



Scrutiny Panel

8 November 2016

Item
16

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 six months of 2016/17

1 Action required

- 1.1 To review the level of capital spending during the first six 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 six months of the financial year 2016/17 (April to September) 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 six months of the year totalled £8.2 million. This represents 31% 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 2	2016/17 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Operational Services	3,083	351	2,116	967	0
Professional Services	2,166	290	980	1,186	0
Commercial Services (excl. RIF)	502	37	305	197	0
Community Services	2,923	182	1,683	1,240	0
Revolving Investment Fund (RIF)	15,937	3,406	8,523	7,413	0
Completed Schemes	349	264	348	0	(1)
Capitalised Maintenance Schemes	236	7	236	0	0
Housing Revenue Account	12,460	3,628	12,375	86	0
Total Capital Programme	37,656	8,165	26,566	11,089	(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 decreased by £132k since the previous report, and now stands at £37.7 million. This decrease includes the removal of £195k of unused ICT strategy monies. £130k of this is being used to support the agreed new strategy, which is now shown in the revenue budget, with the remaining £65k being available to support new capital projects. The other changes to the Capital Programme over the last quarter 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 six 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 is currently a small underspend of £0.6k against completed capital schemes 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

Changes to the Capital Programme 2016/17

Qtr 2 £'000	Detail
Revenue Contributions	
15	Wivenhoe Lower Lodge Adult Gym
(8)	Financial Systems Migration - remove unused funding
40	Colchester Business Centre (capitalised maintenance)
47	Subtotal Revenue Contributions
Section 106	
10	Abberton Community Fund
10	Subtotal Section 106
External Funding	
6	Wivenhoe Lower Lodge Adult Gym
6	Subtotal External Funding
63	Total Change

In addition to the above, £195k for ICT has been removed from the capital programme. £130k of this is being used to support the agreed new strategy which is now shown in the revenue budget. The remaining £65k will be included in the next capital programme report for Cabinet and will be available to support new projects.

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 2 £'000	Commentary
Operational Services			
Shrub End Depot	841	0	Options for Shrub End Depot continue to be developed, including options on the viability of refurbishment or relocation to a new site.
Priory Street Car Park	534	114	Work has commenced on site and the planned completion date is end of December 2016, although latest estimates by the contractor indicate that this may be earlier. No major issues have been identified in the construction works to date and regular meetings and inspections are being undertaken by the Council's engineering agents.
Professional Services			
Disabled Facilities Grants	900	286	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 of 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. DFGs approved/commitments yet to be paid stands at £325k. Cases in progress to approval likely to be completed and paid this year value approx a further £300k. In addition, cases at very early stages which may be committed and will c/f to 2017/18 total approx £400k.
Revolving Investment Fund			
Sheepen Road	3,292	686	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 Centre	1,287	1,071	Contribution to Creative Business Centre to be formed in the St Botolphs Quarter (old police station). Construction due to be completed by the end of October. The project now includes the provision of ultrafast broadband. An operator has been secured for the centre and legal documents are being finalised. Expenditure against this project is currently projected to be up to £200k higher than the original budget. This has been funded from resources that had been allocated for land acquisitions within the Revolving Investment Fund.

Capital Programme – Significant areas of spend 2016/17

Scheme	2016/17 Forecast £'000	Spend to Qtr 2 £'000	Commentary
Land Acquisition	1,350	2	RIF have agreed to purchase circa 30 acres at North Colchester as part of a strategic land purchase. The purchase was completed in early October.
Town Centre	1,467	1,324	Enabling monies to support regeneration projects in the Town Centre. Expenditure includes the acquisition of a group of properties in Osborne Street and Arthur Street as part of the Council's long term plans to deliver a scheme in Vineyard Gate.
Housing Revenue Account			
Housing Improvement Programme	8,753	2,571	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 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	834	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	223	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 2 2016/17

Scheme	Spend to Qtr 2 £'000	Commentary
Operational Services		
Shrub End Depot	0	See Appendix C
Leisure World – Health & fitness extension	6	Extension of Aactiva Gym & Redevelopment of offices to provide additional Studio space. During the detail design stage a number of issues have been raised causing a delay of 6 months to the project. The tender process will now start at the end of November 2016, with building work potentially starting on site in March 2017 and project completion by September 2017.
Community Services		
Improving Life Opportunities	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	47	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. Discussions are progressing on the building works specification to bring building in to community use.
Revolving Investment Fund		
Surface Water Flooding - Distillery Lane/Haven Road	0	Joint project with Anglian Water and ECC to try to resolve the issue of surface water flooding at Haven Road. This project is classified as amber due to the prolonged discussions to resolve the matter. Anglian Water have now fitted a valve in the quay in an effort to prevent tidal water from the river flooding Haven Road. CBC has committed to undertaking dredging at a cost of £4k, and contribute to a feasibility study at £5k. Future works and use of the remaining funding will depend on the results of the feasibility study.
Creative Business Centre	1,071	See Appendix C