

Policy Committee – 7th March 2017

CAPITAL PROGRAMME MONITORING REPORT - QUARTER 3 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 3 review of income and expenditure to the end of December 2016.

2. Recommendations

- 2.1 Members note the capital budget monitoring position as at 31st December 2016, and the additions and amendments to the programme.
- 2.2 Members approve a supplementary estimate of £10k for the Pool Café refurbishment project.

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 £832k were added to the programme and a previously reported terminated project of £23k was removed. This gave a total capital programme of £3,840k.

4. Quarter 3 Financial Performance

- 4.1 The approved capital programme for 2016/17 including slippage was £3,031k 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. With the termination of the

Pool's moveable floor project last quarter the programme decreased by £23k.

- 4.2 The Disabled Facilities Grants fund was increased by the award of additional grant of £121k to £433k. This revises the programme total to £3,962k.
- 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 31st December 2016 expenditure on the programme was £781k. (*This figure was £958k at the date of this report*).
- 4.4 The expenditure shown for the Shared Ownership Project is the net spend to Quarter 3. This includes the purchase and sale of dwellings. There is a table further analysing the items in Appendix A.
- 4.5 Based on a revised project specification members are asked to approve an additional £10k for the completion of the Pool's Café project. It is the projects aspiration, for the café to be a major income contributor to the Leisure Centre and as the project has evolved through design and specification important elements for the project arose. This included ensuring the furnishings and decoration were appropriate, separation created from the Centre's reception area and the kitchen fit out was appropriate to be able to prepare fresh wholesome food. The costs for this have come in around £10k more than the original budget approved by Members. It would be possible to omit some of the works from the overall package, however, Officers involved in delivering the project feel that the overall integrity of the vision would be somewhat compromised. Should Members approve the Supplementary Estimate the café income budget for 17/18 will be increased by an additional £10k, in order to recover the additional outlay within a year. This is deemed achievable through the improved project. Members may also be interested to note that the new entrance signs currently being designed for the entrance (off Gargrave Road) will include the café as well as the Leisure Centre both of which now have separate distinctive and strong branding.
- 4.6 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 2016/2017 £	Expenditure to end of Quarter 3 2016/2017 £	Forecasted Outturn 2016/2017 £
Vehicle replacements	41,690	41,690	41,690
Private Sector Housing & Empty Homes	492,317	281,665	431,175
Recreation	126,500	36,805	40,505
IT facilities	196,560	57,037	193,594
Council Properties	1,950,680	363,951	1,920,339
Total Capital Programme Costs	2,813,189	781,148	2,627,303

- 4.7 At quarter 3 the forecasted outturn for 2016/17 for Council Properties related projects included the refurbishment of Aireview House. The projects progress was reliant on the receipt of funding from the Homes and Communities Agency (HCA) the successful outcome of which was not known until just before Christmas. Due to the changes to the refurbishment and remodelling, the costs of the project have increased. The increases in costs formed an additional Bid to the Capital Programme as part of setting the 2017/18 programme and the HCA. To allow time for the outcome of the HCA bid to be known a decision was taken to slip the project into 2017/18.
- 4.8 Two projects within the Assets & Commercial Services section are both forecasting an underspend in the allocated monies for 2016/17. The repairs & relining of the Council Car parks Project is forecasting a total spend of £14.5k, leaving £13.5k unutilised. The replacement of the Car Parking Ticket machines project is forecasting an underspend of £19k. Both these underspends have been reflected in the forecasted outturn in table 1.
- 4.9 Due to the assessment of the collection methods, co-mingling waste and route re-modelling there has been a delay in the purchase of new refuse vehicles. The forecasted expenditure has been amended to reflect the suspension of the replacement programme and as such the remaining £748k allowance will be required to be slipped into the 2017/18 programme. The revised Budget Reflects this slippage amount.
- 4.10 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.
- 4.11 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

	2016/17 Estimate £'000	2017/18 Indicative £'000	2018/19 Indicative £'000	2019/20 Indicative £'000
Capital Receipts & Grants at Start of Year (CRR)	2,584	2,715	2,428	1,519
In Year resources - (Capital Grants/receipts received)	503	1,362	433	433
Use of in Year Capital grants	372	1,122	866	433
Use of Capital Receipts	-	527	476	104
15/16 Slipped Projects Forecasted Outturn (<i>incl. Capital Receipt, Grant and Reserve expenditure</i>)	1,453	-	-	-
Supplementary Estimates in 2016/17	558	-	-	-
Slippage in 16/17 to 17/18 – <i>not already included in the 17/18 programme</i>	(748)	748		
Contribution From NHB Reserve	-	230	-	-
Contribution From Enabling Efficiencies Reserve	16	-	-	-
Contribution From Vehicles Reserve	305	190	91	46
Contribution from IT Reserve	90	185	90	40
Contribution from Buildings Reserve	99	106	49	44
Utilisation of Borrowing (MRP Capacity)	482	100	1,000	-
Forecasted Capital expenditure in year as per Appendix A	2,627	3,208	2,572	667
Capital Receipts & Grants at end of Year	2,715	2,428	1,519	1,415

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. This is included in the 2017/18 programme.

5.3 The £1,560k also included £485k for vehicle replacements, this combined with the 2016/17 programme amount meant that the full year allowance was £765k, with only £16k being spent £748k will be slipped into 2017/18 as part of the year end processes. This has been included in the revised budget, but is not included in the 2017/18 programme.

- 5.4 The Aireview House refurbishment and remodelling project has been slipped into 2017/18 as part of a revised bid. This is reflected in the revised budget and is already included in the 2017/18 programme.
- 5.5 There has been £953k of approved supplementary estimates and additions to the Capital programme in 2016/17. £842k have been supplementary estimates and £121k is an increase to the DFG grant funding. This figure is included in the forecasted expenditure for the year as shown in Appendix A. The supplementary estimate for The Aireview House Project has been included in the amount slipped into the 2017/18 programme. The Ingleton Village Plan project, which increased by a supplementary estimate of £70k totalled £110k. It began with the £35k refurbishment of the Car Park, which has now been completed. The development of other projects is currently underway and as such the balance remaining at the year-end will be required in 2017/18 but this will be review as part of the year end procedures. Of the £28k requested for the relining of Council Car parks, it is now forecasted that £13.5k would be unrequired.
- 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.

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

Capital Programme 2016/17

Service Unit	Description	Budget Officer	2016/17 Agreed Programme	2016/17 External Funding	CDC capital requirement 16/17	Supplementary Estimates	15/16 Slippage	Projects Terminated in 16/17	Total 16/17 programme	Spend as at end Q3	Remaining Budget	Forecast Outturn	Q3 Comments - including timeline for procurement and delivery
Asset & Facilities Mgt	Skipton Town Hall Concert Hall Works	Ian Halton			-	250,000	-		250,000	5,680	244,320	250,000	The appointed Design Team and Museum Designers are currently working up the designs to RIBA Stage 3 in line with the timescales for the HLF submission. Project Staff are currently gathering data and consulting on what stakeholders want from the Museum.
Asset & Facilities Mgt	Skipton Town Hall & Museum Refurbishment & Alterations - Town Hall Roof	Ian Halton			-	180,000	-		180,000	39,899	140,101	180,000	Erection of scaffolding commenced on 4th January to be completed by 13th January in order to provide access to undertake the roof repairs. Completion forecast by end of March
Asset & Facilities Mgt	Skipton Town Hall & Museum Refurbishment & Alterations - Museum HLF Bid Works	Ian Halton	481,500		481,500		-		481,500	-	481,500	481,500	Appointed two contractors for the equipment in the Concert Hall, one for the seating and the other for the light, sound and projection equipment. Approval is needed from Historic England before work will commence therefore may need to buy the equipment before it is installed to keep within the funding deadlines.
Asset & Facilities Mgt	Skipton Bus Station Toilets	Ian Halton			-		49,000		49,000	1,250	47,750	49,000	Quotations obtained, purchase order issued, works to commence on site 6th February 2016. Temporary facilities to be available for the duration of the works. Anticipated duration of works is 6 to 8 weeks.
Asset & Facilities Mgt	Ashfield Toilet Refurbishment for Settle TIC Scheme	Ian Halton			-		80,000		80,000	4,336	75,664	80,000	Design still ongoing to be followed by applications for planning and building regulations. Work will not commence on site during this fiscal.
Asset & Facilities Mgt	Skipton Depot Project	Ian Halton			-		250,000		250,000	7,105	242,895	250,000	Options appraisal underway. Policy report deferred until 2017. Demolition of unsafe building within the depot to be carried out in March 2017. Repairs to carriageway within the lane and other minor verge works completed in November 2016.
Asset & Facilities Mgt	Skipton Town Hall & Museum Refurbishment & Alterations - Town Hall Works	Ian Halton			-		259,830		259,830	126,694	133,136	259,830	Landlords strip out works completed in 2016 for the main commercial unit. Other landlord works to the smaller commercial unit still to be undertaken.
Bereavement Services	Health and Safety Works to Crematorium Roof Void	Hazel Smith	18,000		18,000		-		18,000	-	18,000	18,000	Bulk of works now completed just a cover for the testing ports for annual emission testing to be done. Spend to date is £12.5k. Total project will come in under budget
Bereavement Services	Music System	Hazel Smith			-	10,000	-		10,000	-	10,000	10,000	Tenders received and evaluation to be complete by 20/01/17 with order placed. Lead in time and installation 6-8 weeks. Annual servicing costs have come in higher than current budget provision.
Bereavement Services	Kildwick Churchyard Wall	Hazel Smith			-	22,000	-		22,000	2,620	19,380	22,000	Start of works delayed due to Diocese Faculty application requiring abnormal length of time to go through the consultation process. Start of works envisaged in late February with four weeks for completion so scheme will be completed this fiscal year.
Comms & Sports Development	Pump Track Aireville Park	Ian Halton			-		1,500		1,500	0	1,500	1,500	Works to be carried out in February 2017.
Craven Pool	Funding for a new pool cover	Hazel Smith	15,500		15,500		-		15,500	-	15,500	15,500	Project completed awaiting invoice. Total project cost £17,950
Craven Pool	Spinning Bikes	Hazel Smith			-	22,000	-		22,000	-	22,000	22,000	Project completed and invoice received
Craven Pool	Alterations to Café	Hazel Smith			-	50,000	-		50,000	2,223	47,777	60,000	Design works adjusted and completed following receipt of structural survey. ITQ for building works posted pre Xmas, closing date 16th Jan. Building works scheduled to commence 30th Jan and complete by mid March. Furniture and kitchen equipment quotes have been obtained. Menu testing will take place with representative sample customers once kitchen has been handed back with opening due early March. quotes for works have come in higher than originally intended due to later addition of glass doors/partitions separating cafe from reception.
Craven Pool	Craven Pool Software System Replacement	Hazel Smith			-		5,000		5,000	0	5,000	5,000	Project complete and invoice due to be paid.

Service Unit	Description	Budget Officer	2016/17 Agreed Programme	2016/17 External Funding	CDC capital requirement 16/17	Supplementary Estimates	15/16 Slippage	Projects Terminated in 16/17	Total 16/17 programme	Spend as at end Q3	Remaining Budget	Forecast Outturn	Q3 Comments - including timeline for procurement and delivery
Craven Pool	Replace pool moveable floor panels and control unit terminal	Hazel Smith			-		22,700	(22,700)	-	0	-	0	N/A
Economic Development	Settle Town Centre Plan	Sharon Sunter			-		15,000		15,000	3,798	11,202	3,798	No update provided as work completed
Economic Development	Ingleton Village Plan	Sharon Sunter			-	70,000	40,000		110,000	33,007	76,993	35,207	Outstanding payment of £2,200 for new lighting columns installed by North Yorkshire County Council - invoice expected by the year end.
Environmental Health & Housing Services	Disabled Facilities Grants to help private home owners make adjustments to their property	Wyn Ashton	312,000	(433,307)	-	121,307	59,010		492,317	281,665	210,652	431,175	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, 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	142,000	The 3 acquisitions have been completed. The remaining £8k will not be required from the Commuted Sum Pot
Environmental Health and Housing	Aireview House Refurbishment & Remodel	Wyn Ashton	200,000	(70,000)	130,000	200,000	-		-	-	-	-	Start on site will in Q1 of 2017/18. Have now received the match funding from the HCA. Completion of works will be at the end of Q3 of 2017/18. The total cost of works has been set at £750k (£375k from CDC and £375k from the HCA) The £400k has been slipped forward to the 2017/18 BID.
Finance	Cash Management System Upgarde	Claire Hudson			-		500		500	234	266	234	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	Not yet commenced. Review/business case to be re thought inline with payroll audit recommendations . Expenditure in 16/17 now highly unlikely. Will be requesting carry forward of this expenditure into 2017/18 Timescales - Feb/ March -System review/ Investigate options and develop revised business case. April - Implement electronic circulation of payslips and P60s. May - December - Implement other improvemetns and self serve for training, sickness and expenses as appropriate subject to business case
IT	VDI Infrastructure	Darren Maycock	40,000		40,000		-		40,000	31,963	8,037	40,000	Software install & server replacement expected february 2017
IT	Computer Replacement Programme	Darren Maycock	50,000		50,000		-		50,000	8,840	41,160	50,000	ESXi Server replacements scheduled for March 2017
IT	Public Sector Network (PSN) Code of Connection (CoCo)	Darren Maycock			-		2,860		2,860	-	2,860	2,860	PSN consultancy charges expected Q4
IT	Upgrade VM ware Software	Darren Maycock			-		10,000		10,000	-	10,000	10,000	Tied into ESXi replacement March 2017
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

Service Unit	Description	Budget Officer	2016/17 Agreed Programme	2016/17 External Funding	CDC capital requirement 16/17	Supplementary Estimates	15/16 Slippage	Projects Terminated in 16/17	Total 16/17 programme	Spend as at end Q3	Remaining Budget	Forecast Outturn	Q3 Comments - including timeline for procurement and delivery
Parking Services	Parking payment machine replacement	Hazel Smith	40,000		40,000		-		40,000	21,159	18,841	21,159	2 m/cs installed on Cav St cp and 2 on Waller Hill.all accept coin and card payments.Relocated 3 m/cs to Community Centre car park. Project now complete.
Parking Services	Introduction/changes to 3 areas within the Council's car parks	Hazel Smith	44,850		44,850		-		44,850	-	44,850	44,850	2 machines purchased for Craven Pool, awaiting completion of Parking Places Order. Invoice for £12,180.00 received awaiting payment. Lining and sign works will be undertaken by the end of Q4.
Parking Services	Repairs & Relining Ingleton, Settle, Skipton Car Parks	Hazel Smith			-	28,000	-		28,000	10,985	17,015	14,500	Lining complete on Ashfield CP, Whitefriars coach bay wording repainted. Community Centre CP partial lining on dis bays, keep clear and Coach bays relined. High St
Waste Management	Vehicle replacements	Wyn Ashton	280,000		280,000		485,100		16,632	16,632	-	16,632	Procurement process will begin in Q4. Procurement delay has been as a result of the future shape of the Waste Management Service for customers (co-mingling). Decision made at Policy Committee on the 17 January 2017 for service re-modelling which will result in fewer vehicles in the longer term
Waste management	Route optimisation software to help with waste collections	Wyn Ashton	18,700		18,700		-		18,700	16,000	2,700	16,000	Initial purchase made of licence made throug capital. Future costs will be met through revenue. The remaining £2700 of the budget will not be required
Waste Management	Waste Management Vehicle Reversing Equipment Aid and 360 Degree Camera System	Wyn Ashton	30,500		30,500		-		30,500	25,058	5,442	25,058	All purchases made. The remaining capital budget is not required
			1,531,050	(503,307)	1,149,050	953,307	1,500,000	(22,700)	2,813,189	781,148	2,032,041	2,627,303	

* Further analysis of the Shared ownership Project

Description	£ '000
Original Budget	150
Sale	(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