

**Policy Committee –
4th March 2014**

**CAPITAL PROGRAMME MONITORING
REPORT – QUARTER 3 2013/2014**



Report of the Corporate Head of Financial Management

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 September 2013.

2. Recommendations

- 2.1 Members note the capital budget monitoring position as at 31 December 2013.

3. Background Information

- 3.1 On 23 July 2013 the Council endorsed the recommendation from Policy Committee for a capital programme of £1,842k. This included £306k of slippage from 2012/13

4. Quarter 3 Financial Performance

- 4.1 The Council approved an outline capital programme in February and the detailed programme of £1.842m for 2013/14 was confirmed at the meeting of Policy Committee on 9th July this included £306k slippage from 2012/13.
- 4.2 The current forecast is for expenditure of £1.450m. 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.
- 4.3 The delay in confirming the funding for the capital programme has led to delays in procurement of elements of the programme. It is expected that in addition to the projects identified in Quarter 2, other projects will need to slip into 2014/15 to be completed. Appendix A identifies these projects. The final position will be confirmed as part of the outturn reporting.
- 4.4 Due to the continued reliance on capital receipts to fund expenditure over

the medium and long term it was agreed that approval to commence 2013/14 projects would be monitored by CLT.

- 4.5 The outline capital programme assumed that £25k of contribution from the capital programme to revenue for administration of projects would be made. Changes in accounting rules and regulations for eligible revenue administration costs mean there are strict rules on what can and cannot be charged to capital. It is likely that this cost will need to be met from within the revenue budget and this was highlighted in July.

Table 1: Planned Capital Programme

	Approved Budget	Expenditure to end of Quarter	Forecasted Outturn	Forecasted Slippage
	2013/2014	2013/2014	2013/2014	2013/14
	£	£	£	£
Vehicle replacements	640,350	140,788	590,788	0
Private Sector Housing	440,290	206,135	350,156	0
Council Properties	579,340	104,238	374,749	185,000
IT facilities	143,030	60,818	120,028	10,000
Community Grants	13,850	10,990	13,850	0
Capital administration (see 4.5)	25,000	0	0	0
Total Capital Programme Costs	1,841,860	522,969	1,449,571	195,000

- 4.6 The exact value of slippage is not fully quantifiable at this stage. It is expected that in addition to the projects already identified that there will be other projects including vehicle purchases, council property work and IT investment requiring completion in 2014/15. These projects are identified in Appendix A.

5. Capital Programme Financing

- 5.1 At the meeting of Policy Committee on 21st May 2013 members approved the creation three earmarked reserves for IT Projects, Vehicles & Buildings.
- 5.2 It was proposed that £65k from the IT reserve and £40k from the Buildings reserve be used to fund projects in the capital programme. The VM Ware IT project had £10k allocated, this project is now scheduled for completion in 2014/15 and therefore the funding will require carrying forward to match.
- 5.3 The council has £321k of borrowing capacity carried forward from 2012/13, and £316k will be generated in 2013/14 giving a total of £637k for use in either the capital programme, or to repay external loans. This borrowing

capacity arises through the Minimum Revenue Provision (MRP) charge to the revenue account each year. It was proposed that £385k be utilised to fund the programme. With slippage into next year forecast for the programme, this resource will potentially carry forward.

- 5.4 In addition £150k from the Enabling Efficiencies Fund has been used to contribute towards the costs of the Waltonwrays Crematorium, PV cells and Skipton Town Hall projects.
- 5.5 The receipt in April from the sale of Granville Street £660k net is included within the 2013/14 resources together with a receipt following the sale of former LSVT properties £43k and vehicles £7k. The exact timing of the receipt of the balance of in year funds £650k remains uncertain and may not arise until early in the next financial year.
- 5.6 The Council is forecasting that it will receive £1,357k in capital receipts during 2013/14 of which £880k will be required to support the capital programme with the balance to be carried forward to support future years. To date £710k has been received.
- 5.7 Resources available to fund the capital programme together with a forecast of future receipts and programme costs are shown in table 2. The information in the table includes the confirmed slippage within the 2013/14 programme.

Table 2: Forecast Capital Resources

	2013/2014 £'000	2014/2015 £'000	2015/2016 £'000	2016/2017 £'000
Capital Receipts & Grants at Start of Year	1,377	1,921	1,161	0
In Year resources - disposals	1,357	0	475	0
In Year resources – grants and contributions	192	188	187	187
Contribution From Efficiencies Reserve	150	0	0	0
Contribution From New Homes Bonus Reserve	0	200	0	0
Contribution from IT Reserve	55	10	0	0
Contribution from Buildings Reserve	40	0	0	0
Utilisation of Borrowing (MRP Capacity)	200	450	429	506
Forecast Capital expenditure in year	(1,450)	(1,608)	(2,252)	(998)
Resources at end of Year	1,921	1,161	0	0
Additional Borrowing Requirement	0	0	0	305

- 5.8 The capital programme forecast for future years has been updated to reflect the projects within the 2014/15 capital programme report presented to Policy Committee on 11 February 2014. The report also recommended that the funding of the 2014/15 programme was deferred until the outturn position of 2013/14 was confirmed. This will also impact on allocation of funding in future years.

Main Risk Areas

- 5.9 The main risk area for the sustainability of the capital programme is funding resources to ensure that the council's assets remain fit for delivery of services.

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 2013/14, 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 2013/14

<u>Scheme Description</u>	2013/14 Total Capital Programme £	2013/14 Expenditure to Date / End of Quarter £	2013/14 Forecast Outturn £	Comments / Update
Waltonways Crematorium Rationalisation of Buildings	114,940	75,954	114,000	Works continuing on Crematorium Chapel and Book of Remembrance Chapel. Project due to be completed by year end.
Remodelling of pathways for parking at Waltonways	14,450	13,216	13,216	Project Completed
Instal PV Panels at CPLC & ABP	84,510	15,000	63,193	Project due to be completed by financial year end
Disabled Facilities Grants	440,290	206,135	350,156	Currently 14 applications awaiting approval and costings - estimated £16k for payment by 31 March included in forecast .
Community Capital Grants	13,850	10,990	13,850	Budget currently allocated - Grant Sub-Committee meeting in March to review allocations.
Replacement Vehicles *	640,350	140,788	590,788	2 vans purchased from carry forward £60k. Garden waste vehicle purchased £81k. Purchase of 3 remaining vehicles on hold pending outcome of waste service review. Forecast cost for remaining vehicles £450k.
Replace Selected Car Park machines *	50,440	0	50,440	Assessment of machine condition and suitability currently being undertaken. Machine demonstrations and trials due to take place prior to final order being placed through ESPO framework. Project will slip into 2014/15.
Upgrade Intruder Alarms *	20,000	0	20,000	Liaising with insurers to ensure correct level of alarms installed to satisfy insurance requirements. Project will slip into 2014/15
Re-surface Engine Shed Lane *	185,000	0	0	Slipped to future Year Q2 Report now 2015/16
Refurbish Health Suite	20,000	0	23,900	Tenders have been evaluated and a preferred contractor has been selected. CLT approved project to proceed w/e 7 Feb 2014. Completion expected by end of year.
PCI DSS Compliance	30,030	30,028	30,028	Project Completed
Upgrade of communications line to Craven Leisure Centre	13,000	0	0	Project completed under contract renewal for NYNET service. Budget not required.
Website Development *	35,000	15,974	35,000	New Intranet project underway - Remaining Budget to be carried forward to 2014/15

<u>Scheme Description</u>	2013/14 Total Capital Programme £	2013/14 Expenditure to Date / End of Quarter £	2013/14 Forecast Outturn £	Comments / Update
Upgrade business applications to Windows 2008 *	20,000	0	20,000	Projects underway to upgrade servers and Business Applications - Remaining Budget to be carried forward to 2014/15.
Upgrade PCs to Windows 7	15,000	7,580	15,000	Budget fully committed.
Document Management Rollout *	20,000	7,236	20,000	Approved at Select Committee and going to Policy Committee on 11 Feb 2014.
Upgrade VMware Software *	10,000	0	0	Slipped to 2014/15 capital programme Q2 Report
Additional Lighting at CPLC *	20,000	0	20,000	Final specifications being drawn up to be sent out to quote on most cost effective scheme design. Project unlikely to be completed in 2013/14.
Skipton Town Hall / Museum Works *	70,000	68	70,000	Minor building works programme complete. Window procurement requires alternative approach due to value of works having come back from quotes work. Architectural services contract procurement currently underway. Completion of project will slip into 2014/15.
Capital Administration	25,000	0	0	Expenditure dependant on appropriate projects for justifiable allocation of costs from revenue - none currently identified.
TOTAL	1,841,860	522,969	1,449,571	

* Projects for which completion may slip into 2014/15