

<b>DECISION-MAKER:</b>	CABINET		
	CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2018.		
<b>DATE OF DECISION:</b>	20 FEBRUARY 2019		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE & CUSTOMER EXPERIENCE		
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<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	
<b>BRIEF SUMMARY</b>	
<p>The purpose of this report is to inform Cabinet of any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2018/19 to 2022/23 as 31<sup>st</sup> December 2018, highlighting the changes in the programme since the last reported monitoring position to Cabinet in November 2018. The report also notes the major forecast variances against the approved estimates at that point.</p>	
<b>RECOMMENDATIONS:</b>	
<b>It is recommended that Cabinet:</b>	
(i)	Notes that the overall forecast position at 31 <sup>st</sup> December 2018 is £117.02M, resulting in a potential underspend of £27.08M, as detailed in table 3, and Appendix 1.
(ii)	Notes that £8.73M has been added to the programme as at 31 <sup>st</sup> December 2018 under the relevant approvals and that approval will be sought to add a further £44.64M to the programme as part of the Capital Strategy & Programme update report to Council in February 2019. These additions will be reported in due course. The additions of £8.73M are detailed in tables 1 and 2 and paragraphs 6.
(iii)	Notes that the capital programme remains fully funded up to 2022/23 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	The capital programme is reviewed on a quarterly basis in accordance with the Council's Capital Strategy. The forecast position is reported to the Council Capital

	Board with any required programme update reported to Cabinet and Council for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme.																																			
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>																																				
2.	The update of the capital programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of the budget setting process in the light of the funding available and the overall financial position.																																			
<b>DETAIL (Including consultation carried out)</b>																																				
<b>CONSULTATION</b>																																				
3.	Service Directors, Service Leads and Project Managers have been consulted in preparing the reasons for variations contained in this report. The General Fund and HRA capital programme monitoring report summarises additions to the capital programme and slippage and rephasing since the last approved programme reported in November 2018. Each addition has been subject to the relevant consultation process which reflects the role played by Council Capital Board. The content of this report has been subject to consultation with Finance Officers for each service.																																			
<b>THE 5 YEAR CAPITAL PROGRAMME</b>																																				
4.	<p>Table 1 shows a comparison of the latest forecast capital expenditure for the period 2018/19 to 2022/23 as at the 31<sup>st</sup> December 2018 compared to the previously reported programme. This position allows for overall additions of and £8.73M (£4.01M in 2018/19) and net slippage of £20.52M.</p> <p>It should be noted that further approval for additions of £44.64M will be sought at Council in February 2019 as part of the Capital Strategy and Capital Programme update report. This additions are not included at this time as this report provides the forecast position as at the 31<sup>st</sup> December 2018.</p>																																			
	<p><u>Table 1 – Programme Comparison</u></p> <table border="1"> <thead> <tr> <th></th> <th><b>2018/19</b></th> <th><b>2019/20</b></th> <th><b>2020/21</b></th> <th><b>2021/22</b></th> <th><b>2022/23</b></th> <th><b>Total</b></th> </tr> <tr> <th></th> <th><b>£M</b></th> <th><b>£M</b></th> <th><b>£M</b></th> <th><b>£M</b></th> <th><b>£M</b></th> <th><b>£M</b></th> </tr> </thead> <tbody> <tr> <td>Latest Programme</td> <td>123.57</td> <td>96.56</td> <td>74.87</td> <td>47.41</td> <td>18.63</td> <td>361.04</td> </tr> <tr> <td>Previous Programme</td> <td>140.08</td> <td>71.27</td> <td>74.92</td> <td>47.41</td> <td>18.63</td> <td>352.31</td> </tr> <tr> <td><b>Variance</b></td> <td><b>(16.51)</b></td> <td><b>25.29</b></td> <td><b>(0.05)</b></td> <td><b>0.00</b></td> <td><b>0.00</b></td> <td><b>8.73</b></td> </tr> </tbody> </table>		<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>		<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	Latest Programme	123.57	96.56	74.87	47.41	18.63	361.04	Previous Programme	140.08	71.27	74.92	47.41	18.63	352.31	<b>Variance</b>	<b>(16.51)</b>	<b>25.29</b>	<b>(0.05)</b>	<b>0.00</b>	<b>0.00</b>	<b>8.73</b>
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<b>CHANGES TO THE OVERALL PROGRAMME</b>																																				
5.	Table 2 shows the changes to the individual portfolio programmes followed by details of these changes.																																			

<u>Table 2 – Changes to Portfolio Programmes</u>			
	<b>Latest Programme £M</b>	<b>Previous Programme £M</b>	<b>Total Change £M</b>
Adult Care	1.86	1.86	0.00
Aspiration, Schools and Lifelong Learning	92.78	92.78	0.00
Clean Growth & Development	11.86	11.86	0.00
Community Wellbeing	3.74	3.74	0.00
Finance and Customer Experience	7.72	7.72	0.00
Homes and Culture	2.42	2.42	0.00
Transport and Public Realm	55.76	47.03	8.73
<b>Total GF Capital Programme</b>	<b>176.14</b>	<b>167.41</b>	<b>8.73</b>
<b>Total HRA Capital Programme</b>	<b>184.90</b>	<b>184.90</b>	<b>0.00</b>
<b>Total Capital Programme</b>	<b>361.04</b>	<b>352.31</b>	<b>8.73</b>
<b><u>Transport and Public Realm Portfolio</u></b>			
6.	<p><u>Integrated Transport (Increase of £0.33M in 2018/19)</u>  Addition, approved by Cabinet, to the programme from site specific S106 contributions of £0.33M. These works will enhance existing schemes in the programme and enable the authority to fulfil the obligations specified in the S106 agreements. These will primarily be focused on cycling schemes and congestion reduction.</p> <p><u>Play Area Improvements (Increase of £0.15M in 2018/19)</u>  Addition to the programme for works on various play areas around the city to improve equipment, surfacing and fencing funded from site specific S106 contributions.</p> <p><u>Minor Parks Development Works (Increase of £0.03M in 2018/19)</u>  Addition to the programme for works at Green Park which sits in the Millbrook Ward on new equipment, surfacing and fencing, where the equipment is old and damaged and requires replacement funded from S106 Contributions.</p> <p><u>Car Parking (Increase of £0.46M in 2018/19)</u>  Addition to the programme for payment card readers in car parking pay and display machines need to be updated in line with the latest industry standards funded from the on street parking reserve. This will ensure customers will have a convenient payment option for parking and ensure that card transactions are better protected against potential fraud.</p> <p><u>Highways (Increase of £2.98M in 2018/19)</u>  Additional investment of £2.98M in the highways network to increase the road programme in 2018/19;</p> <ul style="list-style-type: none"> <li>• £0.51M of works funded by the Department for Transport grant (Highways Maintenance Incentive Element) on repairing a failing embankment on South East Road, improving Chilworth Roundabout and drainage improvement work in areas susceptible to flooding.</li> <li>• £0.20M to be invested in pothole repairs.</li> </ul>		

- £2.27M to fund essential works across the network on classified roads £0.96M, principal roads £0.61M, unclassified roads £0.48M, and £0.22M on Highways Network Delivery projects.

This will be funded from specific grants, contributions and S106 funding with the balance funded from borrowing.

Red Lodge Depot Bin Storage (Increase of 0.07M in 2019/20)

Refuse container storage is costing SCC £0.04M per annum. An opportunity has been identified to store bins at Red Lodge Depot. The approved capital investment would mean that the current storage costs could be saved.

Electric Vehicles (Increase of £0.82M in 2019/20)

The SCC fleet vehicles, with the exception of 16 vans, are all owned by the authority. Many of the vehicles fall well below Euro 6 emissions ratings and are polluting the air in the City. Capital funding of £0.82M has been agreed for the procurement of replacement electric vehicles within the fleet.

Refuse vehicles (Increase of £2.90M in 2019/20)

Addition, approved by Council, to the programme for the replacement of refuse vehicles funded by capital receipts. There are currently 17 refuse collection vehicles (RCV's) that do not meet Euro 6 emission standards and are nearing or past the anticipated end of life. The replacement vehicles will ensure that the council's heavy goods vehicles (HGV's) all comply with the latest emission standards and contribute to cleaner air in the city.

Compact Solar Bins (Increase of £1.00M in 2019/20)

The Business Planning exercise for the 2019/20 budget has identified an opportunity to invest in solar compactor bins, with a view to generate potential efficiencies through reduced collections and smarter ways of working. Approval was by Cabinet in October 2018 to proceed with this project.

**2018/19 MONITORING POSITION**

7. The forecast performance of individual capital programmes in 2018/19 is summarised in table 3 below.

Table 3 – Summary of the General Fund & HRA Capital Forecast 2018/19

	<b>Approved Programme £M</b>	<b>Forecast £M</b>	<b>Forecast Variance £M</b>	<b>Forecast Variance %</b>
Adult Care	0.86	0.40	(0.46)	(53.49)
Aspiration, Schools and Lifelong Learning	21.59	12.32	(9.27)	(42.94)
Clean Growth & Development	11.22	11.95	0.73	6.51
Community Wellbeing	2.54	2.49	(0.05)	(1.97)
Finance and Customer Experience	5.74	5.74	0.00	0.00
Homes and Culture	1.92	0.52	(1.40)	(72.92)
Transport and Public Realm	41.47	38.30	(3.17)	(7.64)
<b>General Fund Programme</b>	<b>85.34</b>	<b>71.72</b>	<b>(13.62)</b>	<b>(15.96)</b>
HRA Programme	58.76	45.30	(13.46)	(22.91)

	<b>Total Capital Programme</b>	<b>144.10</b>	<b>117.02</b>	<b>(27.08)</b>	<b>(18.79)</b>
	<b><u>Financed by</u></b>				
	*CR - GF Borrowing	(28.95)	(22.47)	6.48	22.38
	*CR - HRA Borrowing	(11.32)	(10.01)	1.31	11.57
	Capital Receipts	(13.16)	(12.96)	0.20	1.52
	Direct Revenue Financing	(19.12)	(17.87)	1.25	6.54
	Capital Grants	(19.76)	(10.96)	8.80	44.53
	Contributions	(18.75)	(15.18)	3.57	19.04
	HRA – MRA	(33.04)	(27.57)	5.47	16.56
	<b>Total Funding</b>	<b>(144.10)</b>	<b>(117.02)</b>	<b>27.08</b>	<b>18.79</b>
	*CR – Council Resources				
	The programme is currently forecast to be underspent by £27.08M, of which there is £20.52M of slippage from 2018/19 into future years. The reasons for the major forecast variances are detailed below and summarised in Appendix 1.				
	<b><u>CAPITAL PROGRAMME FORECAST VARIANCES</u></b>				
	<b><u>Adults Care Portfolio</u></b>				
8.	<b><u>Telecare Equipment (Forecast underspend of £0.33M)</u></b>				
	Implementation of telecare equipment is still proceeding at a slower rate due to low referrals from the Adult Social Care teams to the installation team with not all referrals actually resulting in installation of and the reuse of equipment. Referrals are expected to increase in second half of the year through more telecare awareness drop in sessions with Adult Social Care teams but is unlikely to spend all of budget allocated. The trends for referrals in 17/18 and 18/19 have been lower than anticipated or have not resulted into suitable conversions where the telecare equipment has been installed with the referred client. The current conversion rate is 60% of all referrals.				
	<b><u>32B Kentish Road Capital Upgrade (Slippage of £0.03M from 2018/19 to 2019/20)</u></b>				
	The project has slipped due to an extended review of options and proposals for the site involving all stakeholders to determine how outcomes can be best delivered. A Kentish Road “vision” working group has been set up to appraise all options and is engaging with the Capital Assets team with architectural costs to be incurred in 2019/20.				
	<b><u>Integrated Working (Slippage of £0.10M from 2018/19 to 2019/20)</u></b>				
	This project has slipped due to a revised timeline in work commencing on the Client Case Management system (CCM) which is planned to replace the ‘Paris’ system from April 2020. The project is currently on hold with temporary resources being transferred to the CCM project with work likely to recommence from early in 2019.				
	<b><u>Aspiration, Schools and Lifelong Learning Portfolio</u></b>				
9.	<b><u>Primary Review P2 - Sholing Junior School (Forecast overspend of £0.08M)</u></b>				

Additional payment S106 works to the public realm at the school to meet planning requirements of £0.05M. Final retention costs were more than anticipated due additional snagging of £0.03M.

Primary Review P2 – Fairisle Junior School (Forecast overspend of £0.10M)

The original tender was for a 1 storey extension but the chosen contractor provided a cost which did not offer best value which resulted in a reassessment of needs for the project as a whole. The project is now going ahead with a plan to build a 2 storey building instead of the original 1 storey to ensure future needs are met. This will be funded from savings on other schemes within the overall programme.

Portswood Primary School Expansion (Forecast underspend of £0.12M)

A value engineering exercise was undertaken which identified efficiencies across various elements of the project reducing the overall cost against the budget. The identified savings have been used to offset overspends within the overall programme.

Remedial Works at Sholing-Springwell (Forecast underspend of £0.01M)

Retention costs were in at lower than anticipated due to remedial works being carried out at lower than estimated cost resulting in a minor saving on the project.

St Patricks School Expansion (Forecast underspend of £0.01M)

A contribution towards works at the diocese school were not taken up in full by the school as they funded them in part themselves. This resulted in a minor saving on the project.

St Monica Bulge class (Forecast underspend of £0.04M)

The final certificate for works and retentions received was at a lower cost lower than anticipated due to fewer issues found during snagging.

Bitterne Park Secondary Building Programme - planning contribution (Forecast underspend of £0.12M)

A budget for pitch drainage required by Sport England is no longer needed as the school has indicated that the pitch has been usable throughout the year and works will not be necessary.

Primary Review Phase 2 - Valentine Primary School Westwood Block (Slippage of £1.02M from 2018/19 to 2019/20)

Slippage of £1.02M from 2018/19 to 2019/20 due to the project being put on hold while a reassessment of need was completed. The expansion of this school is to be delivered via an Education and Skills Funding Agency (ESFA) rebuild of the Westwood block and a revised start date is now scheduled to commence in January 2019. A contractor has now been appointed and the delivery of the new classroom block to replace the Westwood Block and the project is due for completion in September 2019. Appointment of the contractor was delayed because Council and the Skills Funding Agency (SFA) needed to undertake further work to negotiate a common position on the buildings research energy efficiency model (BREEAM) standards for the scheme to meet the Councils requirement to achieve an “excellent” rating.

Springwell School - Main Expansion (Slippage of £3.83M from 2018/19 to 2019/20)

Phase 1 completion was delayed due to a number of works variations to meet special education needs (SEN) school requirements for noise and disturbance to

pupils. The phase 2 planning application has been submitted and although there has been steady progress with the team of consultants on the design stage, the majority of work for Phase 2 is scheduled to take place in 2019/20. Slippage has also occurred following a decision taken to undertake a full OJEU procurement to secure best value for Phase 2 of the works which added several months to the scheme's planned timetable but was necessary to ensure high quality and value for money.

R&M Programme for School (Slippage of £2.06M from 2018/19 to 2019/20)

Slippage of £2.06M from 2018/19 to 2019/20 due to difficulties in managing the volume and complexity of works required. A recent condition survey of the schools within the city highlighted a backlog of works and a prioritised list has been drawn up for the remainder of 2018/19 and 2019/20. Due to delays in obtaining statistical data surrounding school condition surveys, the basis for planned work has delayed progress on the scheme.

Early Years Expansion Programme (Slippage of £0.65M from 2018/19 to 2019/20)

A reassessment of the availability of providers prepared to offer an increased provision of thirty hours is required due to difficulties in identifying providers willing to extend their current hours. Works to support the extension of hours have delayed until these providers can be identified resulting in slippage into 2019/20.

Bitterne Park Autism Resource Base (Slippage of £0.16M from 2018/19 to 2019/20)

The programme has slippage of £0.16M from 2018/19 to 2019/20. The revised start date works is February 2019 this has been delayed as a result of design work requiring further electrical and mechanical works needed before the on-site works.

St George's School (Slippage of £1.79M from 2018/19 to 2019/20)

This is a diocese scheme with the ESFA. The council is contributing to the scheme to replace, modernise and increase science classroom accommodation at the school. The ESFA are the responsible body and are responsible for project management and delivery of the scheme. The delay follows obtaining agreement over strategy decision making within the diocese which is undertaken independently from the council.

Chamberlayne Refurbishment (Slippage of £0.54M from 2018/19 to 2019/20)

A delay in decision making on the overall strategy for Secondary School expansion has delayed progress on this scheme which is currently out to tender. Proposals have been drawn up to RIBA Stage 1 for the refurbishment of the main teaching block at Chamberlayne College, which is now on target and due to complete in September 2020. Work has also now commenced on RIBA Stage 2. The viability of an extended scheme is also been considered as part of a wider Local Enterprise Partnership proposal to develop the Chamberlayne site bringing education, leisure, early years and other service together into a single hub.

Regents Park Expansion (Rephasing of £0.90M from 2019/20 to 2018/19)

At quarter 1, it was estimated the building work for this project would not begin until 2019/20 due to delays in both the decision making of the overall strategy for

	<p>Secondary School expansion and outstanding elements of the design stage to be completed. However, those delays have now been rectified and the programme has been accelerated and re-phased back into 2018/19.</p>
	<p><b><u>Clean Growth and Development Portfolio</u></b></p>
10.	<p><u>Southampton New Arts Centre (Studio 144) (Forecast underspend of £3.03M)</u></p> <p>Due to contractual issues with the ‘fitting out’ contractor and significant delays surrounding the additional works to rectify substantial flooding to the south building, there will be a forecast overspend of £3.03M met partly by a grant. The final account and all claims were received by the Council in May 2018. These have been assessed by the Contract Administrator and the Council’s Quantity Surveyor. Discussions are continuing between the relevant parties to determine the final account amount. Once this process is complete the amount of additional funding required to complete the scheme will be known. In June 2018 the Council received a grant payment from Arts Council England for the project which will be used to part fund remaining expenditure in 2018/19. A total of £1.6M has been added to the scheme as part of the February 2019 programme update financed by the grant of £1.6M from the Arts Council.</p> <p><u>Hampshire Community Bank (Forecast underspend of £1.00M)</u></p> <p>A £1.00M investment in Hampshire Community Bank (HCB) was approved at Council in February 2017, subject to the bank securing a banking licence. A banking licence has not been obtained by the bank so the investment will not progressed and the budget removed from the programme as part of the February 2019 programme update.</p> <p><u>Water fountains (Forecast underspend of £0.09M)</u></p> <p>The original assumption of installing water fountains in the city parks is not feasible due to issues with connecting and ongoing testing of a water supply. Alternative options are being considered including water coolers will be installed as an alternative in Council buildings that can be accessed by the public and/or water bottle filling stations including opportunities for sponsored water bottle filling stations. Whilst any ongoing revenue costs will be met from existing budgets, the capital budget will be removed from the programme as part of the February 2019 programme update.</p> <p><u>Strategic Property Acquisition (Forecast underspend of £0.05M)</u></p> <p>The purchase of the NCP car park has now been completed at a cost of £7.08M creating at a cost lower than the anticipated budget.</p> <p><u>QE2 Mile – Bargate Square (Slippage of £0.96M from 2018/19 to 2019/20)</u></p> <p>The scheme is to fund works associated with the Bargate Square redevelopment project which will improve retail provision, increase residential buildings and enhance the public realm in the area around the Bargate. The redevelopment project has commenced but the works, which are primarily funded from the private sector, with the paving works partly funded by the council, will now be undertaken in 2019/20. A total of £0.96M will need to be slipped into 2019/20.</p> <p><u>Bitterne Public Services Hub (Slippage of £0.22M from 2018/19 to 2019/20)</u></p> <p>The project is currently at the Outline Business Case phase. This is likely to cost around £0.10M subject to tender. It is estimated that 75% of this work could be completed by the end of March subject to the use of framework agreements for</p>

	procurement rather than an open tender process with the remaining work in 2019/20.
	<b><u>Community Wellbeing</u></b>
11.	<p><u>Green Projects (Slippage of £0.05M from 2018/19 to 2019/20)</u> There is a small amount of slippage on the Green Projects scheme of £0.06M which will be used to support the Warm Homes Front scheme.</p>
	<b><u>Homes and Culture Portfolio</u></b>
12.	<p><u>Woodmill Outdoor Activity Centre (Forecast underspend of £0.09M)</u> The budget for this project to repair the flood wall near the centre was based on indicative costs. Following detailed surveys the extent of the work required was not as significant as anticipated.</p> <p><u>Tudor House Museum (Slippage of £0.06M from 2018/19 to 2019/20)</u> An Archaeology report is required as part of the planning conditions attached to the original project to redevelop Tudor House. The Council has an obligation to write the report so the Archaeology team will be commissioned in 2019/20 to undertake the required work due to staff resourcing shortfall (£0.04M). An issue with water ingress has also been identified. Following an initial survey a more detailed assessment is required before work can begin to resolve the issue (£0.02M).</p> <p><u>Sea City Treasure Trove (Slippage of £0.65M from 2018/19 to 2019/20)</u> The Scheme aims to move stored collections into the Pavilion space at the SeaCity Museum. This project has now been amalgamated into a wider project to redevelop the cultural offering at the Civic Centre. The whole scheme will be revisited as one to maximise the opportunity to take more strategic approach across collections and venues and tie into future developments in the cultural development of the City. Initial commitments and plans in March 2018 were initially rejected due to the need for a more specific direction for the project, this was confirmed with the Heritage Lottery Fund (HLF) in September 2018 when more ambitious plans were submitted with a more integrated approach for both the treasure trove and cultural hub.</p> <p><u>Ancient Scheduled Monuments (Slippage of £0.20M from 2018/19 to 2019/20)</u> Following unsuccessful attempts to recruit a suitable project manager to deliver this project in 2018/19, alternative delivery methods are now being considered in order to prioritise spend and activities. A consultant will be engaged in order to escalate this project and deliver the works successfully, subject to procurement approval.</p> <p><u>Outdoor Sports Centre Improvements (Slippage of £0.40M from 2018/19 to 2019/20)</u> Initial feasibility work was undertaken in 2017/18. This determined further surveys were required in order to fully assess the feasibility of the scheme. These additional surveys are currently being undertaken and are being part-funded by Sport England.</p>
	<b><u>Transport and Public Realm Portfolio</u></b>
13.	<p><u>Riverside Park Pitch &amp; Putt Irrigation System Upgrade (Forecast underspend of £0.05M)</u> The Pitch and Putt has now been licenced to be run by an external company, who have taken on the irrigation system as part of the licence. The Council</p>

	<p>therefore no longer needs to install an irrigation system, and this has resulted in an underspend on this project.</p> <p><u>Puffin Close, Lydgate Green and Edith Haisman Play Areas (Forecast underspend of £0.01M)</u></p> <p>These projects have all been completed with minor underspends of £0.01M and £0.02M on Puffin close and Edith Haisman respectively and a minor overspend on Lydgate Green of £0.02M as original budgets were based on indicative costs.</p> <p><u>Highways (Slippage of £1.00M from 2018/19 to 2019/20)</u></p> <p>Some works on the additional roads programme will slip into 2019/20 as the required treatment can only be undertaken in warm weather. There is a further slippage on bridge maintenance as a result of delays from the transition for delivery of structural related works to the Highways Partnership.</p> <p><u>Integrated Transport (Slippage of £1.87M from 2018/19 to 2019/20)</u></p> <p>This is made up of slippage on Congestion Reduction schemes of £1.06M, Public Transport £0.35M, Cycling £0.28M, Improved Safety £0.08M and Sustainable Travel £0.09M.</p> <p>The Congestion Reduction slippage is primarily made up of £0.81M due to a delay on the Electric Vehicle Action Plan as a result of procurement issues and ongoing discussions to link the project into the Street lighting PFI. This means that the majority of the project is now scheduled to be delivered in early 2019/20. Other projects totalling slippage of £0.25M are due to a delay in a project around the General Hospital to ensure that emergency access provision is maintained until a suitable time in the new financial year and a project that has been delayed until a decision on the proposed clean air zone is resolved.</p> <p>The Public Transport slippage is made up of £0.35M on works on the Bus network due to issues with schemes needing to be carried out with adjoining works that will take place in 2019/20.</p> <p>The slippage on the Cycling programme is due to a delay in the City Centre Cycle Network project due to waiting for an adjoining development application on Threefields Lane to be determined and works on the Northern Cycle Route which will now be undertaken in 2019/20.</p> <p><u>Wildflower Mower (Slippage of £0.04M from 2018/19 to 2019/20)</u></p> <p>The procurement process for the wildflower mower is expected to commence in January 2019. The lead in time for procurement means that actual purchase will likely be in early 2019/20.</p> <p><u>Play Sites and Minor Park Development projects (Slippage of £0.19M from 2018/19 to 2019/20)</u></p> <p>A review of actual and committed expenditure across all play sites and parks development has identified a number of projects that have not yet commenced. It is therefore likely that works will be carried out late in the current year or early in the new year.</p>
	<p><b><u>Housing Revenue Account (HRA)</u></b></p>
14.	<p><u>Energy Company Obligations - Thornhill Heating (Forecast underspend of £1.87M and slippage of £1.50M from 2018/19 to 2019/20)</u></p> <p>The original budget of £7.10M had been reduced to £1.60M, which reflects the correct scope of work at Thornhill. This budget has been realigned against other priorities in the Fire Safety programme and replacement heating at Milner Court. An immediate start on installation work was assumed without full development of design options and a full procurement. The programme period has therefore</p>

been extended to allow for the critical activities to be undertaken, which has resulted in delays to delivery of the project in 2018/19.

External Windows and Doors (Forecast underspend of £0.80M)

Reduced need for replacement doors and windows as the current condition of external windows and doors has been assessed as acceptable. Spend in 2018/19 is anticipated to be minimal and will be for final completion works to ensure windows and doors are remain at an acceptable condition. Works are due to recommence in 2019/20 when a programme will be established within the constraints of the existing future year's budgets for the scheme.

Renew Warden Alarm (Forecast underspend of £0.44M)

The tender process has yet to start for this scheme due to difficulties in agreeing technical brief requirements with Housing Services. As these requirements have not been established and the scheme is not demand led, the scheme has been re-scoped within the constraints of the future year's budget resulting in a forecast underspend from 2018/19 budget.

Roofing Works (Forecast underspend of £3.40M)

The tender process is still underway for the next phases of the existing programme of works within this scheme. The cost of the contract as a result of this is anticipated to be met from within the future year's budgets for this scheme. With minimal spend in 2018/19 for the completion of the existing contract an underspend has been forecast.

Household Refurbishment Project - Kitchens and Bathrooms (Forecast underspend of £0.80M)

A programme of works has not been identified for kitchens and bathrooms within HRA properties for 2018/19, and the likelihood of there being any significant demand for kitchens and bathrooms in the remainder of the financial year is considered to be minimal based on the current assessed conditions within these properties. A forecast underspend is anticipated from the 2018/19 budget with future years budgets expected to meet future demands.

External Wall Insulation – Kingsland (Forecast underspend of £0.13M)

Wall insulations works are near completion at Kingsland, the scheme is forecast to be underspent as existing insulation in some areas was found to be of an acceptable condition and did not require replacement.

External Wall Insulation – Low Rise - (Forecast underspend of £1.00M)

A minimal programme of works has been identified for external wall insulation within these buildings as the condition of the existing insulations has been deemed adequate for the near future. A further review is due to take place in 2019/20 to assess future requirements, these will be met within the constraints of the future year's budgets for this scheme.

Removal of Gas from Tower Blocks (Forecast underspend of £0.19M)

Works which the Council were to carry to remove gas from tower blocks within the city to replace gas cookers with electric cookers as they are more cost effective, have been carried out by Southern Gas Network at their expense, therefore this budget is not required.

Chimneys (Forecast underspend of £0.11M)

A planned programme of works has not been identified and a further review is to be undertaken to understand the scope of works required. There remains the possibility of further expenditure related to reactive work should damage occur over the winter months, however based on the current level of works, an underspend is forecast. A further review is due to take place in 2019/20 to assess future requirements, these will be met within the constraints of the future year's budgets for this scheme.

Energy Company Obligations (ECO): City Energy Scheme (Forecast

	<p><u>overspend of £0.48M)</u></p> <p>A claim for additional fees from the project contractor has been received for additional time on the contract. However a counter claim has been made against this in relation to incomplete and sub-standard work and the project over run. The current forecast overspend is based on the worst case scenario of a maximum payment to the contractor and could reduce if the counter claims are successful.</p> <p><u>Disabled Adaptions (Forecast overspend of £0.40M)</u></p> <p>The service is demand led through referrals followed up with an assessment to see if they qualify for assistance. Needs of tenants are assessed by Occupational Therapists and works required are subsequently categorised by level of urgency. This allows delivery to be prioritised to those most in need. The demand has been greater than anticipated this year with budget overspent by £0.22M at the end of quarter 3. Based on estimated need for the remainder of the year addressing only critical, stair lift works and minor works an additional £0.18M is estimated to be required.</p> <p><u>Energy Company Obligations - Lydgate -External Wall Insulation (Slippage of £0.90M from 2018/19 to 2019/20)</u></p> <p>At the start of the project a direct engagement was assumed with the contractor, however amended tender documents needed to be developed. The programme period was extended to ensure this activity was completed. However, due to the lengthy process, the delay has resulted in the need to slip £0.90M into 2019/20.</p> <p><u>Estate Regeneration- Potters Court (Slippage of £3.70M from 2018/19 to 2019/20)</u></p> <p>Due to delays in contract formation, the works have started on site later than anticipated resulting in slippage. The project is however expected to remain within budget.</p> <p><u>Townhill Park Regeneration (Rephasing of £0.50M from 2019/20 to 2018/19)</u></p> <p>This project has developed well on site and the contractor has progressed ahead of the original schedule as a result the properties will be delivered early. This has resulted in an accelerated spend in this financial year but not for the project as a whole. As the project has been accelerated, funding will be sought from the future years of this project to ensure project is delivered within the reported timescale.</p>
	<p><b>CAPITAL RESOURCES</b></p>
<p>15.</p>	<p>The resources which can be used to fund the capital programme are as follows:</p> <ul style="list-style-type: none"> <li>• Central Government Grants and from other bodies</li> <li>• Contributions from third parties</li> <li>• Council Resources - Capital Receipts from the sale of HRA assets</li> <li>• Council Resources - Capital Receipts from the sale of General Fund assets</li> <li>• Revenue Financing</li> <li>• Council Resources - Borrowing</li> </ul>
<p>16.</p>	<p>Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes within the Sustainability Portfolio.</p>

17.	It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future Government grants to be received. The majority of these grants relate to funding for schools and transport and are unringfenced. However in 2018/19 these grants have been passported to these areas.																														
18.	Table 4 shows the current level of available resources.																														
	<p><u>Table 4 – Available Capital Funding</u></p> <table border="1"> <thead> <tr> <th><b>Resource</b></th> <th><b>Balance Fwd £M</b></th> <th><b>Received to Date 2018/19 £M</b></th> <th><b>Allocated To Current Programme £M</b></th> <th><b>Available Funding £M</b></th> <th><b>Anticipated Receipts 2018/19 £M</b></th> </tr> </thead> <tbody> <tr> <td>Capital Receipts</td> <td>(11.28)</td> <td>(0.77)</td> <td>14.15</td> <td>2.1</td> <td>(5.88)</td> </tr> <tr> <td>CIL</td> <td>(9.43)</td> <td>(3.73)</td> <td>4.37</td> <td>(8.79)</td> <td>(0.50)</td> </tr> <tr> <td>S106</td> <td>(10.63)</td> <td>(0.83)</td> <td>6.75</td> <td>(4.71)</td> <td>(0.43)</td> </tr> <tr> <td></td> <td><b>(31.34)</b></td> <td><b>(5.33)</b></td> <td><b>25.27</b></td> <td><b>(11.40)</b></td> <td><b>(6.81)</b></td> </tr> </tbody> </table>	<b>Resource</b>	<b>Balance Fwd £M</b>	<b>Received to Date 2018/19 £M</b>	<b>Allocated To Current Programme £M</b>	<b>Available Funding £M</b>	<b>Anticipated Receipts 2018/19 £M</b>	Capital Receipts	(11.28)	(0.77)	14.15	2.1	(5.88)	CIL	(9.43)	(3.73)	4.37	(8.79)	(0.50)	S106	(10.63)	(0.83)	6.75	(4.71)	(0.43)		<b>(31.34)</b>	<b>(5.33)</b>	<b>25.27</b>	<b>(11.40)</b>	<b>(6.81)</b>
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19.	The table shows that the largest resource currently available is Community Infrastructure Levy (CIL) funding. A review has been undertaken of all S106 and CIL monies to ensure that programmes of work are matched to the appropriate funding and to identify areas where business cases are required for new projects. This work will be ongoing as part of the monitoring process																														
20.	Funding for the capital programme has previously been heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area.																														
21.	Table 5 below shows the previous and current capital receipt assumptions, together with the actual receipts received in year for the General Fund. There has been an increase of £0.04M since the last reported position due to updated valuations based on the current market conditions. It should be noted that both the previous and latest forecast positions have been adjusted to remove receipts for properties not yet on the market.																														

Table 5 – General Fund Capital Receipts Estimates

	<b>B/Fwd £M</b>	<b>2018/ 2019 £M</b>	<b>2019/ 2020 £M</b>	<b>2020/ 2021 £M</b>	<b>2021/ 2022 £M</b>	<b>2022/ 2023 £M</b>	<b>Total £M</b>
Latest Forecast	11.28	5.98	0.67	0.00	0.00	0.00	17.93
Previous Forecast	11.28	5.94	0.67	0.00	0.00	0.00	17.89
<b>Variance</b>	<b>0.00</b>	<b>0.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.04</b>

**OVERALL CAPITAL PROGRAMME**

22. Table 6 and 7 show capital expenditure by portfolio and the use of resources to finance the programme up to and including 2022/23, including amendments that will be requested as part of the budget update.

Table 6 – Capital Expenditure by Programme

	<b>2018/19 £M</b>	<b>2019/20 £M</b>	<b>2020/21 £M</b>	<b>2021/22 £M</b>	<b>2022/23 £M</b>	<b>Total £M</b>
Adult Care	0.73	0.63	0.50	0.00	0.00	1.86
Aspiration, Schools and Lifelong Learning	12.44	21.54	28.21	11.96	18.63	92.78
Clean Growth & Development	10.05	1.81	0.00	0.00	0.00	11.86
Community Wellbeing	2.48	1.26	0.00	0.00	0.00	3.74
Finance and Customer Experience	5.74	1.98	0.00	0.00	0.00	7.72
Homes and Culture	0.60	1.82	0.00	0.00	0.00	2.42
Transport and Public Realm	38.37	15.17	2.21	0.00	0.00	55.75
<b>General Fund Programme</b>	<b>70.41</b>	<b>44.21</b>	<b>30.92</b>	<b>11.97</b>	<b>18.63</b>	<b>176.14</b>
<b>HRA Programme</b>	<b>53.16</b>	<b>52.35</b>	<b>43.95</b>	<b>35.44</b>	<b>0.00</b>	<b>184.90</b>
<b>Total Capital Programme</b>	<b>123.57</b>	<b>96.56</b>	<b>74.87</b>	<b>47.41</b>	<b>18.63</b>	<b>361.04</b>

Table 7 – Use of Resources

	<b>2018/19 £M</b>	<b>2019/20 £M</b>	<b>2020/21 £M</b>	<b>2021/22 £M</b>	<b>2022/23 £M</b>	<b>Total £M</b>
*CR - GF Borrowing	22.60	19.78	19.24	0.00	0.04	61.66
*CR - HRA Borrowing	10.73	2.32	0.00	0.26	0.00	13.31

	Capital Receipts	12.96	3.18	10.22	11.25	0.00	37.61
	Direct Revenue Financing	18.43	5.51	1.22	2.84	0.00	28.00
	Capital Grants	14.15	29.09	22.47	21.10	0.00	86.81
	Contributions	10.36	18.84	10.09	0.00	0.00	39.29
	HRA - MRA	34.34	17.84	11.63	11.96	18.59	94.36
	<b>Total Financing</b>	<b>123.57</b>	<b>96.56</b>	<b>74.87</b>	<b>47.41</b>	<b>18.63</b>	<b>361.04</b>
	*CR – Council Resources						
23.	Table 7 demonstrates that the most significant amount for funding for the General Fund programme is provided by Council Resources, which at present, will be mainly through borrowing. Borrowing costs are in the main met within a central provision. The HRA programme is primarily funded by Major Repairs Allowance (direct revenue contribution).						
<b>RESOURCE IMPLICATIONS</b>							
<b><u>Capital/Revenue</u></b>							
24.	This report principally deals with capital and the implications are set out in the main body of the report. However, the revenue implications arising from borrowing to support the capital programme are considered as part of the General Fund revenue budget. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.						
<b><u>Property/Other</u></b>							
25.	There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.						
<b>LEGAL IMPLICATIONS</b>							
<b><u>Statutory power to undertake proposals in the report:</u></b>							
26.	Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council. The Capital Programme update is prepared in accordance with the Local Government Acts 1972 – 2003.						
<b><u>Other Legal Implications:</u></b>							
27.	None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, the Equality Act 2010, the duty to achieve best value and statutory guidance issued associated with that, and other associated legislation.						
<b>RISK MANAGEMENT IMPLICATIONS</b>							
28.	None.						
<b>POLICY FRAMEWORK IMPLICATIONS</b>							
1.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.						
<b>KEY DECISION?</b>		Yes/No					

<b>WARDS/COMMUNITIES AFFECTED:</b>	NONE
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	GF & HRA Forecast Variances as at December 2018.
<b>Documents In Members' Rooms</b>	
1.	
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safeguarding Impact Assessments (ESIA) to be carried out.	Yes/No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	Yes/No
<b>Other Background Documents</b>	
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)