

BUSINESS SUPPORT OVERVIEW & SCRUTINY COMMITTEE

1 DECEMBER 2016

CAPITAL BUDGET MONITORING 2016/2017 – QUARTER 2

Report from/Author: Phil Watts, Chief Finance Officer

Summary

This report presents the quarter 2 capital monitoring forecasts for 2016/2017.

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. This Committee has responsibility for the regular monitoring of budgets and the capital programme

2. Background

- 2.1. The approved capital programme for 2016/17 and future years, is £110.5m, being £86.0m of brought forward schemes and £24.5m of new approvals.
- 2.2. This report consolidates the capital expenditure forecasts prepared by each directorate. Appendix 1 gives the full detail by project and the notes in section 3 and 4 of this report represent a commentary on areas of concern or items of particular interest.

3. Summary of the Capital Programme 2016/2017

- 3.1 Table 1 summarises the overall capital programme and the latest forecast position, whilst Table 2 indicates how the current programme is funded.

Table 1: Quarter 2 Monitoring Summary

-	Current Budget	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	Forecast Variance
-	£000s	£000s	£000s	£000s	£000s	£000s
Children and Adults	32,927	22,972	8,300	1,635	0	(20)
Regeneration, Community, Environment and Transformation	59,338	25,082	24,236	10,619	317	916
Business Support Department	3,197	2,573	475	148	0	(1)
Housing Revenue Account	14,709	8,288	6,421	0	0	0
Member Priorities	301	238	40	0	0	(23)
Public Health	0	0	0	0	0	0
TOTAL	110,471	59,153	39,472	12,403	317	874

Table 2: Summary of Capital Funding

Funding Source	C&A	RCET	HRA	BSD	PH	Member Priorities	Total Programme
-	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Borrowing	0	12,237	1,323	298	0	0	13,858
Capital Grants	18,892	41,126	36	903	0	0	60,957
Capital Receipts	0	2,589	1,002	0	0	301	3,892
RTB Receipts	0	378	0	0	0	0	378
S106 Contributions	11,220	2,546	0	0	0	0	13,766
Revenue / Reserves	2,815	461	836	13,508	0	0	17,620
TOTAL	32,927	59,338	3,197	14,709	0	301	110,471

3.2 In spite of its scale and complexity, the programme is generally on time and to budget, with very few issues to report. The position on Rochester Riverside and the multi-storey car park is outlined in paragraphs 4.4 and 4.5.

4. New Schemes and Virements

4.1 Following the 2016/17 local government settlement and after Council had agreed the capital programme, the DfE announced the 2018/19 Basic Need allocations and this grant worth £3.111m has been added to the programme in quarter 2.

4.2 At its meeting on 13 October, the Council agreed to add £311,000 of schemes to be funded from Section 106 receipts. The addition to the cost of works at the Crematorium will be included in the quarter 3 figures. Council also agreed six new School projects funded from the Basic Need Grant.

4.3 At its meeting on 21 July, the Council agreed £226,000 under prudential borrowing to fund investment in ICT infrastructure.

4.4 Whilst some of the Rochester Riverside project costs have been met from the funds made available by the HCA, it has always been the case that the majority of the costs would be funded from borrowing in lieu of later capital receipts as the development progresses. Expenditure in the current financial year is forecast to

be around £430,000 and Cabinet has been asked to recommend that Council agree this addition to the programme.

- 4.5 The Rochester Station multi-storey car park has been subject to some significant changes in specification. The first of these was the inclusion of lifts, as required by building regulations, at a cost of £322,500. The changes to the design of the cladding were required by Planning Committee and resulted in an additional cost of around £379,800. There were some other additions for external works and CCTV cameras and a number of other contract variations to mitigate the overall costs, however the net result of these changes is a £0.5m pressure, which can be met from a combination of Section 106 contributions, LTP funds and LGF funding. Appendix 2 provides a summary of the total cost of the scheme.

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. The Committee is asked to note and comment on the spending forecasts summarised in Table 1 and to note that Cabinet has recommended to Council the addition to the programme outlined at paragraph 4.4.

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Appendices

Appendix 1 - Capital Budget Monitoring details

Appendix 2 – Rochester Station Multi Storey Car Park – summary of costs

Background papers

Capital programme approved by Council 23 February 2016

<https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=122&MIId=3245&Ver=4>
item 787 refers