

## Report of The Head of Finance

## 2014-15 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 2014-15.

## 2 Executive Summary

2.1 The capital programme was agreed by members in February 2014. The level of funding available at the time was insufficient to fund all priority projects, but those that could be funded were moved into the approved programme. Those that were still seen as priorities, but where funding was not currently available, were approved to be included in the programme when additional resources were identified. 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 £5.906m.

2.2 Information provided by budget managers throughout the year resulted in an updated forecast outturn of £2.131m being reported to this committee in March 2015. The reasons for the changes to expected levels of spending were considered in that report. The final capital programme monitoring statement for 2014-15 (Appendix 1) shows an outturn of £2.129m, compared to the previously revised forecast of £2.131m. Reasons for these final changes to expected spending are included in Appendix 1.

## 3 Appendices

Appendix 1 Capital programme monitoring position to 31 March 2015

Appendix 2 Capital programme funding position

Appendix 3 Analysis of significant capital budget underspends

**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, including the re-profiling of budgets, as shown in Appendix 2**

4.3 **AGREE the supplementary estimates as outlined in section 7.1 & 7.2**

4.4 **NOTE the supplementary budget of £2,635 approved by the Head of Finance under delegated powers in section 7.3**

4.5 **AGREE in principal a capital grant to Tresham College as outlined in section 7.4 with delegation to the Head of Finance in consultation with the Chair/Vice Chair of Resources Committee**

## 5 Introduction

The capital monitoring position was last reported to the March 2015 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 2015, subject to any changes that may result as part of the audit process.

## 6 2014-15 Capital Outturn

### Capital Programme 2014-15 to 2018-19

- 6.1 The revised capital programme for 2014-15 as reported at Resources Committee on 18 March 2015 was £5.901m. Since that report the 2014-15 programme has further increased by £5k to £5.906m due to the re-profiling forward of budget from 2015-16.
- 6.2 The outturn for capital is £2.129m, this leaves £3.777m under spend compared to the budget, which is outlined in more detail in Appendix 2. The majority of the underspend will, subject to review and approval, be re-profiled into 2015-16.
- 6.3 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.
- 6.4 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 Discussion

- 7.1 There are 2 capital schemes for which a limited amount of supplementary funding is required. These schemes are:
  - **Croyland Hall Abbey:** The scheme to replace the roof at Croyland Hall using Collyweston slate was originally budgeted at £250k, the actual spend in year was £274k. Therefore a further £24k of funding is needed. Allowances for additional/unforeseen works that had been built into the original tender, were utilised in order to complete repairs identified once the original slate was removed. There is now no remaining budget and, although the scheme is 95% complete there are final costs to be paid. These costs will be allocated from the property contingency budget already approved.

- **Upgrade of Server Infrastructure:** This scheme represents the combination of two capital bids to upgrade both the PSN Network and the server licensing. In order to complete both upgrades under this heading a further £10k of funding is required. The completion of these schemes will ensure both environments remain fully supported and stable for at least the next 5 years.

7.2 The committee is asked to agree the supplementary estimates of £24k for Croyland Hall Abbey and £10k for the Upgrade of Server Infrastructure.

7.3 A request has been received from Wellingborough Norse for additional funding of £2,635, to install a further water point at Doddington Road Cemetery. It is prudent to complete this work as part of the larger project and therefore the request has been approved by the Head of Finance and Chair of Resources Committee under the delegated powers, agreed as part of the capital strategy for the medium term.

7.4 A further request has been received from Tresham College for a capital grant of £500k, to be paid in 2016-17, towards the planned improvements to the Wellingborough campus. These works will complement the regeneration of the town centre and improve the provision of a community resource. Officers will review the application and progress under agreed governance procedures. The committee is asked for an agreement in principal, dependant on funding being available and with suitable agreement in place under capital rules.

## **8. Capital Financing Requirement**

8.1 Every council is required to calculate its overall Capital Financing Requirement (CFR). This is a measure of the underlying need for borrowing to finance capital expenditure. Where a council does have outstanding debt, this may or may not be the same amount as the actual outstanding debt, with the CFR typically being slightly higher.

8.2 Where a council is debt-free, as is the case with Wellingborough, the CFR is usually zero. The council currently has a negative CFR, which is an unusual position. The reasons for this are being investigated and the results will be reported once the investigations are complete and have been independently verified. Ongoing discussions with the external auditors will take place on this as part of the year end closure of accounts.

8.3 The outcome may be that it proves to be a technical matter only and there is no additional funding made available as a result, or it may be that a significant amount of money can be released. Clearly this has potential implications for future levels of capital spending. It will be reported as soon as possible and included in any future capital programme decisions.

## **9. Legal Powers**

Local Government Act 2003

## 10. 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.

## 11. Risk Analysis

<b>Nature of risk</b>	<b>Consequences if realised</b>	<b>Likelihood of occurrence</b>	<b>Control measures</b>
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-profiling) in the project	Additional drain on resources	Low due to level of quality assurance.	Robust financial monitoring arrangements.

## 12. Implications for Resources

None identified.

## 13. Implications for Stronger and Safer Communities

No specific implications.

## 14. Implications for Equalities

No specific implications.

## 15. Author and Contact Officer

Julie O'Connell, Service Accountant

## 16. Consultees

Budget Managers  
Principal Accountancy Manager  
Project Accountant

## 17. Background Papers

Capital programme budget monitoring and closedown working papers.

Desired Outcomes	Themes	Reference	Capital Scheme Title	Responsible Officer	Total Capital Programme 2014/15 -2018/19	Capital Programme 2014-15 Including re-profiling	Total Expenditure 2014-15	Variance Total expenditure against budget	Forecast as at P10 reported to March Resources	Variance P10 forecast against actual spend	RAG Status	Outturn - Responsible Officer Comments
					£'000	£'000	£'000	£'000	£'000	£'000		
Essential for service delivery	Asset maintenance for H&S / Compliance - operational	J128	ICT Resilience	Ian Peters	28	-	-	-	-	-	😊	Budget profiled in 2017-18
		J130	ICT Security	Ian Peters	6	6	6	-0	6	0	😊	
		J133	Active Migration / Exchange Migration	Ian Peters	62	62	62	-0	62	-0	😊	Completed
		J150	Disaster Recovery / Business Continuity for ICT	Ian Peters	33	33	33	-0	33	0	😊	Completed
		J152	SQL Database replacement/licensing consolidation	Ian Peters	45	45	28	-17	20	-8	😐	
		J157	Agresso Upgrade	Liz Elliott	30	30	30	0	30	-0	😊	
		J121	Academy Upgrade	Nigel Robinson	10	10	12	2	12	0	😞	
		J041	Non Operational Property	Paul Burnett	64	64	24	-40	24	-0	😐	Contingency budget for unforeseen emergency repairs.
	Asset maintenance for H&S / Compliance - investment	J116	Croyland Hall Abbey	Paul Burnett	250	250	274	24	250	-24	😊	
		J119	Tithe Barn Roof	Paul Burnett	99	99	50	-49	35	-15	😐	
		J118	29-30 Sheep Street	Paul Burnett	154	154	-	-154	-	-	😐	Contractor appointed. Programmed for September 2015 start due to availability of specialist thatchers. Budget will be re-profiled into 2015-16.
	Maintenance for H&S / Compliance	J037	Wellingborough Road Adoptions Scheme	John Udall	612	612	102	-510	210	108	😐	
		J113	Nest Farm Road Wall	Paul Burnett	108	98	42	-55	3	-39	😐	
		J158	Olympic Way Car Park	Victoria Phillipson	16	16	15	-1	15	0	😊	Completed
	New assets for operational use	J107	Telephone System	Alison Curtis	73	73	-	-73	-	-	😐	
J132		Desktop Equipment Replacement and Windows7	Alison Curtis	89	-	0	0	-	-0	😊	Budget profiled in 2017-18	
		J106	Electronic Data Record System	Kathryn Rance	20	20	-	-20	0	0	😐	
To generate further revenue resources	Invest to generate income return	J156	Waste Transfer Station	Bernard Gallyot	120	105	-	-105	-	-	😐	
		J126	Crematorium	Liz Elliott	4,514	328	301	-27	250	-51	😐	
		J154	Photovoltaic Panels	Paul Burnett	760	-	-	-	-	-	😊	Budget profiled in 2015-16
	Wellbeing and grants (to avoid revenue costs)	J100	Wellingborough Heritage and Shop Front Grant Initiative	John Udall	2,019	955	45	-910	50	5	😐	
		J151	Shop Front Improvements	John Udall	260	130	-	-130	-	-	😐	
		K001	Renovation Grant-Discretionary	Vicki Jessop	263	83	79	-4	83	4	😊	
		K002	Disabled Facilities Grant	Vicki Jessop	1,325	533	524	-10	533	9	😊	
To achieve policy objectives	Invest to save	K302	Kick Start Housing Development	Vicki Jessop	160	60	60	0	60	-	😊	
		J127	Private Sector Housing Grant - homelessness initiative	Vicki Jessop	100	15	15	-	10	-5	😐	
	CPO / Empty properties	K007	Empty Properties	Vicki Jessop	376	376	9	-367	10	1	😐	
		K010	Empty Properties vacant land and CPO	Vicki Jessop	32	32	1	-30	1	0	😊	Completed
		J149	CPO Fund	Victoria Phillipson	860	305	-	-305	10	10	😐	
		J105	Bandstand Castle Fields S106	Amanda Johnson	5	5	5	-	5	0	😊	Completed
	Community / S106	J153	Bassetts Park Skate Park	Gill Chapman	110	5	-	-5	0	0	😐	
		J155	Town Centre CCTV Equipment replacement	Gill Chapman	25	16	17	1	17	0	😞	Phase 1 complete. The total cost was slightly over the forecast for the current year, as it was cheaper per unit to buy in bulk, but spend is still within the total project budget.
		K221	Parish Council Irchester	Liz Elliott	13	13	6	-7	8	2	😐	
		K105	Glamis Hall for All	Liz Elliott	250	250	-	-250	-	-	😐	Community grant, awaiting spending profile details.
		J148	Allotment Improvements S106	Paul Burnett	8	8	1	-7	1	0	😐	
		J134	Expanding grave spaces	Victoria Phillipson	36	36	15	-21	15	-0	😊	Completed
		J139	Castle Fields Park S106	Victoria Phillipson	269	269	3	-266	5	2	😐	
		J140	Eastfields Park S106	Victoria Phillipson	27	27	-	-27	-	-	😐	
		J141	Croyland Park S106	Victoria Phillipson	52	52	23	-29	23	0	😐	
		J143	Basset's Close S106	Victoria Phillipson	29	29	7	-22	7	0	😐	
	J144	Queensway Open Space S106	Victoria Phillipson	17	17	-	-17	-	-	😐		
J146	Austin Close, Irchester S106	Victoria Phillipson	31	31	31	-	31	0	😊	Completed		
J147	Finedon Recreation Projects S106	Victoria Phillipson	31	31	6	-25	6	0	😐			
J042	High Street Development	Jennifer Bell	80	80	8	-72	11	3	😐			

Desired Outcomes	Themes	Reference	Capital Scheme Title	Responsible Officer	Total Capital Programme 2014/15 -2018/19	Capital Programme 2014-15 Including re-profiling	Total Expenditure 2014-15	Variance Total expenditure against budget	Forecast as at P10 reported to March Resources	Variance P10 forecast against actual spend	RAG Status	Outturn - Responsible Officer Comments
	Public Realm	J102	High Street Development British Legion	Jennifer Bell	40	40	5	-35	6	1	☹️	Completed
		J103	High Street Development Mobile Radio	Jennifer Bell	459	459	290	-169	290	0	☹️	Completed - Underspend due to favourable negotiation
		J122	Street Furniture	Jennifer Bell	46	46	1	-46	1	-0	☹️	

**Current Programme Totals**      14,014      5,906      2,129      -3,777      2,131      2

Funded by:	Analysis	Scheme	Description
S106      90	-24	Croyland Hall Abbey	Contingency estimates within the contract have been required
Heritage Lottery Fund      30	-15	Tithe Barn Roof	Scheme progressing faster than anticipated, remains within overall budget
Disabled Facilities Grant      213	108	Wellingborough Road Adoptions Scheme	Anticipated invoice from NCC has been disputed in respect of works completed
Capital Receipts      1,796	-40	Nest Farm Road Wall Crematorium	Initial estimates insufficient to complete H&S works
	-51		Scheme gaining momentum
			Due to timing issue in respect of grant approval and completion of works
	10	Disabled Facilities Grant	
	10	CPO Fund	CPO feasibility slow to progress
	4	Net scheme variances	
	<u>2</u>		

## Capital Programme Funding Position

The following table shows a breakdown of how the budgeted programme will be funded:

	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	Total
Capital Programme (Appendix 1)	5,906	6,300	1,367	441	-	14,014
<i>Approved December</i>		518	207			725
<i>Outturn underspend reprofiled</i>	-3,526	3,526				-
<i>Outturn underspend returned to available resources</i>	-251					-251
<i>Approved schemes awaiting available resources</i>			130	230		360
Capital Programme	2,129	10,344	1,704	671		14,848
Funded by:						
Capital S106	90	502				592
Disabled facilities Grant	213	264	264	264		1,005
Heritage Lottery funding	30	1,217	301			1,548
Capital Receipts	1,796	8,361	1,139	407		11,703

Projected Capital Reserves:

	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000
Capital receipts B/f	12,901	12,604	13,468	13,579	14,422
Anticipated Capital Receipts					
<i>RTB &amp; VAT Shelter</i>	1,326	1,250	1,250	1,250	500
<i>Asset Held for Sale</i>	73	475			
<i>Other Anticipated Capital Receipts</i>	99	10,000			
Income transferred to Capital Investment Reserve		-2,500			
Use of Capital Receipts	1,796	8,361	1,139	407	
Balance c/f	12,604	13,468	13,579	14,422	14,922

NB - Italics Estimate





Analysis of significant capital budget underspends

Underspend brought forward £'000	2014-15 Approved	Total 2014-15 budget	Scheme	Responsible Manager	Underspend carry forward £'000	Responsible Manager comments
-	105	105	J156 - Waste Transfer Station	Bernard Gallyot	-105	
215	397	612	J037 - Wellingborough Road Adoptions Scheme	John Udall	-510	The PO for 197K is soon to be invoiced against (approx 123K) and there is a PO for 55k. There will also be an invoice that relates to previous works that is overspent (unknown amount). Once this logjam is sorted the project should restart and new works begin to flow probably over the next 18 months
429	526	955	J100 - Wellingborough Heritage and Shop Front Grant Initiative	John Udall	-910	This project is currently has a number projects in development and it is likely that the project will make significant advances over the next 12 months as the Hind project comes into play. The profile should be over 2.5 years. We are looking at a detailed profile with HLF.
-	130	130	J151 - Shop Front Improvements	John Udall	-130	This project is linked to J100 and we are putting schemes together that will begin to use funds. The profile should be over the next 2.5 years
-	250	250	K105 - Glamis Hall for All	Liz Elliott	-250	Grant monies approved within year, awaiting legal completion of community asset transfer.
376	-	376	K007 - Empty Properties	Vicki Jessop	-367	The council is required to identify funds to carry out acquisition and compensation for CPO. This budget is committed to the purchase of 111 Midland Road, Wellingborough (indicative value £110,000) 141 Gold Street, Wellingborough (indicative value £110,000) and 47 Albert Road, Wellingborough (85,000), a total committed expenditure of £305,000 plus costs. Whilst progress is slow these funds must be available for a property CPO to be approved at the outset.
-	305	305	J149 - CPO Fund	Victoria Phillipson	-305	An agreement has been reached on 31-32 Church Street with legal paper work currently being completed. Once this is finalised the next property on the list can be reviewed and brought back to members.
-	269	269	J139 - Castle Fields Park S106	Victoria Phillipson	-266	This project has been delayed pending a report on Open Space, Sports and Recreation which will allow the council to identify in more detail the facilities that are needed within the park. A report is due to be completed in June 2015
<b>1,020</b>	<b>1,982</b>	<b>3,002</b>			<b>-2,843</b>	
		1,945	Net scheme reprofiling	Various	-683	
		959	Underspends to be returned to capital reserves	Various	-251	
		<b>5,906</b>			<b>-3,777</b>	

