

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 5

meeting date: 7 FEBRUARY 2017
title: OVERALL REVISED CAPITAL PROGRAMME 2016/17
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 To consider the Council's overall revised capital programme for 2016/17.

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 needs.
- Other Considerations – none identified.

2 BACKGROUND

2.1 The original capital programme for 2016/17 was approved by Full Council in March 2016.

2.2 Regular reports have been presented to all Committees on progress with the capital programme.

3 ORIGINAL CAPITAL PROGRAMME 2016/17

3.1 All committees considered proposals for the 2016/17 capital programme at their meetings in January 2016. The programme was set against a background of limited capital resources and reducing revenue budgets. In total, eleven new schemes, totalling £1,027,920, were approved for the 2016/17 financial year.

3.2 In addition, not all planned expenditure for 2015/16 was spent. The unspent balance on six schemes in 2015/16, totalling £194,920, was transferred into 2016/17. This is known as slippage.

3.3 An additional approval of £68,425 was gained from the Emergency Committee in November 2016 to finance additional costs on the Ribblesdale Pool Improvement Work scheme in 2016/17. The additional approval was funded from the Fleming VAT Reclaim Reserve.

3.4 The total of all these elements created a 2016/17 overall capital programme with fifteen schemes and a total approved budget of £1,291,265. This is shown at Annex 1.

4 REVISING THE 2016/17 CAPITAL PROGRAMME

4.1 To revise the 2016/17 capital programme we have:

- discussed each of the fifteen schemes in the approved capital programme with budget holders to reflect scheme progress and estimated full year expenditure; and
- added in one new scheme.

4.2 Following this review, the revised estimate for 2016/17 is £961,705, which is a reduction of £329,560 from the previously approved capital budget. The main reasons for this are:

- **Clitheroe Market Improvements (-£175,000):** This scheme is on hold, awaiting the final plans for the Clitheroe Market Development scheme. As a result, there is expected to be no expenditure on the scheme in 2016/17. The revised estimate has been reduced to nil and the £175,000 budget has been moved to 2017/18.
- **Economic Development Initiatives (-£100,000):** There are no appropriate economic development opportunities in progress currently which are likely to be funded from this economic development capital budget before the year-end. The revised estimate has been reduced to nil and the £100,000 budget has been moved to 2017/18.
- **Clitheroe Townscape Scheme (-£55,000):** The scheme is in abeyance awaiting further consideration in relation to the wider Clitheroe Market Development scheme. As a result, there is no further progress on plans to spend the budget at this stage and there is expected to be no expenditure on the scheme in 2016/17. The revised estimate has been reduced to nil and the £55,000 budget has been moved to 2017/18.
- **Council Offices Re-roofing (-£11,590) and Council Offices Replacement Windows and Rooflights (-£1,380):** Work has been completed within budget on the combined Council Offices Re-roofing and Council Offices Windows and Rooflights schemes. Only the 5% contract retention payments remain outstanding. These payments, totalling £12,450, are due in May 2017, twelve months after the main contract work was completed. Thus, financial completion of the schemes can only take place in 2017/18, meaning £12,450 of the combined schemes budget has been moved to 2017/18.
- **Affordable Warmth - Capital (+£15,380):** The Council has now received confirmation from Lancashire County Council (LCC) that it has been granted up to £25,629 of capital funding in 2016/17 for the Affordable Warmth - Capital grants scheme. The October capital monitoring report stated that this scheme would be added to the capital programme at Revised Estimate stage. The scheme has been included in the Revised Estimate at a value of £15,380, which matches the actual funding received to date. Unfortunately there have been no applications received for this grant scheme to date, despite the scheme having been advertised.

4.3 Annex 1 shows the full capital programme, with the budget and actual expenditure (including commitments) at the end of December 2016 for each scheme. The summary position is shown below.

Committee	Budget Analysis						Expenditure Analysis
	Original Estimate 2016/17 £	Slippage from 2015/16 £	Additional Approvals 2016/17 £	Total Approved Budget 2016/17 £	Revised Estimate 2016/17 £	Budget moved to 2017/18 £	Actual Expenditure including commitments as at end of December 2016 £
Community Services	374,500	0	68,425	442,925	440,955	0	398,901
Planning and Development	30,200	0	0	30,200	30,200	0	0
Policy and Finance	100,000	172,500	0	272,500	104,530	167,450	99,040
Health and Housing	523,220	22,420	0	545,640	386,020	175,000	192,428
TOTAL	1,027,920	194,920	68,425	1,291,265	961,705	342,450	690,369

4.4 Actual expenditure (including commitments) on all schemes at the end of December 2016 is £690,369. This is 71.8% of the revised estimate. The main reasons for the £271,336 underspend to date against the full year revised estimate are as follows:

- **Disabled Facilities Grants, Landlord/Tenant Grants and Affordable Warmth – Capital, (-£193,592):** Lower levels of grant applications have been received for the year to date when compared to the levels of funding the Council has in place for these housing capital grant schemes. All these grant schemes are advertised directly by the Council and through other partner organisations.
- **Introduction of Planning Portal Link to the Planning Application System and Planning System Update (-£30,200):** At this stage, the aim is to complete the scheme by year-end. However, this is now dependent on the availability of software supplier consultant input and the outcome of a re-assessment of the inputs required to deliver this scheme, given the additional server capacity and other functionality that the wider ICT Infrastructure Refresh capital scheme will provide.
- **Ribblesdale Pool Improvement Work (-£23,568):** The works are in progress and should be completed by the end of February 2017.
- **Play Area Improvements 2016/17 scheme, (-£17,230):** Further planned improvement works are to be completed by year-end, which will use the currently unspent budget.

4.5 Updated capital evaluation forms completed by the responsible officers for these schemes have been reported to all committees in previous committee cycles.

5 FINANCING OF THE 2016/17 CAPITAL PROGRAMME

5.1 The capital resources to finance the capital programme for 2016/17 have also been revised, as shown in the table below.

	Current Financing 2016/17 £	Revised Financing 2016/17 £
Total Approved Budget	1,291,265	961,705
<u>Resources</u>		
<i>Grants and Contributions</i>		
DCLG - Disabled Facilities Grants	-273,220	-273,220
Sport England – Ribblesdale Pool Improvement Work	-150,000	-150,000
Lancashire County Council – Affordable Warmth - Capital	0	-15,380
<i>Borrowing</i>		
Unsupported Borrowing	-192,500	-4,530
<i>Earmarked Reserves</i>		
Capital Grants Unapplied	-14,090	-14,090
VAT Shelter	-278,500	-276,530
New Homes Bonus	-110,000	-62,000
Capital Reserve Fund	-145,530	-38,530
Fleming VAT Reclaim	-127,425	-127,425
Total of Resources Used	-1,291,265	-961,705

5.2 Shown below is a summary of the movements on available capital resources from 1 April 2016 to the anticipated closing balance at 31 March 2017.

Resource	Opening Balance 1 April 2016 £	Added in Year £	Used in Year £	Closing Balance 31 March 2017 £
Capital Grants Unapplied b/f	-27,110	0	14,090	-13,020
New Grants and Contributions in Year	0	-438,600	438,600	0
Capital Reserve Fund**	-764,822	-5,070	38,530	-731,362
Use of VAT Shelter	0	-276,530	276,530	0
Use of New Homes Bonus	0	-62,000	62,000	0
Capital Receipts	-745,046	-59,233	0	-804,279
Fleming VAT Reclaim Reserve	0	-127,425	127,425	0

Resource	Opening Balance 1 April 2016 £	Added in Year £	Used in Year £	Closing Balance 31 March 2017 £
Unsupported Borrowing	0	-4,530	4,530	0
Other Earmarked Reserves	0	0	0	0
Total	-1,536,978	-973,388	961,705	-1,548,661

*** The recommended minimum level of the Capital Reserve Fund is £350,000*

6 COMMENTS ON OVERALL POSITION

- 6.1 The revised 2016/17 capital programme is £961,705. This is a reduction of £66,215 from the originally approved capital programme at this time last year of £1,027,920. The changes are summarised in the table below.

	£	£
Original Capital Programme 2016/17		1,027,920
Slippage from 2015/16	194,920	
Schemes added for the current year – additional approval	68,425	
Net changes to the Total Approved Budget		263,345
Schemes reduced at Revised Estimate for the current year	-2,490	
Scheme budgets moved to 2017/18	-342,450	
New scheme introduced at Revised Estimate	15,380	
Net Changes at Revised Estimate		-329,560
Proposed Revised Capital Programme 2016/17		961,705

- 6.2 As shown earlier, the revised capital programme is fully financed. There is a net decrease of £329,560 in the level of financing resources needed to fund the revised capital programme, when compared to the resources needed to fund the current total approved capital programme. This reduction is mainly due to £342,450 of financing resources being moved to 2017/18 to finance the schemes that have been moved.

7 RISK ASSESSMENT

- 7.1 The approval of this report may have the following implications:

- Resources – Approval of the revised capital programme will see a decrease of £329,560 in the level of financing resources needed in 2016/17 and £342,450 of capital financing resources will be moved into 2017/18.
- 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.

8 CONCLUSION

- 8.1 The overall revised capital programme for 2016/17 is £961,705 for thirteen schemes. This is a £66,215 reduction from the original capital programme approved at this time last year. The decrease is due to £194,920 slippage from the 2015/16 capital programme budget and an additional approval of £68,425, set against a £329,560 reduction in the overall cost of capital programme schemes when reviewed at revised estimate stage.
- 8.2 The reduced capital programme for 2016/17 is fully financed.
- 8.3 Actual expenditure (including commitments) on all schemes at the end of December 2016 is £690,369. This is 71.8% of the revised estimate.
- 8.4 The level of capital resources continues to be a matter of concern. However, the level of the capital reserve will not fall below the suggested minimum of £350,000.

9 RECOMMENDED THAT COMMITTEE

- 9.1 Approve the overall revised capital programme for 2016/17.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF13-17/AC/AC
26 January 2017

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS - None

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2016-17**

Cost Centre	Schemes	Original Estimate 2016/17 £	Slippage from 2015/16 £	Additional Approvals 2016/17 £	Total Approved Budget 2016/17 £	Revised Estimate 2016/17 £	Budget moved to 2017/18 £	Actual Expenditure including commitments as at end of December 2016 £
Community Committee								
WVDHX	Replacement of Works Section Small Van – Ford Transit Toilet Van (PF09 DHX)	12,000	0	0	12,000	12,000	0	10,802
PLAYQ	Play Area Improvements 2016/17	40,000	0	0	40,000	40,000	0	22,770
FORKL	Replacement of Salthill Depot Multi Use Fork Lift Truck	16,000	0	0	16,000	15,980	0	15,975
GVUKE	Replacement of John Deere Gang Mower Tractor (PN05 UKE)	46,000	0	0	46,000	44,050	0	44,051
GVFRV	Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec	51,500	0	0	51,500	51,500	0	51,446
RPIMP	Ribblesdale Pool Improvement Work	209,000	0	68,425	277,425	277,425	0	253,857
	Total Community Committee	374,500	0	68,425	442,925	440,955	0	398,901
Planning and Development Committee								
PLANN	Introduction of Planning Portal Link to the Planning Application System and Planning System Update	30,200	0	0	30,200	30,200	0	0
	Total Planning and Development Committee	30,200	0	0	30,200	30,200	0	0

**SPECIAL POLICY AND FINANCE COMMITTEE
OVERALL REVISED CAPITAL PROGRAMME 2016-17**

Cost Centre	Schemes	Original Estimate 2016/17 £	Slippage from 2015/16 £	Additional Approvals 2016/17 £	Total Approved Budget 2016/17 £	Revised Estimate 2016/17 £	Budget moved to 2017/18 £	Actual Expenditure including commitments as at end of December 2016 £
<i>Policy and Finance Committee</i>								
ITSAN	ICT Infrastructure Refresh (Storage Area Network (SAN) and Network and Server Replacement)	100,000	0	0	100,000	100,000	0	94,514
OROOF	Council Offices – Re-roofing	0	14,760	0	14,760	3,170	7,910	3,169
WINDW	Council Offices - Replacement Windows and Rooflights	0	2,740	0	2,740	1,360	4,540	1,357
TNSCP	Clitheroe Townscape Scheme	0	55,000	0	55,000	0	55,000	0
ECDVI	Economic Development Initiatives	0	100,000	0	100,000	0	100,000	0
	Total Policy and Finance Committee	100,000	172,500	0	272,500	104,530	167,450	99,040
<i>Health and Housing Committee</i>								
DISCP	Disabled Facilities Grants	273,220	14,090	0	287,310	287,310	0	134,623
LANGR	Landlord/Tenant Grants	75,000	8,330	0	83,330	83,330	0	57,805
CMIMP	Clitheroe Market Improvements	175,000	0	0	175,000	0	175,000	0
CWARM	Affordable Warmth – Capital	0	0	0	0	15,380	0	0
	Total Health and Housing Committee	523,220	22,420	0	545,640	386,020	175,000	192,428
OVERALL TOTAL		1,027,920	194,920	68,425	1,291,265	961,705	342,450	690,369