

6 March 2018

<b>Report of</b>	<b>Assistant Director, Policy &amp; Corporate</b>	<b>Author</b>	<b>Graham Coleman</b> ☎ 282741
<b>Title</b>	<b>Capital Expenditure Monitor 2017/18</b>		
<b>Wards affected</b>	Not applicable		

## 1 Executive Summary

- 1.1 The Capital Programme contains larger, project type expenditure that relates to the creation or enhancement of an asset. It is a rolling programme, so any unspent balance is taken forward into the subsequent financial year. This report shows expenditure against capital schemes during the first nine months of 2017/18. The financial position can be summarised as follows:
- Accrued capital spending totalled £10.9m as at the end of quarter 3.
  - The Capital Programme has increased by £1.8m since quarter 2.
  - There is a projected net underspend of £255k against the Capital Programme.
  - A total of seven schemes are currently being categorised as ‘Amber’ by the budget holders.

## 2 Action required

- 2.1 The Panel is asked to review the level of capital spending during the first nine months of 2017/18, and forecasts for future years.

## 3 Reason for scrutiny

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

## 4 Background information

- 4.1 This report sets out details of spending in the first nine months of the financial year 2017/18 (April to December) 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).
- 4.2 Accrued capital spending for the first nine months of the year totalled £10.9 million. This represents 52% 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.
- 4.3 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.
- 4.4 The table below provides a summary of the capital programme by service area:

	Total Prog.	2017/18 Spend Qtr 3	2017/18 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Communities	3,594	1,199	2,607	1,000	13
Environment	4,139	901	1,197	2,674	(268)
Policy & Corporate	1,892	205	510	1,382	0
Commercial	1,631	1,180	1,437	194	0
Revolving Investment Fund (RIF)	41,055	2,197	4,525	36,530	0
Completed Schemes	724	728	724	0	0
Capitalised Maintenance	85	71	85	0	0
Housing Revenue Account	12,779	4,400	9,840	2,939	0
<b>Total Capital Programme</b>	<b>65,899</b>	<b>10,881</b>	<b>20,925</b>	<b>44,719</b>	<b>(255)</b>

- 4.5 Changes to the Capital Programme are regularly made to reflect changes in funding and the addition of new schemes. The capital programme has been increased by £1.8m this quarter which includes planned utilisation of 1 for 1 right to buy receipts (£1.2m), £200k for Castle Park improvements, £175k for purchase of properties for the Housing Revenue Account, £115k for Charter Hall improvements, a £200k grant for the Heat Network, a £300k reduction in the borrowing requirement for phase 2 of Amphora Place, and various smaller funding changes. These changes to the Capital Programme are shown in **Appendix B**.
- 4.6 The 2018/19 budget report to Council on 21 February 2018 outlines details of proposals to include the following items in the capital programme. If approved, these will be included in future capital monitoring reports.

Scheme	£m	
Colchester Amphora Homes Ltd	28.8	The estimated borrowing requirement by the Council to be drawn down between 2018 and 2024.

Scheme	£m	
Purchase of properties for use as temporary accommodation	2.9	To purchase up to 16 homes to be used as temporary accommodation for homeless households.
Waste Fleet	4.0	The first tranche of a new waste fleet required once the current leasing arrangements expire from the beginning of 2019/20.
<b>Total</b>	<b>35.7</b>	

- 4.7 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.
- 4.8 **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 seven schemes were classed as 'Amber' by the budget managers. The current position against these schemes is detailed in **Appendix D** to this report.
- 4.9 There is currently a projected net underspend of £255k against the Capital Programme, which is set out in the following table. These items were referred to the January meeting of Cabinet for consideration as part of the 2018/19 budget report.

Scheme	Over/ (Under) £'000	
<b>General Fund position</b>		
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	Temporary weathertight works to the roof were actioned whilst the permanent roof works were being specified and quoted for. Some unforeseen works will potentially exceed funding available, so project may overspend budget by £13k. All work finished and project complete 23/11/17.
<b>Subtotal</b>	<b>(255)</b>	

## 5 Strategic Plan references

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

## 6 Financial implications

- 6.1 As set out above.

## 7 Risk management implications

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

## 8 Other standard references

- 8.1 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.

**Appendices**

Appendix A – Capital Programme 2017/18

Appendix B – Changes to the Capital Programme 2017/18

Appendix C – Significant areas of planned spend 2017/18

Appendix D – 'Amber' schemes Qtr 3 2017/18

**Background Papers**

None