

REPORT TO **CORPORATE SERVICES SCRUTINY COMMITTEE,
EXECUTIVE AND COUNCIL**
Date of Meeting: **Corporate Services Scrutiny – 22 March 2018
Executive - 10 April 2018
Council – 24 April 2018**
Report of: **Chief Finance Officer**
Title: **Capital Monitoring Statement to 31 December 2017**

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 supports and the Executive recommends to Council to approve:

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

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 31 December 2017.

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 for the Monitoring Officer.

8. Report Details:

CAPITAL MONITORING STATEMENT TO 31 DECEMBER 2017

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2017/18 Capital Programme was last reported to Corporate Services Scrutiny Committee on 23 November 2017. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Corporate Services Scrutiny Committee, 23 November 2017	23,944,980	
Budget Deferred to 2018/19 & Beyond at Quarter 2	(7,370,110)	Approved by Council 19 December 2017
Overspends/(Underspends) reported at Quarter 2	(141,570)	
Belle Isle Temporary Facilities	190,000	
Cowick Barton Tennis Courts	35,000	
Guildhall Fire Alarms	50,000	
MRF Air Compressor	10,600	
RAMM World Culture Galleries	368,740	Approved by Council 17 October 2017
Vehicle Replacement Programme	25,710	Plug In Car Grants
Acquisition of Social Housing (HRA)	78,450	Delegated Powers
Revised Capital Programme	17,191,800	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £17.192 million. During the first nine months of the year the Council spent £6.597 million on the programme, which equates to 38.37% of the revised programme. This compares with £5.956 million (30.6%) being spent in the first nine months of 2016/17.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2017/18 of £12.686 million with £4.152 million of the programme potentially being deferred to 2018/19 and beyond.

Appendix 2 shows the approved budgets for 2018/19 with the proposed 2017/18 budget to be carried forward to 2018/19 and beyond this quarter 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 2017/18 are £7.494 million. An estimated spend of £5.272 million is required of which £2.870 million will be funded from borrowing with £5.066 million capital receipts carried forward to 2018/19. The available capital resources for the HRA for 2017/18 are £20.906 million. An estimated spend of £7.414 million is required leaving £13.491 million to be carried forward into 2018/19. 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 three years.

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

	General Fund £	HRA £
Balance as at 30 September 2017	277,530	1,338,007
New Receipts	401,075	983,345
Less HRA Pooling		(106,676)
Balance as at 31 December 2017	678,605	2,214,676

8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2017/18 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Condition Surveys – Priority 2	(45,500)	Wider schemes for the replacement of kitchens and air conditioning within the Civic Centre have been identified within the 2018/19 capital programme.
Kitchen Replacement Programme	(42,500)	A saving is reported in respect of both kitchen and bathroom replacements in void properties. Lower than anticipated numbers of void dwellings have required replacements prior to re-letting in the first 9 months.
Bathroom Replacement Programme	(71,500)	

Electrical Re-wiring - Domestic	(136,000)	A saving is forecast in respect of electrical works to dwellings, as lower than anticipated level of electrical re-wires required following electrical inspection.
Central Heating Programme	(80,000)	This budget provides for ad hoc central heating installations to dwellings where tenants have previously refused. The opportunity to install is taken upon the property becoming void, however numbers have been lower than anticipated in the first 9 months.

8.5 SCHEMES TO BE DEFERRED TO 2018/19 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2018/19 and beyond are:

Scheme	17/18 Budget £	Budget to be Deferred £	Reason
WHIL Empty Properties	194,000	194,000	There is no anticipated uptake for these loans this year. A new marketing campaign is planned for 2018/19.
Temporary Accommodation Purchase	584,950	134,950	The purchase of the property will take place this financial year with the refurbishment works commencing in 2018/19.
Kings Arms Bridge	160,000	130,000	We are awaiting further information from Devon County Council and anticipating the majority of work to be carried out in 2018/19.
Replace Lift at Mary Arches MSCP	200,000	150,000	Work will commence this financial year and be completed in early 2018/19.
City Wide Property Level Protection	94,750	94,400	The scheme has been delayed due to staff sickness. Work is currently being undertaken to reach agreement with individual residents and will require planning and listed building consents.
Passenger Lift at RAMM	73,880	73,880	This scheme has been placed on hold to allow for the delivery of the World Culture Galleries and associated ventilation works.
RAMM World Culture Galleries	368,740	155,000	The majority of the gallery works will be completed this financial year but the ventilation and access works will be carried out in April.
RAMM Roof Access Improvements	68,500	47,000	

Leisure Complex – Build Project	472,580	(71,440)	This is a minor re-profiling of the budget.
Bus Station Construction	294,000	74,050	
Newtown Community Centre (S106)	84,670	84,670	After difficulty in assembling a funding package, the Association have scaled down their proposals and secured more funds. Planning permission now granted for the revised project.
Newtown Community Centre (2 nd Grant)	46,750	46,750	
Belle Isle Temporary Facilities	190,000	84,000	The project completion date is expected to be by the end of April 2018 with the portacabins being delivered in March.
Programmed Re-roofing	300,300	300,300	It has not been possible to advance these works during 2017/18 as it is pending contract procurement. This programme will form part of procurement priorities for the new financial year.
LAINGS Refurbishments	640,000	390,000	Following Executive approval on 9 January for the demolish and re-build option, the budget has been re-profiled in accordance with the latest project cash-flow forecasts.
Kitchen Replacement Programme	587,500	200,000	In advance of re-tendering the contract for these works in 2018/19, the programmes have been scaled down to one contractor. The forecast spend reflects 4 kitchen replacements and 5 bathroom replacements planned per week up to March 2018.
Bathroom Replacement Programme	462,500	130,000	
Communal Areas	126,980	40,000	Planned improvements to flooring in communal areas have been delayed due to issues with the floor adhesive. Officers are currently working with the contractor to resolve the issue before rolling out planned works.
Common Area Footpath / Wall Improvements	514,370	142,370	A significant project to replace Meadow Way retaining wall is expected to complete this financial year. The remaining budget will be carried forward and amalgamated with next year's provision.

Fire Risk Assessment Works	434,550	413,000	Significant works have been pending the adoption of a new Fire Safety Management Policy and securing funding for additional storage areas and staff resources, which were approved by Executive in September '17 and November '17. Fire compartmentation assessments have been instructed, which will help inform works for 2018/19.
Window Replacements	246,000	246,000	It has not been possible to advance these works during 2017/18 as it is pending contract procurement. This programme will form part of procurement priorities for the new financial year.
St Loyes Extra Care Scheme	151,720	116,719	Officers are currently preparing to go back out to tender in respect of this scheme and are planning to present a detailed report to committee later this year with the outcomes of the tender process. In the meantime minor expenditure will be incurred in respect of consultancy fees, with the remaining budget carried forward and amalgamated with future year's budget provisions.
Estate Regeneration	1,295,000	668,095 (across all sites)	In March 2017 the Council received £1.295m Estate Regeneration funding. The grant is to be used across four HRA sites and providing the project deliverables set out in the grant bid are met, the grant funding can be applied fluidly across the sites. The overall forecast costs remain at £1.295m, but spend of the grant has now been profiled in accordance with the project timetables, which run into 2018/19.

8.6 ACHIEVEMENTS

The following scheme has been completed during the third quarter of 2017/18:

- **Alphington Village Hall (Repairs & Extension)**

The result of the grant expenditure is effectively a new hall, with all facilities on one level, and modern kitchen and toilet facilities. The building is already proving more popular for community events and private hire to support its running costs. External improvements have improved access to the neighbouring doctors' surgery.

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

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

Background papers used in compiling this report:

None

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