

# **BUSINESS SUPPORT OVERVIEW & SCRUTINY COMMITTEE**

**14 APRIL 2016**

## **CAPITAL BUDGET MONITORING 2015/2016 – QUARTER 3**

Report from: Phil Watts, Chief Finance Officer

Report Author: John Chance, Head of Finance Strategy

### **Summary**

This report presents the capital monitoring for the third quarter of the financial year, including out-turn forecasts and reference to any new schemes for approval.

### **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 £125.9m, being £48.5m in respect of brought forward schemes and £77.4m of new approvals.
- 2.2. 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 3

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

Table 1: Summary of quarter 3 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	5,892	2,324	2,545	255	184	(584)
Members Priorities	402	374	3	0	0	(25)
Regeneration, Communities & Culture	63,525	24,603	20,092	13,144	5,637	(49)
Children and Adults	35,214	13,573	14,491	6,919	58	(173)
Housing Revenue Account	20,589	8,163	7,438	4,988	0	0
Public Health	296	296	0	0	0	0
<b>Grand Total</b>	<b>125,918</b>	<b>49,333</b>	<b>44,569</b>	<b>25,306</b>	<b>5,879</b>	<b>(831)</b>

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

Funding Source	C&A	RCC	HRA	BSD	PH	Member Priorities	<b>TOTAL PROGRAMME</b>
	£,000	£,000	£,000	£,000	£,000	£,000	<b>£,000</b>
Borrowing	0	6,300	0	2,632	0	0	<b>8,932</b>
Capital Grants	23,002	51,235	0	266	0	0	<b>74,503</b>
Capital Receipts	2,341	3,463	0	2,200	0	402	<b>8,405</b>
RTB Receipts	0	378	0	0	0	0	<b>378</b>
S106 Contributions	7,333	849	0	0	0	0	<b>8,182</b>
Revenue / Reserves	2,538	1,300	20,589	794	296	0	<b>25,518</b>
<b>Total</b>	<b>35,214</b>	<b>63,525</b>	<b>20,589</b>	<b>5,892</b>	<b>296</b>	<b>402</b>	<b>125,918</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.

### 4. New Schemes and Virements

4.1. The current programme includes one new virement of budget and three new additions since quarter two:

4.1.1 Cabinet on 8 February 2016 approved cessation of the Civic Centre Car Park scheme as it was considered no longer necessary to provide additional parking at the Civic Centre site. Furthermore, Cabinet also approved virement of the remaining budget of £248,820 to increase the funding for the Railway Street Car Park development.

4.1.2 The Command of the Heights project has been awarded a grant of £229,802 as a "first round pass" by the Heritage Lottery Fund. This will provide a development grant towards design of a scheme, which would involve removing the Riverside One building from the Barrier Ditch on Chatham Waterfront, creating more public realm between Chatham Bus Station and the Community Hub, as well as restoring areas of Fort Amherst. When this scheme is prepared to delivery stage, the application will be submitted to HLF for approval. There is no guarantee that a "stage 2 pass" will be awarded. If it is, it will enable the remaining £1,486,400 HLF funding to be provided to deliver the project.

4.1.3 The Council was awarded £598,528 from the Coastal Communities Fund, of which £289,123 is for capital, to deliver flexible workspace within the Watermill Wharf area of Rochester.

4.1.4 The Council has been awarded £72,012 of external grant to implement Wireless Broadband in Medway Libraries. This represents a new capital project.

## 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 are asked to:

- a) note the decisions of Cabinet to approve the budget virement proposal in paragraph 4.1.1 and note the three new additions to the programme in paragraphs 4.1.2, 4.1.3 and 4.1.4, which are covered under the Chief Finance Officer's delegated authority on capital spending, and;
- b) note and comment on the forecast outturn position and new additions to the programme following round 3 of the quarterly capital monitoring report for 2015/16.

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### Background Papers

Capital Budget Monitoring 2015/16 – Quarter 1

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=28100>

Capital Budget Monitoring 2015/16 – Quarter 2

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=28940>

### Appendices:

Appendix 1 – Detailed Capital Budget Monitoring