

Policy Committee – 01 March 2016

CAPITAL PROGRAMME MONITORING REPORT - QUARTER 3 2015/2016



Report of the Strategic Manager – Financial Services (s151 Officer)

Lead Member – Finance: Councillor Mulligan

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 To advise members of the capital programme position of the Council, based on the Quarter 3 review of income and expenditure to the end of December 2015.

2. **Recommendations**

- Members are recommended to:
- 2.1 Note the capital budget monitoring position as at 31 December 2015, and the additions to the programme.
- 2.2 Approve the amendments to the Capital Programme as mentioned in the report and the associated adjustments to the budget to give a revised Capital Programme of £2,535,180

3. **Background Information**

- 3.1 The Council agreed the 2015/16 Capital Programme of £1,329k on 24 February 2015. On 4 August 2015 the Council endorsed the recommendation from Policy Committee for the capital programme to include £1,315k of slippage from 2014/15. In addition previously approved and new projects have commenced adding a further £529k to the programme. This gave a total capital programme of £3,173k.
- 3.2 Within the current years programme are projects amounting to £568k that now require further information, planning or decisions from the Council and it is proposed that they are slipped to future years of the Capital Programme.

4. Quarter 3 Financial Performance

- 4.1 The Council approved the 2015/16 capital programme of £1,329k in February and work commenced on elements within the programme from April onwards. The programme has increased by £529k following the commencement of works to Skate Park and Pump Track in Aireville Park, approval to purchase shared ownership dwellings, continuation of the empty homes schemes, new homes bonus funded town and village centre projects and further increased to include £1,315k slippage from 2014/15. Thus giving a capital programme of £3,173k.
- 4.2 A summary of the programme is shown in Table 1 with detailed information together with an update on progress of the programme shown at appendix A. At the 31 December expenditure on the programme was £1,103k and the forecasted outturn for the capital programme £2,535k. It is currently estimated that £568k of projects will slip to future year capital programmes. The current year programme has been adjusted to reflect these changes. In addition £57k of funding is not required for projects which will now not be undertaken or have been completed via an alternative solution.
- 4.3 Due to the continued reliance on capital receipts to fund expenditure over the medium and long term it was agreed that approval to commence 2015/16 projects would be monitored by CLT.

Table 1: Planned Capital Programme

	Approved Budget	Expenditure to end of Quarter 3	Forecasted Outturn	Estimated Slippage
	2015/2016	2015/2016	2015/2016	2015/2016
	£	£	£	£
Vehicle replacements	742,650	152,166	572,650	170,000
Private Sector Housing & Empty Homes	858,950	311,950	858,950	0
Recreation & Leisure	167,300	141,450	144,600	22,700
IT facilities	267,020	36,100	85,500	125,000
Council Properties	1,137,480	461,822	873,480	250,000
Total Capital Programme Costs	3,173,400	1,103,488	2,535,180	567,700

- 4.4 At the end of Q3 there are changes to eight projects:
- (a) Two IT related projects, which had not started, have been cancelled. It has been decided that the Democratic Services Software and Document Management Rollout have will no longer go ahead.
 - (b) Two IT projects will slip to future years for completion. Upgrade of VMware software and the Planning System replacement.
 - (c) During Q3 a £30k Local Authority contribution has been made in respect of the Leeds & Yorkshire Housing Association re-development of

Sutcliffe Buildings, in Settle. This accounts for the forecasted Outturn on the Empty Homes Project.

(d) Purchase of a refuse vehicle is on hold pending the recycle contract report options being reviewed.

(e) The moveable floor repair at craven pool advice and a review of the potential cost.

(f) The project for Skipton Depot is currently on hold.

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.

Table 2: Forecast Capital Resources

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Capital Programme Costs	2,535	1,531	2,732	1,912
<u>Funding Resources</u>				
Capital Receipts	1,001	455	396	423
Capital Grants	534	309	1,876	239
Enabling Efficiencies	51	19	0	0
New Homes Bonus	241	130	0	0
IT, Buildings & Vehicle Reserves	383	518	360	250
Borrowing	325	482	100	1,000

5.2 The 2016/17 – 2018/19 programmes have been updated to reflect the report presented to the meeting of Policy Committee on 16th February 2016.

5.3 The New Homes Bonus reserve has an allocation for Empty Homes which is funding the empty homes grants. An additional project in Settle has been facilitated with Leeds and Yorkshire Housing Association. There is currently £152k remaining in the reserve.

5.4 The capital programme currently assumes utilising all available forecasted capital receipts after the end of 2018/19. However should any additional projects be approved to the programme later, these receipts may be required for use before then.

- 5.5 The Council forecast that it would receive £475k in capital receipts during 2015/16. To date £542k has been received, an additional £67k. The current years capital receipts are analysed in table 2. In addition the Council has £2,224k of receipts carried forward from previous years giving a total of £2,766k. It is estimated that £1,172k will be required to support the capital programme with the balance to be carried forward to support future years.

Description	Amount £'000	Period Received
Granville Street	475	Q1
Vehicle	35	Q1
LSVT Property Covenant	32	Q2
Total	542	

- 5.6 The Council has predominantly used capital receipts or borrowing to fund its capital programme. Capital receipts are a finite resource and the projects identified will eventually exceed the resources available.
- 5.7 As part of the 2015/16 budget setting process it was planned to make contributions to earmarked reserves and which are available to support the capital programme and other projects. The Long Term Financial Strategy assumes that these contributions will need to continue. In addition as part of the 2014/15 year end procedures, additional contributions have been made to reserves.

6. Implications

Financial and Value for Money Implications

- 6.1.1 All financial implications are contained in the body of the report. The forecasted outturn cost if the capital programme at the end of December is £2,535,180 a reduction of £628,220 compared to the approved budget of £3,173,400.
- 6.1.2 Currently £567,700 has been identified for slippage to future year programmes. This gives a net underspend of £60,520 at the end of quarter 3.

6.2 Legal implications

None as a direct result of this report. The Council set a balanced budget for 2015/16, and going forward it is a further requirement that the budget is balanced.

6.3 Contribution to Council Priorities

The delivery of a balanced and managed budget is critical to the well being of the Authority.

6.4 Risk Management

Failure to achieve a balanced budget in the financial year would have had

serious consequences for the Council.

6.5 **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

Capital Programme 2015/16

APPENDIX A

Scheme Description	Budget Manager	2014/15 Slippage	Total Capital Programme £	Spend to Q3 £	Remaining Budget £	Forecast Outturn £	Estimated Slippage £	Comments
Skipton Town Hall Refurbishment & Alterations	Hazel Smith	529,620	529,620	336,822	192,798	529,620		Carpeting and decoration for first floor tenant undertaken, some work undertaken to strip out the 17/19 High Street unit and professional fees for associated work. Various work packages are being drawn up (roof works, stone repairs, structural work, fire and intruder alarm) a supplementary budget may be required if the current budget does not cover all costs.
Skipton Bus Station Public Conveniences	Hazel Smith	49,000	49,000	0	49,000	49,000		Building Surveyor has surveyed the building, will produce two options and will produce specification on preferred option and obtain quotations in February for work to start in March 2016
Biomass Boiler at Skipton Town Hall	Hazel Smith	125,000	125,000	125,000	0	125,000		Biomass was not as efficient or practical as hoped, a new gas efficient boiler has therefore been installed.
Skipton Depot Project	Hazel Smith	0	250,000	0	250,000	0	250,000	On hold pending options appraisal which is awaiting information on business requirements for service to be determined.
Instal PV Panels at Craven Pool & Airedale Business Park	Hazel Smith	14,000	14,000	0	14,000	0		Project now closed and no further spend expected or required.
Additional Lighting at Craven Pool	Hazel Smith	34,860	34,860	0	34,860	34,860		Signed contract received, awaiting method statement and start date, likely to start in February 2016
Skate Park - Aireville Park	Sharon Hudson		110,000	106,950	3,050	110,000		Project completed
Pump Track Aireville Park	Sharon Hudson		34,600	34,500	100	34,600		Pump Track may need some minor drainage works, currently being assessed. Total of £41k grant received and available.
Ingleton Village Centre Plan	Sharon Sunter	0	40,000	0	40,000	40,000		Car Park Refurbishment - Balance to be spent in 16/17
Settle Town Centre Plan - Whitefriars Public Conveniences Improvements	Sharon Sunter	0	15,000	0	15,000	15,000		Approved to commence December 2015. Work out to tender in February 2016.
Replace pool moveable floor panels and control unit terminal	Lloyd Hancox	22,700	22,700	0	22,700	0	22,700	After seeking further advice, project is on hold, due to anticipated costs being significantly higher than originally calculated. Also possibility that both pools will need to be drained to allow this work to take place and it may take up to 1 month to complete. Need to reprogramme this within the next 24 months either Xmas 2017 or 2018.
Craven Pool Software System Replacement	Lloyd Hancox	15,000	15,000	0	15,000	5,000		Awaiting one more quotation to complete the access controller. Anticipated cost of c£3-4k
Ashfields Toilet Refurbishment for Settle TIC Scheme	Hazel Smith	40,000	80,000	0	80,000	80,000		Awaiting feasibility works from Economic Development, plus agreements with Ward Members as to scheme.
Upgrade VMware Software	Darren Maycock	10,000	10,000	0	10,000	0	10,000	VMWare upgrade still requires co-ordination with Selby, this is unlikely to happen before the end of Q4 with the transition of Selby to NYCC but will be required prior to PSN health check in November 2016, These funds will require carrying forward.

Scheme Description	Budget Manager	2014/15 Slippage	Total Capital Programme £	Spend to Q3 £	Remaining Budget £	Forecast Outturn £	Estimated Slippage £	Comments
Public Sector Network (PSN) Code of Connection (CoCo)	Darren Maycock	6,500	16,500	4,900	11,600	16,500		Further cost for remediation expected in Q4.
Replacement of Planning Software System yr 2	Darren Maycock	60,000	130,000	0	130,000	15,000	115,000	Project expected to commence in Q4 with recruitment of Project Manager. Remaining funds will require carrying forward.
Document Management Rollout	Darren Maycock	13,480	13,480	0	13,480	0		Residual budget following implementation of document management solutions - budget no longer required
Democratic Services Software	Darren Maycock	17,500	17,500	0	17,500	0		Project not expected to commence, budget no longer required
Agresso Upgrade (Upgrade of Agresso to version 5.6 Milestone 4)	Nicola Chick	0	37,520	31,200	6,320	34,000		Project completed. Some residual issues have required additional fixes. Committed spend against the project is £33,600. Consultancy days less than forecast.
Cash Management System Upgrade	Nicola Chick	0	10,000	0	10,000	10,000		Upgrade to cash management system commence March 2016.
iTrent Payroll System Implementation & Improvements	Nicola Chick	0	17,020	0	17,020	5,000		Arrangements continued with Richmondshire under a 5 year service level agreement therefore budget for this no longer required. Project included introduction of sel-serv module which is still to be implemented. Expected to commence March / April 2016
DFG programme	Wyn Ashton	168,950	528,950	131,950	397,000	528,950		20 Grants have completed within Q1-Q3 with a further 4 grants where interims have been made. As at 31 December there were 13 Full Applications with works totalling £ 91,412.43 either started on site and due for completion 2015/16 or 2016/17. In the pipeline there are 23 grants at enquiry stage with an estimated cost of works at £ 181,000.
Empty Homes	Wyn Ashton	0	180,000	180,000	0	180,000		During Q3 a £30,000 Local Authority contribution has been made in respect of the Leeds & Yorkshire Housing Association re-development of Sutcliffe Buildings, Settle. This site formerly consisted of 6 apartments but following re-development an additional 3 units of affordable housing will be created.
Purchase of Shared Ownership Dwellings	Wyn Ashton		150,000	0	150,000	150,000		Approval to use commuted sums to purchase shared ownership dwellings. Funding to be recycled
Vehicle replacements	Paul Florentine	208,650	742,650	152,166	590,484	572,650	170,000	1 RCV on hold until Mitigating of loss of income on recycle contract report concluded. Sweeper procured and CDC awaiting delivery. Review of the van fleet (5 due for replacement) underway.
TOTAL		1,315,260	3,173,400	1,103,488	2,069,912	2,535,180	567,700	