

**Report of The Head of Finance****2015-16 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 2015-16.

**2 Executive Summary**

2.1 The capital programme was agreed by members in February 2015. Approval was given for schemes prioritised as schedule 1 to be funded and they were moved into the approved programme. Those schemes that were still seen as priorities, but where funding was not currently available, were listed in schedule 2 and 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 £8.199m.

2.2 Information provided by budget managers throughout the year resulted in an updated forecast outturn of £6.593m being reported to this committee in March 2016. The reasons for the changes to expected levels of spending were considered in that report.

2.3 The final capital programme monitoring statement for 2015-16 (Appendix 1) shows an outturn of £5.192m, which is a variation of £1.401m, compared to the previously revised forecast of £6.593m. Reasons for these final changes to expected spending are included in Appendix 1.

**3 Appendices**

Appendix 1 Capital Outturn Report to 31 March 2016

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

## 5 Introduction

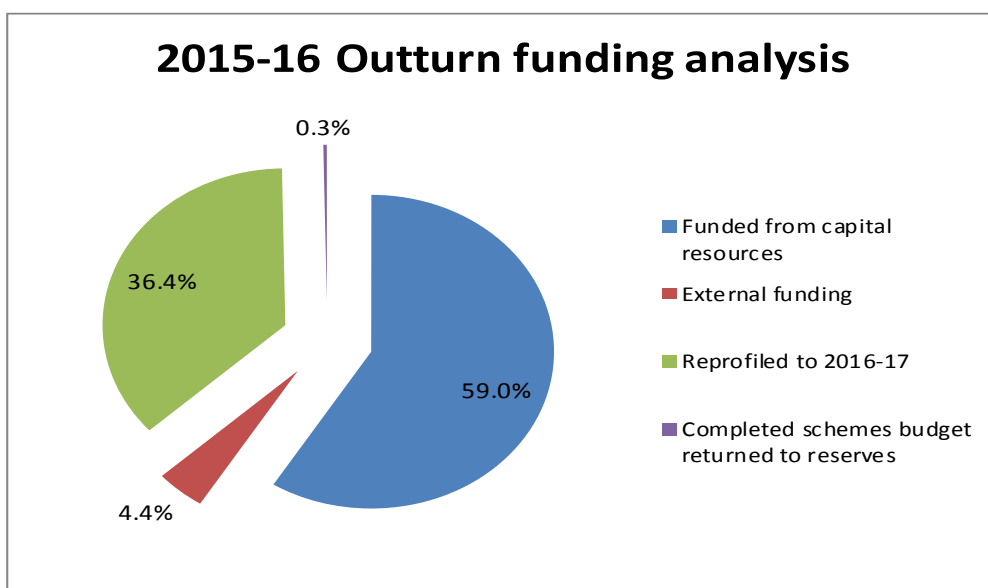
The capital monitoring position was last reported to the March 2016 Resources Committee. Monitoring is reported four times in the year, with three in year reports and the final out turn position in June of the year following. This report reflects the final outturn position as at 31 March 2016, subject to any changes that may result as part of the audit process.

## 6 2015-16 Capital Outturn

6.1 The revised capital programme for 2015-16 as reported at Resources Committee on 23 March 2016 was £8.199m.

6.2 The outturn for capital is £5.192m, this leaves £3.007m under spend compared to the budget, which is outlined in more detail in Appendix 3. The majority of the underspend, subject to review and if approved, will be re-profiled into 2016-17.

6.3 The following graph details how the 2015-16 capital budget has been funded:



6.4 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.

6.5 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 Financing Requirement

- 7.1 In June 2015 it was brought to member's attention that the council had a significant negative capital financing requirement. During the year officers have investigated the reasons behind this anomaly and have shared their finding with the external auditors.
- 7.2 As a result of these findings, an adjustment has been made in the 2015-16 accounts to transfer the sum of £8.550m to usable capital receipts reserves; this amount is now shown in Appendix 2.
- 7.3 This adjustment is still subject to external audit verification but should be resolved by September 2016, when the audited statement of accounts are presented to Audit Committee.

## 8. Legal Powers

Local Government Act 2003

## 9. 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.

## 10. 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.
Capital Financing Requirement (CFR) accounting treatment disputed by external auditors	CFR is removed from usable capital reserves, however resources would still be available and capital programme funding would need to be reviewed	Low due to level of quality assurance.	Review meetings with external auditors

- 11. Implications for Resources**  
None identified.
- 12. Implications for Stronger and Safer Communities**  
No specific implications.
- 13. Implications for Equalities**  
No specific implications.
- 14. Author and Contact Officer**  
Julie O'Connell, Service Accountant  
Samantha Knowles, Principal Finance Manager
- 15. Consultees**  
John Campbell – Chief Executive  
Liz Elliott – Head of Finance  
Bridget Lawrence – Head of Resources  
Julie Thomas – Head of Planning and Local Development
- 16. Background Papers**  
Capital programme budget monitoring and closedown working papers.

Desired Outcomes	Themes	Reference	Capital Scheme Title	Responsible Officer	Total Capital Programme 2015/16 -2019/20	Capital Programme 2015-16 Including re-profiling	Total expenditure 2015-16	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
		J152	SQL Database replacement/licensing consolidation	Ian Peters	17	17	-	-17	17	17	😊	
		J159	Upgrade of server infrastructure (licensing & PSN)	Ian Peters	30	30	12	-18	30	18	😊	
		J161	Upgrade of Intranet	Kathryn Rance	20	20	9	-11	12	3	😊	
		J165	Swanspool House Boiler replacement	Liz Elliott	30	30	23	-7	30	7	😊	Completed
		J041	Non Operational Property	Paul Burnett	40	40	-	-40	28	28	😊	Contingency budget for unforeseen emergency repairs
	Asset maintenance for H&S / Compliance - investment	J116	Croyland Hall Abbey	Paul Burnett	-	-	12	12	12	-	😊	Completed
		J118	29-30 Sheep Street	Paul Burnett	154	154	73	-81	154	81	😊	Completed
		J119	Tithe Barn Roof	Paul Burnett	49	49	33	-16	7	-26	😊	Completed
	Maintenance for H&S / Compliance	J037	Wellingborough Road Adoptions Scheme	John Udall	510	205	52	-153	205	153	😊	
		J113	Nest Farm Road Wall	Paul Burnett	65	65	58	-7	65	7	😊	
	New assets for operational use	J107	Telephone System	Alison Curtis	73	-	-	-	-	-	😊	
J132		Desktop Equipment Replacement and Windows7	Alison Curtis	89	-	-	-	-	-	😊	Budget profiled in 2017-18	
		J106	Electronic Data Record System	Kathryn Rance	20	20	-	-20	20	20	😊	
To generate further revenue resources	Invest to generate income return	J156	Waste Transfer Station	Bernard Gallyot	120	120	-	-120	-	-	😊	
		J126	Crematorium	Liz Elliott	4,213	4,213	3,501	-712	4,213	712	😊	
		J154	Photovoltaic Panels	Paul Burnett	760	760	64	-696	63	-1	😊	
	Wellbeing and grants (to avoid revenue costs)	J100	Wellingborough Heritage and Shop Front Grant Initiative	John Udall	1,974	177	62	-115	177	115	😊	
		J151	Shop Front Improvements	John Udall	260	-	-	-	-	-	😊	
		K001	Renovation Grant-Discretionary	Vicki Jessop	184	64	10	-54	20	10	😊	
		K002	Disabled Facilities Grant	Vicki Jessop	802	274	419	145	274	-145	😊	
To achieve policy objectives	Invest to save	J160	Fuel storage tank replacement - Norse	Bernard Gallyot	40	40	47	7	40	-7	😊	Completed
		J162	PFP Leisure	Liz Elliott	617	410	366	-44	410	44	😊	
		K302	Kick Start Housing Development	Vicki Jessop	109	109	109	0	109	-	😊	Completed
	CPO / Property regeneration	J127	Private Sector Housing Grant - homelessness initiative	Vicki Jessop	85	54	45	-9	54	9	😊	
		K007	Empty Properties	Vicki Jessop	367	367	0	-367	25	25	😊	
		J149	CPO Fund	Victoria Phillipson	860	305	114	-191	225	111	😊	
	Community / S106	J155	Town Centre CCTV Equipment replacement	Gill Chapman	8	8	9	1	9	-	😊	
		J164	Superfast Broadband	Liz Elliott	27	27	0	-27	27	27	😊	
		K105	Glamis Hall for All	Liz Elliott	250	250	58	-192	50	-8	😊	
		K221	Parish Council Irchester	Liz Elliott	7	7	2	-5	2	-	😊	Completed
		J139	Castle Fields Park S106	Victoria Phillipson	266	0	0	0	0	-	😊	
		J140	Eastfields Park S106	Victoria Phillipson	27	27	25	-3	27	3	😊	
		J141	Croyland Park S106	Victoria Phillipson	29	29	26	-2	29	2	😊	
		J143	Bassett's Close S106	Victoria Phillipson	22	22	0	-21	22	21	😊	
		J144	Queensway Open Space S106	Victoria Phillipson	17	17	0	-17	17	17	😊	
		J147	Finedon Recreation Projects S106	Victoria Phillipson	25	25	0	-25	25	25	😊	
		J148	Allotment Improvements S106	Victoria Phillipson	7	7	2	-6	7	6	😊	
		J153	Bassetts Park Skate Park	Victoria Phillipson	110	110	0	-110	110	110	😊	
		J163	Doddington Road Cemetery Parking Improvements	Victoria Phillipson	31	31	29	-1	29	-	😊	Completed
	Public Realm	J042	High Street Development	Jennifer Bell	72	72	5	-68	5	-	😊	Completed
		J122	Street Furniture	Jennifer Bell	46	46	29	-17	46	17	😊	

**Current Programme Totals**      12,459      8,199      5,192      -3,007      6,593      1,401

Funded by:												
	S106	52			81							
	Heritage Lottery Fund	42			153							
	Disabled Facilities Grant	264			712							
	Capital Receipts	4,834			115							
		<u>5,192</u>			-145							
					111							
					110							
					264							
					<u>1,401</u>							

<b>Scheme</b>	<b>Description</b>
29-30 Sheep Street	Works completed
Wellingborough Road Adoptions Scheme	This project has been delayed due to a dispute over payment with NCC and they will not progress any work until this matter is resolved. We are chasing NCC but they need to get answers from KierWSP who are not providing the information required.
Crematorium	Final stages of scheme to be completed
Wellingborough Heritage and Shop Front Grant Initiative	Carry forward due to the delay in works progressing at the Hind hotel and on BCW owned shop fronts. The new Conservation THI officer is now working with Underwoods to bring the shop fronts forward. The THI project manager is working with the owner of the Hind and the conservation architect to submit an application to HLF.
Disabled Facilities Grant	Final overspend amount funded from £240k budget previously approved subject to demand
CPO Fund	CPO feasibility slow to progress
Bassetts Park Skate Park	Ongoing efforts to contact community group unsuccessful
Net scheme variances	



Capital Programme Funding Position

Current Capital Reserves:

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
<b>Capital Reserves Funding Balance B/f</b>	<b>12,604</b>	<b>17,382</b>	<b>19,995</b>	<b>20,250</b>	<b>20,432</b>	<b>20,648</b>
<b>Current Capital Programme (Appendix 1)</b>	8,199	3,818	441	-	-	-
<i>2016-17 New capital programme (February Resources)</i>		636	68	68	34	
<i>2015-16 Outturn underspend reprofiled</i>	<b>-2,982</b>	2,982				
<i>2015-16 under/overspend/completed schemes</i>	<b>-25</b>					
<b>Capital Programme as per Agresso</b>	<b>5,192</b>	<b>7,436</b>	<b>509</b>	<b>68</b>	<b>34</b>	<b>-</b>
<i>Approved schemes awaiting available resources</i>		200				
<i>Crematorium Contingency Budget not yet in main programme</i>		212				
<i>DFG Funding approved subject to demand</i>		95				
<b>Capital Programme</b>	<b>5,192</b>	<b>7,943</b>	<b>509</b>	<b>68</b>	<b>34</b>	<b>-</b>
2015-16 Expenditure funded from capital resources	4,834					
External Funding						
Capital S106	52	340				
Disabled facilities Grant	264	264	264			
Heritage Lottery funding	42	1,477				
	<b>5,192</b>	<b>2,081</b>	<b>264</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Capital Programme funded by capital reserves</b>	<b>Funded</b>	<b>5,862</b>	<b>245</b>	<b>68</b>	<b>34</b>	<b>-</b>
Anticipated Capital Receipts						
<i>RTB , VAT Shelter &amp; Asset Sales</i>	688	500	500	250	250	250
<i>2015-16 Sale of land/vehicles</i>	374					
<i>Asset Held for Sale</i>		475				
<i>Negative Capital Financing Requirement</i>	8,550					
<i>Other Anticipated Capital Receipts</i>		10,000				
Income transferred to Capital Investment Reserve		<b>-2,500</b>				
<b>Anticipated New Capital Receipts</b>	<b>Received</b>	<b>8,475</b>	<b>500</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Forecast Capital Reserves Funding Balance C/f</b>	<b>17,382</b>	<b>19,995</b>	<b>20,250</b>	<b>20,432</b>	<b>20,648</b>	<b>20,898</b>

Subject to future funding changes

NB - Italics Estimate

<b>Forecast Capital Reserves if income not received</b>	12,020	12,275	12,457	12,673	12,923
<b>Minimum Capital Reserve</b>	5,000	5,000	5,000	5,000	5,000
<b>Available resources for capital programme</b>	7,020	7,275	7,457	7,673	7,923





Underspend brought forward £'000	2015-16 Approved	Total 2015-16 budget	Scheme	Responsible Manager	Underspend carry forward £'000	Responsible Manager comments
105	15	120	J156 - Waste Transfer Station	Bernard Gallyot	-120	A review of the original scheme bid identified that further enhancements were required at an estimated cost of £100k. The additional funding was approved at Resources Committee in September '15, subject to a revised business case. The business case has been approved by SMT and therefore the total funding of £220k is now available and the scheme will progress.
510	-305	205	J037 - Wellingborough Road Adoptions Scheme	John Udall	-153	The project has been delayed due to a dispute over payment with the county council and work can not progress until this matter is resolved
910	-733	177	J100 - Wellingborough Heritage and Shop Front Grant Initiative	John Udall	-115	Carry forward due to the delay in works progressing at the Hind hotel and on BCW owned shop fronts. The new Conservation THI officer is now working with Underwoods to bring the shop fronts forward. The THI project manager is working with the owner of the Hind and the conservation architect to submit an application to HLF.
250	-	250	K105 - Glamis Hall for All	Liz Elliott	-192	Agreed capital funding being claimed by GHFA as each area of works is completed. Progress has been slow whilst facility remains operational.
27	4,186	4,213	J126 - Crematorium	Liz Elliott	-712	The crematorium build is now completed and was handed over on 31st May 2016, final costs will be reviewed and included in the next outturn report presented to committee
-	760	760	J154 - Photovoltaic Panels	Paul Burnett	-696	Western Distribution took many months to respond to access requests which significantly delayed the project. We have completed works to install a 50Kw system to Trafalgar House. A 50kW scheme at The Waendel Centre is being progressed, engineers report awaited on additional roof loadings. As these are long term investments, no action has been taken in regard to adding PV panels to operational buildings or the Multi Storey Car Park until their future is confirmed. Western Distribution rejected 1-9 Booth Drive as a potential site, which was intended to receive a large installation, but as the main installation is high voltage this cannot proceed. Other locations will be progressed as opportunities arise.
367	-	367	K007 - Empty Properties	Vicki Jessop	-367	to persuade empty property owners to either renovate the houses concerned and bring them back into use or to sell the properties voluntarily. The compulsory purchase of properties will only be exercised as a last resort when all other action including advice and assistance, enforcement action or enforced sale have been exhausted. One of the properties currently allocated for CPO has been recently sold and another is the subject of an ongoing grant application. Once properties are brought back into use this will enable new empty properties to be brought to committee for approval of their addition to the CPO programme. CPO budget funding has to be available to progress with compulsory purchase. As a result of progress made towards re-occupation it should now be possible to remove two of the three properties from the current CPO programme, enabling two new properties to replace them, <b>which will require committee approval.</b>
305	-	305	J149 - CPO Fund	Victoria Phillipson	-191	31-32 Church Street purchased and in the process of demolition. Next property to be identified however staff resources are unavailable to progress this matter.
5	105	110	J153 - Bassetts Park Skate Park	Victoria Phillipson	-110	There is no longer a community group in place driving the desire for a skate park in this area. Officers are trying to make contact, with little success.
<b>2,479</b>	<b>4,028</b>	<b>6,507</b>			<b>-2,656</b>	
		1,201	<i>Net scheme reprofiling</i>	<i>Various</i>	<i>-180</i>	
		491	<b><i>Underspends to be returned to capital reserves</i></b>	<i>Various</i>	<i>-171</i>	
		<b>8,199</b>			<b>-3,007</b>	

