

**CABINET**  
**25 July 2019**  
**GENERAL ASSEMBLY OF THE COUNCIL**  
**7 October 2019**

**Capital Programme Including Prudential Indicators - Outturn 2018/2019**

1. Summary

- 1.1 To inform Cabinet of the final pre-audit figures for the 2018/19 Capital Programme, the capital resources that were used to fund it and those that remain available to fund future investment.

2. RECOMMENDATIONS

- 2.1. That Cabinet note the draft outturn for the Capital Programme for 2018/19.
- 2.2. That Cabinet note the draft outturn position for 2018/19 on Capital resources, and the balance available to be carried forward into 2019/20.
- 2.3. That the Cabinet recommend the total capital budget carried forward into 2019/20, as set out in Appendix C to the General Assembly of the Council.
- 2.4. That Cabinet note the outturn position on the Capital Prudential Indicators as shown in Appendix D.
- 2.5. That Cabinet agree a virement of 2019/20 budget from the new homes budget to the projects listed in Appendix C
- 2.6. That the General Assembly of the Council be asked to agree the capital budget carried forward into 2019/20 as per Appendix C, thereby increasing the total capital budget to £30.771m

3. Background and Discussion

- 3.1. The original budget for the 2018/19 Capital Programme was approved by the Council on 26 February 2018 at £24.891m and was later increased by the General Assembly of the Council to include funding for continuing projects carried forward from 2017/18. The final approved budget for the year was £25.983m.
- 3.2. The probable outturn of £17.886m was reported to the GAC on 25 February 2019.
- 3.3. The final outturn (subject to audit) on the Capital Programme was £18.069m.

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3.4. Appendix A details the outturn for 2018/19, and the resources available to fund future years' projects, which specifically relate to Housing; Appendix B gives the same information for all other projects. Both show the:

- Current Approved Budget – the original budget plus any approved virements during the year.
- Probable Outturn – the indicative outturn position as reported to the General Assembly of the Council on 25 February 2019.
- Outturn – the actual outturn for the year.
- Variance – the difference between probable and actual outturn
- Resources: showing the resources brought forward from earlier periods, those added in the year, how much was used to finance capital expenditure in 2018/19, and the amount available to be carried forward to fund future expenditure.

Appendix C shows the residual budget requirement necessary to complete 2018/19 projects, which will be carried forward into 2019/20.

Appendix D shows the outturn position on the Capital Prudential Indicators.

3.5 Reasons for the main variances (over £50,000 in value) between the probable outturn and the actual outturn are detailed below:

**Council Housing Projects – more than projected £496,000**

Overall, there was a spend of £496,000 against the estimate. The net overspend was the result of a higher spend on new housebuilding offset by a few underspends on decent homes budgets. The overspend on new housebuilding will mean fewer resources are required next year.

The major individual variances within this sum were as follows:

**Rewiring – more than projected £66,000:**

There was better access to properties and also more void rewires than expected.

**Kitchens and Bathrooms – Less than projected £59,000:**

Programming can be difficult for kitchens and bathrooms as it is not always convenient for tenants hence the potential to underspend.

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**Roof Renewal - less than projected by £179,000:**

The weather and consultation process were the main reasons for the reduced spend on this budget.

**New Housebuilding – more than projected by £765,000:**

There were two reasons for the higher spend. Firstly, accounting rules require that any retention held is included in the accounts in that year and not when actually paid. For 2018/19 the retention was £250,000 and this was not included when estimating the probable outturn. Secondly, works were progressed quicker than expected meaning some properties were available sooner.

**Backlog**

There is still a backlog of HRA repairs. As at 31 March 2019 this stood at £3.3m (£3.6m in 2017/18). These repairs are continuously reviewed and updated by the Housing Maintenance Manager and are included in programmes of work, as appropriate. A sum of £6.3m is set aside in 2019/20 for works to the existing HRA stock and it is considered that the backlog sum is manageable in the context of the overall capital and revenue works programmes.

**General Fund Projects:** overall, the programme underspent against the projection by £313,000. There were two significant variances from those previously reported:

**Stone Lodge – less than projected of £493,000**

The project has been delayed by about 8/10 weeks in total due to a delay with the sub-contractor for the buildings steel frame and other small contractor procurement delays. This has had a knock on effect causing a delay to the installation of the 3G pitch in order to avoid dust or other damage to the surface during the continued building construction. This has meant large payments that should have been processed will be drawn down at a later date.

The project is now expected to complete in August 2019.

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**Civic Centre (internal repairs and improvements) – £152,000 more than projected**

There was an acceleration in the pace of works in the last three months of the year with more work being completed than thought likely when the probable outturn was estimated.

**Appendix C** shows the residual budget requirement in 2019/20 necessary to complete projects from 2018/19. In many cases the residual budget required is the difference between the probable outturn and actual outturn.

The budget requested for Housing projects is £238,000. Because the new housebuilding programme spent more in 2018/19 than expected, less expenditure will be required to complete the current commitments in 2019/20 so the additional budget requested can be met from a budget virement from new homes thereby reducing the 2019/20 budget from £5.282m to £5.044m.

The budget roll-over requested for General Fund projects is £503,000. This is less than the underspend on the total General Fund budget and the additional expenditure can be funded from the capital resources not spent in 2018/19.

**3.6 Capital Resources**

- 3.6.1 Capital receipts of £2.262m were received in respect of redemptions relating to the discounted sale scheme at The Bridge. Additionally capital receipts relating to the Bridge development project of £810,000 were receivable.
- 3.6.2 Right to Buy sales: a total of 17 properties were sold during the year, the same as in 2017/18. These sales produced a capital receipt of £2.306m, of which £407,000 was paid to MHCLG under legislation concerning the pooling of housing capital receipts. A sum of £1.412 is earmarked as “one for one” receipts and must be used on the provision of new social housing within three years of receipt, and match-funded in a ratio of 30:70 from other eligible funding sources.
- 3.6.3 Other miscellaneous receipts totalling £373,000 were also received.
- 3.6.4 In addition to the income shown in Appendix B, £3.517m from The Bridge development was applied to the Capital Adjustment Account in order to reduce the Councils Capital Financing requirement. This, together with revenue contributions was applied to the Capital Adjustment Account in order to reduce the Council’s General Fund Capital Financing requirement from its current level of £3.8m. This will remove the annual minimum revenue provision charge to the General Fund.

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- 3.6.5 The balance of usable receipts for general use is to be carried forward into 2019/20 is £7.402m, while that of receipts restricted to New Build schemes stands at £4.393m making a total of £11.795m available to invest in the Council's assets.
- 3.6.6 Unapplied capital grants totalling £437,000 are being carried forward into 2019/20 and are available to finance future expenditure.
- 3.6.7 Community Infrastructure Levy (CIL) capital receipts of £4.6m are also held, to be used on future projects to be agreed by Cabinet.

4 Relationship to the Corporate Plan

The capital programme covers many individual projects and will contribute to meeting many of the objectives in the Corporate Plan.

5 Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	The draft outturn on capital funded projects for 2018/19 is £18.1m, and the capital resources to be carried forward into 2019/20 total £17.6m (inclusive of £4.4m '141 receipts').  Because the projects listed in Appendix C were not completed in 2018/19, Cabinet is asked to recommend to GAC the approval of an overall increase in the 2018/19 capital budget of £503,000. As noted in paragraph 3.5 this can be funded from existing resources.
Legal Implications	None
Staffing Implications	None
Administrative Implications	None
Risk Assessment	The accounts are in draft and subject to audit

6 Appendices

Appendix A - Capital Programme, Budget and Resources– Housing Projects 2018/19

Appendix B - Capital Programme, Budget and Resources – Other Projects 2018/19

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Appendix C - Capital Budgets - Proposed Carry Forward into 2019/20

Appendix D - Capital Prudential Indicators 2018/19

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
			Tim Sams 01322 343148	Financial Services Internal Services	N/A