

CABINET – 4TH JULY 2019

Report of the Head of Finance and Property Services

Lead Member: Councillor Barkley

Part A

ITEM 9 CAPITAL PLAN OUTTURN REPORT 2018/19

Purpose of Report

This report shows the total expenditure on the Capital Plan for the year 2018/19 compared with the current budget, which was reported to Cabinet in the Capital Plan Amendment Report on 5th July 2018 (minute 14), plus subsequent reports on 13th September 2018 (minute 32), 13th December 2018 (minute 64) and 14th March 2019 (minute 99). In addition, the report details those schemes that require carry forward of budget to 2019/20 and the provisional arrangements for the financing of the Plan.

Recommendations

1. That the outturn position for 2018/19 be noted and that the carry forward of project budgets totalling £1,079,800 be approved.
2. That the provisional financing of the Plan set out in Table 2 be noted.

Reasons

1. To enable projects to be completed.
2. To indicate how the Plan is likely to be financed.

Policy Justification and Previous Decisions

The Capital Plan is fundamental to all strategic aims of the Council.

Implementation Timetable including Future Decisions and Scrutiny

The decision will come into effect immediately (subject to Call-in).

The Scrutiny Commission will have the opportunity to consider this report for pre-decision scrutiny on 1st July 2019. The report will also be available for scrutiny by the Corporate Services Scrutiny Committee at its first meeting on 25th June 2019.

Report Implications

The following implications have been identified for this report.

Financial Implications

The financial implications of the recommendations are covered in the body of this report.

Risk Management

The risks associated with the decisions Cabinet is asked to make and proposed actions to mitigate those risks are set out below:

There are no specific risks associated with this decision.

Key Decision: Yes

Background Papers: None

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Part B

Background

1. The Capital Plan for 2018/19 was reported to Cabinet on the 5th July 2018 and, following amendments between September 2018 and March 2019, the final budget was £10,869k, which is £1.9m higher than the original budget (22% higher).
2. Table 1 below shows the expenditure by directorate. The total capital spend of £9,071k was 83% of the final budget, compared to 80% in 2017/18. Expenditure on General Fund projects was £2,985k in 2018/19 being 74% of budget, compared with 71% of budget in 2017/18. The HRA expenditure of £6,086k was 89% of budget compared to 86% in 2017/18.
3. The carry forwards detailed in Appendix 1 have been requested by the officers responsible for the schemes.

Table 1

Capital Outturn 2018/19	Budget	Actual	Under/	Net	Net
<u>Directorate</u>	£'000	Spend	(Over)	Carry	Saving/
		£'000	Spend	Fwd	(Over
			£'000	£'000	spend)
					£'000
Community Wellbeing	2,410	1,621	789	809	(20)
Corporate Services	661	593	68	76	(8)
Housing, Planning, Regeneration and Regulatory					
- General Fund	957	771	187	187	0
General Fund Total	4,028	2,985	1,044	1,072	(29)
Housing - HRA	6,841	6,086	754	8	748
Total Capital Plan	10,869	9,071	1,798	1,080	719

4. Over the four years to 31 March 2019 the Council has invested £12.7m in General Fund projects and £27.8m in Housing Revenue Account (HRA) schemes, making a total investment in the Borough of £40.5m, being an average annual investment of £10.1m. This is lower than the four year average to 31 March 2018 of £10.2m by 0.4%.
5. The net amount of £1,080k requested to be carried forward is detailed on a scheme by scheme basis in Appendix 1 and includes the following major items:
6. *CCTV (£57.1k)*. This budget is for the replacement of cameras and infrastructure to ensure that the CCTV system remains operational. This budget will be amalgamated with next year's allocation of £35k, and form part of a bigger project, which is currently being worked up and costed.
7. *Community Facilities Grants (£172.8k)*. This budget provides a funding stream for Parish and Town Councils and properly constituted community organisations. It supports the renovation and improvement of community buildings, which will enhance access by the local communities they serve. Grants are approved by Cabinet during the year. There will always be a

time lag between approval and paying the grant thus any unspent budget moves to the next year.

8. *Hallam Fields Community Hall (£326k)*. This is fully funded by a S106 developer contribution that is to be spent on detailed design and specification work then construction and project management costs. Initially it was anticipated that works will start in April/May 2018 with an anticipated completion date of January 2019. The scheme was subsequently increased to £500k, which required Key Decision Delegated Decision which was approved. This scheme is not in the direct control of the Borough Council. It is Birstall Parish Council who are progressing the scheme. In addition there were delays whilst the Parish Council sorts out a licence to occupy part of the car park that Jelsons own during the construction period. The scheme needs to be complete by December 2019 and the scheme commenced on site at the beginning of April 2019 and will be completed by the deadline.
9. *Contribution towards Cemetery in Syston (£59.4k)*. This contribution to Syston Parish Town Council is towards the provision of a new cemetery in Syston, recognising that the existing cemetery is close to capacity. The scheme is fully funded by S106 contributions and is specifically allocated to this project.
10. *Beehive Lane Car Park fire & safety evacuation systems (£117k)*. To enable the installation of a new alarm system and dry riser. Following high profile fires, industry guidelines have been reviewed and updated with regards to Fire Safety in multi-storey car parks. Works were procured, but contractor was unable to commence until the end of April 2019.
11. There were net underspends on various schemes during the year (as detailed in Appendix 1) amounting to net £719k.
12. Underspends ranged from a few pounds to £247k. These underspends are a result of schemes being completed for less than budget. The net funds saved are returned to appropriate central funding and will be used for other schemes in the future.
13. Overspends ranged from a few pounds to just under £91k which was on HRA Asbestos Removal. This is funded from the savings on other HRA capital schemes which spent less than the budget.
14. The provisional funding arrangements for 2018/19 are detailed in Table 2 below. These will be finalised subject to audit approval.

Table 2

<u>Type of Finance</u>	<u>Provisional Amount £'000</u>
Grants and Contributions	1,264
Capital Receipts	1,810
General Fund and HRA Revenue Contributions including use of Capital Plan and other Reserves	4,017
Internal Borrowing	248
Major Repairs Reserve	1,732
	9,071

15. After allowing for the funding shown above, the cost of the carry forwards and funding all known future schemes to 2021/22 there will be £6.3m of capital receipts available for future General Fund projects plus £1.4m in the Capital Plan Reserve, also for General Fund projects.
16. The Capital Plan is subject to amendment within the financial year via the quarterly Capital Plan amendment reports presented to Cabinet. To offer a view of amendments arising through the year a summary of Capital Plan adjustments is presented at Appendix 2.
17. In gross terms, Appendix 2 shows that capital expenditure in the year fell significantly short of that planned. This is a matter of concern previously identified by the Audit Committee in their meeting of November 2018. Given this situation, a review of each project where delivery has been delayed will be undertaken with a view to lessons learnt informing future scheduling and reporting of the Capital Plan.

Appendices

Appendix 1 - Capital Plan 2018/19 Detailed 'scheme by scheme' Outturn.

Appendix 2 – Summary of Capital Plan amendments in 2018/19

Scheme Details			2018/19				Slippage into 2019/20 Requested £	Reason for slippage
			First year in Capital Plan	Current Budget £	Actual Spend 12/4/19 £	Balance £	Under/ (Overspend) £	
<u>Community Wellbeing</u>								
<u>Direct Delivery</u>								
JT	Z478	Shortcliffe Community Park	2015/16	2,400	2,380	20	20	0
JT	Z697	Bell Foundry Pocket Park phase 1 and 2	2016/17	62,200	75,833	(13,633)	(33)	(13,600)
								Paid ahead of profile, therefore 2019/20 budget will be reduced.
JT	Z494	Public Art Provision - Loughborough & Shepshed	2017/18	5,000	-	5,000	0	5,000
								The original consultant contracted to design and deliver the project withdrew. As a result the project timetable needed to be adjusted to accommodate retendering of the works. The development allocation was therefore unspent in 2018/2019 but will be required in 2019/20.
JR	Z388	CCTV	2014/15	48,400	(8,735)	57,135	35	57,100
SW	Z785	Old Rectory Museum Toilet	2018/19	12,000	-	12,000	0	12,000
SW	Z389	Loughborough - Town Centre signage	2014/15	5,000	5,000	0	0	0
SW	Z392	Public Realm and Art Improvements	2014/15	9,600	10,940	(1,340)	(1,340)	0
SW	Z393	Grants for Shop Front Improvements	2014/15	500	500	0	0	0
SW	Z421	Carillon Tower Restoration Project	2017/18	289,500	298,026	(8,526)	(8,526)	0
SW	Z426	Loughborough Market - replacement of Tug and Trailer	2018/19	12,500	-	12,500	0	12,500
KS	Z746	Charnwood Museum Public Toilets Refurbishment	2018/19	16,000	19,887	(3,887)	(3,887)	0
								Delivery will be in 2019/20 due to manufacture timescales.
NB	Z748	Loughborough Festive Lights and Street Dressing	2018/19	113,700	99,097	14,603	3	14,600
NB	Z749	Loughborough Market Improvements	2018/19	60,000	35,954	24,046	46	24,000
RK	Z756	Town Hall Public Wifi Installation	2018/19	10,000	9,472	528	528	0
								Modifications to lights and purchase of gateway signs still outstanding. Project is not complete and will be progressed further in 2019/20.
RK	Z757	Town Hall Roof Upgrade	2018/19	50,000	17,524	32,476	(24)	32,500
RK	Z758	Town Hall Seating Replacement	2018/19	84,800	84,845	(45)	(45)	0
								Access to roof is limited due to volume of shows and weather. Work now scheduled to start June 2019.
MB	Z394	Provision of Neighbourhood Notice Boards	2014/15	6,100	4,155	1,945	45	1,900
								Lack of community submissions within 2018, therefore funds need to be reallocated to 2019/20.
MB	Z739	Green Spaces Programme	2016/17	427,800	415,139	12,661	(39)	12,700
								Late start for contracted works at Southfields resulting in carry forward. Scheme to restart on site May 2019 with completion projected for July 2019.
JT	Z747	Dishley Pool Access Works	2018/19	15,400	12,432	2,968	(32)	3,000
MB	Z751	Loughborough Playgrounds - Replacement Surfacing	2018/19	60,000	59,690	310	310	0
MB	Z753	The Outwoods Country Park - Septic tank system replacement	2018/19	30,000	28,009	1,991	(9)	2,000
								Completed
MB	Z754	The Outwoods Country Park - Visitor Centre and Café	2018/19	10,000	1,200	8,800	0	8,800
								Work scheduled to be finished April. Architect design of the new facility delayed but currently being progressed. Work scheduled to commence in summer 2019.
MB	Z782	Outwoods Country Park	2018/19	140,000	125,738	14,262	(38)	14,300
MB	Z755	Shortcliffe Park Access Bridges	2018/19	34,800	34,750	50	50	0
AG	Z484	Closed Churchyards Walls	2016/17	16,400	23,793	(7,393)	(7,393)	0
AG	Z503	Charnwood Sites Access and Security	2018/19	50,000	43,279	6,721	21	6,700
								Delay in contractor starting on site. Works to progress during May 2019.
<i>Sub-total Direct Delivery</i>				1,572,100	1,398,908	173,192	(20,308)	193,500
<u>Indirect Delivery</u>								
JR	Z348	Community Facilities Grants	On-going	194,800	21,981	172,819	19	172,800
								This is a block sum over the life of the capital programme – some grants will have been committed and not claimed the monies – others will be awarded in the future.
JR	Z488	Thorpe Acre Residents Association - contribution towards community hub building	2016/17	25,900	-	25,900	0	25,900
								This is section 106 monies for a specific purpose and allocated to a project.
JR	Z499	Syston Town Council - contribution towards Cemetery in Syston	2017/18	209,900	150,494	59,406	6	59,400
								This is section 106 monies for a specific purpose and allocated to a project.
JR	Z292	Hallam Fields Community Hall	2007/08	350,000	24,488	325,512	12	325,500
JR	Z502	Quorn Parish Council - redevelopment of Old School Hall	2018/19	25,200	25,168	32	32	0
								This is section 106 monies for a specific purpose and allocated to a project.
JR	Z783	Thurmaston Parish Council - Silverdale and Elizabeth Park	2018/19	32,300	-	32,300	0	32,300

Sub-total Indirect Delivery				838,100	222,131	615,969	69	615,900	
Community Wellbeing - Total				2,410,200	1,621,039	789,161	(20,239)	809,400	
Corporate Services									
Direct Delivery									
AK	Z085	Replacement Hardware Programme - Block Sum	On-going	212,300	209,740	2,560	2,560	0	
AK	Z354	Infrastructure Development - Block Sum	2012/13	30,000	31,980	(1,980)	20	(2,000)	
AK	Z780	Wireless connectivity including presentation facilities	2018/19	30,000	34,615	(4,615)	(4,615)	0	
									Project has been delayed due to further information required from the tender applicants. Its now expected that an order will be placed in April paying 50% up front with the remainder paid on completion.
KB	Z423	Call Secure System - PCI Compliance	2017/18	35,900	-	35,900	0	35,900	
KB	Z425	Corporate Booking System	2017/18	6,900	6,862	38	38	0	
SL	Z485	Online Customer Experience Project	2016/17	0	(2,000)	2,000	2,000	0	
DC	Z415	Southfields Offices - Roofing	2015/16	15,400	16,850	(1,450)	(1,450)	0	Scheme complete.
DC	Z466	DWP Co-Location	2014/15	0	(3,000)	3,000	3,000	0	Scheme complete.
DC	Z493	Fearon Hall	2017/18	75,800	63,262	12,538	38	12,500	Some works still outstanding.
DC	Z740	Emergency Backup Generator & UPS Power	2016/17	2,000	1,663	337	337	0	Scheme complete.
DW/DC	Z759	Woodgate Chambers - high level roof and windows improvements	2018/19	50,000	20,000	30,000	0	30,000	Roofing works on-going.
DC	Z777	Messenger Close, Lough - Options for future use	2017/18	196,300	207,809	(11,509)	(11,509)	0	Scheme complete.
DC	Z779	Jubilee Avenue Sileby	2018/19	7,000	5,647	1,353	1,353	0	Scheme complete.
Sub-total Direct Delivery				661,600	593,428	68,172	(8,228)	76,400	
Corporate Services - Total				661,600	593,428	68,172	(8,228)	76,400	
Housing, Planning & Regeneration & Regulatory Services - General Fund									
Direct Delivery									
AT	Z744	Beehive Lane Car Park Improvements and refurbishment scheme	2018/19	30,000	4,829	25,171	(29)	25,200	Scheme was put out to tender, but unable to award the contract because responses were not suitable. Alternative procurement currently being investigated.
AT	Z781	Beehive Lane Car Park fire & safety evacuation systems	2018/19	117,000	0	117,000	0	117,000	Works procured, but not able to commence until end of April 2019.
DC	Z738	Carbon Management Schemes	2016/17	32,800	34,003	(1,203)	(3)	(1,200)	Paid ahead of profile, therefore 2019/20 budget will be reduced.
AS	Z424	Choice Based Lettings Software	2017/18	35,000	16,062	18,938	38	18,900	Second installment due to be paid in 2019/20.
Sub-total Direct Delivery				214,800	54,894	159,906	6	159,900	
Indirect Delivery									
DH	Z367	Bleach Yard	2013/14	9,700	3,751	5,949	49	5,900	Remedial works outstanding.
RB	Z396	Public Realm - Shephed Town Centre	2014/15	24,600	4,999	19,601	1	19,600	To be carried forward to provide available funds for the CCTV Project.
RS	Z210	Disabled Facilities Grants - Block Sum	On-going	690,200	699,253	(9,053)	47	(9,100)	Paid ahead of profile, therefore 2019/20 budget will be reduced.
RS	Z346	Private Sector Housing Grants - Block Sum	On-going	2,300	7,441	(5,141)	(41)	(5,100)	Paid ahead of profile, therefore 2019/20 budget will be reduced.
									Carry forward to award grants to vulnerable people to meet the decent homes standard in the Private Rented Sector. Budget is the remainder of the ring fenced Decent Homes money funded by an external grant.
RS	Z141	Regional Housing Pot Grant	On-going	15,000	-	15,000	0	15,000	
Sub-total Indirect Delivery				741,800	715,444	26,356	56	26,300	
Housing, Planning & Regeneration & Regulatory Services - General Fund - Total				956,600	770,338	186,262	62	186,200	
Housing, Planning & Regeneration & Regulatory Services - HRA									
Direct Delivery									
PO	Z761	Major Adaptations - Fortem	2018/19	370,000	370,716	(716)	(716)	0	
PO	Z301	Minor Adaptations	On-going	50,000	40,837	9,163	9,163	0	
PO	Z302	Stairlifts	On-going	60,000	68,612	(8,612)	(8,612)	0	
PO	Z380	Major Void Works	On-going	0	10,372	(10,372)	(10,372)	0	
PO	Z762	Major Void Works - Fortem	2018/19	280,000	84,347	195,653	195,653	0	
Compliance									
PO	Z434	Asbestos Removal	On-going	150,000	240,767	(90,767)	(90,767)	0	

PO	Z741	Communal Area Improvements	2016/17	10,500	1,506	8,994	8,994	0	
PO	Z771	Communal Area Improvements - Fortem	2018/19	150,000	150,030	(30)	(30)	0	
PO	Z742	Communal Area Electric	2016/17	289,300	290,304	(1,004)			
PO	Z374	Carbon monoxide/smoke alarms	On-going	0	504	(504)	(504)	0	
PO	Z772	Carbon Monoxide Alarms	2018/19	0	2,239	(2,239)	(2,239)	0	
PO	Z401	Fire Safety	On-going	0	60,000	(60,000)	(60,000)	0	
PO	Z773	Fire Safety Works	2018/19	100,000	11,292	88,708	88,708	0	
PO	Z774	Cavity/Loft insulation - Fortem	2018/19	50,000	29,000	21,000	21,000	0	
<u>Stock Maximisation</u>									
PO	Z375	Garages	2016/17	50,000	-	50,000	50,000	0	
<u>Decent Homes</u>									
PO	Z460	Charnwood Standard Kitchens	On-going	0	7,332	(7,332)	(7,332)	0	
PO	Z763	Kitchens - Fortem	2018/19	322,000	255,715	66,285	66,285	0	
PO	Z764	Bathrooms - Fortem	2018/19	556,300	308,558	247,742	247,742	0	
PO	Z454	Electrical Upgrades	On-going	30,000	24,326	5,674	5,674	0	
PO	Z765	Electrical Upgrades - Fortem	2018/19	66,000	18,720	47,280	47,280	0	
PO	Z766	Windows - Fortem	2018/19	10,000	-	10,000	10,000	0	
PO	Z767	Central Heating and Boiler Installation - Fortem	2018/19	728,000	767,294	(39,294)	(39,294)	0	
PO	Z743	Sheltered Housing Improvements inc heating & equipment	2016/17	163,000	72,623	90,377	90,377	0	
PO	Z462	Door Replacement	On-going	17,400	-	17,400	17,400	0	
PO	Z768	Door Replacement - Fortem	2018/19	95,500	75,815	19,685	19,685	0	
PO	Z459	Roofing/guttering	On-going	128,100	157,411	(29,311)	(29,311)	0	
PO	Z769	Re-roofing - Fortem	2018/19	600,000	577,792	22,208	22,208	0	
PO	Z369	Major Structural Works	On-going	0	2,119	(2,119)	(2,119)	0	
PO	Z770	Major Structural Works - Fortem	2018/19	40,000	40,000	0	0	0	
<u>General Capital Works</u>									
PO	Z357	Estate Works	On-going	7,000	1,928	5,072	5,072	0	
PO	Z776	Estate and External Works - Fortem	2018/19	0	71	(71)	(71)	0	
PO	Z857	Housing Capital Technical Costs	On-going	312,000	221,590	90,410	90,410	0	
PO	Z378	Door Entry Systems	On-going	251,800	246,917	4,883	4,883	0	
AS	Z419	New Build/Acquisitions	2017/18	0	1,536	(1,536)	(1,536)	0	
AS	Z760	Acquisition of Affordable Housing to meet housing need	2018/19	1,953,000	1,945,228	7,772	(28)	7,800	Stamp duty for 20 Lilac Close, Loughborough acquired on 29th March 2019.
PO	Z470	Job Management System	2015/16	700	700	0	0	0	
Sub-total Direct Delivery				6,840,600	6,086,201	754,399	747,603	7,800	
Housing, Planning & Regeneration & Regulatory Services - HRA - Total				6,840,600	6,086,201	754,399	747,603	7,800	
General Fund and Housing Revenue - Grand Total				10,869,000	9,071,006	1,797,994	719,198	1,079,800	

APPENDIX 2

AMENDMENTS TO THE CAPITAL PLAN IN FINANCIAL YEAR 2018/19

	General Fund		HRA	TOTAL
	£000		£000	£000
31 March 2018 (Cabinet report 5 July 2018)	5,159		7,566	12,725
Amendments - Cabinet 13 September 2018				
Additional schemes	54	(No adjustments re 2018/19)	0	54
Amended totals for 2018/19	5,213		7,566	12,779
Amendments - Cabinet 13 December 2018				
Net additional schemes	156	(No adjustments re 2018/19)	0	156
Net slippage into future years	(479)			(479)
[Also figures per Cabinet report Jan 2019 responding to Audit Committee concerns]				
Amended totals for 2018/19	4,890		7,566	12,456
Amendments - Cabinet 14 March 2019				
Net additional schemes	157	(No adjustments re 2018/19)		157
Net slippage into future years	(1,019)	Net slippage into future years	(724)	(1,743)
Amended totals for 2018/19	4,028		6,842	10,870
Amendments - Outturn Cabinet 4 July 2019				
Spend to year end	(2,985)	Spend to year end	(6,086)	(9,071)
Net underspend versus budget	1,043		756	1,799
Carry forward requests	(1,072)		(8)	(1,080)
Net (over) / underspend on projects	(29)		748	719
SUMMARY FOR YEAR				
Capital Plan brought forward	5,159		7,566	12,725
Net additions	367		0	367
	5,526		7,566	13,092
Slippage agreed	(2,570)		(732)	(3,302)
	2,956		6,834	9,790
Expenditure	(2,985)		(6,086)	(9,071)
Net (over) / underspend on projects	(29)		748	719
Expenditure:				
- as proportion of plan at start of 2018/19	57.9%		80.4%	71.3%
- as proportion of plan as per response to Audit Committee	61.0%		80.4%	72.8%