

Policy Committee – 13th December 2016

CAPITAL PROGRAMME MONITORING REPORT - QUARTER 2 2016/2017



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 2 review of income and expenditure to the end of September 2016.

2. **Recommendations**

- 2.1 Members note the capital budget monitoring position as at 30 September 2016, and the additions to the programme.

3. **Background Information**

- 3.1 The Council agreed the 2016/17 Capital Programme of £1,531k on 16th February 2016. On 7th June 2016 The Council endorsed the recommendation from Policy Committee for the capital programme to include £1,500k of slippage from the 2015/16 Programme. In addition previously approved supplementary estimates of £382k were added to the programme. This gives a total capital programme of £3,413k.

4. **Quarter 1 Financial Performance**

- 4.1 The Council approved the 2016/17 capital programme of £1,531 in February and work commenced on elements within the programme from April onwards. The programme has increased by £832k following the commencement of works to the Skipton Town Hall Roof, The Concert Hall works due to commence in Quarter 3, works in the Kildwick Churchyard, improvements to the Pool's Café & Spinning Bikes, Ingleton Village Plan works, Settle, Ingleton and Skipton Car Parks repairs and relining and a Music system upgrade at the Crematorium.
- 4.2 The Capital Project to replace the Pool's moveable floor panel (originally incorporated in the 2014/15 programme) has been terminated in year, with a revised bid expected in 2017/18 to allow for the increase in costs associated with completing the work. Therefore the revised Capital

Programme totals £3,840k.

- 4.3 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 30 September 2016 expenditure on the programme was £470k.
- 4.4 The expenditure shown for the Shared Ownership Project is the net spend to Quarter 2. This includes the purchase and sale of dwellings. There is a table further analysing the items in Appendix A.
- 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 2016/17 projects would be monitored by CLT, as would progress on projects within the programme.

Table 1: Planned Capital Programme

	Revised Budget	Expenditure to end of Quarter	Forecasted Outturn
	2016/2017	2016/2017	2016/2017
	£	£	£
Vehicle replacements	795,600	38,182	795,850
Private Sector Housing & Empty Homes	371,010	101,176	371,010
Recreation	126,500	37,874	116,367
IT facilities	196,560	67,808	204,595
Council Properties	2,350,680	225,079	2,350,680
Total Capital Programme Costs	3,840,350	470,119	3,838,502

- 4.6 The forecasted outturn for 2016/17 for Council Properties related projects includes the refurbishment of Aireview House. This project progress is reliant on the receipt of funding from the Homes and Communities Agency. The original projection was the project would be funded by £70k from HCA grant, £200k from Commuted Sums and £130k from the New Homes Bonus. Due to the changes to the refurbishment and remodelling the costs of the project are going to increase. The increases in costs are going to form an additional Bid to the Capital Programme as part of setting the 2017/18 programme, this would be again reliant on additional grant from the HCA.
- 4.7 The Replacement Planning Software System project is unlikely to require the entire budget available. The remaining funds will be transferred back into the IT reserve to fund other future projects.
- 4.8 The Capital Programme has been amended to reflect the commencement of the Concert Hall works, although works will not start until Quarter 3. Policy Committee approved the application for the grant funding for this in 2015/16.

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

	2016/2017 Estimate £'000	2017/2018 Indicative £'000	2018/2019 Indicative £'000	2019/2020 Indicative £'000
Capital Receipts & Grants at Start of Year	1,500	1,852	1,456	1,033
Funding for slipped projects from 15/16 & Supplementary Estimates in 16/17	2,682	0	0	0
In Year resources - disposals / Capital Receipts	330	0	0	0
In Year resources - grants	370	1,876	239	239
Contribution From Enabling Efficiencies	68	0	0	0
Contribution From NHB (Empty Property)	255	0	0	0
Contribution From Vehicles Reserve	795	170	50	0
Contribution from IT Reserve	178	160	110	140
Contribution from Buildings Reserve	353	90	90	90
Utilisation of Borrowing (MRP Capacity)	991	100	1,000	150
Less Forecasted Capital expenditure in year as per Appendix A	3,840	2,792	1,912	742
Capital Receipts at end of Year	1,852	1,456	1,033	910

- 5.2 Slipped projects from 2015/16 had already been allocated funding when they were approved. £1,560k of funding has been brought forward to fund the completion of these. Of the £1,560k there was £115k for the Planning Software, £60k of this has now been identified to slip into 2017/18 based on current project progress. Quotes for the work have now been received and it is likely the £60k of the slipped budget can be repaid into the IT reserve in 2017/18.
- 5.3 There has been £1,182k of supplementary estimates and additions to the Capital programme in 2016/17. This figure is included in the forecasted expenditure for the year as shown in Appendix A.
- 5.4 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.
- 5.5 The figures in table 2 do not include Capital Receipts that are likely to be received in Q3. Certain properties that were subject to the stock transfer to Yorkshire Housing, in March 2003, have now been sold. These properties are subject to a restrictive covenant, that may entitle the Council to 50% of the consideration payable on such a disposal.

6. **Implications**

6.1 **Financial and Value for Money Implications**

All financial implications are contained in the body of the report.

6.2 **Legal implications**

None as a direct result of this report. The Council set a balanced budget for 2016/17, 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. It is also a risk that if the Capital budgets for some projects continue to be slipped forward, other more profitable or essential projects will not get the funding they require.

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**

James Hordern, Senior Accountant
Telephone: 01756 706316
E-mail: jhordern@cravendc.gov.uk

10. **Appendices**

Appendix A – Capital Programme

Service Unit	Description	Budget Officer	2016/17 Agreed Programme	Supplementary Estimates	15/16 Slippage	Projects Terminated in 16/17	Total 16/17 programme	Spend as at end Q2	Remaining Budget	Forecast Outturn	Q2 Comments - including timeline for procurement and delivery
Asset & Facilities Mgt	Skipton Town Hall & Museum Refurbishment & Alterations - Museum HLF Bid Works	Ian Halton	481,500				481,500	5,430	476,070	481,500	Design team has been appointed and are reviewing existing information. Project staff have also been appointed.
Asset & Facilities Mgt	Skipton Town Hall & Museum Refurbishment & Alterations - Town Hall Roof	Ian Halton		180,000			180,000	120	179,880	180,000	Roof replacement is combined with other landlord works that started on site 10th October 2016 with completion forecast in March/ April 2017
Asset & Facilities Mgt	Skipton Town Hall - Concert Hall Works	Ian Halton		250,000			250,000	-	250,000	250,000	
Asset & Facilities Mgt	Skipton Bus Station Toilets	Ian Halton			49,000		49,000	0	49,000	49,000	Design submitted for Building Regs approval. Quotes for demolition/reconstruction currently awaited. Works will start before and be completed after Xmas 2016, or deferred till 2017. The contract period will be 6 weeks.
Asset & Facilities Mgt	Ashfields Toilet Refurbishment for Settle TIC Scheme	Ian Halton			80,000		80,000	538	79,462	80,000	Architect commissioned to carry out design and request planning Consent and Building Regs approval. Discussions to be had with NYCC regarding adjoining S.278 works to the public highway. Construction on site will commence in early 2017.
Asset & Facilities Mgt	Skipton Depot Project	Ian Halton			250,000		250,000	0	250,000	250,000	Options appraisal underway. Policy report deferred until 2017. Demolition of unsafe building within the depot to be carried out before Xmas 2016. repairs to carriageway within the lane and other minor verge works are currently in progress.
Asset & Facilities Mgt	Skipton Town Hall & Museum Refurbishment & Alterations - Town Hall Works	Ian Halton			259,830		259,830	53,779	206,051	259,830	Tenders are out to the shortlisted organisations for the concert hall equipment, current timetable is to design equipment during December/ January and supply the equipment January - March. Current budget doesn't include installation so once these costs are known a request will be made.
Bereavement Services	Health and Safety Works to Crematorium Roof Void	Hazel Smith	18,000				18,000	-	18,000	18,000	Project nearing completion - some grill installation works left to complete which are currently subject to a building regs application/approval. Project expected to be complete by end Q3
Bereavement Services	Music System	Hazel Smith		10,000			10,000	-	10,000	10,000	specification currently being developed project will be complete before year end
Bereavement Services	Kildwick Churchyard Wall	Hazel Smith		22,000			22,000	2,620	19,380	22,000	PO issued to works contractor. Works expected before Xmas subject to NYCC Road Space and Faculty being approved by Diocese
Comms & Sports Development	Pump Track Aireville Park	Sharon Hudson xfer to Ian Halton			1,500		1,500	0	1,500	1,500	Works to be carried out prior to Xmas 2016
Craven Pool	Funding for a new pool cover	Hazel Smith	15,500				15,500	-	15,500	15,500	ITQ exercise undertaken, works expected before Xmas
Craven Pool	Spinning Bikes	Hazel Smith		22,000			22,000	-	22,000	22,000	Order for bikes placed, expected to be operational by mid November
Craven Pool	Alterations to Café	Hazel Smith		50,000			50,000	988	49,013	50,000	design works progressing following completion of structural survey.
Craven Pool	Craven Pool Software System Replacement	Hazel Smith			5,000		5,000	0	5,000	5,000	cameras to be installed early November which will complete the project
Craven Pool	Replace pool moveable floor panels and control unit terminal	Hazel Smith			22,700	(22,700)	-	0	-	0	Project Cancelled - to be RE bid in 17/18 with revised specification and amount
Economic Development	Settle Town Centre Plan	Sharon Sunter			15,000		15,000	4,867	10,133	4,867	Work completed
Economic Development	Ingleton Village Plan	Sharon Sunter		70,000	40,000		110,000	33,007	76,993	110,000	Still waiting invoice from North Yorkshire County Council for new lighting columns.

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Environmental Health & Housing Services	Disabled Facilities Grants to help private home owners make adjustments to their property	Wyn Ashton	312,000		59,010		371,010	101,176	269,834	371,010	Expenditure is based on demand. We are currently in dispute with NYCC regarding the DFG allocation from DCLG which has increased significantly in 16/17, up from £23,818 to £433,307. The money from NYCC has now been received. The outturn is based on monies likely to be given to NYCC for the loss of Social Care Capital Grant which will be circa £25k. Report to Policy Committee with recommendations for money to NYCC.
Environmental Health & Housing Services	For acquisition of 3 shared ownership units	Wyn Ashton			150,000		150,000	142,000	8,000	150,000	Three shared ownership have been acquired as per original programme. * See further breakdown below.
Environmental Health and Housing	Aireview House Refurbishment & Remodel	Wyn Ashton	200,000	200,000			400,000	-	400,000	400,000	This budget will have to be slipped in the main to 2017/18. The slowdown in the capital project is primarily due to the determination of funding from the HCA. When the capital bid was made for the remodelling funds the HCA prospectus for funding had not been published and in order for the costs of the work to be affordable to the Council we require HCA funding with our own to deliver the project. The prospectus has now been published with all bids needing to be made by the 2nd September. The results of the bid will not be known until December and thereafter there will be the issue of the procurement of contractors etc. However in the meantime some parallel work will continue in relation to structural surveys of the existing, drawing of plans and planning application submission for the re-modelling.
Finance	Cash Management System Upgrade	Claire Hudson			500		500	455	45	455	Completed
Finance	Agresso Financial management System	Claire Hudson			2,500		2,500	0	2,500	2,500	Bank import fix on hold pending upgrade to Lloyds Link online to ensure any potential changes to download formats fully addressed - current work around in place. Awaiting timeline from Lloyds Bank on upgrade.
Finance	Payroll System improvements	Claire Hudson			12,000		12,000	0	12,000	12,000	Pilot project for roll out of self serve not yet commenced. New timescales: Nov 2016 - Review options and benefits for self serve pilot scheme including review of best practice of other ITrent Users. Jan 2016 - Implement pilot scheme Mar 2017 - Review of pilot and decision on wider roll out
IT	VDI Infrastructure	Darren Maycock	40,000				40,000	31,963	8,037	40,000	Only Software & Training costs remaining, expected Q3/Q4 (to be scheduled)
IT	Computer Replacement Programme	Darren Maycock	50,000				50,000	5,750	44,250	50,000	Remaining portable equipment to be sourced Q3/Q4. Servers Q4.
IT	Public Sector Network (PSN) Code of Connection (CoCo)	Darren Maycock			2,860		2,860	13,640	(10,780)	13,640	PSN Check procured, charges expected Q3
IT	Upgrade VM ware Software	Darren Maycock			10,000		10,000	-	10,000	10,000	VMWare Patched for PSN, upgrade deferred to Q4 when replacing Servers
IT	Replacement Planning Software System	Darren Maycock			55,000		55,000	-	55,000	55,000	Resource costs expected to be invoiced Q4, remaining Capital costs will be incurred in 2017/18
Parking Services	Parking payment machine replacement	Hazel Smith	40,000				40,000	19,604	20,396	40,000	Installation and relocating phase currently under way. Project will be complete by end December
Parking Services	Introduction/changes to 3 areas within the Council's car parks	Hazel Smith	44,850				44,850	-	44,850	44,850	remains subject to legal works to vary PPO.
Parking Services	Repairs & Relining Ingleton, Settle, Skipton Car Parks	Hazel Smith		28,000			28,000	-	28,000	28,000	Project not yet commenced as at end of September 16. Works have commenced since and project will be complete before year end.

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Waste Management	Vehicle replacements	Wyn Ashton	280,000		485,100		765,100	16,632	748,468	765,100	On hold until a final decision is made by Policy Committee on the Council adopting full co-mingling to ensure that vehicles are appropriate for the service going forward.
Waste management	Route optimisation software to help with waste collections	Wyn Ashton	18,700				18,700	16,000	2,700	16,000	This software has been procured but included in the first year costs of £18,700 was an element for training (£2,700) which could not be capitalised and has transferred to revenue.
Waste Management	Waste Management Vehicle Reversing Equipment Aid and 360 Degree Camera System	Wyn Ashton	30,500				30,500	21,550	8,950	30,750	The purchase of the vehicle reversing equipment etc has been concluded but part of the order of £8950 was not paid until October 2016 and will be shown in Q3. There will be an overspend of £250
			1,531,050	832,000	1,500,000	(22,700)	3,840,350	470,119	3,370,232	3,838,502	

* Further analysis of the Shared ownership Project

Description	£ '000
Original Budget	150
Sale of XXXXXXXX	(110)
Purchase of Plot 5 Lords Close, Giggleswick (including legal fees)	71
Sale of Plot 5 Lords Close, Giggleswick (including legal fees)	(87)
Purchase of Plot 2 Lumb Croft Sutton (including legal fees)	67
Purchase of Plot 3 Lumb Croft Sutton (including legal fees)	67
Remaining Budget	142