

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 7 JUNE 2016
 title: CAPITAL OUTTURN 2015/16
 submitted by: DIRECTOR OF RESOURCES
 principal author: ANDREW COOK

1 PURPOSE

- 1.1 The purpose of this report is to review the final outturn of the 2015/16 capital programme for the Policy and Finance Committee (this committee) and to seek member approval for the slippage of some capital scheme budgets from the 2015/16 financial year to the 2016/17 financial year.
- 1.2 Relevance to the Council's ambitions and priorities:
- Community Objectives – none identified.
 - Corporate Priorities - to continue to be a well-managed council providing efficient services based on identified customer need.
 - Other Considerations – none identified.

2 BACKGROUND

- 2.1 The capital programme for this committee consisted of four schemes. These were a combination of:
- three schemes approved as part of the original capital programme in March 2015; and
 - one scheme budget, Economic Development Initiatives, moved from 2014/15.
- 2.2 During the financial year this committee has received reports monitoring the progress of the schemes within the programme.
- 2.3 As part of the closure of accounts process, capital programme expenditure has been capitalised and added to the balance sheet or charged to revenue where appropriate.

3 CAPITAL OUTTURN 2015/16

- 3.1 The table below summarises the overall financial position on the capital schemes for this committee. It shows budget approvals, budget moved from 2014/15 and actual expenditure in-year.

<i>BUDGET ANALYSIS</i>			<i>EXPENDITURE</i>	<i>SLIPPAGE</i>
Original Estimate 2015/16 £	Budget moved from 2014/15 £	Total Approved Budget 2015/16 £	Actual Expenditure 2015/16 £	Slippage into 2016/17 £
371,400	100,000	471,400	256,237	172,500

- 3.2 Actual expenditure on the capital programme was £256,237, which is 54.4% of the revised estimate budget.

3.3 The main reasons for the underspend in-year of £215,163 are as follows:

- **OROOF – Council Offices Re-roofing (-£14,761) and WINDW – Council Offices Replacement Windows and Rooflights (-£2,743):** The majority of the work on the combined contract for these two schemes was complete by year-end. Minor work outstanding at year-end related to link corridor roofing and window frames. In addition, there is 5% contract retention for 12 months. Slippage of the 2015/16 underspend on these schemes is requested to fund the minor work outstanding and the retention payment.
- **ECDVI – Economic Development Initiatives (-£100,000):** This scheme was set up to provide pump prime investment support for economic development whenever appropriate opportunities arise. One site acquisition investment was being considered in 2015/16, but no confirmation was in place for the acquisition to go ahead at year-end. Slippage of the 2015/16 underspend is requested to fund both the pump prime costs associated with the site acquisition being considered and any further economic development opportunities that may arise.
- **TNSCP – Clitheroe Townscape Scheme (-£115,000):** No expenditure was undertaken on this scheme in 2015/16. £60k of the scheme funding was based on a contribution from Lancashire County Council (LCC), with the balance of £55k funded by this Council. Following in-year discussions with LCC it was confirmed that LCC would only commit the £60k funding effectively to core maintenance work, with an expectation that Ribble Valley’s capital spend would be additional funding also to be spent on core maintenance. Enhanced town centre improvements were the main focus of this scheme for Ribble Valley and as such it was not seen as appropriate for Ribble Valley’s funding to be used in this way. Consequently, it is proposed that this scheme is reduced, following confirmation by LCC that the £60k funding is no longer available, and that officers consider what enhancement works could be achieved by the remaining budget in 2016/17.
- **PRGCP – Performance Reward Grants (+£17,341):** The Council is required to capitalise 50% of the Performance Reward Grants (PRG) expenditure that is paid out each year, this being £17,341 in 2015/16. In essence this is purely an accounting adjustment and the grants are fully funded from PRG grant monies that the Council have previously received.

3.4 Annex 1 shows the full capital programme budget and expenditure in-year for each scheme and highlights the requested slippage.

4 SLIPPAGE

4.1 Where capital schemes are unfinished at the end of the financial year and there is a corresponding remaining unspent budget to be moved into the next financial year, this is known as slippage. For this committee there are four schemes with slippage requested into 2016/17, as shown below.

Cost Centre	Schemes	Slippage into 2016/17 £
OROOF	Council Offices – Re-roofing	14,760
WINDW	Council Offices – Replacement Windows and Rooflights	2,740
ECDVI	Economic Development Initiatives	100,000
TNSCP	Clitheroe Townscape Scheme	55,000
Total Slippage for Policy and Finance Committee		172,500

4.2 Attached at Annex 2 are the individual requests for slippage forms. This committee is asked to consider these.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – A sum of £172,500 has been set aside in the Council's capital resources to fund the schemes with identified slippage.
- Technical, Environmental and Legal – None.
- Political – None.
- Reputation – Sound financial planning for known capital commitments safeguards the reputation of the Council.
- Equality and Diversity – Equality and diversity issues are examined as part of the capital bid appraisal process.

6 CONCLUSION

6.1 Actual expenditure on the capital programme was £256,237, which is 54.4% of the revised estimate budget.

6.2 The Council Offices Re-roofing and Council Offices Replacement Windows and Rooflights combined schemes were nearly complete at year-end. Slippage of £17,500 has been requested to fund completion in 2016/17.

6.3 No capital expenditure was undertaken on Economic Development Initiatives in 2015/16. Slippage of £100,000 into 2016/17 has been requested to fund both the pump prime costs associated with the site acquisition being considered and any further economic development opportunities that may arise.

6.4 Lancashire County Council have withdrawn funding of £60k for the Clitheroe Townscape Scheme. It is proposed that officers consider what enhancement works could be achieved by the remaining budget in 2016/17. Slippage of £55,000 into 2016/17 has been requested to support this proposal.

7 RECOMMENDED THAT COMMITTEE

7.1 Consider the requests for slippage shown at Annex 2 and approve the slippage of the budgets into the 2016/17 financial year for:

- Council Offices Re-roofing and Council Offices Replacement Windows and Rooflights, £17,500
- Economic Development Initiatives, £100,000; and
- Clitheroe Townscape Scheme, £55,000.

- 7.2 Note the withdrawal of funding of £60k from Lancashire County Council for the Clitheroe Townscape Scheme and agree a report should be brought to a future meeting of this committee setting out how the remaining budget could be utilised for this scheme.

SENIOR ACCOUNTANT
PF34-16/AC/AC
26 May 2016

DIRECTOR OF RESOURCES

BACKGROUND PAPERS: None
For further information please ask for Andrew Cook.

POLICY AND FINANCE COMMITTEE
Capital Programme Outturn 2015/16

Cost Centre	Scheme	Original Estimate 2015/16 £	Budget moved from 2014/15 £	Total Approved Budget 2015/16 £	Revised Estimate 2015/16 £	Actual Expenditure 2015/16 £	Slippage into 2016/17 £
OROOF	Council Offices – Re-roofing	167,500	0	167,500	167,500	152,739	14,760
WINDW	Council Offices – Replacement Windows and Rooflights	88,900	0	88,900	88,900	86,157	2,740
ECDVI	Economic Development Initiatives	0	100,000	100,000	100,000	0	100,000
TNSCP	Clitheroe Townscape Scheme	115,000	0	115,000	115,000	0	* 55,000
PRGCP	Performance Reward Grants	0	0	0	0	17,341	0
	Total Policy and Finance Committee	371,400	100,000	471,400	471,400	256,237	172,500

** Lancashire County Council has withdrawn funding of £60k for the Clitheroe Townscape Scheme. It is proposed that officers consider what enhancement works could be achieved by the remaining budget in 2016/17. Slippage of £55,000 into 2016/17 has been requested to support this proposal.*

Request for slippage into 2016/17

Cost Centre and Scheme Title	<i>OROOOF – Council Offices Re-roofing; and WINDW – Council Offices Replacement Windows and Rooflights.</i>
Scheme Description	<i>These two schemes have been combined into one contract to re-roof the offices and replace all windows and rooflights. This will avoid piecemeal and costly one-off repairs and replacements in future years.</i>
Head of Service	<i>Adrian Harper</i>
Year Originally Approved	<i>2015/16</i>
Revised Estimate 2015/16 for the Scheme	<i>£256,400</i>
Actual Expenditure in the Year 2015/16	<i>£238,896</i>
Variance - (Underspend) or Overspend	<i>(£17,504)</i>
Please provide full reasons for the (under) or over spend variance shown above?	<i>The majority of the work on the combined contract for these two schemes was complete by year-end. However, minor contract work was outstanding at year-end related to link corridor roofing and window frames. In addition, there is 5% contract retention for 12 months.</i>

Slippage Request

Please grant the amount of Budget Slippage from 2015/16 to 2016/17 requested.	<i>£17,500 (Re-roofing £14,760, Replacement windows and rooflights £2,740).</i>
Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered. Attach any information that you feel may be relevant.	<i>Slippage will fund completion of the outstanding contract work and the 5% retention payment which becomes payable 12 months after the completion of the contract work.</i>
By what date would the work or services related to any requested slippage be completed, if it were to be approved.	<i>Outstanding contract work - Summer 2016. Retention payment – Spring 2017.</i>

Request for slippage into 2016/17

Cost Centre and Scheme Title	<i>ECDVI – Economic Development Initiatives.</i>
Scheme Description	<i>This scheme was set up to provide pump prime investment support for economic development whenever appropriate opportunities arise.</i>
Head of Service	<i>Colin Hirst</i>
Year Originally Approved	<i>2014/15</i>
Revised Estimate 2015/16 for the Scheme	<i>£100,000</i>
Actual Expenditure in the Year 2015/16	<i>£0</i>
Variance - (Underspend) or Overspend	<i>(£100,000)</i>
Please provide full reasons for the (under) or over spend variance shown above?	<i>One site acquisition investment was being considered in 2015/16, but no confirmation was in place for the acquisition to go ahead at year-end.</i>

Slippage Request

Please grant the amount of Budget Slippage from 2015/16 to 2016/17 requested.	<i>£100,000</i>
Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered. Attach any information that you feel may be relevant.	<i>Slippage is requested to fund both the pump prime costs associated with the site acquisition being considered and any further economic development opportunities that may arise in-year.</i>
By what date would the work or services related to any requested slippage be completed, if it were to be approved.	<i>Throughout 2016/17, if appropriate economic development opportunities arise.</i>

Request for slippage into 2016/17

Cost Centre and Scheme Title	<i>TNSCP – Clitheroe Townscape Scheme</i>
Scheme Description	<i>A Council contribution to support the uplift of the Clitheroe Townscape, to include elements of the frontage of the buildings, the highway and features of the public realm. This would involve Lancashire County Council as Highways Authority and Ribble Valley as a co-ordinating body.</i>
Head of Service	<i>Colin Hirst</i>
Year Originally Approved	<i>2015/16</i>
Revised Estimate 2015/16 for the Scheme	<i>£115,000</i>
Actual Expenditure in the Year 2015/16	<i>£0</i>
Variance - (Underspend) or Overspend	<i>(£115,000)</i>
Please provide full reasons for the (under) or over spend variance shown above?	<i>No expenditure was undertaken on this scheme in 2015/16. £60k of the scheme funding was based on a contribution from Lancashire County Council (LCC), with the balance of £55k funded by this Council. Following in-year discussions with LCC it was confirmed that LCC would only commit the £60k funding effectively to core maintenance work, with an expectation that Ribble Valley's capital spend would be additional funding also to be spent on core maintenance. Enhanced town centre improvements were the main focus of this scheme for Ribble Valley and as such it was not seen as appropriate for Ribble Valley's funding to be used in this way in 2015/16.</i>

Slippage Request

Please grant the amount of Budget Slippage from 2015/16 to 2016/17 requested.	<i>£55,000</i>
Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered. Attach any information that you feel may be relevant.	<i>It is proposed that this scheme is reduced, following confirmation by LCC that the £60k funding is no longer available, and that officers consider what enhancement works could be achieved by the remaining budget in 2016/17.</i>
By what date would the work or services related to any requested slippage be completed, if it were to be approved.	<i>Within 2016/17, subject to the above consideration and approval by this committee.</i>