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| **Report of the Deputy Chief Executive and Director of Commerce and Customers**  **to**  **Overview and Scrutiny (Corporate)**  **on**  **17 September 2018** |
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| **CAPITAL MONITORING REPORT FROM 1 APRIL TO 14 AUGUST 2018** | |

1. **SUMMARY**

1.1 This report summarises the progress made on the Council’s capital schemes up to the 14 August 2018.

1. **RECOMMENDATIONS**

**To be recommended to Council**

(i) That Council note that capital budgets totalling £3,848,763 are carried forward to the 2019/2020 capital programme (see paragraph 3.1.5 and Table 4).

(ii) That the unallocated HRA capital budget of £326,000 be vired to the Fire Risk Works capital budget and that budget of £292,836 be vired from the Energy Efficiency capital budget to the Fire Risk Works capital budget for the reasons in paragraph 3.1.6.

(iii) That the Fire Risk Works capital budget be increased by £266,131 to be funded from the HRA revenue account, this being the amount of NNDR refunds which the Council has received in relation to NNDR previously paid on HRA boiler houses (see paragraph 3.1.6)

(iv) That the CCTV new system capital budget for 2018/2019 and 2019/2020 is increased by £12,141, to be funded from CCTV capital income of £9,853 and capital receipts of £2,288 (see paragraph 3.1.7)

**3. BACKGROUND**

* 1. **Approved Budget and Position to 14 August 2018**
     1. The Council approved its consolidated Capital programme for 2018/2019 on 24 January 2018, bringing together existing schemes and new projects which aimed to help deliver the Council’s priorities. The current approved 2018/2019 capital programme budget is £49,133,000. Table 1 shows a reconciliation of the 2018/2019 budget total to the consolidated capital programme report.



* + 1. At 14 August 2018, expenditure of £3,753,000 has been incurred against the total budget for the year of £49,133,000. The capital expenditure for the year is forecast to be £43,521,959. Table 2 below shows how the budget and spending has been split between the General Fund and the Housing Revenue Account (HRA):



3.1.3 The budget for each capital scheme is rated Red, Amber or Green. Capital schemes are not considered highly volatile due to the works being planned, however many of the schemes meet the red criteria due to the high value:

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| RAG Rating | Criteria | Value Criteria |
| RED | High value and/ or highly volatility | £500,000 and over |
| AMBER | Medium value and/or medium volatility | £50,000 to £499,999 |
| GREEN | Low value and/ or low volatility | Under £50,000 |

3.1.4 This report provides an update on all budgets. Spend against the budgets for individual capital schemes and the forecasts to the end of the financial year are shown in the following tables, this includes brief comments on each project.

























3.1.5 Project officers have requested that budgets of £3,968,918 be carried forward to the 2019/2020 capital programme where it is forecast that spending will take place in the next financial year, Table 4 shows the individual budgets to be carried forward:



3.1.6 Following fire risk assessments being carried out at sheltered housing complexes it is estimated that the works required may be as much as £4.5million over two years. To part fund these works it is proposed that the unallocated HRA capital budget of £326,000 be vired to the Fire Risk Assessments capital budget and that budget of £292,836 be vired from the Energy Efficiency capital budget to the Fire Risk Assessments capital budget. In addition it is proposed that the budget be increased by £266,131 to be funded from the HRA revenue account, this being the amount of NNDR refunds which the Council has received in relation to NNDR previously paid on HRA boiler houses.

3.1.7 The Council started a scheme to replace the existing CCTV system in 2013/2014, this work is nearing completion, however the remaining payments to the contractor are expected to exceed the capital budget by £12,141, it is proposed that the CCTV capital budget be increased by £4,577 in 2018/2019 and increased by a further £7,564 in 2019/2020 to cover the retention payment. This additional expenditure is to be financed from CCTV capital income of £9,853 and capital receipts of £2,288.

3.1.8 The forecast figures quoted in this report represent that element of capital expenditure which is expected to require financing at the end of the 2018/2019 financial year, using the major repairs reserve, capital receipts, contributions from reserves, grants and other contributions. Table 5 shows the approved sources of financing should the 2018/2019 capital budgets be spent as currently forecast.



3.1.9 Total expenditure on the General Fund schemes in the capital programme is currently forecast to total £37,574,000. The forecast financing includes borrowing of £30,478,000. This being for the Housing Company (£5,954,000) and the acquisition of an investment property (£24,523,000).

3.1.10Grant and contributions is to finance, £1,780,000 of General Fund capital spending, £195,000 of this is still to be received in this financial year.

3.1.11The financing in table 5 includes £2,866,000 to be funded from capital receipts. The capital programme is therefore reliant on achieving targeted capital receipts to reduce any requirement to borrow. So far in 2018/2019 capital receipts of £735,000 have been generated from auction sales of commercial properties, the Commercial Property acquisition budget has been increased to allow these funds to purchase a further commercial property, in addition to this a capital receipt of £2,300,000 is expected from the sale of Crown Farm.

3.1.12 The 2018/2019 HRA capital programme is currently forecast to spend £5,948,000. The financing of the HRA schemes includes £580,000 in grant funding to be received. However, should this funding not be received in 2018/2019 the HRA does currently have sufficient resources in place to fully fund the capital programme.

**4. OPTIONS AVAILABLE**

* + 1. Members may choose not to approve the amendments to the capital programme set out in this report.

**5. RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS**

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| **Risk** | **Risk Assessment** | **Risk Level** | **Risk Management** |
| Expenditure / income | This report shows estimated expenditure based on information currently known and makes assumptions regarding the level of resources available to finance the expenditure. | Medium | To mitigate this risk, project officers and the Director of Commerce and Customers through the Capital Programme Project Board closely monitor the schemes and highlight any matters which may arise. |
| Council’s aims and objectives | When schemes are not progressing in line with the approved capital programme there is a risk that the Council will not achieve its stated aims and objectives in the corporate plan. | High | Project Board to assess the impact of any changes at its meetings and report any issues arising. |
| Reputational Risk | The Council’s reputation could be affected by significant overspends on projects or projects being delivered late. | Medium | To mitigate this risk, project officers and the Director of Commerce and Customers through the Capital Programme Project Board closely monitor the schemes and highlight any matters which may arise. |

**6. ALIGNMENT TO COUNCIL PRIORITIES**

6.1 The management of major capital projects is vital in delivering the Council’s priorities.

**7.** **IMPLICATIONS**

1. Relevant Legislation: The Council’s capital programme adheres to the following legislation:
   * Local Government Act 1972
   * Local Government Finance Act 1972
   * Local Government Finance Act 1988
   * Local Government and Housing Act 1989
   * The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003
2. Human Rights: No impact.
3. Equality and Diversity: No impact.
4. Climate change and environmental sustainability: The capital programme contains schemes which are designed to reduce the Council’s carbon footprint as well as reducing CO2 emissions across the district. The proposed amendments will not adversely affect the Council’s impact on carbon reduction
5. Crime and Disorder: No impact.

(f) Budget / Resources: Resource implications were considered when the capital programme was approved. Changes to the original budget are assessed and monitored on an on-going basis.

**8. COMMENTS OF STATUTORY OFFICERS**

Section 151 Officer – The financial details are contained within the body of the report.

Monitoring Officer – No specific Monitoring Officer comments.

**9. CONSULTATION**

9.1 The capital programme has been developed through consultation on the Council’s priorities as part of the budget planning process.

9.2 The estimated expenditure and income, together with the comments on the progress of schemes have been provided by the Project Officers and Service Directors.

**10. BACKGROUND PAPERS**

None

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