

**Report of the Head of Finance and Property Services
Lead Member: Councillor Tom Barkley**

Part A

CAPITAL PLAN OUTTURN REPORT 2016/17

Purpose of Report

This report shows the total expenditure on the Capital Plan for the year 2016/17 compared with the current budget, which was reported to Cabinet in the Capital Plan Amendment Report on 7 July 2016 (minute 23), plus subsequent reports on 22 September 2016 (minute 44), 15 December 2016 (minute 74) and 16 March 2017 (minute 99). In addition, the report details those schemes that require carry forward of budget to 2017/18 and the provisional arrangements for the financing of the Plan.

Recommendations

1. That the outturn position for 2016/17 be noted and that the carry forward of project budgets totalling £1,852,700 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

Overview Scrutiny Group will have the opportunity to consider this report on 12 June 2017. This report is also available for scrutiny by the Performance Scrutiny Panel on 4 July 2017.

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 in the table below.

Risks Identified	Likelihood	Impact	Risk Management Actions Planned
Insufficient funding	Unlikely	Moderate	The funding of the Capital Plan is regularly monitored and any apparent shortfalls are brought to the attention of Cabinet with suggested solutions.
General Risks associated with capital expenditure	Unlikely	Moderate	The Capital Plan is controlled through Project Boards for larger schemes and Project Officers for smaller schemes. Progress, risks and possible problems are notified to these boards and to the Capital Programme Team for all projects of £50k or more. Such risks are identified and dealt with and reported as necessary to Cabinet and the Performance Panel.

Key Decision: Yes

Background Papers: None

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Part B

Background

1. The Capital Plan for 2016/17 was reported to Cabinet on 7 July 2016 and, following amendments between September 2016 and March 2017, the final budget was £11,224k, which is £6k higher than the original budget (less than 1%)
2. Table 1 below shows the expenditure by directorate. The total capital spend of £9,255k was 82% of the final budget, compared to 88% in 2015/16. Expenditure on General Fund projects was £3,952k in 2016/17 being 88% of budget, compared with 66% of budget in 2015/16. The HRA expenditure of £5,303k was 79% of budget compared to 96% in 2015/16.
3. The carry forwards detailed in Appendix 1 have been requested by the officers responsible for the schemes.

Table 1

Capital Outturn 2016/17 Directorate	Budget £'000	Actual Spend £'000	Under/ (Over) Spend £'000	Net Carry Fwd £'000	Net Saving/ (Over spend) £'000
Community Wellbeing	2,522	2,226	296	280	16
Corporate Services	241	208	33	29	4
Housing, Planning, Regeneration and Regulatory - General Fund	1,735	1,518	217	158	59
General Fund Total	4,498	3,952	546	467	79
Housing - HRA	6,726	5,303	1,423	1,386	37
Total Capital Plan	11,224	9,255	1,969	1,853	116

4. Over the four years to 31 March 2017 the Council has invested £9.8m in General Fund projects and £34.3m in Housing Revenue Account (HRA) schemes, making a total investment in the Borough of £44.1m, being an average annual investment of £11m. This is lower than the four year average to 21 March 2016 of £14.2m by 22.5%. HRA spend has been falling due to lower contractor prices and fewer dwellings left requiring decent homes works.
5. The net amount of £467k requested to be carried forward in respect of General Fund schemes is detailed on a scheme by scheme basis in Appendix 1 and includes the following major items:
6. *Community Facilities Grants* (£198.3k). 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 next year.

7. *Community Shop* (£120k). This carry forward will allow the scheme to progress now that potentially suitable premises have been identified. Community shop have submitted and had an offer on a property accepted. Their solicitors are going through the lease terms and negotiating the Heads of Terms.
8. *Mountsorrel New Memorial Hall* (-£193.9k). Scheme fully funded by S106, the 2017/18 budget will be reduced as spend was ahead of budget profile in 2016/17. Works continue on site.
9. *CCTV* (£46.6k). This project is for the Charnwood CCTV system to replace the servers, view station and CCTV cameras as they come to the end of their operational life. In 2016/17 the prioritisation and need for equipment work was carried out along with looking at other sources of equipment e.g. Community Partnership. Orders are now being placed.
10. *Replacement Hardware Programme – block sum* (£30k). The required hardware was not available until March 2017 with orders being placed in March 2017. The project will complete in September.
11. *Car Parks – Replacement Pay and Display Machines* (£35k). Budget requested to be carried forward to 2017/18, there is a long lead in time to configure the pay and display machines to Charnwood's requirements and for changes to the £1 coin. A Request for Quote is being drafted for the Pay on Foot equipment, final quote mid-March with delivery 12 weeks after order date.
12. *Shepshed Shop Fronts Improvement Grants* (£36.3k). A report to Cabinet on 11 May 2017 recommended that the budget be reallocated to support the capital costs of general improvements within the public realm in Shepshed town centre. Responsibility for the identification and prioritising of projects will be vested in Shepshed Town Team. It is therefore requested that this budget be carried forward to 2017/18.
13. *Regional Housing Pot* (£42.9k). Carry forward is requested to enable future grants to be made to vulnerable households to meet decent homes standard. As this budget is demand led and also means tested it was not possible to spend the entire budget in 2016/17. This budget is used to support the housing assistance policy which is currently being reviewed and will be presented to Cabinet in July. The Policy is being updated to reflect the local context and key strategic and service related aims and objectives and the removal of reference to grant priority areas and the updating of benefit information.
14. The amount of £1,385.7k requested to be carried forward in respect of HRA schemes is detailed in Appendix 1 and consists of the following major items:
15. *Asbestos Removal* (£49.4k), the carry forward is for works that were to run alongside the re-roofing programme scheduled for December to March. Re-roofing works were not complete by the end of March 2017. Therefore it is requested that this budget be carried forward to allow asbestos removal works to be completed.
16. *Communal Area Electric* (£60.6k)

17. *Electrical Upgrades* (£86.5k)
18. The initial slippage on these two schemes occurred originally with the design at Babbington Court. It took considerable time for the manufacturer to submit the drawings and design due to the complexities of the building, combined emergency lighting and LED fittings, along with the identification of suitable fittings for all sites. Once this was obtained it was issued to the Council's main contractor and second contractor for price comparisons along with drawings for a couple of the blocks. The second contractor's price was considerably lower and authorisation had to be obtained before the scheme could proceed with the second contractor outside the main contract. The Bell Foundry had to be placed on hold due to the issues with the leaking roof which is due to be replaced this year with a top to bottom approach. Once this has been replaced the lighting will be installed. As an update Aingarth is now completed and St Peters is nearing completion. We do not presently foresee any further issues/delays with communal/electrical installations.
19. *Fire Safety* (£106.3k). Works to be carried out in June 2017. The fire safety budget slippage is due in part to the mobilisation of a new contractor and intrusive surveys which had to be carried out and agreed prior to the commencement of works. The works have started and are nearing completion at Aingarth. These had to be bespoke/in-keeping due to age of building
20. *Charnwood Standard Kitchens* (£243k). All works were issued to the Council's contractor who encountered delays due to access and labour issues. The programme has been significantly reduced for year 4 to ensure all works are completed by the end of the year.
21. *Charnwood Standard Planned Heating* (£121.3k). The works were suspended due to gas safety issues on the 12th October 2016 and re-instated on the 13th January with provisions in place. Since then Wates Living Space (WLS) have outsourced the works to independent contractors the first of which was not successful. WLS have reviewed and implemented additional processes, CBC have followed this by a further two stream meetings in March and May prior to the commencement of any works. Until the Council is satisfied, 100% independent external auditing will take place for assurance and quality purpose. WLS will complete year 3 before moving onto year 4 properties. Should WLS envisage further issues, the Council has contingency in place with existing contractors and authorisation will be sought to utilise their services should this be required.
22. *Door Replacement* (£121.3k). WLS encountered quality issues with direct labour door installations, they have now sub contracted this out, including a plan for building control to inspect and sign off installation of fire doors. Should WLS envisage further issues, the Council has contingency in place with an existing contractor and authorisation will be sought to utilise their services should this be required.
23. *Roofing/guttering* (£332.3k). The Council took legal advice to outsource the works from the main contractor due to WLS not adhering to submitted tender costs. The Council utilised a framework and undertook mini

competition and obtained savings of approximately £90k for the same project. This caused the slippage, but the new contractor has now been mobilised.

24. *Major Structural Works* (£60.3k). Carry forward request is for works ordered on 1 Forest Road (demolition of an outhouse and the replacement of the drainage system due to subsidence caused by leaking drains) and 49 Maple Road (demolition of the first floor front elevation due to roof thrusting pushing out the wall plate because of inadequate purlin support). Both orders have been with WLS since end of 2016 and have not been completed due to complexities of the works and quality issues. The Council does not intend to offer works of this complexity to the main contractor moving forward.
25. *Estate Works* (£60.5k). Car park at Park Court is now completed. Slippage occurred as it was in response to resident complaints and not originally part of the planned maintenance. Pre-works included lengthy preparations and resident liaison. Bell Foundry works were postponed due to roofing issues.
26. *Lifeline Equipment Upgrade* (£38k). This was a new scheme in 2016/17 to replace and upgrade the nine year old equipment. Savings of £12k were identified when the technical aspects of the scheme were looked at in detail. There has been a delay around the confirmation of disaster recovery and licensing agreements which have now been resolved.
27. There were underspends on various schemes during the year (as detailed in Appendix 1) amounting to £255k and these ranged from a few pounds to over £84k. 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.
28. Similarly, there were overspends amounting to £139k of which £10k was on the Online Customer Experience scheme. This scheme was approved by Cabinet on 7 July 2016 for a total of £210k funded from the Reinvestment Reserve. The capital element of the scheme is now higher than the £43k then estimated but overall spend in 2016/17 remained in budget.
29. The net savings made on capital schemes during 2016/17 were therefore £116k.
30. The provisional funding arrangements for 2016/17 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	2,923
Capital Receipts	786
General Fund and HRA Revenue Contributions including use of Capital Plan and other Reserves	4,058
Major Repairs Reserve	1,488
	9,255

31. After allowing for the funding shown above, the cost of the carry forwards (if approved) and funding all known future schemes to 2017/18 there will be £7m of capital receipts available for future General Fund projects plus £180k in the Capital Plan Reserve, also for General Fund projects.

32. Appendix

Appendix 1 - Capital Plan 2016/17 Detailed 'scheme by scheme' Outturn.