

## **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**3 DECEMBER 2015**

### **CAPITAL BUDGET MONITORING 2015/16 – QUARTER 2**

Report from: Phil Watts, Chief Finance Officer

Report Author: John Chance, Head of Finance Strategy

#### **Summary**

This report details the capital monitoring forecasts as at the end of September 2015.

#### **1. Budget and policy framework**

- 1.1. It is the responsibility of Cabinet to ensure that expenditure for each capital scheme remains within the budget approved by the Council, but it remains the responsibility of Council to approve schemes for inclusion in the capital programme.
- 1.2. The Overview and Scrutiny Committee has the responsibility to scrutinise performance and the budget strategy.

#### **2. Background**

- 2.1. The approved capital programme for 2015/16, and future years, is £122.3m, being £48.5m in respect of brought forward schemes and £73.8m of new approvals.
- 2.2. Since the first quarter's monitoring £982,000 has been added to fund the increase in the estimated cost of the multi-storey car park on Rochester Riverside and this was agreed by Council on 12 August 2015.
- 2.3. This report consolidates the capital expenditure forecasts prepared by each directorate and more detailed information is provided in the appendix. The accompanying narrative provides a brief description of each scheme, describing the progress of each and the outputs achieved. The notes in the main body of the report, below, represent a commentary on areas of concern or items of particular interest.

### 3. Forecast Position at Quarter 2

3.1. Table 1 summarises the overall capital programme and the latest forecast position.

*Table 1: Summary of quarter 2 monitoring forecasts*

	Budget	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast	Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Business Support	2,892	2,052	599	63	0	(178)
Members Priorities	402	380	0	0	0	(22)
RCC	62,934	25,006	13,989	18,154	5,758	(27)
Children and Adults	35,214	20,484	9,128	2,922	2,647	(33)
Housing Revenue Account	20,589	7,619	8,067	4,903	0	0
Public Health	296	296	0	0	0	0
<b>Grand Total</b>	<b>122,327</b>	<b>55,837</b>	<b>31,783</b>	<b>26,042</b>	<b>8,405</b>	<b>(260)</b>

3.2. Table 2 shows how the current programme is funded.

*Table 2: Summary of how the programme is funded*

Funding Source	C&A	RCC	HRA	BSD	PH	Member Priorities	TOTAL
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Borrowing	0	6,300	0	632	0	0	6,932
Capital Grants	23,002	50,644	0	266	0	0	73,912
Capital Receipts	2,341	3,463	0	1,200	0	402	7,405
RTB Receipts	0	378	0	0	0	0	378
S106 Contributions	7,333	849	0	0	0	0	8,182
Revenue / Reserves	2,538	1,300	20,589	794	296	0	25,518
	<b>35,215</b>	<b>62,934</b>	<b>20,589</b>	<b>2,892</b>	<b>296</b>	<b>402</b>	<b>122,327</b>

3.3. There are no material budget variations forecast at this time and no schemes have an unsatisfactory status, as indicated by a red 'unhappy' face.

3.4. The £1.0m Strood Community Hub was delivered on time and to budget and has been well received by our residents. It is also worth noting that the successful refurbishments at Strood Sports Centre have resulted in an increase in subscriptions.

### 4. New Schemes and Virements

4.1. The current programme includes a couple of additions since quarter 1:

- An addition to the Rochester Riverside programme of £982,000 agreed by Council on 12 August 2015 to fund professional fees and costed risks associated with the construction of the multi-storey car park adjacent to the new railway station. This addition is to be funded through prudential borrowing against increased income from the new car park.
- Section 38A contributions from HCA of circa £47,000 to be applied to repairs to Goldcrest Road on St Mary's Island, to allow for its adoption by the Council.

4.2. At its meeting on 15 October 2015 Council agreed two further additions to the capital programme, which do not feature in the quarter 2 capital monitoring. These will be reported against in the quarter 3 monitoring:

- An injection of £1.0m into the Building Repairs and Maintenance Fund to be met from capital receipts.
- Creation of a £2.0m scheme, funded from internal borrowing against cash balances, to allow the local authority to invest in property with the aim of generating improved investment returns.

## 5. Risk Analysis

5.1. The report provides detailed information regarding individual schemes and no significant risks have been identified to the current programme.

## 6. Financial and Legal Implications

6.1. The financial implications are fully analysed in the report.

## 7. Recommendations

7.1. Members of the Overview and Scrutiny Committee are invited to note and comment on the forecast outturn position and proposed management actions following round 2 of the quarterly capital monitoring report for 2015/16.

### Lead officer contact

John Chance, Head of Finance Strategy, Gun Wharf, Tel. (01634) 332151.  
e-mail : [john.chance@medway.gov.uk](mailto:john.chance@medway.gov.uk)

### Background Papers

*Capital and Revenue Budgets 2015/16* report to Council 26 February 2015  
<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=122&MId=2974&Ver=4>

*Capital Budget Monitoring 2015/2015 – Round 1* report to Cabinet 25 August 2015  
<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=3161&Ver=4>

### Appendices:

Appendix 1 – Details Capital Budget Monitoring