



Governance & Audit Committee

Item
11

13 September 2016

Report of	Assistant Chief Executive	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2016/17		
Wards affected	Not applicable		

The Panel is invited to review the progress against all capital schemes during the first three months of 2016/17

1 Action required

- 1.1 To review the level of capital spending during the first three months of 2016/17, and forecasts for future years.

2 Reason for scrutiny

- 2.1 Monitoring capital spending is important to ensure that spending on projects is within agreed scheme budgets, and the overall programme is delivered within budget.
- 2.2 This report also gives the Panel the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

3 Background information

- 3.1 This report sets out details of spending in the first three months of the financial year 2016/17 (April to June) and revised forecasts for future years, including new capital funding and changes to the capital programme. The report includes capital expenditure in respect of the Housing Investment Programme, including expenditure on the Council's housing stock. It also includes the capital resources that form part of the Revolving Investment Fund (RIF).
- 3.2 Accrued capital spending for the first three months of the year totalled £2.4 million. This represents 9% of the projected spend for 2016/17. **Appendix A** sets out details of spending on all schemes, along with expenditure forecasts provided by budget managers to provide an indication of progress against their expectations for schemes in monetary terms.
- 3.3 It should be noted that the Capital Programme mainly consists of schemes where spending is planned across more than one year. Any apparent variances from the forecast position for the year are unlikely to indicate any over or under spending against projects as a whole, but tend to relate to timing differences between anticipated payments and actual payments to contractors. Any significant divergences from planned activity would be brought to the Panel's attention in the following paragraphs.
- 3.4 The table below provides a summary of the capital programme by service area:

	Total Prog.	2016/17 Spend Qtr 1	2016/17 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Corporate & Financial Mgmnt	218	0	218	0	0
Operational Services	3,083	5	3,083	0	0
Professional Services	2,166	122	992	1,174	0
Commercial Services (excl. RIF)	502	23	441	61	0
Community Services	3,141	352	2,053	1,088	0
Revolving Investment Fund (RIF)	15,937	742	8,397	7,540	0
Completed Schemes	84	0	83	0	(1)
Capitalised Maintenance Schemes	196	0	196	0	0
Housing Revenue Account	12,461	1,192	12,461	0	0
Total Capital Programme	37,788	2,436	27,924	9,863	(1)

- 3.5 Changes to the Capital Programme are regularly made to reflect changes in funding and the addition of new schemes. The Capital Programme has increased by £5.7 million since the previous report, and now stands at £37.8 million. Of this increase £3.1m relates to revenue contributions, £1.4m relates to external funding and £1.2 is from capital receipts. These changes to the Capital Programme are shown in **Appendix B**.
- 3.6 The most significant areas of planned expenditure for the year are detailed in **Appendix C**, along with the actual expenditure and updated commentary from budget holders.
- 3.7 **Appendix A** includes a RAG (Red, Amber, Green) status of overall project performance against capital schemes. Although there are no 'Red' schemes, a total of five schemes were classed as 'Amber' by the budget managers. The current position against these schemes is detailed in **Appendix D** to this report.
- 3.8 There was a net underspend of £12k against completed capital schemes at the end of the quarter, which was reported to Cabinet on 13 July. This leaves a small underspend of £0.6k that will be referred to a future meeting of Cabinet for consideration.

4 Strategic Plan references

- 4.1 The Council's Capital Programme is aligned to the Strategic Plan.

5 Financial implications

- 5.1 As set out above.

6 Risk management implications

- 6.1 Risk management issues are considered as part of all capital projects.

7 Other standard references

- 7.1 Having considered consultation, publicity, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

Background papers - None

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2016/17 £'000	Forecast		(Surplus) / Shortfall £'000	RAG Status	
				2017/18 £'000	2018/19 £'000		Q1	Q4
SUMMARY								
Corporate & Financial Management	218.4	0.0	218.4	0.0	0.0	0.0		
Operational Services	3,082.8	4.6	3,082.8	0.0	0.0	0.0		
Professional Services	2,166.0	121.6	992.5	800.0	373.5	0.0		
Commercial Services (excluding RIF)	502.0	22.6	441.1	60.9	0.0	0.0		
Community Services	3,141.4	352.6	2,053.1	1,088.3	0.0	0.0		
Revolving Investment Fund (RIF)	15,936.7	741.7	8,396.7	2,040.0	5,500.0	0.0		
Completed Schemes	83.4	0.0	82.8	0.0	0.0	(0.6)		
Capitalised Maintenance Schemes	196.4	0.3	196.4	0.0	0.0	0.0		
Total (General Fund)	25,327.1	1,243.4	15,463.8	3,989.2	5,873.5	(0.6)		
Housing Revenue Account	12,460.4	1,192.2	12,460.4	0.0	0.0	0.0		
Total Capital Programme	37,787.5	2,435.6	27,924.2	3,989.2	5,873.5	(0.6)		
CORPORATE & FINANCIAL MANAGEMENT								
ICT Strategy	210.6	0.0	210.6	0.0	0.0	0.0	G	G
Financial Systems Migration	7.8	0.0	7.8	0.0	0.0	0.0	G	G
TOTAL - Corporate & Financial Management	218.4	0.0	218.4	0.0	0.0	0.0		
OPERATIONAL SERVICES								
Shrub End Depot - new baler and shed	840.5	0.0	840.5	0.0	0.0	0.0	A	A
Priory Street Car Park	534.4	4.4	534.4	0.0	0.0	0.0	G	G
LWC - Health & Fitness Extension	994.0	0.0	994.0	0.0	0.0	0.0	G	-
LWC - Aqua Springs Refurbishment	250.0	0.0	250.0	0.0	0.0	0.0	G	-
LWC - Leisure Pool Refurbishment	270.0	0.2	270.0	0.0	0.0	0.0	G	-
LWC - Coffee Shop Extension	80.0	0.0	80.0	0.0	0.0	0.0	G	-
St Johns Car Park	90.0	0.0	90.0	0.0	0.0	0.0	G	-
Shrub End Pitch Replacement	23.9	0.0	23.9	0.0	0.0	0.0	G	G
TOTAL - Operational Services	3,082.8	4.6	3,082.8	0.0	0.0	0.0		
PROFESSIONAL SERVICES								
Mandatory Disabled Facilities Grants	1,973.5	121.6	800.0	800.0	373.5	0.0	G	G
Private Sector Renewals - Loans and Grants	192.5	0.0	192.5	0.0	0.0	0.0	G	G
TOTAL - Professional Services	2,166.0	121.6	992.5	800.0	373.5	0.0		

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2016/17 £'000	Forecast		(Surplus) / Shortfall £'000	RAG Status	
				2017/18 £'000	2018/19 £'000		Q1	Q4
COMMERCIAL SERVICES								
Assistance to Registered Housing Providers	91.9	(4.8)	46.0	45.9	0.0	0.0	G	G
CCTV Monitoring	115.0	5.6	100.0	15.0	0.0	0.0	G	G
Local Authority Carbon Management (LACM)	190.0	0.0	190.0	0.0	0.0	0.0	G	-
Cemetery Extension	43.7	5.0	43.7	0.0	0.0	0.0	G	G
Cemetery Exterior Lighting	50.0	16.8	50.0	0.0	0.0	0.0	G	G
Replacement of Cremators	11.4	0.0	11.4	0.0	0.0	0.0	G	G
TOTAL - Commercial Services	502.0	22.6	441.1	60.9	0.0	0.0		
COMMUNITY SERVICES								
Improving Life Opportunities	38.3	0.0	0.0	38.3	0.0	0.0	A	A
Oak Tree Community Centre Roof	50.0	0.0	0.0	50.0	0.0	0.0	G	-
Lion Walk Activity Centre	40.0	0.0	40.0	0.0	0.0	0.0	G	G
Garrison Gym Rebuild	88.2	46.6	88.2	0.0	0.0	0.0	A	A
Leisure World Skatepark	112.8	111.8	112.8	0.0	0.0	0.0	G	G
Mersea Pontoon	10.6	0.0	10.6	0.0	0.0	0.0	G	G
Castle Park Sensory Garden S106	60.6	2.1	60.6	0.0	0.0	0.0	G	G
Cook's Shipyard Playsite Wivenhoe S106	11.6	0.0	11.6	0.0	0.0	0.0	G	G
Old Heath Recreation Ground Improvements	132.1	89.7	132.1	0.0	0.0	0.0	G	G
Market Development	2.7	0.0	2.7	0.0	0.0	0.0	G	G
Wivenhoe Pontoon	25.0	0.0	25.0	0.0	0.0	0.0	G	G
Jet Washer	102.0	102.0	102.0	0.0	0.0	0.0	G	G
Walls - new merged scheme	521.8	0.4	521.8	0.0	0.0	0.0	G	G
Mercury Theatre Redevelopment	1,430.7	0.0	430.7	1,000.0	0.0	0.0	G	-
Relocation of Museum Resource Centre	515.0	0.0	515.0	0.0	0.0	0.0	A	A
TOTAL - Community Services	3,141.4	352.6	2,053.1	1,088.3	0.0	0.0		
REVOLVING INVESTMENT FUND								
Northern Gateway North	445.2	86.4	445.2	0.0	0.0	0.0	G	G
Northern Gateway South	493.2	6.3	493.2	0.0	0.0	0.0	G	G
Town Centre	6,551.6	7.6	211.6	1,340.0	5,000.0	0.0	G	G
Creative Business Hub	1,086.5	413.2	1,086.5	0.0	0.0	0.0	G	G
Jacks - St Nicholas St	915.0	2.7	915.0	0.0	0.0	0.0	G	-

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Forecast			(Surplus) / Shortfall £'000	RAG Status	
			2016/17 £'000	2017/18 £'000	2018/19 £'000		Q1	Q4
Sheepen Road	3,492.3	202.7	3,292.3	200.0	0.0	0.0	G	G
District Heating Project North	26.8	0.0	26.8	0.0	0.0	0.0	G	G
District Heating Project East	10.0	0.0	10.0	0.0	0.0	0.0	G	G
East Colchester Enabling Fund	285.0	0.0	285.0	0.0	0.0	0.0	G	G
Breakers Park	75.0	0.8	75.0	0.0	0.0	0.0	G	-
Surface Water Flooding - Distillery Lane/Haven Road	77.4	0.0	77.4	0.0	0.0	0.0	A	A
Site Disposal Costs	4.8	0.0	4.8	0.0	0.0	0.0	G	G
Moler Works Site	40.7	0.0	40.7	0.0	0.0	0.0	G	G
CMP Phase 3 - PV Systems	95.4	0.0	95.4	0.0	0.0	0.0	G	G
Business Broadband	337.8	22.0	337.8	0.0	0.0	0.0	G	G
Land Acquisition	2,000.0	0.0	1,000.0	500.0	500.0	0.0	G	G
TOTAL - RIF	15,936.7	741.7	8,396.7	2,040.0	5,500.0	0.0		

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2016/17 £'000	Forecast			(Surplus) / Shortfall £'000	RAG Status	
				2017/18 £'000	2018/19 £'000			Q1	Q4
HOUSING REVENUE ACCOUNT									
Housing Improvement Programme	8,752.9	743.2	8,752.9	0.0	0.0	0.0	G	G	
Adaptations to Housing Stock	604.0	56.3	604.0	0.0	0.0	0.0	G	G	
Sheltered Accommodation Review	2,818.0	392.7	2,818.0	0.0	0.0	0.0	G	G	
Housing ICT Development	285.5	0.0	285.5	0.0	0.0	0.0	G	G	
TOTAL - Housing Revenue Account	12,460.4	1,192.2	12,460.4	0.0	0.0	0.0			
COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)									
Town Hall DDA Sensory Project	0.6	0.0	0.0	0.0	0.0	(0.6)			
Town Station Square	42.8	0.0	42.8	0.0	0.0	0.0			
Castle Museum - Castle Bridge	1.0	0.0	1.0	0.0	0.0	0.0			
Moot Hall Organ	39.0	0.0	39.0	0.0	0.0	0.0			
TOTAL - Completed Schemes	83.4	0.0	82.8	0.0	0.0	(0.6)			
CAPITALISED MAINTENANCE									
Crematorium - Gutters & Fascias	13.4	0.0	13.4	0.0	0.0	0.0	G	G	
Colchester Leisure World - Dryside Changing Rooms	48.0	0.0	48.0	0.0	0.0	0.0	G	G	
Town Hall - Bell Tower Repairs	135.0	0.3	135.0	0.0	0.0	0.0	G	G	
TOTAL - CAPITALISED MAINTENANCE	196.4	0.3	196.4	0.0	0.0	0.0			

Changes to the Capital Programme 2016/17

Qtr 1 £'000	Detail
Capital Receipts	
915.0	Jacks, St Nicholas Street – RIF Committee 01-02-16
190.0	Local Authority Carbon Management – Cabinet 27-01-16
58.0	Priory St Car Park – Cabinet 13-07-16
(12.1)	Remove unders/overs – Cabinet 13-07-16
1,150.9	Subtotal Capital Receipts
Revenue Contributions	
50.0	Cemetery exterior lighting – revenue balances
90.0	St John's Car Park – earmarked repairs & renewals reserve
5.0	Town Hall bell tower – earmarked repairs & renewals reserve
100.0	CCTV monitoring – New Homes Bonus
1,420.0	Leisure World refurbishment – New Homes Bonus
94.0	Leisure World refurbishment – earmarked repairs & renewals reserve
75.0	Breakers Park – New Homes Bonus
200.0	Relocation of Museums Resource Centre – New Homes Bonus
1,000.0	Mercury Theatre redevelopment – New Homes Bonus
42.0	Priory St Car Park – Cabinet 13-07-16
1.0	Jet Washer - revenue
3,077.0	Subtotal Revenue Contributions
Section 106	
80.0	Leisure World refurbishment
(24.5)	Wivenhoe Cricket Club Pavilion
30.0	Oak Tree Community Centre Roof
85.5	Subtotal Section 106
External Funding	
994.0	Disabled Facilities Grant 2016/17 – DCLG
430.7	Mercury Theatre redevelopment – Arts Council
5.0	Oak Tree Community Centre Roof
1,429.7	Subtotal External Funding
5,743.1	Total Change

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 1 £'000	Commentary
Operational Services			
Leisure World – Health & fitness extension	994.0	0.0	Extension of Activa Gym & Redevelopment of offices to provide additional Studio space. Building work currently in design stage, due to go out to tender by end of August 16, commence work on site in November 16 and practical completion in March 2017. Two further workstreams to purchase fitness equipment in time for opening of new facility.
Shrub End Depot	840.5	0.0	Discussions with Essex County Council (ECC) are ongoing with regard to the potential redevelopment of the Recycling Centre for Household waste at Shrub End. Traffic surveys have taken place and negotiations on land are ongoing between Estates and ECC. The outcomes of this will feed into the options for the Council's Depot development alongside other potential sites.
Priory Street Car Park	534.4	4.4	The consultation on the proposals to refurbish the car park was successful and the results published on the Council's website. Several changes to the design of the scheme were made as a result of comments received and these have now been discussed with Historic England who have granted Scheduled Monument consent. A tender has been advertised for a company to undertake the improvement works and one has been appointed. Start dates are being negotiated. The Cabinet has also agreed a further capital contribution of £100k as the construction costs have increased since the initial engineering calculations were made.
Professional Services			
Disabled Facilities Grants	800.0	121.6	This budget funds the mandatory support for adaptations for disabled people to enable them to remain living independently in their home. Colchester Borough Homes currently assist in this process with access to their contractors. Expenditure is determined by customer demand. The Better Care Fund allocation this year is double that from previous years. Discussions are ongoing with health and social care partners to provide an enhanced DFG service and to use the DFG budget more innovatively. This work is likely to focus around providing adaptations for acute care patients to enable rapid hospital discharge and works to contribute toward reducing avoidable hospital admissions. Commitment stands at £400k. Cases in progress to approval likely to be completed this year value approximately a further £400k. In addition, cases at very early stages unlikely to be completed and paid this year total approximately £200k.

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 1 £'000	Commentary
Community Services			
Town Walls	521.8	0.4	Budgets covering repairs to closed churchyard walls, Roman walls and Castle walls merged into single cost centre. Next phase of major Roman wall repairs commence on site July 2016. Thereafter rolling repairs c£50k to be undertaken on an annual basis. Final works to East elevation of Castle walls completed in October 2014. Closed churchyards to be surveyed 2016 with possible further phase of repairs scheduled for 17/18 depending upon survey results.
Relocation of Museum Resource Centre	515.0	0.0	This is New Homes Bonus monies which have been allocated for feasibility work on the relocation of the Museum Resource Centre. The project team is actively examining possibilities for moving the MRC collection to new accommodation by the end of 2017. A number of options are under scrutiny, while the MRC team actively rationalises its collections in preparation for the move.
Revolving Investment Fund			
Sheepen Road	3,292.3	202.7	Contractor appointed and work now onsite to bring forward phase 1 office development which has been pre let. Work progressing on budget and on programme currently.
Creative Business Hub	1,086.5	413.2	Contribution to Creative Business Centre to be formed in the St Botolphs Quarter (old police station). Construction underway and due to complete early Autumn. The project now includes the provision of ultrafast broadband. An operator has been secured for the centre and legal documents are being drafted.
Land Acquisition	1,000.0	0.0	RIF have agreed to purchase circa 30 acres at North Colchester as part of a strategic land purchase. Negotiations are in legal hands.
Jacks, St.Nicholas St.	915.0	2.7	To sensitively redevelop a key property, in Council ownership, in an important part of the Town Centre. The Council proposes to bring forward an improved retail outlet on the ground floor, with 7 residential flats as part of the scheme. A Planning Application has been lodged with the Council. £30k of New Homes Bonus money was originally allocated to this project.

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 1 £'000	Commentary
Housing Revenue Account			
Housing Improvement Programme	8,752.9	743.2	Scheme to maintain council housing stock at the Decent Homes standard together with other works to improve and maintain council homes. The programme is devised using information from the Council's 30 year asset management strategy. The profile of expenditure throughout the year is dependent on when works are completed to properties by contractors, and subsequently submitted to the Council for reimbursement. The first quarter's expenditure is in line with the programme and is forecast to be fully expended during the course of this financial year.
Sheltered Accommodation Review	2,818.0	392.7	Improvements made to Council's sheltered housing accommodation. Refurbishment works started on Enoch House in August 2015; phases 1 & 2 are complete and residents have moved into their new homes with high levels of satisfaction. Works are due to start in phase 3 & 4, the project is running to programme and is expected to be completed on time.
Adaptations to Housing Stock	604.0	56.3	Improvements made to Council housing stock to meet specific tenants needs. The programme is on target and is expected to be fully expended in the course of the year.

Capital Programme – ‘Amber’ schemes Qtr 1 2016/17

Scheme	Spend to Qtr 1 £'000	Commentary
Operational Services		
Shrub End Depot	0.0	See Appendix C
Community Services		
Improving Life Opportunities	0.0	This project is classified as amber because some monies are not currently committed. Opportunities include a second fully accessible disabled toilet scheme and feasibility and location is being reviewed. £15k has been allocated to the repair of the Oak Tree Centre roof along with Section 106 funding - this scheme is now shown on a separate budget line in Appendix A.
Garrison Gymnasium Rebuild	46.6	This project is classified as amber whilst confirmation of the insurance settlement remains unresolved. Weather tight works have been completed and the final account is being determined. A Portfolio Holder decision is to be made on the funding that is to be made available to complete the refurbishment in a way that meets community delivery requirements. The Abbeyfields Church Group, the anticipated tenant, has withdrawn from the project following a decision reached at their AGM in June 2016. The facility is to be advertised for expressions of interest for community use by which time the CBC contribution towards the tenants fitting out costs should be confirmed. A number of informal expressions of interest have been received following the release of information of the withdrawal of Abbeyfields Church Group.
Relocation of Museum Resource Centre	0.0	See Appendix C
Revolving Investment Fund		
Surface Water Flooding - Distillery Lane/Haven Road	0.0	A joint solution to the flooding of Haven Road has been agreed between Anglian Water, the Environment Agency and Colchester Borough Council has been agreed and is awaiting implementation.