

## Report of Section 151 Officer

## 2017-18 Capital Outturn

## 1 Purpose of report

This report presents members with an overview of the council's capital expenditure against approved budget for the financial year 2017-18.

## 2 Executive Summary

2.1 The capital programme was agreed by members in February 2017. Approval was given for schemes prioritised as schedule 1 to be funded and they were moved into the approved programme. When later supplementary bids and the re-profiling of schemes between financial years were included, this then produced a total programme for the year of £3.811m.

2.2 Information provided by budget managers throughout the year resulted in an updated forecast outturn of £3.465m being reported to this committee in March 2018. The reasons for the changes to expected levels of spending were considered in that report.

2.3 The final capital programme monitoring statement for 2017-18 (Appendix 1) shows an outturn of £2.162m, which is a variation of £1.303m, compared to the previously revised forecast of £3.465m.

## 3 Appendices

Appendix 1 Capital Outturn Report to 31 March 2018

Appendix 2 Capital Programme Funding Position

Appendix 3 Analysis of significant capital budget variances

**The Committee is invited to RESOLVE to:**

4.1 **NOTE** the outturn position on the capital programme and the reasons for the variances as shown in Appendix 1

4.2 **NOTE** the positions on the funding of the capital programme and agree the re-profiling of budgets, as shown in Appendix 2

4.3 **NOTE** the update on the 2018-19 capital programme as shown in Section 7

**The Committee is invited to RECOMMEND to:**

4.4 **APPROVE** the request for an additional £27k for the crematorium memorial wall scheme and approve in principal £1,247k for future infrastructure development of the site.

4.5 **APPROVE** the request for an additional £213k for phase 2 of the IT Transformation programme as detailed in Section 9.

## 5 Introduction

The capital monitoring position was last reported to the March 2018

Resources Committee. Monitoring is reported four times in the year, with three in year reports and the final out turn position in June of the year following. This report reflects the final outturn position as at 31 March 2018, subject to any changes that may result as part of the audit process.

## 6 2017-18 Capital Outturn

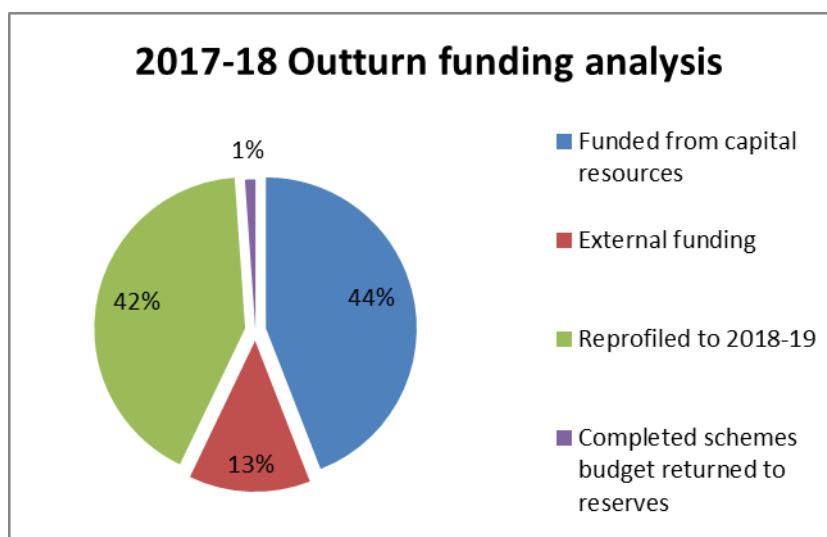
6.1 The revised capital programme for 2017-18 as reported at Resources Committee on 21 March 2018 was £3.731m. Following the update report in March, the following amendment was made to the 2017-18 programme:

- Urgent Action – A request for £80k in respect of the Waendel Leisure Centre boilers was approved on 5 March 2018. Of the two boilers at the centre, one was non-functioning and the second showed signs of failing. Complete failure of the boilers would have led to a loss of service at the centre.

6.2 This addition resulted in a final capital programme budget for 2017-18 of £3.811m.

6.3 The outturn for capital is £2.162m, this leaves a variance of £1.649m compared to the budget, which is outlined in more detail in Appendix 3. The majority of this variance, subject to review and if approved, will be re-profiled into 2018-19.

6.4 The following graph details how the 2017-18 capital budget has been allocated/funded:



6.5 The capital programme covers more than one year and shows both the expected spend in the current financial year as well as the spending that has been profiled to be spent in following years. When project delivery is delayed or brought forward, then the spending is re-profiled accordingly between financial years, subject to maintaining the minimum level of £5m of capital reserves.

6.6 The total projected spending on an approved project has been committed in full regardless of its profiling between financial years and so the movement of predicted spending between years does not release any net resources within the overall amount of capital funding available. However, it may provide the opportunity to bring agreed schemes, with profiled spending in later years, forward to be delivered earlier, if appropriate and achievable.

## **7 Capital Programme 2018-19 Update**

- 7.1 In addition to the previously approved budget for 2018-19 and the carry forward of the 2017-18 variance (Appendix 2), if approved, the following variations have been agreed and will be incorporated into the first monitoring report to this committee in September 2019.
- 7.2 As phase 1 of the IT Strategy Implementation nears completion it has been identified that a further £20,000 will be required. In order to ensure the project is kept moving this sum has been approved by the section 151 officer and the chairman of this committee, in accordance with the capital strategy agreed at council on 17 April 2018.

## **8 Crematorium Update**

- 8.1 A request has been received for an additional £27,000 for the memorial wall scheme at the crematorium. A budget of £110,000 has previously been agreed and the tender process for the construction of the wall has recently closed and evaluations are underway. However, it has been identified that the originally planned location for the wall would not be practical due to a major utility line running through the site. Therefore an alternative site has been identified which requires an access pathway from the main carpark.
- 8.2 It is proposed to lay a tarmac path to ensure accessibility for those with mobility issues. Without this pathway the new memorial wall may not be fully utilised and this would impact on future financial returns.
- 8.3 Members agreed at this committee in December 2017, to release the sum of £190,000 from the crematorium contingency budget, for three capital schemes. There remains a balance of £22,000 for the contingency budget which could be utilised towards the funding of this scheme.
- 8.4 The committee is asked to agree the additional budget of £27,000, to install a pathway to complete the memorial wall scheme at the crematorium, by releasing the remaining £22,000 of contingency budget. The remaining £5,000 will be funded from capital reserves.
- 8.5 In addition, an initial estimate of £1,247k has been received in respect of future infrastructure works identified for the crematorium site. These works include memorial gardens, including one for veterans, an extension to the car park and associated groundworks and drainage.
- 8.6 In order for these plans to be progressed the committee is asked to agree in principle a budget of £1,247k, subject to business case, to be released into the capital programme as each element of the development progresses.

## **9 IT Strategy Transformation Update & Phase 2 works**

- 9.1 In October 2016 council approved a 2-year implementation programme for an ICT Transformation strategy with the objective of moving the business systems and infrastructure forward to a new level of operation.
- 9.2 As reported in the revenue outturn report, significant progress has been made in both the business applications areas and the underpinning infrastructure. The focus in 2018 was to establish a new data centre at Crown Hosting,

implement a new wide area network across sites, progress an applications rationalisation approach and re-design the IT Service.

9.3 In order to maintain technological compliance due to key systems being out of support by Autumn 2019, further capital investment is required to implement phase 2 of the programme, detailed as follows:

- Deployment of new flexible working laptop/desktop systems – refresh of ageing kit. (No desktop refresh in over 3 years).
- Progress rollout of Windows 10 and Office 2016 with supporting tools – assumption that all new kit will come with Windows 10 operating system.
- Complete the de-commissioning of the Tithe Barn Server room.
- ICT support for office accommodation changes.

9.4 The total new investment required is as follows:

<b>Phase 2 Costs:</b>	
Lan/WIFI	92,400.00
End user Computing	148,750.00
Servers	20,000.00
Staff Resources & Consultancy	106,325.00
	<b>367,475.00</b>
<b>Budget Approved:</b>	
Desktop Replacement (J132)	88,693.00
ICT Infrastructure (J186)	24,439.00
ICT Data Store (J187)	41,362.00
	<b>154,494.00</b>
<b>ADDITIONAL FUNDS</b>	<b>212,981.00</b>

## 10. Legal Powers

Local Government Act 2003

## 11. Financial and Value for Money Implications

The financial and value for money implications of each individual capital scheme are assessed within the approval process. The implications of subsequent changes are outlined in the body of this report.

## 12. Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Error in reported position	Revised outturn, budget re-profiling and reserves return figure	Low due to level of quality assurance	Robust financial arrangements.
Increased costs relating to project due to delays (budget re-	Additional drain on resources	Low due to level of quality assurance.	Robust financial monitoring

profiling) in the project			arrangements.
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**13. Implications for Resources**

None identified.

**14. Implications for Stronger and Safer Communities**

No specific implications.

**15. Implications for Equalities**

No specific implications.

**16. Author and Contact Officer**

Julie O'Connell, Accountancy Team Leader

**17. Consultees**

Samantha Knowles, Assistant Director – Section 151 Officer

Liz Elliott, Managing Director

Bridget Gamble, Director

Julie Thomas, Director

**18. Background Papers**

Capital programme budget monitoring and closedown working papers.



## Capital Outturn Report to 31 March 2018

Desired Outcomes	Themes	Reference	Capital Scheme Title	Responsible Officer	Total Capital Programme 2017-18 -2021-22	Capital Programme 2017-18 Including re-profiling	Total expenditure 2017-18	Variance Total expenditure against budget	Forecast as at P10 reported to March Resources	Variance P10 forecast against actual spend	Outturn Responsible Officer Comments
					£'000	£'000	£'000	£'000	£'000	£'000	
Essential for service delivery	Asset maintenance for H&S / Compliance - operational	J041	Non Operational Property	Adrian Piper	23	23	-	-23	23	23	
		J180	Tithe Barn Roof	Adrian Piper	17	17	17	-	17	-	Complete
		J185	Castle Theatre	Adrian Piper	1,110	60	75	15	60	-15	Overspend carried forward to 2018-19 budget
		J192	Waendel Leisure Centre Boilers	Adrian Piper	80	80	-	-80		-	
		J157	Agresso Upgrade	Samantha Knowles	25	1	1	-	1	-	Complete
		J174	Waendel Leisure Centre	Samantha Knowles	219	169	167	-2	169	2	
		J176	IT Strategy Implementation	Samantha Knowles	305	305	285	-20	305	20	Scheme to be funded through flexible use of capital receipts
		J187	Payment Services Upgrade	Samantha Knowles	25	25	6	-19	25	19	
		J168	ICT Data Store	Tim Stubbs	41	41	-	-41	41	41	
		J181	IDOX EDRMS	Tim Stubbs	35	35	20	-15	35	15	
	J186	ICT Infrastructure	Tim Stubbs	76	76	67	-9	76	9		
	Maintenance for H&S / Compliance	J037	Wellingborough Road Adoptions Scheme	Victoria Phillipson	672	572	385	-187	572	187	
		J169	Bridge and Culvert Repairs	Victoria Phillipson	162	162	132	-30	132	-	Complete
	New assets for operational use	J188	Nene Valley Crematorium Memorial Wall	Adrian Piper	110	-	-	-	-	-	
		J189	Nene Valley Crematorium Skylight	Adrian Piper	50	-	-	-	-	-	
		J190	Nene Valley Crematorium Scattering Lawn Memorial	Adrian Piper	30	-	-	-	-	-	
J172		Revenue & Benefits EDRMS	Nigel Robinson	136	136	-	-136	136	136		
J191		Temporary Accommodation Mitigation Fund	Samantha Knowles	725	325	-	-325	325	325		
J107		Telephone System	Tim Stubbs	70	70	11	-59	70	59		
J132	Desktop Equipment Replacement and Windows 7	Tim Stubbs	89	89	-	-89	89	89			
To generate further revenue resources	Invest to generate income return	J154	Photovoltaic Panels	Adrian Piper	60	60	54	-6	54	-	Complete
		J156	Waste Transfer Station	Bernard Gallyot	14	14	14	-	14	-	Complete
		J184	WTS - Internal Restructure	Bernard Gallyot	13	13	13	-	13	-	Complete
		J175	Market Layout	Victoria Phillipson	17	-	2	2	-	-2	Overspend carried forward to 2018-19 budget
	Wellbeing and grants (to avoid revenue costs)	J100	Wellingborough Heritage and Shop Front Grant Initiative	John Udall	1,796	203	196	-7	200	4	
		J151	Shop Front Improvements	John Udall	236	62	49	-13	62	13	
		K001	Renovation Grant-Discretionary	Vicki Jessop	151	51	40	-11	38	-2	
K002	Disabled Facilities Grant	Vicki Jessop	614	314	301	-13	296	-5			

Desired Outcomes	Themes	Reference	Capital Scheme Title	Responsible Officer	Capital Outturn	Report to 31 March 2018	Total expenditure 2017-18	Variance Total expenditure against budget	Forecast as at P10 reported to March Resources	Variance P10 forecast against actual spend	Outturn Responsible Officer Comments
					Total Capital Programme 2017-18 -2021-22	Capital Programme 2017-18 Including re-profiling					
To achieve policy objectives	Invest to save	J162	PFP Leisure	Samantha Knowles	240	240	-	-240	240	240	
	CPO / Property regeneration	J127	Private Sector Housing Grant - homelessness initiative	Vicki Jessop	97	36	35	-1	36	1	
		K007	Empty Properties	Vicki Jessop	366	66	-	-66	20	20	
		J149	CPO Fund	Victoria Phillipson	668	68	74	6	68	-6	Overspend carried forward to 2018-19 budget
	Community / S106	J178	Fencing for parks	Bernard Gallyot	50	50	43	-7	50	7	Complete
		J183	Waendel Leisure Centre Pool Area	Gill Chapman	300	125	103	-22	125	22	
		K008	Capital Community Grants	Gill Chapman	250	150	-	-150	-	-	
		K105	Glamis Hall for All	Samantha Knowles	177	-	-	-	-	-	
		J139	Castle Fields Park S106	Victoria Phillipson	261	100	16	-84	100	84	
		J140	Eastfields Park S106	Victoria Phillipson	3	-	-	-	-	-	
		J141	Croyland Park S106	Victoria Phillipson	3	3	1	-2	3	2	
		J143	Bassett's Close S106	Victoria Phillipson	21	3	-	-3	3	3	
		J144	Queensway Open Space S106	Victoria Phillipson	17	-	-	-	-	-	
		J147	Finedon Recreation Projects S106	Victoria Phillipson	25	25	22	-3	25	3	
		J148	Allotment Improvements S106	Victoria Phillipson	3	3	2	-2	3	2	
		J153	Bassetts Park Skate Park	Victoria Phillipson	110	7	-	-7	7	7	
		J179	Embankment Splash Pool S106	Victoria Phillipson	2	2	2	-	2	-	Complete
J182	Finedon Open Space S106	Victoria Phillipson	21	21	21	-	21	-			
Public Realm	J122	Street Furniture	Victoria Phillipson	17	7	8	-	7	-1	Overspend carried forward to 2018-19 budget	

**Current Programme Totals**      **9,535**      **3,811**      **2,162**      **-1,649**      **3,465**      **1,303**

**Funded by:**

		Scheme	Analysis:	Description
S106	64	IT Strategy Implementation	20	The expenditure was transferred at year end to revenue in order to be funded by flexible use of capital receipts.
Heritage Lottery Fund	133	Wellingborough Road Adoptions Scheme	187	Works on hold due to NCC financial situation, physical works due to complete May 2018. Ongoing discussions on adoptions.
Disabled Facilities Grant	301	Various IT Schemes (as highlighted)	368	Various schemes (as highlighted) have been rescheduled under the IT transformation project and those remaining will be considered in the next phase of the programme or implemented in 2018-19
Capital Receipts	1,664	Temporary Accommodation Mitigation Fund	325	Refer to the Housing Options report, elsewhere on the agenda.
		PFP Leisure	240	Grant available for drawdown by PFP Leisure, awaiting update on the recharge profiling.
		Net scheme variances	163	
			<b>2,162</b>	<b>1,303</b>



Capital Programme Funding Position

Appendix 2

Current Capital Reserves:

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
<b>Capital Reserves Funding Balance B/f</b>	<b>17,634</b>	<b>17,361</b>	<b>21,638</b>	<b>21,596</b>	<b>21,821</b>
<b>Current Capital Programme (reported to March committee)</b>	3,731	5,382	292	25	25
<i>Urgent Action - Waendel Boilers (agreed March 2018)</i>	80				
<i>2017-18 Outturn underspend reprofiled</i>	<b>-1,605</b>	1,605			
<i>2017-18 under/overspend/completed schemes</i>	<b>-44</b>				
<b>Capital Programme as per Agresso</b>	<b>2,162</b>	<b>6,987</b>	<b>292</b>	<b>25</b>	<b>25</b>
<i>Approved schemes awaiting available resources</i>		200			
<i>Crematorium Contingency Budget not yet in main programme</i>		22			
<i>DFG Funding approved subject to demand</i>		95			
<i>Redwell 3G approved in principal</i>		300			
<b>Capital Programme</b>		<b>7,604</b>	<b>292</b>	<b>25</b>	<b>25</b>
2017-18 Expenditure funded from capital resources	1,381				
IT Strategy (flexible use of capital receipts)	286				
External Funding					
Capital S106	65	303			
Disabled Facilities Grant	300	541			
Heritage Lottery funding	130	1,087			
	<b>2,162</b>	<b>1,931</b>	-	-	-
<b>Current Capital Programme funded by capital reserves</b>	<b>Funded</b>	<b>5,673</b>	<b>292</b>	<b>25</b>	<b>25</b>
Homelessness Transformation Scheme (flexible use of capital receipts)	4				
<b>Revenue expenditure funded by flexible use of capital reserves</b>	<b>4</b>				
	<b>Funded</b>				
Anticipated Capital Receipts					
<i>RTB , VAT Shelter &amp; Asset Sales</i>	837	250	250	250	250
<i>2016-17 Sale of land/vehicles</i>	675				
<i>Capital Receipt transferred to Capital Grants Unapplied</i>	<b>-114</b>				
<i>Other Anticipated Capital Receipts</i>		12,700			
Income transferred to Capital Investment Reserve		<b>-3,000</b>			
<b>Anticipated New Capital Receipts</b>	<b>Received</b>	<b>9,950</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Forecast Capital Reserves Funding Balance C/f</b>	<b>17,361</b>	<b>21,638</b>	<b>21,596</b>	<b>21,821</b>	<b>22,046</b>

NB - Italics Estimate

<b>Forecast Capital Reserves if anticipated income not received</b>	11,688	11,646	11,871	12,096
<b>Minimum Capital Reserve</b>	5,000	5,000	5,000	5,000
<b>Available resources for capital programme</b>	6,688	6,646	6,871	7,096



Underspend brought forward £'000	2017-18 Approved / Virements	Total 2017-18 budget	Scheme	Responsible Manager	Underspend carry forward £'000	Responsible Manager comments
-	80	80	J192 - Waendel Leisure Centre Boilers	Adrian Piper	-80	Urgent action approved March 2017. Works completed and invoiced April 2018.
-	150	150	K008 - Capital Community Grants	Gill Chapman	-150	Schemes totalling £48,816 awarded funding, available for drawdown by individual organisations.
40	96	136	J172 - Revenue & Benefits EDRMS	Nigel Robinson	-136	This scheme has been refocused as part of the IT transformation programme and a procurement exercise was initiated in January 2018. The contract has been awarded and it is anticipated the system upgrade will be operational by December 2019.
240	-	240	J162 - PFP Leisure	Samantha Knowles	-240	Grant available for drawdown by PFP Leisure, awaiting update on the recharge profiling.
-	325	325	J191 - Temporary Accommodation Mitigation Fund	Samantha Knowles	-325	Refer to the Housing Options report, elsewhere on the agenda.
-	89	89	J132 - Desktop Equipment Replacement and Windows 7	Tim Stubbs	-89	The project will now be considered in the next phase of the IT transformation programme
212	360	572	J037 - Wellingborough Road Adoptions Scheme	Victoria Phillipson	-187	Works on hold due to NCC financial situation, physical works due to complete May 2018. Ongoing discussions on adoptions.
261	-161	100	J139 - Castle Fields Park S106	Victoria Phillipson	-84	Wellingborough Norse have demolished the changing facility, the toilets have been upgraded and they are in the process of identifying the costs for improvements to the play area.
		<b>1,692</b>			<b>-1,291</b>	
		1,801	<i>Net scheme reprofiling</i>		-315	
		319	<i>Under/Overspends to be returned to capital reserves</i>		-43	
		<b>3,811</b>			<b>-1,649</b>	

