

Meeting: EXECUTIVE

Agenda Item:

Portfolio Area: Resources

9

Date: 12 JULY 2016

2015/16 CAPITAL EXPENDITURE OUTTURN

KEY DECISION

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1. PURPOSE

- 1.1 To update Members on the outturn position on the 2015/16 capital programme including the resources used to fund that expenditure.
- 1.2 To update Members on the Council's Capital Strategy and any changes to the 2016/17 capital programme.
- 1.3 To update Members on the actual 2015/16 Minimum Revenue Provision (MRP) and the MRP for 2016/17.
- 1.4 To update Members on the resources available to fund the Capital Strategy.

2. RECOMMENDATIONS

- 2.1 That the 2015/16 General Fund capital expenditure outturn of £5,584,975 be noted, as summarised in paragraph 4.1.2 and detailed in Appendix A to this report.
- 2.2 That the 2015/16 HRA capital expenditure outturn of £20,549,293 be noted, as summarised in paragraph 4.4.2 detailed in Appendix B to this report.
- 2.3 That the funding applied to the 2015/16 General Fund capital programme be approved as summarised in paragraph 4.2.4 and detailed in Appendix A to this report.
- 2.4 That the funding applied to the 2015/16 HRA capital programme be approved as summarised in paragraph 4.5.1 and detailed in Appendix B to this report.
- 2.5 That the 2016/17 General Fund capital programme total increase of £1,403,250 be approved as summarised in paragraph 4.3.2 and detailed in the Appendix A. The

programme has increased by £136,110 which is within the amount delegated to the Executive of £250,000 to the General Fund (paragraph 4.3.8).

- 2.6 The use of a total of £60,000 from the Deferred Works budget: £50,000 for SLL Asbestos works, detailed at paragraph 4.3.6, and £10,000 to enable Daneshill House Lift Door Control Upgrade works, detailed at paragraph 4.3.7., be approved
- 2.7 That the 2016/17 HRA capital programme total increase of £2,557,700 be approved as summarised in paragraph 4.6.1 and detailed in Appendix B to this report.

3. BACKGROUND

- 3.1 The 2015/16 capital programme was last approved by Members at the March Executive as part of the 3rd quarter monitoring report. At March Executive the 2015/16 revised General Fund capital programme was projected to be £6,375,530 and the 2015/16 revised HRA capital programme was projected to be £27,972,680, a total of £34,348,210.
- 3.2 The 2015/16 outturn position included in this report is subject to External Audit and may change as a result of the Auditor's findings. The audited accounts will be presented to the September Audit and Statement of Accounts Committees.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 2015/16 GENERAL FUND CAPITAL PROGRAMME

- 4.1.1 Since the March 2016 Executive the General Fund capital programme has increased by a total of £233,540 to £6,609,070:

| Changes to 2015/16 Budget | £ | £ |
|---|----------|------------------|
| Approved Budget Quarter 3 | | 6,375,530 |
| RTB 1.4.1 Receipts used in conjunction with Registered Providers to build affordable housing in Stevenage (see paragraph 4.5.3) | 245,750 | |
| Transfer Town Centre Regeneration budget to fund revenue expenditure | (12,210) | |
| Total Increase to 2015/16 Budget | | 233,540 |
| Revised Budget | | 6,609,070 |

- 4.1.2 Actual expenditure on the General Fund capital programme was £5,584,975, an under spend of £1,024,095 against the working budget of £6,609,070. This was partly due to slippage on schemes with £879,780 (net) being requested to be carried forward into 2016/17. The slippage relates to a number of schemes of which £930,130 were underspends and requested to be transferred to 2016/17 and the remaining £50,350 were overspends which were spent in advance of the 2016/17 budget giving a net slippage for approval of £879,780.

| 2015/16 Capital Strategy Outturn General Fund Slippage to 2016/17 | Working Budget | Actual Expenditure 2015-16 | (Under)/ Over spend | Slippage to 2016- 17 |
|--|---------------------------|---|------------------------------------|-------------------------------------|
| | £ | £ | £ | £ |
| Town Centre Regeneration | 284,700 | 0 | (284,700) | 284,700 |
| Town Centre Improvements Phase 2 | 151,090 | 0 | (151,090) | 151,090 |
| Archer Road Neighbourhood Centre 2014 (General Fund) | 1,133,540 | 1,014,632 | (118,908) | 118,910 |
| Golf Course | 235,000 | 143,448 | (91,552) | 91,550 |
| Fitness Facility Redevelopment | 143,710 | 109,510 | (34,200) | 34,200 |
| CAD Solution for Property Services | 26,000 | 0 | (26,000) | 26,000 |
| Garage Site Assembly | 20,000 | 0 | (20,000) | 20,000 |
| Harmonising Infrastructure Technology (for shared service) | 60,060 | 32,719 | (19,747) | 19,750 |
| Depots | 24,080 | 4,510 | (19,570) | 19,570 |
| Park Pavilions | 27,380 | 0 | (27,380) | 18,000 |
| Residential Parking | 100,580 | 86,312 | (14,268) | 14,270 |
| Council Offices | 51,660 | 38,662 | (12,998) | 13,000 |
| Garages | 200,000 | 187,818 | (12,182) | 12,180 |
| Recycling Equipment | 50,000 | 38,060 | (11,940) | 11,940 |
| Markets | 15,720 | 5,183 | (10,537) | 10,540 |
| Allotments - General | 50,880 | 32,319 | (18,561) | 10,000 |
| Plant replacement for Site Store (Site safe) | 8,000 | 0 | (8,000) | 8,000 |
| Old Town Bowling Green (War Memorial) | 7,800 | 0 | (7,800) | 7,800 |
| Cavendish Road Server Room - Air Conditioning | 14,500 | 0 | (14,500) | 6,600 |
| Christmas Lights | 6,000 | 0 | (6,000) | 6,000 |
| CCTV (Cameras/Network/Monitoring/Data) | 38,250 | 32,470 | (5,780) | 5,780 |
| Skate Park Construction (New Homes Bonus funded) | 122,790 | 117,447 | (5,343) | 5,340 |
| Various Slippage Slippages Under £5k | 359,810 | 321,681 | (38,128) | 26,910 |
| Total Slippage | 3,139,550 | 2,164,772 | (967,183) | 930,130 |
| Daneshill House Enhancement Works - 5th Floor | 0 | 6,049 | 6,049 | (6,050) |
| Toilets Upgrade | 15,000 | 24,451 | 9,451 | (9,450) |
| Community Centres | 101,000 | 126,992 | 25,992 | (25,990) |
| Various Negative Slippages Under £5k | 24,010 | 32,867 | 8,857 | (8,860) |
| Total Spend in Advance of Budget (Negative Slippage) | 140,010 | 190,358 | 50,348 | (50,350) |
| Net Carry Forward | 3,279,560 | 2,355,130 | (916,835) | 879,780 |
| Other Schemes | 3,329,510 | 3,229,845 | (107,260) | |
| Total Underspend for 2015/16 | 6,609,070 | 5,584,975 | (1,024,095) | |

4.1.3 There were also net under spends of £144,320 where the remaining budgets were not required.

| 2015/16 Capital Strategy Outturn General Fund (Under)/ Over Spends | Working Budget | Expenditure 2015-16 | (Under)/ Over spend not required |
|---|---------------------------|--------------------------------|---|
| | £ | £ | £ |
| Disabled Facilities Grants | 450,000 | 468,966 | 18,966 |
| Cavendish Road Server Room - Air Conditioning | 14,500 | 0 | (7,900) |
| Benches | 8,000 | 0 | (8,000) |
| Allotments - General | 50,880 | 32,319 | (8,561) |
| Park Pavilions | 27,380 | 0 | (9,380) |
| Shops | 15,000 | 0 | (15,000) |
| Off Street Car Parks (Multi Storey Car Parks) | 243,150 | 160,976 | (82,174) |
| Litter Bins | 25,000 | 18,000 | (5,000) |
| Various Vehicles | 464,030 | 469,688 | 5,658 |
| Variances Under £5k | 1,692,580 | 1,655,151 | (32,929) |
| Total | 3,015,520 | 2,825,160 | (144,320) |

4.1.4 In March the Executive approved funding for Cavendish Road server room air conditioning works (£14,500). Officers have identified a cheaper solution from an alternative supplier, costing £6,600 which is requested to be carried forward.

4.2 2015/16 GENERAL FUND CAPITAL RESOURCES

4.2.1 The actual General Fund capital receipts received in 2015/16 were £837,125 compared to budgeted receipts at £1,939,165. One land sale which had been anticipated to complete in 2015/16 was not finalised until May 2016, and is just a timing issue.

4.2.2 The Council has a statutory requirement to make a General Fund Minimum Revenue Provision (MRP) to reflect the cost of borrowing over the life of the assets funded this way. The Council makes this payment one year in arrears for assets funded via borrowing in the previous years, regardless of whether physical borrowing has taken place. The MRP charge calculated for 2016/17 is £653,628. No capital schemes in 2015/16 were funded by borrowing meaning there is no change to the budgeted MRP for 2016/17. The following table details the actual and budgeted MRP cost for 2015/16 and 2016/17 respectively.

| Minimum Revenue Provision Calculation | | | |
|--|-----------------|----------------|------------------------------|
| 2015/16 | 2016/17 | 2016/17 | |
| Actual | Estimate | Actual | |
| £ | £ | £ | |
| 98,950 | 98,950 | 98,950 | 2011/12 Prudential borrowing |
| 142,255 | 142,255 | 142,255 | 2012/13 Prudential borrowing |
| 281,578 | 281,578 | 281,578 | 2012/13 Regeneration Assets |
| 77,365 | 77,365 | 77,365 | 2013/14 Prudential Borrowing |
| 1,133 | 1,133 | 1,133 | 2013/14 Regeneration Assets |
| 52,348 | 52,348 | 52,348 | 2014/15 Regeneration Assets |
| 653,628 | 653,628 | 653,628 | |

4.2.3 The decision whether to borrow from the market or the Public Loans Works Board is a Treasury Management decision. Interest rates are at an historic low and the Council has chosen not to externally borrow but to absorb the expenditure by effectively reducing its investments which are project at 0.7% interest (2016/17 forecast). The General Fund has adopted this policy for the last four years but the current cash flow is likely to diminish over the next few years and external loans may then be required in the future. The Council's treasury management advisers are currently projecting that an interest rate rise may happen in first quarter of 2017. However, the impact of the EU referendum may change these predictions. Officers regularly review the forecast cash balances and borrowing rates so that external borrowing will be considered when it becomes advantageous to do so.

4.2.4 The capital programme also uses grants and contributions from Government and third parties such as developers in the form of S106 agreements. Most of this income is linked to specific projects and cannot support an unrelated scheme in the capital programme. The current capital strategy contains S106 monies that have been earmarked to support current and future capital schemes. The value of resources available (including capital receipts) to support the capital programme as at 31 March 2016 was £1,207,151. The resources used and available to fund future capital expenditure are summarised in the following table:

| | Brought Forward | Received in Year | Used in Year | Fund Future Year Expenditure |
|---|------------------------|-------------------------|---------------------|-------------------------------------|
| | £ | £ | £ | £ |
| Usable Capital Receipts | (68,497) | (858,798) | 927,128 | (168) |
| Transferred from HRA - Capital Reserve – RTB Receipts | (800,000) | (346,542) | 557,490 | (589,052) |
| Section 106 Receipts | (827,909) | (226,485) | *741,924 | (312,470) |
| Grant and Other Contributions General Fund | (598,111) | (1,095,792) | 1,388,442 | (305,461) |
| Total Resources For Capital Programme | (2,294,517) | (2,527,618) | 3,614,984 | (1,207,151) |

*Note: S106 receipts of £324,376 have been used in year by the HRA to fund its capital programme.

4.3 GENERAL FUND CAPITAL EXPENDITURE 2016/17

4.3.1 Members approved the 2016/17 General Fund capital programme at the March Executive. Subsequently the budget has been increased by £412,000 to £7,927,310.

4.3.2 The working budget 2016/17 has increased by £1,403,250 in total including slippage of £879,780 from 2015/16. The changes to the 2016/17 budget are summarised in the table below:

| Executive Approvals GF | £ | £ |
|---|---------|------------------|
| Approved Budget Quarter 3 | | 7,515,310 |
| Delegated Decision | 412,000 | |
| Q3 Budget Incorporating Delegated Decision | | 7,927,310 |
| Slippage from 2015/16 | 879,780 | |
| Slippage from 2017/18 | 900 | |
| HRA/GF Fund Switch of Approved Budgets (4.5.3) | 378,460 | |
| New Homes Bonus Funded Approved Scheme | 8,000 | |
| Increase to 2016/17 Budget - Forecast Overspend | 136,110 | |
| Total Increase to 2016/17 Budget | | 1,403,250 |
| Revised Budget | | 9,330,560 |

4.3.3 Changes to the General Fund 2016/17 budget are detailed in the table below:

| GF Capital Programme Change to 2016/17 Working Budget & 2017/18 & 2018/19 Projected Budget | Increase (Decrease) to 16/17 Working Budget £ | Increase (Decrease) to 2017/18 Budget £ | Reason £ |
|--|--|--|---|
| Slippage detailed in Paragraph 4.1.2 | 879,780 | | Slippage from 2015/16 |
| Archer Road Neighbourhood Centre 2014 (General Fund) | 900 | (900) | Slippage 2017/18 to 2016/17 project will be completed in 2016/17 |
| Total Slippages | 880,680 | (900) | |
| Virements Between Budgets | | | |
| Off Street Car Parks (Multi Storey Car Parks) | (5,000) | | Virement to fund overspend on CCTV due to need to purchase an extra camera |
| CCTV (Cameras/Network/Monitoring/Data) | 5,000 | | |
| Deferred Works | (60,000) | | Recommendation (2.6) £50,000 to fund SLL Asbestos (paragraph 4.3.6) and £10,000 to fund Daneshill House Lift Door Control Upgrade (paragraph 4.3.7) |
| SLL Asbestos | 50,000 | | |
| Daneshill House Lift Door Control Upgrade Works | 10,000 | | |
| Hard Standings | (1,820) | | Virement to fund overspend on Christmas Lights |
| Christmas Lights | 1,820 | | |

| GF Capital Programme Change to 2016/17 Working Budget & 2017/18 & 2018/19 Projected Budget | Increase (Decrease) to 16/17 Working Budget £ | Increase (Decrease) to 2017/18 Budget £ | Reason £ |
|--|--|--|---|
| Daneshill House - Toilet & Drainage Works | (87,000) | | Rationalisation of Daneshill House capital budgets to reflect programme of works. |
| Toilets Upgrade | 114,000 | | |
| Energy Conservation Schemes | (27,000) | | |
| Daneshill House Enhancement Works - Atrium & First Floor | (150,000) | | |
| Daneshill Main Reception Refurbishment | 85,000 | | |
| Daneshill House Enhancement Works - 5th Floor | 65,000 | | |
| Total Virements Between Projects | 0 | | |
| Increases to Budgets | | | |
| Old Town Play Area Enhancement (New Homes Bonus Funded) | 8,000 | | New Homes Bonus Funded Scheme Approved Executive 5th April 2016. |
| Grants to Registered Providers | 378,460 | 600,000 | RTB 1.4.1 receipts used to fund Housing Association Schemes (see also paragraph 4.5.3) |
| Overspend Anticipated on Various Vehicles due to Difference in Budget Requested for Vehicles and Quotations Received | 136,110 | | Higher expenditure than expected on replacing vehicles (paragraph 4.3.4) |
| Total Increases to Budgets | 522,570 | 600,000 | |
| Total Change in Working Budget and Projected Budgets | 1,403,250 | 599,100 | |

4.3.4 Within the approved 2016/17 capital strategy are vehicle replacements including three freighters. Based on changes in emissions standards and current technology it is anticipated that replacement costs will increase by £136,110 and this pressure has been recognised in the strategy.

4.3.5 In the approved 2016/17 capital strategy was a growth bid for works to Daneshill House, Cavendish and Swingate building management system. This work is being reconsidered in light of regeneration plans. This has currently not been updated in the capital strategy, a further update will be given to members in the first quarter capital strategy report.

4.3.6 Asbestos board has been identified in the Gordon Craig Theatre which is damaged and is now required to be removed on health and safety grounds and removal of the material is notifiable to the Health and Safety Executive. The board requires removal and replaced with alternative product. This needs to be completed for safety and operational grounds over the next month. The estimated cost for the site set up and removal/replacement of the asbestos is estimated at £50,000, while there is no provision in the capital programme for these works, however the General Fund has a budget of £100,000 for works deferred from the capital programme and

unforeseen expenditure. It is recommended that £50,000 of the monies is used to complete the works outlined above.

4.3.7 Daneshill House Lift Door Control Upgrade Works are required to be carried out. This scheme will provide new lift door controllers which will improve efficiency and up time and minimise the number of breakdowns we have been experiencing with the two lifts at Daneshill House. It is also recommended that this scheme is financed from the Deferred Works budget.

4.3.8 Members should note that the requested changes to the 2016/17 budget of £1,403,250 do not breach the £250,000 delegated to the Executive as the increase includes slippage from 2015/16 £879,780 and a switch to the General Fund of HRA approved budget of £378,460.

4.4 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

4.4.1 Since the March 2016 Executive the HRA capital programme for 2015/16 has reduced by £245,750 to £27,726,930 (see paragraph 4.1.1).

4.4.2 Expenditure on the HRA capital programme was £20,549,293, an under spend of £7,177,637 to the working budget. However of this £7,157,296 relates to new build and open market acquisitions schemes (see also paragraph 4.6.4). The under spend is identified in Appendix B and is summarised in the table below:

| 2015/16 Capital Strategy Outturn HRA Slippage to 16/17 | Approved Q3 Outturn £ | Expenditure 2015-16 £ | Total (Under)/ Over spend £ | (Under)/Over spend not Carried Forward to 2016-17 £ | General Fund Used 1.4.1 Receipts £ | Net Slippage Requested Carried forward to 2016-17 £ |
|--|--------------------------------|-----------------------------|---|--|---|---|
| Decent Homes and Other | 16,509,840 | 16,624,644 | 114,804 | (4) | | (114,800) |
| New Build | 10,948,000 | 3,790,704 | (7,157,296) | (862,694) | 123,972 | 6,170,620 |
| LSSO | 87,000 | | (87,000) | 0 | | 87,000 |
| Equipment | 39,000 | 28,008 | (10,992) | 0 | | 10,990 |
| ICT (Various) | 143,090 | 105,937 | (37,153) | (4,393) | | 32,760 |
| Total | 27,726,930 | 20,549,293 | (7,177,637) | (867,091) | 123,972 | 6,186,570 |

4.4.3 Decent Homes work progressed quicker than budgeted for the last quarter and £114,800 budget has been brought forward from 2016/17 to 2015/16.

4.4.4 The number of properties made decent in 2015/16 was 506 which exceeded the target of 468, (2014/15, 1,655). The numbers for individual elements are:

- Kitchens – 117 (2014/15, 458)
- Bathrooms – 147 (2014/15, 555)
- Rewires – 67 (2014/15, 228)
- Heating – 188 (2014/15, 659)
- Doors – 455 (2014/15, 484)
- Roofing – 1,341 (2014/15, 0)
- Loft Insulation – 185 (2014/15, 0)

- Windows – 221 (2014/15, 0)
- Other – 1,357 (2014/15, 0)

4.5 HOUSING REVENUE ACCOUNT CAPITAL RESOURCES

4.5.1 The value of resources available, (including capital receipts) to support the future capital programme (as at 31 March 2016) is £20,057,954. The resources are summarised in the following table:

| | Brought Forward £ | Received in Year £ | Used in Year £ | One for One Receipts Returned in Year £ | Available to Fund Future Year Expenditure £ |
|--------------------------------------|----------------------|-----------------------|-------------------|--|--|
| Major Repairs Reserve (Depreciation) | (12,365,800) | (10,820,221) | 18,533,401 | 0 | (4,652,620) |
| Transferred to General Fund | | | 346,542 | | 346,542 |
| Usable Capital Receipts | (5,055,253) | (4,456,507) | 2,298,576 | 0 | (7,213,184) |
| One for One Receipts | (7,190,018) | (6,652,236) | 1,463,599 | 3,839,963 | (8,538,692) |
| S20 Contributions | (7,799) | (50,786) | 58,585 | 0 | 0 |
| TOTAL | (24,618,870) | (21,979,751) | 22,354,161 | 3,839,963 | (20,057,954) |

4.5.2 The actual HRA capital receipts received (net of costs) in 2015/16 was £10,857,610 (2014/15, £9,073,937) of which £879,807 (2014/15, £784,509) was paid to the Government as 'pooled' HRA receipts. The receipts are made up as follows:

| Sales 2015/16 | Receipts (net of costs) £ | Debt Provision Receipts £ | One for One RTB Receipts £ | LA Share of RTB Receipts £ | Total Receipts for Capital £ | Total paid to the Gov. £ |
|--|------------------------------|------------------------------|-------------------------------|-------------------------------|---------------------------------|-----------------------------|
| Balance Brought Forward | | 4,322,982 | 7,190,018 | 538,702 | 12,051,702 | |
| 106 RTB Sales | 10,855,454 | 2,978,487 | 6,652,236 | 346,542 | 9,977,265 | 878,189 |
| Mortgage receipts | 2,037 | | | 509 | 509 | 1,527 |
| Discount repaid | 120 | | | 30 | 30 | 90 |
| Total | 10,857,610 | 7,301,469 | 13,842,254 | 885,783 | 22,029,506 | 879,807 |
| Used in year to fund HRA | | 538,702 | 1,217,845 | | 1,756,547 | |
| Used to Fund General Fund Expenditure in Year on Housing Association schemes | | 742,267 | 245,754 | | 988,021 | |
| Repayment to Government of one for one Receipts (see paragraph 4.4.3) | | | 3,839,963 | | 3,839,963 | 3,839,963 |
| Carry Forward | | 6,020,500 | 8,538,692 | 885,783 | 15,444,975 | |

4.5.3 The Council in April 2016 returned £3,839,963 of 1.4.1 RTB receipts (relating to 2015/16) because officers are currently forecasting that not all the monies will be spent within three years, the alternative is either to pay interest at 4% above the base rate (currently 0.5%) or allow registered providers or Housing Associations to part fund schemes they have (30% contribution to affordable housing), in return for nomination rights. If the latter option is chosen this becomes General Fund expenditure as the properties do not belong to the HRA. In 2016/17 and in future

years the Assistant Director (Housing Development) has agreed the use of RTB 1.4.1 receipts with local registered providers to seek out new affordable housing opportunities in Stevenage with the Council receiving nomination rights, (see table paragraph 4.6.4)

4.5.4 The Right To Buy (RTB) receipts are made up of a number of categories which are:

- **Attributable Debt costs** - An amount equivalent to an assessment of the debt that could be supported by the net rent income of additional dwellings sold over and above those taken into account under the Council's self-financing debt settlement.
- **Local Authority Share** - Intended to reflect the 25% share of receipts that the Council would have retained under the old capital receipts pooling system prior to self-financing. This figure is capped and in 2015/16 this cap was £86,635 per quarter.
- **Government Share** - Intended to compensate the government for the 75% share of receipts that would have been pooled under the old system. Once again this figure is capped and in 2015/16 this cap was set at £219,547 per quarter
- **New Build Provision** – (one for one receipts) Once all the above figures are calculated, if there are any receipts remaining in the quarter then these are available for spend on new build provision. These receipts can only be used up to 30% for any one scheme and are repayable to the Government after three years (plus interest) if not used to fund new build provision.

4.5.5 The HRA RTB receipts used in year were £2,744,568 and a balance of £15,448,238 is available for future use, however, £8,538,692 is ring fenced and can only be used to fund (30% of total cost) the provision of new social housing. The Council must match fund the remaining 70% of the project.

4.6 HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE 2016/17

4.6.1 The projected 2016/17 HRA capital programme is estimated to be £28,024,680 which is £2,557,700 higher than the approved 2016/17 working budget. The changes to the 2016/17 budget are summarised in the table below:

| 2016/17 HRA Budget Changes | £ | £ |
|---|-------------|-------------------|
| Approved Budget Quarter 3 | | 25,466,980 |
| Slippage from 2015/16 | 6,186,570 | |
| Slippage to 2017/18 | (381,510) | |
| HRA/GF Switch of Approved Budgets | (378,460) | |
| Decreases to 2016/17 Budget | (2,868,900) | |
| Total Increase to 2016/17 Budget | | 2,557,700 |
| Revised Budget | | 28,024,680 |

4.6.2 The total increase in the working budget is detailed in the following table :

| HRA Capital Programme Change to 2016/17 Working Budget & 2017/18 & 2018/19 Projected Budget | Increase (Decrease) to 16/17 Working Budget £ | Increase (Decrease) 2017/18 £ | Increase Decrease 2018/19 £ | Reason |
|--|--|----------------------------------|--------------------------------|--|
| Slippage from 2015/16 Detailed in Paragraph 4.5.1 Above | 6,186,570 | | | Slippage from 2015/16 |
| Decent Homes | (294,290) | 294,290 | | Slippage from 2016/17 to 2017/18 on Decent Homes Lift Installations (paragraph 4.6.3) |
| Archer Road | (87,220) | 87,220 | | |
| Total Slippages | 5,805,060 | 381,510 | 0 | |
| Decreases to 2016/17 Budget | | | | |
| Decent Homes | (1,000,000) | (800,000) | | Procurement efficiency savings on the Decent Homes External Works Contract |
| New Build Programme - Budget Transferred to General Fund for Grants to Registered Providers (increases General Fund expenditure) | (378,460) | (600,000) | | New Build Programme budget to General Fund to provide grants to Registered Providers - funded 100% from One for One receipts (paragraph 4.4.3) |
| New Build – Re-profiling | (1,868,900) | (759,320) | 3,490,915 | To match programme of schemes under development |
| Total Decreases to Budget | (3,247,360) | (2,159,320) | 3,490,915 | |
| Virements Between Budgets | | | | |
| ICT Programme (Business Plan) | (174,650) | | | Re-alignment of ICT budget to reflect the current programme of works |
| Planned Maintenance Software | 50,000 | | | |
| Opti-time and First Touch Development - rename "Mobile Repairs" | 55,000 | | | |
| Harmonising Infrastructure Technology (for shared service) | 69,650 | | | |
| Total Virements Between Projects | 0 | 0 | 0 | |
| Total Change in Working Budget and Projected Budgets | 2,557,700 | (1,777,810) | 3,490,915 | |

4.6.3 Slippage of £294,290 from 2016/17 to 2017/18 is requested for the Decent Homes Lift Installation (inspection and remedial works) contract, due to delays in starting the procurement of this contract. Monthly corporate procurement meetings are held which track the tendering processes against projected spend. It is currently not anticipated that there will be any further significant slippage in 2016/17.

4.6.4 The New Build Programme has been re-profiled to reflect the timing of delivery for schemes identified in the pipeline. The new profile of the budget is summarised below:

| | Approved Q3 Outturn | Re- profiled from 2015/16 | Budget Transferred to General Fund (grants provided to registered providers) | Re- profiled from 2016/17 & 2017/18 | Working Budget |
|--------------|------------------------|------------------------------------|--|---|-------------------|
| | £ | £ | £ | £ | £ |
| 2015/16 | 9,984,890 | (6,007,341) | (245,754) | (862,694) | |
| 2016/17 | 2,816,040 | 6,007,341 | (378,460) | (1,868,900) | 6,576,021 |
| 2017/18 | 5,758,822 | | (600,000) | (759,320) | 4,399,502 |
| 2018/19 | 7,885,740 | | | 3,490,914 | 11,376,654 |
| Total | 26,445,492 | 0 | (1,224,214) | 0 | 22,352,177 |

4.6.5 Members should note that the changes to the HRA 2016/17 budget do not breach the £250,000 variation limit delegated to Executive as the increase includes slippage from 2015/16 £6,186,750 and the other changes proposed in this report are realigning of the new build programme to specific schemes.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included in the above.

5.1.2 The cumulative changes made to the original General Fund and Housing Revenue Account capital budgets remains within the £250,000 (increase) variation limit delegated to the Executive for each fund.

5.2 Legal Implications

5.2.1 None identified at this time.

5.3 Policy Implications

5.3.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition the budget framework represents a development of a policy led budgeting approach across Council services and the overall Capital Strategy.

5.4 Equality and Diversity Implications

5.4.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund and HRA capital programme. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.

5.5 Risk Implications

- 5.5.1 The significant risks associated with the capital strategy are largely inherent within this report.
- 5.5.2 If the HRA procurement of contracts is delayed it could lead to works not being completed in the current financial year.
- 5.5.3 A significant risk exists that works deferred due to lack of funding become urgent in year, requiring completion on grounds of health and safety. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum. However, it cannot be forecast fully.
- 5.5.4 There are risks around achieving the level of disposals budgeted for. The estimated dates of receipts very much rely on a series of steps being successful at estimated dates. The level of receipts for the General Fund is a significant source of funding its capital programme. The Council manages this risk by reviewing and updating the Strategy quarterly, including resources where a sale is likely to complete. This will enable action to be taken where a receipt looks doubtful.

BACKGROUND DOCUMENTS

- BD1 - Capital Strategy Update January 2016 (Executive)
<http://www.stevenage.gov.uk/content/committees/139616/139705/139725/155134>
- BD2 - Capital Strategy February 2016 (Council)
<http://www.stevenage.gov.uk/content/committees/139616/139701/139721/Council-24-Feb-2016-Item5B.pdf>
- BD3 Capital Strategy March 2016 (Executive)
<http://www.stevenage.gov.uk/content/committees/139616/139705/139725/Executive-8-March-2016-Item-6.pdf>

APPENDICES

- Appendix A – General Fund 5 Year Capital Strategy
- Appendix B – HRA 5 Year Capital Strategy