

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

4 APRIL 2019

CAPITAL BUDGET MONITORING 2018/19 – QUARTER 3

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Summary

This report presents the results of the Council's capital monitoring for Q3 of the 2018/19 financial year, including out-turn forecasts and reference to any new schemes for approval.

1. Budget and policy framework

1.1 Cabinet are responsible for ensuring that expenditure for each capital scheme remains within the budget approved by Council.

2. Background

2.1 The approved capital programme for 2018/19 is £228.930million. This report consolidates the capital expenditure forecasts for the third quarter and Appendix 1 provides a scheme by scheme forecast position for the whole programme. The report also provides details of any additions to the capital programme since the Quarter 2 monitoring report.

3. Forecast Position at Quarter 3

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

Directorate	Current Budget £000s	2018/19 Forecast £000s	2019/20 Forecast £000s	2020/21 Forecast £000s	2021/22 Forecast £000s	Forecast Variance £000s
Children and Adults	15,915	13,575	1,517	1,284	123	583
Regeneration, Culture, Environment and Transformation	63,052	32,404	23,111	6,464	1,196	122
Housing Revenue Account	7,045	4,940	2,105	0	0	0
Business Support Department	142,723	11,551	39,816	27,380	63,975	0
Public Health	0	0	0	0	0	0
Members Priorities	197	197	0	0	0	0
Total	228,930	62,666	66,549	35,128	65,294	705

3.2 Table 2 shows how the current programme is funded:

Funding Source	C&A £000s	RCET £000s	HRA £000s	BSD £000s	Public Health £000s	Member Priorities £000s	Total £000s
Prudential Borrowing	0	6,852	0	20,164	0	0	27,016
Borrowing in lieu of Capital Receipts	0	10,768	0	121,352	0	0	132,120
Capital Receipts	0	2,905	0	257	0	194	3,355
Capital Grants	15,249	40,890	0	31	0	0	56,169
RTB Receipts	0	127	300	0	0	0	427
S106 Contributions	667	1,466	0	0	0	0	2,133
Revenue / Reserves	0	46	6,745	919	0	0	7,710
Total	15,916	63,052	7,045	142,723	0	194	228,930

3.3 The overspend on Children and Adults of £583,000 relates to variances on four schemes:

- Halling Primary Capacity Increase – value engineering throughout the project is forecast to result in an underspend of £21,000 which will be transferred back to the Basic Need Programme.
- Family Hubs and Wellbeing Centre – works required to bring the Elaine Centre up to the required standard to deliver the services previously provided at Bligh resulted in a forecast overspend of £50,000. This will be funded by a revenue contribution to capital.
- Condition Programme – an overspend of £234,000 is forecast as condition programme funding has been used to deliver SEN works at Bradfield's (£150,000) and Thomas Aveling (£84,000), however an increase in the High Needs Special School Place Provision Capital allocation received by the Council has not yet reflected in the budget; as such the budget for this scheme will be increased and will not represent an overspend at year end.
- Children & Adults Mobile Working – the overspend of £299,000 relates to the cost of the prudential borrowing taken out to fund the purchase of mobile devices. In November, Cabinet recommended to Council in January that this be added to the capital programme (decision no. 147/2018 refers).

3.4 The forecast overspend of on Regeneration, Culture, Environment and Transformation relates to a forecast overspend of £122,000 on the Command of the Heights Phase 2 scheme. Section 106 contributions have been identified that can be used to fund this overspend, for which the Chief Finance Officer will seek agreement from the Leader of the Council to add to the capital programme in accordance with Chapter 4, Part 6, Paragraph 3.7 of Medway Council's Constitution (Financial Rules).

4. New Schemes and Virements

4.1 In the Quarter 2 Capital Budget Monitoring report on 20 November 2018, Cabinet recommended to the January Meeting of the Full Council that the following additions to the capital programme be made (decision no.s 147/2018 to 149/2018 refer):

- Children and Adults Mobile Working – £299,000;
- Medway Adult Education's Management Information System – £33,000;

- Shared Licensing Service – addition of £11,000 to make a scheme of £34,000; and
- Capital grant to RVS – up to £25,000.

4.2 At its meeting on 18 December 2018, Cabinet recommended to the January Meeting of the Full Council that the following further additions to the capital programme be made (decision no.s 158/2018 and 159/2018 refer):

- Independent ASD Special School at the Cornwallis Site – £24.7million;
- Local Transport Capital Funding Allocation for 2018/19 – £1.128million;
- Market Hall Multi-storey Car Park infrastructure works – £505,393;
- Family Hubs and Wellbeing Centre - £50,000; and
- CCTV Hardware – £80,000.

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. There are no direct legal implications to this report.

7. Recommendation

7.1 The Committee is asked to note the spending forecasts summarised at Table 1 of the report.

Lead officer contact

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Appendices

Appendix 1 – Capital Budget Monitoring

Background papers

Capital budget approved by Council 22 February 2018

<https://democracy.medway.gov.uk/mgAi.aspx?ID=18048#mgDocuments>

Council approved additions to the Capital programme

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=41537>

<https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=122&MId=4055&Ver=4>

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=43912>