

<b>13 September 2017</b>		<b>ITEM: 11</b> <b>(Decision 01104439)</b>
<b>Cabinet</b>		
<b>2017/18 Capital Monitoring Report – Quarter 1</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor Hebb, Portfolio Holder for Finance and Legal Services		
<b>Accountable Assistant Director:</b> Sean Clark, Director of Finance and IT		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is</b> Public		

## **Executive Summary**

At its meeting on 8 February 2017, Council agreed the 2017/18 capital programme.

Since the 1 April 2017, additional funding has been added to the programme, funded from prudential borrowing and other grants. In addition, budget carry forwards from 2016/17 have also been added to the programme.

This report reflects these changes and sets out the latest forecasted outturn.

### **1. Recommendation(s) that Cabinet:**

- 1.1 Note the General Fund capital programme is projected to have available resources of £3.999m as at 31 March 2018 with this funding carried forward to 2018/19 to fund schemes currently in progress;**
- 1.2 In addition, there is a further £116.740m in the approved programme that is under development and/or dependent on third party actions as set out in paragraph 3.6;**
- 1.3 Note the Housing Revenue Account capital programme is projected to have no unused resources in 2017/18.**

### **2. Introduction and Background**

- 2.1. This report provides an update to Cabinet on the financial position of the capital programme and highlights significant variances. It is the first monitoring report for 2017/18 and is based on expenditure to the end of month 3 (the period 1 April 2017 to 30 June 2017) and projected expenditure for the remainder of the year.

2.2. Capital schemes and resources are identified in two specific categories:

- Mainstream schemes – capital expenditure funded through prudential (unsupported) borrowing, from capital receipts, from the capital contribution from revenue budget or from earmarked capital reserves.
- Specific schemes – capital expenditure funded through external funding sources, for example, government grants and Section 106 monies which are ring fenced for specific projects.

### 3. General Fund Schemes

3.1. The current position for General Fund schemes for 2017/18 is summarised in Table 1.

Table 1: Capital Programme – Projected Outturn as at Month 3

	Latest Agreed Budget	Projected Outturn to 31/03/2018	Variance against budget
	£'000's	£'000's	£'000's
<b>Expenditure:</b>			
Children's Service <sup>1</sup>	12,151	9,166	(2,985)
Adult, Housing & Health	2,563	2,213	(350)
Environment and Place	47,317	46,803	(514)
Finance and IT	3,067	3,067	0
HR, OD & Transformation	4,217	4,067	(150)
Customer Services	45	45	0
<b>Total Expenditure</b>	<b>69,360</b>	<b>65,361</b>	<b>(3,999)</b>
<b>Resources:</b>			
Prudential Borrowing	(43,017)	(42,517)	500
Capital Receipts	(320)	(320)	0
Reserves	(245)	(245)	0
Government Grants	(14,343)	(11,548)	2,795
Other Grants	(7,896)	(7,896)	0
Developers Contributions (S106)	(3,539)	(2,835)	704
<b>Total Resources</b>	<b>(69,360)</b>	<b>(65,361)</b>	<b>3,999</b>
<b>Forecast Overspend in Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>1</sup> The schools capital budget is designed around academic years and officers are confident that this will be defrayed in full within the current academic year

- 3.2 Table 1 illustrates a projected outturn at the end of the financial year of £65.361m, which is £3.999m less than the latest agreed budget for the year. This forecast variance is further analysed in Table 2 below.

Table 2: – Analysis of forecast variance

	Re-profiling of expenditure at Month 3	Capital schemes requiring additional funding	Completed Projects	Forecast variance against budget at Month 3
<b>Expenditure:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's Service	(2,985)	0	0	(2,985)
Adult, Housing & Health	(350)	0	0	(350)
Environment and Place	(733)	219	0	(514)
Finance and IT	0	0	0	0
HR, OD & Transformation	(150)	0	0	(150)
Customer Services	0	0	0	0
<b>Total</b>	<b>(4,218)</b>	<b>219</b>	<b>0</b>	<b>(3,999)</b>

- 3.3 Table 2 shows that the forecast underspend is principally due to slippage/budget reprofiling on current schemes (£4.218m). Consequently the funding remains allocated to specific current schemes.
- 3.4 A list of schemes where the variance is greater than £0.25m is shown in Appendix 2.
- 3.5 Table 2 also shows that additional funding (£0.219m) will be required in 2017/18, to finance the extra expenditure incurred on the Oliver Road project. The additional expenditure will be financed from section 106 contributions.
- 3.6 In addition, the following schemes and allocations have Council approval but are dependent on scheme development and/or third parties:

Table 3: Capital Programme – Schemes under development

	Projected Scheme Budget
	£'000's
A13 Widening	75,000
Purfleet Regeneration	17,304
School Improvements	11,990

	<b>Projected Scheme Budget</b>
	<b>£'000's</b>
Grays South Development	8,056
The Central Grays Civic Buildings Optimisation project	4,390
<b>Total Schemes under development</b>	<b>116,740</b>
<b>Resources:</b>	
Prudential Borrowing	(24,750)
Government and Other Grants	(91,990)
<b>Total Resources</b>	<b>(116,740)</b>
<b>Forecast Overspend in Resources</b>	<b>0</b>

#### 4. Housing Revenue Account Schemes

- 4.1 The current position for Housing Revenue Account schemes for 2017/18 is summarised in Table 4.

Table 4: HRA Capital Programme – Projected Outturn

	<b>Latest Agreed Budget</b>	<b>Projected Outturn to 31/03/2018</b>
	<b>£'000's</b>	<b>£'000's</b>
<b>Expenditure:</b>		
Transforming Homes	11,800	11,800
Housing Development	11,436	11,436
<b>Total Expenditure</b>	<b>23,236</b>	<b>23,236</b>
<b>Resources:</b>		
Prudential Borrowing	(4,855)	(4,855)
Capital Receipts	(3,431)	(3,431)
Reserves	(3,150)	(3,150)
Government & Other Grants	0	0
Major Repairs Reserve	(11,800)	(11,800)
<b>Total Resources</b>	<b>(23,236)</b>	<b>(23,236)</b>
<b>Forecast Overspend in Resources</b>	<b>0</b>	<b>0</b>

- 4.2 The budget for Transforming Homes in 2017/18 is £11.8m. Spend as at 30th June 2017 was £2.055m. This budget is forecast to achieve our target of 1,000 homes transformed internally during this financial year.
- 4.3 The programme also delivers major works to void properties where required to bring them up to a lettable standard. It should be noted that the first three months of the year have seen a significantly higher number of voids falling into this category than expected. This is being closely monitored for impact on the overall programme. The year to date has also encountered a number of properties requiring structural improvement works over and above the transforming homes specification.
- 4.4 The budgets for 2017/18 for HRA New Build Schemes are £11.436m. The original profiled budget for 2017/18 as per the HRA Business Plan and February Cabinet Report was £22.890m. The budget profile across financial years for these schemes has been revised to reflect the current status of the individual schemes. The overall budget remains the same across the life of the schemes. Total spend to date in 2017/18 is £0.168m.

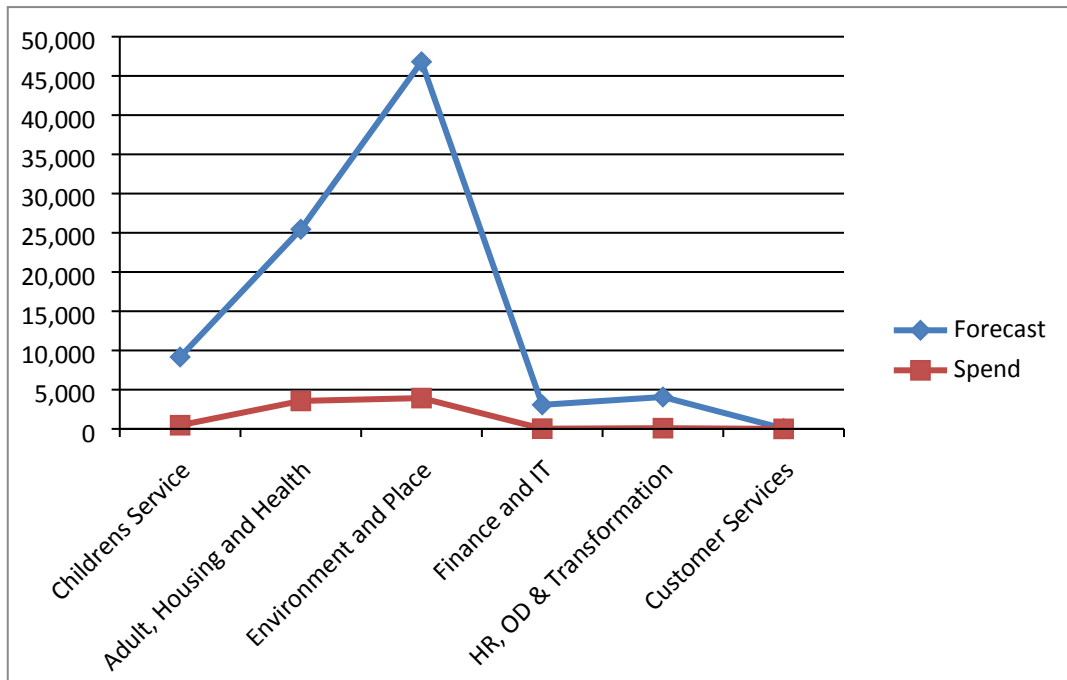
## **5. Gloriana Thurrock Ltd.**

- 5.1 The regeneration project at St Chads is the only active capital scheme currently being undertaken by the wholly owned company Gloriana Thurrock Ltd. This is a £34.9m scheme and the project has incurred expenditure of £32.1m up to the end of the 2016/17 financial year and is anticipated to incur a further £2.8m during 2017/18. To date (up to 30 June 17), £2.3m of this has been spent. This is funded by the Council and recovered from the company over the life of the project.
- 5.2 The scheme above will generate in excess of £1m to the general fund in 2017/18 and will continue to provide revenue returns for the next ten years with a final capital receipt payment at the project end.

## **6. Issues, Options and Analysis of Options**

### **Performance Indicator Target for Month 3: 10%**

- 6.1 The total expenditure to date on the Capital Programme is £8.074m, which equates to 9.1% of the budgeted spend against the performance indicator of 10%. This is based on the actual payments made to suppliers, so when considering the outstanding payments for works completed but not yet billed, the percentage spent will actually be closer to the target level.



## 7 Reasons for Recommendation

- 7.1 The recommendations are to ensure that Cabinet and Members are aware of the current status of the Capital Programme.
- 7.2 The Local Authority is required to discharge its statutory duty, under the Education Act 2006, to ensure that suitable and sufficient places are available in Thurrock for every child of school age whose parents wish them to have one.

## 8. Consultation (including Overview and Scrutiny, if applicable)

- 8.1 Officers and Directors' Board have been consulted on this report
- 8.2 The school capital programme and other identified works have been subject to extensive consultation with key stakeholders. The principle has been agreed with schools and the detailed build content is being agreed with the relevant schools. Consultation will continue with each school and key stakeholders, as each scheme and works develop within the programme.
- 8.3 The principle has been agreed with schools and any detailed build content will be agreed with the relevant schools. Consultation will continue with each school and key stakeholder, as each scheme and schedule of works evolves within the programme.

## 9. Impact on corporate policies, priorities, performance and community impact

- 9.1 The budget provides the finance to support capital projects that meet the corporate priorities. Any changes to the budgets may impact, positively or

negatively, on the delivery of these priorities and the Council's performance, with a corresponding impact on the community.

- 9.2 The improvement in the educational facilities in Thurrock schools is part of the council's delivery of its Education Capital Strategy and supports the council's prioritisation of educational standards and pupil progress by helping to create great places for learning in the borough.

## **10. Implications**

### **10.1 Financial**

Implications verified by: **Sean Clark**  
**Director of Finance and IT**

The General Fund Capital Programme is projected to have available resources of £3.999m at the end of the current financial year and these will be carried forward to fund schemes either in development or currently in progress.

In addition, the programme also includes £116.740m for schemes that are dependent on scheme development and/or third parties.

Through the active management of the programme the Council continues to maximise the resources at its disposal.

### **10.2 Legal**

Implications verified by: **David Lawson**  
**Deputy Head of Legal & Monitoring Officer**

There are no direct legal implications arising from this report. This report provides an update and allows Members to review the adequacy of existing budgets.

The Council has a duty under the Education Act 2006 to ensure the provision of "sufficient schools" for the provision of primary and secondary education in their area.

### **10.3 Diversity and Equality**

Implications verified by: **Natalie Warren**  
**Community Development & Equalities Manager**

The report provides an update and allows Members to review the adequacy of existing budgets.

- 11. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- There are various working papers within directorates and accountancy.

## **12. Appendices to the report**

- Appendix 1 – General Fund and Housing Revenue Account Summary
- Appendix 2 – General Fund Reprofitting Variances over £0.25m

### **Report Author:**

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