

12 June 2018

Report of	Assistant Director, Policy & Corporate	Author	Steve Heath ☎ 282389
Title	Capital Expenditure Monitor 2017/18		
Wards affected	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 2017/18. The financial position can be summarised as follows:
- Accrued capital spending for the year totalled £16.8 million.
 - The Capital Programme has increased by £33.4 million since quarter 3.
 - All schemes within the Capital Programme are currently projected to be on budget.
 - A total of six 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 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 for the financial year 2017/18 (April to March) 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 year totalled £16.8 million. This represents 85% 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 for the quarter 3 report to provide an indication of progress against schemes in monetary terms against their expectations for 2017/18 and beyond.
- 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 Budget	2017/18 Spend	2017/18 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Communities	3,559	1,911	2,559	1,000	0
Environment	7,871	1,196	1,197	6,674	0
Policy & Corporate	33,532	428	510	33,022	0
Commercial	1,599	1,177	1,404	195	0
Revolving Investment Fund (RIF)	40,912	3,272	4,387	36,525	0
Completed Schemes	744	744	744	0	0
Capitalised Maintenance	79	79	79	0	0
Housing Revenue Account	10,960	7,967	8,848	2,112	0
Total Capital Programme	99,256	16,774	19,728	79,528	0

- 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 £33.4 million since the previous report, and now stands at £99.3 million. The table below highlights three major new capital schemes that were approved by Cabinet on 31 January and Full Council on 21 February as part of the 2018/19 budget report. These schemes result in an increase in the Council's underlying need to borrow of £33.7 million. The changes to the Capital Programme also includes sums for schemes funded from New Homes Bonus, revenue reserves, capital receipts, insurance and Section 106 contributions. It also takes into account some expenditure that is of a revenue nature or no longer required that has been transferred to the revenue account or reserves and balances. The changes to the Capital Programme over the last quarter are shown in **Appendix B**.

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.
Total	35.7	

- 4.6 The most significant areas of capital expenditure in the 2017/18 year are detailed in **Appendix C**, along with the actual expenditure and updated commentary from budget holders.
- 4.7 **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.
- 4.8 Cabinet of 31 January approved that a net underspend of £255k against completed schemes in the Capital Programme should be reallocated. All schemes within the Capital Programme are currently projected to be on budget.

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 spend 2017/18

Appendix D – 'Amber' schemes Qtr 4 2017/18

Background Papers

None