



Governance & Audit Committee

Item
11

19 September 2017

Report of	Assistant Director (Policy and Corporate)	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2017/18		
Wards affected	Not applicable		

The Panel is invited to review the progress against all capital schemes during the first three months of 2017/18

1 Action required

- 1.1 To review the level of capital spending during the first three months of 2017/18, 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 2017/18 (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 £2.1 million. This represents 6% of the projected spend for 2017/18. **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.	2017/18 Spend Qtr 1	2017/18 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Operational Services	2,981	649	2,713	0	(268)
Professional Services	2,383	50	1,082	1,301	0
Commercial Services (excl. RIF)	1,058	15	966	92	0
Community Services	3,214	486	3,227	0	13
Revolving Investment Fund (RIF)	32,084	631	13,749	18,505	170
Completed Schemes	102	101	105	0	3
Capitalised Maintenance Schemes	71	(2)	71	0	0
Housing Revenue Account	12,604	140	12,604	0	0
Total Capital Programme	54,497	2,070	34,517	19,898	(82)

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 been adjusted to reflect 2016/17 expenditure, and has been increased by £18.5m this quarter to fund the 17/18 Housing Investment Programme, the Northern Gateway Heat Network, and Disabled Facilities Grants as well as various S106 and grant amounts. 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 eight 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 projected net underspend of £252k against the Capital Programme, which is set out in the following table which will be referred to a future meeting of Cabinet for consideration. In addition there is a projected overspend against the Creative Business Centre of £170k which will be met by the reallocation of resources within the Revolving Investment Fund.

Scheme	Over/ (Under) £'000	
Waste Collection Strategy	(268)	The primary reason for the under-spend was that the cost of the wheeled bins came in under expectations due to the price obtained from the winning contractor. It was also possible to swap two vehicles on the fleet through our contractor for wheeled bin collections rather than modify others which resulted in a saving.
Oak Tree Community Centre Roof	13	Tenders have been returned and some unforeseen works will potentially exceed funding available, so project may overspend budget by £13k.
Completed schemes	3	Small overspend on completed schemes.
Total Net Underspend	(252)	

Scheme	Over/ (Under) £'000	
RIF position		
Creative Business Centre	170	Project complete and final accounts to be agreed by September 2017. Expenditure against this project is higher than the current budget due to the poor condition of the building structure, and the over-spend will be sought from elsewhere in the RIF budget.

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