

Southend-on-Sea Borough Council

Report of Corporate Director for Corporate Services to Cabinet

on
28th June 2016

Agenda
Item No.

Report prepared by: Joe Chesterton
Head of Finance and Resources

Provisional Capital Outturn 2015/16 Policy and Resources Scrutiny Committee Executive Councillor: Councillor Lamb *A Part 1 Public Agenda Item*

1. Purpose of Report

- 1.1 To inform members of the capital programme outturn for 2015/16 and to seek approval for the relevant budget carry forwards and accelerated delivery requests.
- 1.2 To also seek approval for in year amendments for the current approved programme.

2. Recommendations

That Cabinet:

- 2.1 **Note that the expenditure on the capital programme for 2015/16 totalled £37.850m against a budget of £39.137m, a delivery of 96.7% (sections 3.4 and 3.5).**
- 2.2 **Approve the relevant budget carry forwards and accelerated delivery requests totalling a net £1.411m as set out in Appendices 1 and 2.**
- 2.3 **Note the virements, reprofiles and amendments and new external funding for schemes, as detailed in Appendices 3, 4 and 5.**
- 2.4 **Approve the relevant changes to the budget identified since the approved capital programme was set at Council on 25th February 2016, as detailed in Appendix 6.**
- 2.5 **Note that the above changes will result in an amended Capital Programme of £191.656m for the period 2016/17 to 2019/20, as detailed in Appendix 7.**

3. Background

- 3.1. Throughout the 2015/16 financial year the capital programme has been subjected to robust monitoring to ensure delivery and alignment with corporate priorities. As a result of this monitoring, revisions were made during the year to the capital programme budgets with the agreement of Cabinet. The last revision was made in February 2016 and approved by Council on 25th February 2016.
- 3.2. In addition to the approved capital programme for 2015/16, there were carry forwards from the previous year's programme for schemes nearing completion but not yet finished. As a result of these changes and other amendments agreed during the year by Cabinet the revised Capital Programme differs from the one originally agreed in February 2015 as part of the 2015/16 budget process.
- 3.3. The changes are summarised in the table below.

	£'000
Original Budget February 2015 Council	53,505
June Cabinet adjustment of carry forwards from 2014/15	7,587
Accelerated Delivery of 2015/16 schemes	(582)
Re-profiles, New External funding and other adjustments agreed at 23 rd June Cabinet	1,265
Capital schemes approved at 22 September Cabinet	1,482
Re-profiles, New External funding and other adjustments agreed at 10 th November Cabinet	(13,518)
Re-profiles and amendments agreed at 11 th February Cabinet	(10,757)
New external funding agreed at 11 th February Cabinet	155
Revised Capital Programme – 25th February 2016 Council	39,137

Brackets indicate a reduction in budget

- 3.4. Best practice and normal accounting convention requires that the approved Capital Programme includes budgets for all potential capital expenditure. Therefore the Capital Programme contains budgets for schemes such as Section 106 funding where expenditure is contingent on a condition being met, grants that are paid to the Council in full are drawn down over a period of time and schemes managed in partnership or by other bodies, e.g. schools. The summary on the next page shows the actual spend against budget for the different types of schemes.

	Revised Budget £000	Actual £000	Variance £000	% Spent
Adult Social Care	268	274	6	102.2
General Fund Housing	1,207	1,260	53	104.4
Schools Capital Schemes	9,158	9,131	(27)	99.7
Culture	2,908	2,992	84	102.9
Highways and Transport	8,379	8,683	304	103.6
Enterprise, Tourism & Regeneration	625	1,193	568	190.9
Public Protection and Waste	2,171	2,188	17	100.8
Energy Saving Projects	1,493	1,063	(430)	71.2
Section 106 / Section 38	225	278	53	123.6
Works to Property	1,910	1,604	(306)	84.0
ICT Schemes	2,714	1,218	(1,496)	44.9
Other Corporate Services	234	152	(82)	65.0
HRA Capital Schemes	7,845	7,814	(31)	99.6
Total	39,137	37,850	(1,287)	96.7

Brackets indicate an underspend against budget

- 3.5. The outturn for 2015/16 shows a final spend position of £37.850m against a revised budget of £39.137m, which is an 96.7% outturn position.
- 3.6. The key variances in the table in paragraph 3.4 are as follows:

Highways and Transport – the LED street lighting project is progressing ahead of schedule. Net budget carry forward, accelerated delivery requests and other budget adjustment for highways and transport of £307k have been put forward as part of this report;

Enterprise, Tourism & Regeneration – the lagoon element of the Coastal Communities Fund works have progressed ahead of schedule to enable a summer opening and there has been accelerated delivery of the pier condition works. Net budget carry forward and accelerated delivery requests of £567k have been put forward as part of this report;

Energy Saving Projects – the energy projects are underway with completion in 2016/17 – budget carry forward requests of £(431)k have been put forward as part of this report;

Works to Property – for the Queensway site on-going exploration of the underground utility services is needed in 2016/17 in preparation for the regeneration works, the demolition of the toilet block in Thorpe Hall Avenue has been completed but the refurbishment works will be completed in 2016/17. Net carry forward, accelerated delivery requests and other budget adjustments of £(291)k has been put forward as part of this report;

ICT schemes – a number of projects span financial years and there have been delays to some projects whilst others have delivered ahead of schedule, so net budget carry forward, accelerated delivery requests and other budget adjustments of £(1,499)k have been put forward as part of this report. £1.3m of this relates to the Data Centre with the detailed design finished in June and the intention to finish the project in September 2016;

- 3.7. A range of schemes have been identified that are funded from external contributions and grants. These have been included in the capital programme but there is flexibility in when these schemes are delivered either by the funder determining when it is appropriate or the Council matching delivery to available resources.
- 3.8. In total there are a number of schemes with unspent budgets in 2015/16 where the budget is needed in 2016/17 in order to complete the schemes. These schemes have started and/or are fully committed to but due to various factors have not completed or reached the anticipated stage by the 31st March 2016. These budget commitments total £4.332m and are summarised in Appendix 1.
- 3.9. In addition, some schemes have exceeded their 2015/16 budget allocation. The two causes of this are unforeseen costs being incurred or schemes spending ahead of profile in order to accelerate delivery, i.e. multi year schemes being delivered earlier or preliminary works starting on 2016/17 schemes to ensure their prompt completion. The sum of this accelerated delivery totals £2.807m and is analysed in Appendix 2.
- 3.10. Schemes that have exceeded their 2015/16 budget allocation will be financed by compensatory under spending on other schemes and in some cases by extra income received. The net overspend for the whole programme for 2015/16 after carry forward and accelerated delivery requests is £0.238m. This has been adjusted further with budget adjustments of £0.311m with the resulting underspend after all adjustments of £0.73m.
- 3.11. In summary these adjustments are set out in the following table:

	General Fund £000	Housing Revenue Account £000	Total £000
Net variance	(1,256)	(31)	(1,287)
Net position of carry forward and accelerated delivery requests (Appendices 1 and 2)	1,384	27	1,411
Additional external income received / budget adjustments (Appendix 6)	(197)	-	(197)
Adjusted net variance	(69)	(4)	(73)

Brackets indicate an underspend against budget and additional income

- 3.12. An amended Capital Programme reflecting all the changes above is attached at Appendix 7.

Major schemes in 2015/16 continuing into 2016/17 and future years

- 3.13 Within the Department for Corporate Services the Airport Business Park is a major scheme to transform an area of land into a new business park, bringing in private sector investment and generating new jobs. Henry Boot Developments have been appointed as the development partner to enable the plans to go ahead and infrastructure works are expected to start during 2016/17.
- 3.14 Within the Department for People the major schemes are the schools capital schemes which are set out below in paragraphs 3.17 to 3.21, and the Disabled Facilities Grants scheme which relates to adaptations and installation of equipment in the homes of disabled people.
- 3.15 Within the Department for Place the LED street lighting project is a major scheme to replace the street lighting lanterns within Southend with LED units, to replace many street lighting columns, to bring all the illuminated street furniture in line with proposed new traffic sign regulations and to introduce a computer controlled Central Management System to manage the street lighting efficiently.
- 3.16 Another major scheme within the Department for Place is the A127 Growth Corridor which is a joint project with Essex County Council to deliver improvements along the A127. Specifically within Southend this includes the junctions at Kent Elms and the Bell.

Schools Capital Schemes

- 3.17 Expenditure on the education capital programme for 2015/16 was £9.13 million. Of this, £4.37million was to complete projects to provide new pupil places at Friars, Thorpedene, Bournemouth Park, Darlington, Porters Grange and Sacred Heart Primary Schools, the Federation of Greenways Schools and Hamstel Infant and Junior Schools.
- 3.18 £1.89 million was spent on major projects completing in 2015/16 and beyond. These included St Helens, St Marys, Sacred Heart and Thorpe Greenways. These projects are part of the Primary Places Programme (PPP) to expand Primary Schools to meet the demand created by a sustained increase in the birth rate, including the set up and expansion of two year old childcare facilities.
- 3.19 £3.5 million was spent on major projects completing in 2016/17 and beyond. These included expansions at St Helens Primary School and St Marys Primary School. These projects are part of the Primary Places Programme (PPP) to expand Primary Schools to meet the demand created by a sustained increase in the birth rate including the set up and expansion of two year old childcare facilities. As this programme completes, the Secondary Expansion Programme is in feasibility and design stage with initial spend due to start in 2016/17.

3.20 £1.09 million was spent purely on condition works that included projects at Thorpedene, Belnheim, Earls Hall, Edwards Hall, Friars, Leigh North Street and Temple Sutton Primary Schools. In addition, £311k was devolved formula capital to maintained schools to manage their own smaller capital works.

3.21 Much of the schools capital programme scheme involves multi-year projects. Net budget carry forward, accelerated delivery requests and other budget adjustments of £24k have been put forward as part of this report;

Capital Financing of the Programme

3.22 The capital programme is fully financed. When the budget is set, estimates are made on the likely levels of capital receipt, grant that will be received during the year, the likely level of borrowing required as well as the proposed level of expenditure. As the actual expenditure differs from the proposed budget, the associated financing needs to be amended also to reflect this.

3.23 The capital expenditure in 2015/16 is financed as follows;

	2015/16 Actual (£m)
Total Capital Expenditure	37.850
Financed by:	
Borrowing – internal	10.201
Invest to Save Financing	2.350
Capital Receipts	441
Capital Grants Utilised	15.058
Major Repairs Reserve	7.021
Other Revenue/ Capital Reserve Contributions	1.210
Other Contributions	1.569
Total Financing	37.850

Other changes to the budget for 2016/17 onwards

3.24 Since the approved capital programme was set at Council on 25th February 2016, there have been some changes to the capital budget. They are not significant in number but are required to provide a continually updated programme to enhance the delivery of schemes, and are therefore detailed in Appendix 6. These changes are reflected in the amended Capital Programme attached at Appendix 7.

3.25 Removal of budgets no longer required

A request to remove a few S106 budgets are included within this report as they are no longer required.

3.26 Borough Broadband

A request to include an additional budget of £100k to support the delivery of the City Fibre project, to be financed from set aside capital reserves for this major scheme is included within this report.

4. Other Options

4.1 None, as this report provides information about activity in 2015/16.

5. Reasons for Recommendations

5.1 This report provides information about activity in 2015/16.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

When the Capital Programme is determined consideration is given to the alignment of the scheme objectives to the Councils priorities.

6.2 Financial Implications

These are dealt with throughout this report.

6.3 Legal Implications

None, as this report provides information about activity in 2015/16.

6.4 People Implications

None, as this report provides information about activity in 2015/16.

6.5 Property Implications

When the Capital Programme is determined consideration is given to the property implications.

6.6 Consultation

When the Capital Programme is determined consideration is given to consultation.

6.7 Equalities and Diversity Implications

When the Capital Programme is determined consideration is given to Equalities and Diversity Implications.

6.8 Risk Assessment

When the Capital Programme is determined consideration is given to the risk assessment.

6.9 Value for Money

When the Capital Programme is determined consideration is given to the value for money.

6.10 Community Safety Implications

When the Capital Programme is determined consideration is given to community safety implications.

6.11 Environmental Impact

When the Capital Programme is determined consideration is given to the environmental impact.

7. **Background Papers**

None.

8. **Appendices**

Appendix 1 – Proposed Carry Forwards

Appendix 2 – Proposed Accelerated Delivery Requests

Appendix 3 – Virements Between Approved Schemes

Appendix 4 – Reprofiles

Appendix 5 – New External Funding

Appendix 6 – Summary of Changes to the Capital Programme

Appendix 7 – Amended Capital Programme