

Policy Committee – 11th September 2017



CAPITAL PROGRAMME MONITORING REPORT – 2017/2018

Report of the Chief Finance Officer (s151 officer)

Lead Member – Financial Resilience: Councillor Mulligan

Ward(s) affected: All

1. Purpose of Report

- 1.1 To inform Members of the Council's Capital Programme position, based on the Quarter 1 review of income and expenditure to the end of June 2017.

2. Recommendations

- 2.1 Members note the Capital Budget position of the 2017/18 capital programme as at the 30th June 2017.
- 2.2 Members note the 2017/18 Capital Programme and the proposed funding - including the Supplementary Estimates/sources of funding for Overspent Projects.

3. Background Information

- 3.1 The Council agreed the 2017/18 Capital Programme of £2,460k on 21st February 2017. On 1st August 2017 Council endorsed the recommendation from Policy Committee for the Capital Programme to include £2,008k of slippage from the 2016/17 Programme.
- 3.2 Since the Capital Programme was agreed, it was approved that a £400k Loan would be granted to Craven College. The balance, £219k, of the Shared Ownership Scheme is also to be included in the 2017/18 Programme. In addition, supplementary Disabled Facilities Grants of £41k were awarded to the Council and have been added to the programme. This gave a total Capital programme of £5,128k.

4. Quarter 1 Financial Performance

- 4.1 The Council approved the 2017/18 Capital Programme of £2,460 in February and work commenced in April onwards. Work on the projects included in the slippage amount would have continued up to the end of March and the £2,008 is based on

the forecasted expenditure to be incurred in 2017/18. The Shared Ownership Schemes balance has also been rolled forward into 2017/18. Council approved a £400k loan agreement with Craven College; this is to be for a 4 year period. Additional funding allocated for DFG's was also received amounting to £41k. This now gives a revised programme of £5,129k.

- 4.2 A summary of the Programme is shown in Table 1. The detailed information together with an update on progress of the programme is shown in Appendix A. At the 30th June expenditure on the programme was £1,429k.

Table 1: Planned Capital Programme Performance

	Approved Revised Programme 2017/18 £	Expenditure to end of Quarter 1 2017/18 £	Forecasted Outturn 2017/2018 £
Council Properties	1,935,954	570,285	1,969,211
ICT	279,895	58,100	272,395
Loan	400,000	-	400,000
Private Sector Housing & Empty Homes	1,306,097	15,808	1,306,097
Recreation & leisure	123,503	-	123,503
Vehicles	1,083,218	784,670	871,670
Total Capital Programme Costs	5,128,667	1,428,863	4,942,876

- 4.3 Four of the slipped Asset and Commercial Services related projects from 2016/17 have now completed in Quarter 1. However all of these completed projects have overspent against their original estimation of costs. The overspent projects are; the works to the Kildwick Churchyard Wall - Changes in design and an original underestimation of costs (£6k). The rebuild of the Skipton Bus Station Toilets (£11k), the Phase one & two works to Skipton Town Hall (£8k) and the works to the Town Halls roof - inclement weather that created additional work and disruption delays (£28k).
- 4.4 Funding of these overspends will need to be met either from savings on other projects within the Capital Programme or from savings within the Revenue budget. Funding for projects above that already requested will have consequences on the ability to fund future programmes.
- 4.5 Due to the continued reliance on capital receipts to fund expenditure over the medium and long term it was agreed that approval to commence 2017/18 projects would be monitored by CLT, as would progress on projects within the programme.

5. **Capital Programme Financing**

- 5.1 Resources available to fund the capital programme together with a forecast of future receipts and programme costs are shown in table 2.
- 5.2 As part of the 2017/18 budget setting process it was planned to make contributions to earmarked reserves which are available to support the capital programme and other projects. The Long Term Financial Strategy assumes that these contributions will need to continue.

Table 2: Capital Resources Available & Utilised to Fund 2017/18 Programme

	2017/18 Revised Programme £'000	2018/19 Indicative Programme £'000	2019/20 Indicative Programme £'000	2020/21 Indicative Programme £'000
Capital Receipts at Start of Year (CRR)	2,759	1,694	1,218	1,114
In Year resources - (Capital Grants/receipts received)	1,466	866	433	433
Use of in Year Capital grants	1,283	866	433	433
Use of Capital Receipts	1,065	476	104	50
Total Use of Capital Resources	2,348	1,342	537	483
Contribution From NHB Reserve	297	-	-	-
Contribution From Enabling Efficiencies Reserve	56	-	-	-
Contribution From Vehicles Reserve	443	91	46	-
Contribution from IT Reserve	273	90	40	-
Contribution from Buildings Reserve	265	49	44	-
Utilisation of Borrowing (MRP Capacity)	861	1,000	-	-
Total Use of Reserves/Borrowing	2,195	1,230	130	-
Forecasted Capital expenditure in year as per Appendix A	4,543	2,572	667	483
Capital Receipts at end of Year (CRR)	1,694	1,218	1,114	1,064

- 5.3 The funding analysis above reflects the utilisation of the resources that were made available for each project, and they have been adjusted to reflect forecasted expenditure. Where these projects required slippage into 2017/18, the funding was slipped to match.
- 5.4 The above funding analysis does not include the £400k Loan agreement, which will come from the Council's Cash Balances.
- 5.5 The Shared Ownership Scheme is included in the table above for its funding allocation. Table 3 presents the project on an individual basis to show the

performance over the year. The balance of the project will be carried forward to fund further acquisitions.

Table 3: Shared Ownership Summary of Activity

Description	£ '000
Remaining Balance FY2016	219
FY2017 Agreed Resources	325
valuation 1 for work carried out at burnroyd avenues	(52)
valuation 2 for work carried out at burnroyd avenues	(45)
valuation number 3 for work carried out at burnroyd avenues	(58)
valuation number 4 Burnroyd Avenue	(73)
Remaining Balance FY2017	315

6. Implications

6.1 Financial and Value for Money Implications

At the start of 2017/18 the Council had available £2,759 of Capital Receipts to fund its capital programme. During the Quarter 1 £1,466k of additional resources were generated or received, including brought forward amounts. All financial implications are contained in the body of the report.

6.3 Legal implications – None Relevant

6.4 Contribution to Council Priorities

Capital investment in appropriate projects contributes directly to most corporate priorities.

6.5 Risk Management

There are risks inherent with the recommendations specified in this report. If the request for the previously approved funding not be approved it will mean the immediate cessation of key projects that are currently underway. This will mean that the resources utilised to date will be lost, with no benefit for The Council being generated. There is also the potential that this will forgo future benefits, both economic and social to The Council and the District as a whole.

6.6 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the

proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

7. **Consultations with Others** – None

8. **Access to Information : Background Documents**

None

9. **Author of the Report**

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10. **Appendices**

Appendix A – Capital programme detailed analysis

Capital Programme 2017/18 - onwards

Service Unit	Description	Budget Officer	Account Code	Agreed Programme 2017/18 £	2016/17 Slippage/ B/fwd into 2017/18 £	Supplementary Estimates 2017/18 £	Total Programme 2017/18 £	Expenditure at Q1 2017/18 £	Remaining Budget 2017/18 £	Forecast Outturn 2017/18 £	Q1 Comments - including timeline for procurement and delivery & Justification
Assets & Commercial Services - Bereavement Services	New walls around the cemeteries.	Hazel Smith	6048	10,000	-	-	10,000	-	10,000	10,000	Site inspections and risk assessments currently in progress to identify defects. Upon completion remedial solutions will be developed and these will dictate the procurement route and delivery. Detailed survey completed and works instructed to take place in late September
Assets & Commercial Services - Bereavement Services	Refurbishment of Garages and Outbuildings, Waltonwrays	Hazel Smith	6044	13,000	-	-	13,000	-	13,000	13,000	currently discussing options for garages/outbuilding. Information Governance Officer & Bereavement Manager have agreed outbuilding wholly unsuitable and too expensive to adapt for data storage. (data storage will form part of Council wide project). Options for turning any of the buildings into income generators are now being considered. Delivery to be complete by the end of 2017/18 financial year.
Assets & Commercial Services - Bereavement Services	Kildwick Churchyard Wall	Ian Halton	6047	-	19,178	-	19,178	24,790	(5,612)	24,790	Project completed. Changes in design and an original underestimation of costs.
Assets & Commercial Services - Car Parking	4 Year programme of maintenance of the condition of the Council Car Parks	Hazel Smith	6010	15,000	-	-	15,000	-	15,000	15,000	Site inspections and risk assessments currently in progress to identify defects. Upon completion remedial solutions will be developed and these will dictate the procurement route and delivery. Inspections completed and limited works is currently being procured
Assets & Commercial Services - Car Parking	Introduction/changes to 3 areas within the Council's car parks	Hazel Smith	6018	-	4,000	-	4,000	1,343	2,658	4,850	PPO raised on 17th July 17 and therefore implementation works will be complete by end July. PO's raised for re-lining works. Software changes paid for Parkeon machines. Metric machine software changes yet to be invoiced at £1125. Total project spend will be c£4,850
Assets & Commercial Services - Craven Leisure	Install a controller (access gate)	Hazel Smith	6134	11,000	-	-	11,000	-	11,000	11,000	Specification for access gate is currently being written and this project has it's own project plan with implementation planned for the end of September - Works expected to be complete by the end of November. Due to delays in specification requirements from companies. Specification due to be posted on YorTender during September.
Assets & Commercial Services - Craven Leisure	Replacement of Building Energy Management System (BEMS)	Hazel Smith	6111	21,500	-	-	21,500	-	21,500	21,500	Specification for BEMS is currently being written and this project has it's own project plan with implementation planned for the end of October - currently on track.
Assets & Commercial Services - Craven Leisure	Replacement of moveable floor (floor panels) to "learner pool"	Hazel Smith	6137	45,000	-	-	45,000	-	45,000	45,000	Specification for moveable floor is currently being written, due on Yortender wk com. 17/7/17 due to lead in times. This project has it's own project plan with implementation planned for the end of December - currently on track.
Assets & Commercial Services - Property	* Shared Ownership - incl. Burnroyd Avenue	Ian Halton / Wyn Ashton	6026 - Purchases 7666 - Sales	325,000	219,041	-	544,041	228,811	315,230	544,041	3 S/O units are currently under construction with practical completion forecast in August 2017. * See analysis at end of table.
Assets & Commercial Services - Property	Skipton Bus Station Toilets	Ian Halton	6050 C010 PC03	-	44,037	-	44,037	55,047	(11,010)	55,047	Project completed. Exception report seen by S151 Officer

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Assets & Commercial Services - Property	Ashfield Toilet Refurbishment for Settle TIC Scheme	Ian Halton	6050 C010 PC04	-	80,000	-	80,000	385	79,615	80,000	Outline design has been completed for change of use to commercial/residential properties. Planning application submitted in June and awaiting decision. Business Case to be developed via the new Joint Venture Company.
Assets & Commercial Services - Property	Skipton Depot Project	Ian Halton	6036	-	240,720	-	240,720	-	240,720	240,720	Discussions underway with third party for potential relocation to an alternative depot, still in the early stages. An outline design and estimated cost is to be worked up by the new Joint Venture Company to support a Business Case. A bid to the LEP is to be submitted in July 2017 to help fund the project.
Assets & Commercial Services - Skipton Town Hall	Skipton Town Hall - Phase I & II works	Ian Halton	6017	-	18,789	-	18,789	26,808	(8,019)	26,808	Project completed. Unforeseen circumstances required additional works.
Assets & Commercial Services - Skipton Town Hall	Investment in improving the Bar and Café Facilities at Skipton Town Hall.	Ian Halton	6019	-	3,088	-	3,088	-	3,088	3,088	Ceased in 2016/17 with exception of slippage request.
Assets & Commercial Services - Skipton Town Hall	Skipton Town Hall & Museum Refurbishment & Alterations - Town Hall Roof	Ian Halton	6021	-	140,101	-	140,101	167,867	(27,766)	167,867	Project completed. Unforeseen circumstances due to inclement weather that created additional work and disruption delays to the programme.
Assets & Commercial Services - Skipton Town Hall	Skipton Town Hall - Phase III works	Ian Halton	6023	100,000	-	-	100,000	62,584	37,416	100,000	The funding for this year is to carry out preparatory works and establish final designs for the remaining undeveloped sections to the rear of the building.
Assets & Commercial Services - Skipton Town Hall	Investment in improving the Bar and Café Facilities at Skipton Town Hall.	Ian Halton	6024	181,000	-	-	181,000	2,651	178,349	181,000	Works underway with practical completion forecast in September 2017
Assets & Commercial Services - Skipton Town Hall	Skipton Town Hall & Museum Refurbishment & Alterations - Museum HLF Bid Works	Ian Halton	6032	-	481,500	-	481,500	-	481,500	481,500	The Design Team and HLF project staff have been in place since September 2016 developing the designs for the museum. The project runs until September 2017 when the HLF Stage 2 application is submitted.
Economic Development	Ingleton Village Plan	Sharon Sunter	6138	-	67,503	-	67,503	-	67,503	67,503	The timeframe will be subject to comments from Ingleton Parish Council on the proposed delivery to the masterplan for Riverside Park and signage strategy. The proposal includes works to their property. The matter is scheduled for consideration at their meeting in August 2017.
Environmental Services & Housing	Statutory Delivery Disabled Facilities Grants (DFG)	Wyn Ashton	6145 6150 6151	433,307	81,433	41,357	556,097	13,396	542,701	556,097	DCLG Grant Allocation increased to £474,664. An increase of £41k
Environmental Services & Housing	Remodelling of Aireview House	Wyn Ashton	6022	750,000	-	-	750,000	2,412	747,588	750,000	

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Financial Management	Agresso Upgrade - Final Stages	Claire Hudson	6246	-	2,500	-	2,500	-	2,500	-	Lloyds have indicated that the new online system is still being developed and have advised us to wait until Dec 18. (Note: The banking contract also expires 31st March 2019). Capital allocation be reallocated to Capital programme and utilise revenue resources if required in 2018/19 from finance services budget to fund any consultancy for bank import file amendment as required pending outcome of bank tender which will be known by December 2018. Funds to be returned to the IT reserve.
Financial Management	Payroll System improvements	Claire Hudson	6200	-	12,000	-	12,000	-	12,000	12,000	Review of options/ business case now to be completed October 2017 with a view to commence self-serve set up and roll out in the last quarter of the 2017/2018 financial year.
ICT & Transformation	Replace the current Web hosting arrangements	Darren Maycock	6235	20,000	-	-	20,000	-	20,000	20,000	Project in progress, estimated completion Q4 2017/18.
ICT & Transformation	Public Sector Network (PSN) Code of Connection (CoCo)	Darren Maycock	6210	5,000	-	-	5,000	-	5,000	-	Budget not required, accommodated within existing budgets. Funds to be returned to the IT reserve.
ICT & Transformation	SAN Replacement 2016-2020	Darren Maycock	6274	80,000	-	-	80,000	-	80,000	80,000	Invoices expected Q2.
ICT & Transformation	Computer Replacement Programme	Darren Maycock	6210	20,000	41,000	-	61,000	51,302	9,698	61,000	Underway, completion expected Q3.
ICT & Transformation	IDOX Software for multiple Services (Previsouly Replacement Planning Software project)	Darren Maycock	6266	60,000	29,395	-	89,395	2,347	87,048	89,395	Project in progress, estimated completion Q4 2017/18.
ICT & Transformation	Upgrade VM ware Software	Darren Maycock	6267	-	10,000	-	10,000	4,450	5,550	10,000	Remaining invoices expected Q2.

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Waste Management	4 Post Vehicle Lift for Commercial Vehicles (Vehicle Workshop)	Wyn Ashton	6136	20,000	-	-	20,000	-	20,000	-	There will be no expenditure in 2017/18 as it is our aim to relocate the Mechanics facility to different premises in 2018/19. This requires construction of a new facility with new vehicle lift. £20k needs to be carried over to future years to accommodate this.
Waste Management	Vehicle replacements	Wyn Ashton	6305	350,000	733,218	-	1,083,218	784,670	298,548	871,670	Intention to acquire a new 7.5 tonne RCV in Q2 at a cost of £87k. This vehicle will address the major issue of access in the confined areas of upper Settle and Middle Town Skipton. Forecast Outturn £871,670 [£784,670 + £87,000]. Procurement of this vehicle will take place in Q2. Delivery expected in Q3
Total Programme 2017/18				2,459,807	2,227,503	41,357	4,728,667	1,428,863	3,299,805	4,542,876	
Financial Management	Loan To Craven College for Four Years	Nicola Chick	n/a	-	-	400,000	400,000	-	400,000	400,000	Awaiting confirmation from College on exact date to forward the loan.
Total Programme 2017/18				2,459,807	2,227,503	441,357	5,128,667	1,428,863	3,699,805	4,942,876	

* Further analysis of the Shared ownership Project

Description	£ '000	Account
FY2016 Revised Float	250	
Sale	-	
Purchase of Plot 5 Lords Close, Giggleswick (including legal fees)	(73)	6026
Sale of Plot 5 Lords Close, Giggleswick (including legal fees)	88	7666
Purchase of Plot 2 Lumb Croft Sutton (including legal fees)	(67)	6026
Purchase of Plot 3 Lumb Croft Sutton (including legal fees)	(67)	6026
Sale of Plot 3 Lumb Croft Sutton (including legal fees)	88	7666
Remaining Float FY2016	219	
FY2017 Agreed Float	325	
valuation 1 for work carried out at burnroyd avenues	(52)	6026
valuation 2 for work carried out at burnroyd avenues	(45)	6026
valuation number 3 for work carried out at burnroyd avenues	(58)	6026
valuation of number 4 Burnroyd Avenue	(73)	6026
	315	