAPITAL PROGRAMME**

- **Railway Arches at Riverside, Cowick Street (£50,000)**

Under Section 21 of Financial Regulations regarding Urgency the decision was made on 8 August 2016 to approve £50,000 emergency capital funding for improvements to the railway arches at Riverside in order to prevent unauthorised access to the under-space of the arches and the south access strip of land between the arches and the rear gardens of Beaufort Road.

- **Farmers Market Electricity Supply (additional £10,000)**

£20,000 has previously been approved by Council in order to provide a permanent electricity supply to the Farmers Market and any other markets located at the junction of Fore Street and South Street. The scheme has now been tendered and the prices are £10,000 higher than the original estimates, mainly due to DCC's requirement for a more stringent bollard specification to match those already installed.

### **9. How does the decision contribute to the Council's Corporate Plan?**

The Capital Programme contributes to all of the key purposes, as set out in the Corporate Plan.

### **10. What risks are there and how can they be reduced?**

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

### **11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

No impact

### **12. Are there any other options?**

No

**David Hodgson, Assistant Director Finance**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275