

# Report to Business & Transformation Scrutiny Panel

Agenda  
Item:  
**A.4**

Meeting Date: 13 February 2020  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CAPITAL BUDGET OVERVIEW AND MONITORING REPORT:  
APRIL TO DECEMBER 2019  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 51/19

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to December 2019 which was considered by the Executive on 10 February 2020.

## Questions for / input required from Scrutiny:

Members are asked to note the variances contained within this report.

## Recommendations:

Members of the Business & Transformation Scrutiny panel are asked to scrutinise the overall budgetary position for the period April to December 2019.

## Tracking

Executive:	<b>10 February 2020</b>
Scrutiny:	<b>13 February 2020</b>
Council:	<b>3 March 2020</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 10 February 2020  
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Key Decision: No  
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Title: CAPITAL BUDGET OVERVIEW AND MONITORING REPORT:  
APRIL TO DECEMBER 2019  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 52/19

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to December 2019.

## Recommendations:

The Executive is asked to:

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2019;
- (ii) Note adjustments to the 2019/20 capital programme as detailed in paragraph 2.1;
- (iii) Make recommendations to Council to approve reprofiling of £14,495,000 as detailed in para 3.7 and Appendix A from 2019/20 into 2020/21 (£10,952,800) and 2021/22 (£3,542,200).

## Tracking

Executive:	<b>10 February 2020</b>
Scrutiny:	<b>13 February 2020</b>
Council:	<b>3 March 2020</b>

## **1. BACKGROUND**

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Corporate Director of Finance and Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. It is the responsibility of individual Chief Officers to control income and expenditure within their areas of responsibility and to monitor performance, taking account of financial information provided by the Corporate Director of Finance and Resources.
- 1.2 All Managers receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process.
- 1.3 Throughout the report, the use of brackets indicates a credit or income budget, and the term underspend also relates to additional income generated.
- 1.4 It is important to understand the distinction between capital and revenue expenditure.

**The general rule is that all expenditure must be treated as revenue expenditure unless it meets strict criteria allowing it to be treated as capital expenditure.**

Capital expenditure is for fixed assets such as acquisition of land and buildings, construction, conversion or enhancement of existing buildings, or the purchase of new technology, vehicles, plant, machinery or equipment that yields benefits to the Council and the services it provides for more than one year.

Revenue expenditure is for the day to day running costs of providing Council services such as staff costs, premises, transport, and goods and services used in the delivery of services.

## 2. CAPITAL BUDGET OVERVIEW

2.1 The following statement shows the annual capital programme for 2019/20:

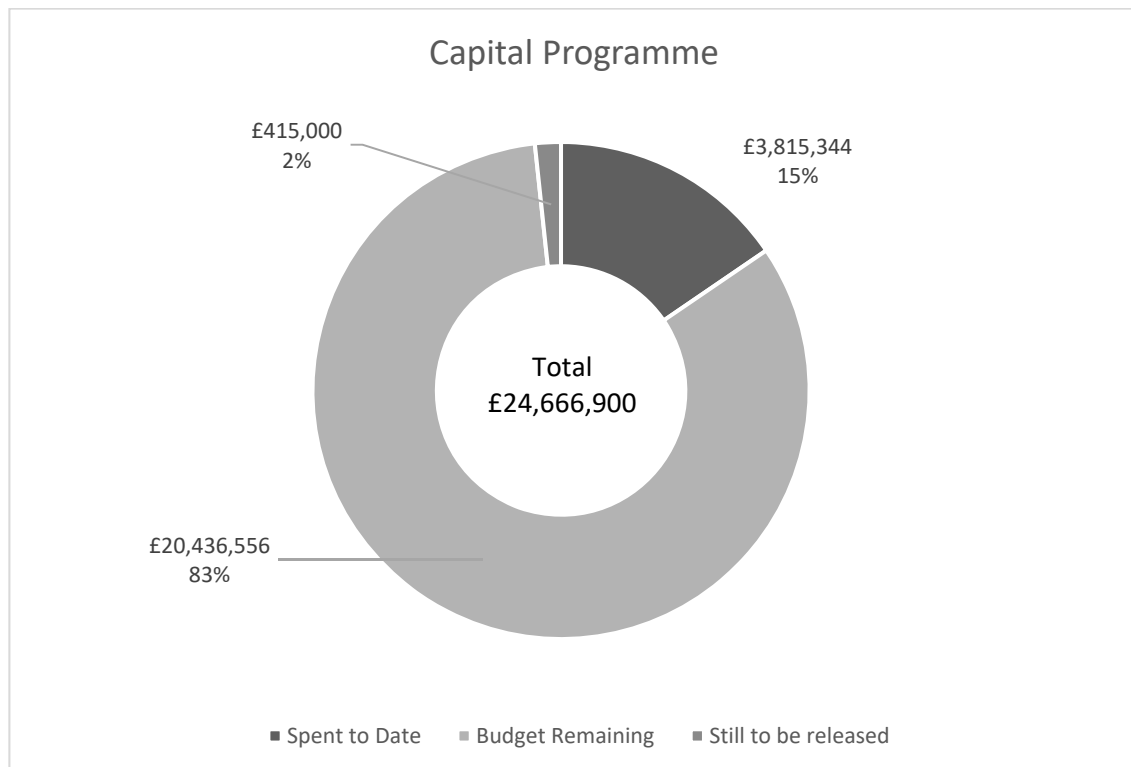
2019/20 Capital Budget	£
<b>2019/20 Capital Programme (RD14/19 Council 16/07/19)</b>	<b>23,192,000</b>
Revenue contribution towards Customer Contact Centre (OD.067/19)	7,000
Revenue contribution towards Bitts Park Tennis Court (OD.075/19)	23,900
Release of capital funding for Emergency Works at Central Plaza (ED03/20 Council 07/01/20)	1,350,000
S106 contribution towards Play Area Improvements	23,500
S106 contribution towards Play Area Improvements (OD.101/19)	16,000
S106 contribution towards Open Space Improvements (OD.107/19)	11,600
Revenue contribution towards Vehicle Replacement	30,000
Revenue contribution towards purchase of Waste Receptacles	4,900
Increased contribution to Digital Banner from sale of equipment	8,000
<b>Revised 2019/20 Capital Programme (at Dec 2019)</b>	<b>24,666,900</b>
Less Capital Reserves to be released by Executive (see para 3.8)	(415,000)
<b>Revised 2019/20 Capital Programme (released)</b>	<b>24,251,900</b>

2.2 A breakdown of the revised capital programme can be found in **Appendix A**.

## 3. 2019/20 BUDGET MONITORING

3.1 The position statement as at December 2019 can be summarised as follows:

Directorate	Revised Annual Budget £	Budget to Date £	Spend to date £	Variance to date £	Para. Ref.
Community Services	12,480,300	1,140,573	1,157,282	16,709	3.3
Corporate Support	123,900	42,559	9,363	(33,196)	3.4
Economic Development	1,550,400	745,515	757,440	11,925	3.5
Governance & Regulatory Services	10,141,500	2,593,461	1,850,138	(743,323)	3.6
<b>Total</b>	<b>24,296,100</b>	<b>4,522,108</b>	<b>3,774,223</b>	<b>(747,885)</b>	
Flood Related Capital	(44,200)	(44,200)	41,121	85,321	
<b>Total</b>	<b>24,251,900</b>	<b>4,477,908</b>	<b>3,815,344</b>	<b>(662,564)</b>	
Reserves to be released	415,000	0	0	0	3.8
<b>Total</b>	<b>24,666,900</b>	<b>4,477,908</b>	<b>3,815,344</b>	<b>(662,564)</b>	



Schemes still to be released by the Executive are outwith the budget monitoring process until the budgets have been released.

A detailed analysis of the schemes within each directorate can be found in **Appendices B to F** with the main issues being summarised in the paragraphs below.

- 3.2 As at the end of December, expenditure of £3,815,344 has been incurred on the Council's core capital programme. When considered against the profiled budget of £4,477,908 this equates to an underspend of £662,564.
- 3.3 The variance in Community Services is attributable to an overspend of £40,501 on the purchase of Waste Receptacles against the annual budget. The Council is no longer able to charge developers for the cost of new bins, bags and boxes provided for new homes and this has had a negative impact on the level of revenue income generated which can be used to increase the capital programme.
- 3.4 The variance in Corporate Support is attributable to an underspend of £33,196 on ICT improvements against the profiled budget to date. Implementation has been delayed and a revised plan for delivery has been considered as part of the 2020/21 budget process with £69,500 requested for carry forward into 2020/21.

- 3.5 The variance in Economic Development is attributable to an overspend of £11,986 on Durrhill Industrial Estate due to additional footpath works that have been carried out. There is currently no budget allocated to fund these works.
- 3.6 The variance in Governance & Regulatory Services is attributable to an underspend of £742,104 on Disabled Facilities Grants. Activity in the delivery of DFG is increasing and the position is being closely monitored and a carry forward of £500,000 is proposed which brings the revised budget in line with the anticipated spend within the revised Action Plan for Disabled Facilities Grants.
- 3.7 The unspent balance remaining of the revised annual budget of £24,251,900 is £20,436,556. Therefore, an initial review of the 2019/20 capital programme has been undertaken to identify accurate project profiles and **the Executive are asked to recommend to Council the reprofiling of £14,495,000 from 2019/20 into future years as follows:**

Directorate	Annual Budget £	Carry Forwards 2020/21 £	Carry Forwards 2021/22 £	Revised Annual Budget £	Spend to Date £	Budget Remaining £
Community Services	12,480,300	(5,037,800)	(3,542,200)	3,900,300	1,157,282	2,743,018
Corporate Support	123,900	(69,500)	0	54,400	9,363	45,037
Economic Development	1,550,400	0	0	1,550,400	757,440	792,960
Governance & Regulatory	10,141,500	(5,500,000)	0	4,641,500	1,850,138	2,791,362
Flood Related Capital	(44,200)	0	0	(44,200)	41,121	(85,321)
<b>Total</b>	<b>24,251,900</b>	<b>(10,607,300)</b>	<b>(3,542,200)</b>	<b>10,102,400</b>	<b>3,815,344</b>	<b>6,287,056</b>
Reserves to be released	415,000	(415,000)	0	0	0	0
<b>Total</b>	<b>24,666,900</b>	<b>(11,022,300)</b>	<b>(3,542,200)</b>	<b>10,102,400</b>	<b>3,815,344</b>	<b>6,287,056</b>

Note: Council have already been asked to approve a carry forward of £69,500 as part of the 2020/21 budget process.

The unspent balance remaining of the revised annual budget of £10,102,400 is £6,287,056 as at December 2019.

- 3.8 A number of schemes are included in the capital programme for 2019/20 that require a report to be presented to the Executive for the release of funding before the project can go ahead. It is requested however that these schemes (included in the request above) are carried forward from 2019/20 into 2020/21 with a report still required to be presented prior to the release of funding.

Scheme	Budget £
Play Area Improvements	35,000
Public Realm Improvements	380,000
<b>Total</b>	<b>415,000</b>

#### 4. FINANCING

4.1 The revised 2019/20 capital programme can be financed as follows:

	Annual Budget £	Revised Budget
<b>Total Programme to be financed (para 2.1)</b>	<b>24,666,900</b>	<b>10,102,400</b>
Financed by:		
Capital Receipts / Internal Borrowing	4,897,000	(7,667,500)
Borrowing undertaken	14,000,000	14,000,000
Capital Grants		
• Disabled Facilities Grant	1,899,800	1,899,800
• General	2,024,700	24,700
Direct Revenue Financing	1,659,400	1,659,400
Other Contributions	186,000	186,000
Earmarked Reserves	0	0
<b>Total Financing</b>	<b>24,666,900</b>	<b>10,102,400</b>

#### 5. CAPITAL RESOURCES

5.1 The following table shows the position as at December 2019 of the revised capital resources due to be received during 2019/20:

	2019/20 Annual Budget £	2019/20 Current Budget £	2019/20 Actual £	2019/20 Not yet received £	Note
Capital Receipts					
· General	0	0	(12,000)	(12,000)	1
· Asset Review	(1,700,000)	(1,700,000)	(1,628,500)	71,500	1
· Vehicle & Equipment Sales	(8,000)	(8,000)	(63,510)	(55,510)	2
Capital Grants					3
· Disabled Facilities Grant	(1,899,800)	(1,899,800)	(1,899,764)	36	
· Sands Centre	(2,000,000)	0	(5,470)	(5,470)	
Capital Contributions					4
· Section 106	(186,000)	(186,000)	(69,188)	116,812	
· Disabled Facilities Grants	0	0	(32,407)	(32,407)	
· General	0	0	0	0	
<b>Total</b>	<b>(5,793,800)</b>	<b>(3,793,800)</b>	<b>(3,710,839)</b>	<b>82,961</b>	

#### Notes:

1. Receipts for 2019/20 are anticipated to be received from asset review sales (£1,700,000). A review of the disposal programme has been undertaken as part of the 2019/20 budget process and seeks to revise the receipts expected in year to £3,257,000. This was considered by Council on 4<sup>th</sup> February 2020.
2. Included within vehicle sales are receipts of £33,510 for individual vehicle sales that are below the de minimis for capital receipts. These will be transferred to revenue and the year end and will be used to fund the capital programme in line with the capital strategy.
3. Capital grants are received once associated capital expenditure has been incurred and the amounts then reclaimed from the sponsoring body. £2,000,000 relating to the Sands Centre Redevelopment is requested to be carried forward into 2020/21
4. Contributions from Section 106 agreements to Affordable Homes (£50,400), Play Area Improvements (£39,500) and Open Space Improvements (£96,100).

## **6. BALANCE SHEET MANAGEMENT**

- 6.1 In line with CIPFA guidance and best practice, information relating to significant capital items on the Council's balance sheet is provided in this section. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis and will ensure that the Council is using its resources effectively and that appropriate governance arrangements are in place around the use of Council assets and liabilities.
- 6.2 Fixed assets are revalued annually to ensure that an up to date value is held in the balance sheet. The revaluation programme is the responsibility of Property Services. It should be noted that some expenditure will be incurred during the course of the year which can be correctly classified as capital expenditure, but which will not increase the value of any of the Council's assets. This expenditure is written off to the revaluation reserve or through the Comprehensive Income and Expenditure Account as appropriate.
- 6.3 The value of fixed assets is a significant part of the balance sheet. In the 2018/19 accounts, fixed assets totalled £157million (2017/18 £157million). This represents 94% of the net current assets of the City Council.



#### 6.4 Debtors

This relates to the amount of income due to the Council that has not yet been received. For capital items, this mainly relates to grants and contributions that the Council is able to claim towards funding capital expenditure. Generally capital debtors arise due to timing differences where a cut off point occurs (e.g. the financial year-end) and/or expenditure has been incurred in advance of making the grant claim. As at December 2019 debtors of £194,075 (£274,010 at 31 March 2019) were outstanding for capital grants, contributions and receipts.

#### 6.5 Creditors

This is the amount of money due to be paid by the Council for goods and services received from its external customers and contractors. For capital schemes this also includes retentions i.e. the amount due to the contractor after a specified period (normally one year) following the completion of a project; this time is used to assess and correct any defects outstanding on the scheme. Amounts earmarked for retention as at December 2019 totalled £45,100 (£449,990 at 31 March 2019).

### 7. **PERFORMANCE**

- 7.1 The 2019/20 programme has been kept to a level that takes account of the Council's ability to deliver schemes with regard to capacity and available resources. Work is ongoing to continue to monitor the profiling of budgets, and these are adjusted to reflect progress in current capital schemes. It is likely that there will still be a requirement for some further carry forwards at the year end. Members are reminded that budgets now totalling £415,000 are being held in reserves (2020/21) until approved by Executive for release.
- 7.2 The Senior Management Team will provide strategic overview and monitor the effectiveness of the overall programme of work in delivering the Council's priorities and objectives. Technical project support and quality assurance of business cases and associated project management activities will be managed by a Transformation Sub-Group chaired by the Chief Executive. Decisions to proceed or otherwise with proposed projects will be made in the usual way in accordance with the Council decision making framework.
- 7.3 A review of all capital expenditure incurred is ongoing to ensure that the expenditure has been correctly allocated between revenue and capital schemes. This will facilitate the year end classification of assets.

## **8. RISKS**

- 8.1 Individual capital schemes have different risks involved. A risk assessment of the overall capital programme is included in **Appendix G**.

## **9. CONSULTATION**

### **9.1 Consultation to Date**

SMT & JMT have considered the issues raised in this report.

### **9.2 Consultation Proposed**

Business & Transformation Scrutiny Panel will consider the report on 13 February 2020.

## **10. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

### **10.1 The Executive is asked to:**

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2019;
- (ii) Note adjustments to the 2019/20 capital programme as detailed in paragraph 2.1;
- (iii) Make recommendations to Council to approve reprofiling of £14,495,000 as detailed in para 3.7 and Appendix A from 2019/20 into 2020/21 (£10,952,800) and 2021/22 (£3,542,200).

## **11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

- 11.1 The Council's capital programme supports the current priorities in the Carlisle Plan.

**Contact Officer:** Emma Gillespie  
**Appendices** A to G  
**attached to report:**

**Ext:** 7289

**Note:** in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

## **CORPORATE IMPLICATIONS:**

**LEGAL** – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the budget monitoring is part of this process.

**FINANCE** – Financial implications are contained in the main body of the report.

**EQUALITY** – This report raises no explicit issues relating to the public sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.

## 2019/20 CAPITAL PROGRAMME

## APPENDIX A

Scheme	Original Capital Programme 2019/20 £	Other Adjustments £	Updated Capital Programme 2019/20 £	Proposed Carry Forwards £	Revised Capital Programme 2019/20 £
<b><u>Current non-recurring commitments</u></b>					
Gateway 44	6,459,200	0	6,459,200	(5,000,000)	1,459,200
Play Area Green Gyms	32,800	0	32,800	0	32,800
Open Space Improvements	84,500	11,600	96,100	0	96,100
Bitts Park (Tennis/Reinstatement)	94,000	0	94,000	0	94,000
Cemetery Infrastructure	11,200	0	11,200	0	11,200
Affordable Homes	50,400	0	50,400	0	50,400
Planning Software	150,000	0	150,000	0	150,000
Property Purchase	150,000	0	150,000	0	150,000
Flood Reinstatement Projects	(68,100)	23,900	(44,200)	0	(44,200)
Sands Centre Redevelopment	10,373,500	0	10,373,500	(8,580,000)	1,793,500
Civic Centre Digital Banner	20,500	8,000	28,500	0	28,500
Customer Contact Centre	0	7,000	7,000	0	7,000
Play Area Improvements	0	39,500	39,500	0	39,500
Central Plaza	0	1,350,000	1,350,000	0	1,350,000
	<b>17,358,000</b>	<b>1,440,000</b>	<b>18,798,000</b>	<b>(13,580,000)</b>	<b>5,218,000</b>
<b><u>Recurring commitments</u></b>					
Planned Enhancements to Council Property	329,600	0	329,600	0	329,600
Vehicles, Plant & Equipment	1,724,800	30,000	1,754,800	0	1,754,800
Recycling Containers	45,000	4,900	49,900	0	49,900
ICT Infrastructure	116,900	0	116,900	(69,500)	47,400
	<b>2,216,300</b>	<b>34,900</b>	<b>2,251,200</b>	<b>(69,500)</b>	<b>2,181,700</b>
<b><u>Disabled Facilities Grants</u></b>					
Private Sector Grants	3,179,500	0	3,179,500	(500,000)	2,679,500
Minor Works Grants	23,200	(23,200)	0	0	0
Empty Properties Initiative	0	23,200	23,200	0	23,200
	<b>3,202,700</b>	<b>0</b>	<b>3,202,700</b>	<b>(500,000)</b>	<b>2,702,700</b>
<b>TOTAL</b>	<b>22,777,000</b>	<b>1,474,900</b>	<b>24,251,900</b>	<b>(14,149,500)</b>	<b>10,102,400</b>
<b><u>Capital Reserves to be released</u></b>					
Play Area Improvements	35,000	0	35,000	(35,000)	0
Public Realm Improvements	380,000	0	380,000	(380,000)	0
	<b>415,000</b>	<b>0</b>	<b>415,000</b>	<b>(415,000)</b>	<b>0</b>
<b>REVISED TOTAL</b>	<b>23,192,000</b>	<b>1,474,900</b>	<b>24,666,900</b>	<b>(14,564,500)</b>	<b>10,102,400</b>

**DECEMBER 2019 - CAPITAL BUDGET MONITORING**

**APPENDIX B**

**COMMUNITY SERVICES**

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Civic Centre Digital Banner	28,500	0	28,500	28,500	34,180	5,680	Revenue contribution to capital approved under delegated authority to provide a replacement digital banner. The previous equipment was faulty and not possible to repair due to obsolete technology and therefore needed to be replaced.
Vehicles & Plant	1,754,800	0	1,754,800	675,400	674,454	(946)	Replacement of vehicles to date is within the allocated budgets. A revised replacement plan for the next 5-10 years has been provided as part of the 2020/21 budget process to confirm the capital funding needed to ensure the Council's fleet remains fit for purpose.
Cemetery Infrastructure	11,200	0	11,200	8,401	3,172	(5,229)	Footbridge improvements are underway and due to be completed in 2019/20.
Open Space Improvements	96,100	0	96,100	22,630	2,750	(19,880)	Funded by Section 106 monies.
Play Area Improvements	39,500	0	39,500	11,750	16,038	4,288	Approved Play Area Improvements funded from S106 monies.
Green Gyms	32,800	0	32,800	8,200	(3,171)	(11,371)	Project slipped from 2018/19. Credit in relation to reduced fee for works completed.
Bitts Park/Tennis Reinstatement	94,000	0	94,000	0	0	0	Revenue contribution to capital towards the Bitts Park Tennis Facilities project has been carried forward into 2019/20 as potential funding towards a proposed scheme at Bitts Park. Further information will be presented to a future meeting.
Sands Centre Redevelopment	10,373,500	(8,580,000)	1,793,500	335,792	339,458	3,666	Budget reprofiled based on revised report approved by Council (CS.17/19 - 25/06/19). Carry forward required to realign budget to revised expenditure profile.
Waste Minimisation	49,900	0	49,900	49,900	90,401	40,501	Purchase of waste receptacles are overspent against the annual budget. The Council is no longer able to charge developers for the cost of new bins, bags and boxes provided for new homes. This will impact the level of revenue income generated which has previously been used to increase the capital budget.
<b>Grand Total</b>	<b>12,480,300</b>	<b>(8,580,000)</b>	<b>3,900,300</b>	<b>1,140,573</b>	<b>1,157,282</b>	<b>16,709</b>	

**DECEMBER 2019 - CAPITAL BUDGET MONITORING****APPENDIX C****CORPORATE SUPPORT**

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
ICT Infrastructure	116,900	(69,500)	47,400	35,559	2,336	(33,223)	Part of ICT Strategy Business Case. Implementation has been delayed and a revised plan for delivery has been considered as part of the 2020/21 budget process which incorporates a revised spend profile with £69,500 requested for carry forward into 2020/21.
Customer Contact Centre	7,000	0	7,000	7,000	7,027	27	Release of Flood Reserve for the installation of Qmatic System (OD.067/19).
<b>Grand Total</b>	<b>123,900</b>	<b>(69,500)</b>	<b>54,400</b>	<b>42,559</b>	<b>9,363</b>	<b>(33,196)</b>	

**DECEMBER 2019 - CAPITAL BUDGET MONITORING****APPENDIX D****ECONOMIC DEVELOPMENT**

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Central Plaza Emergency Works	1,350,000	0	1,350,000	695,115	695,054	(61)	Increase to capital programme approved by Council (ED.03/20 07/02/20) to fund emergency works at Central Plaza.
Durranhill Industrial Estate	0	0	0	0	11,986	11,986	Additional footpath works for which there is currently no budget allocated.
Planning Software	150,000	0	150,000	0	0	0	The project has been delayed whilst software options are being evaluated and core components of the project (for example data migration) are being further considered prior to the detail business case and tenders being prepared.
Affordable Homes	50,400	0	50,400	50,400	50,400	0	S106 funding towards provision of Affordable Homes. Project now complete.
<b>Grand Total</b>	<b>1,550,400</b>	<b>0</b>	<b>1,550,400</b>	<b>745,515</b>	<b>757,440</b>	<b>11,925</b>	

**DECEMBER 2019 - CAPITAL BUDGET MONITORING****APPENDIX E****GOVERNANCE & REGULATORY SERVICES**

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Planned Enhancements to Council Property	329,600	0	329,600	61,990	70,105	8,115	Individual projects progressing as planned.
Property Acquisition	150,000	0	150,000	150,000	153,429	3,429	Property purchase now complete. Slight overspend in relation to stamp duty land tax.
Gateway 44	6,459,200	(5,000,000)	1,459,200	145,333	145,831	498	Development and Improvement costs associated with the Junction 44 development.
Empty Properties Initiative	23,200	0	23,200	13,261	0	(13,261)	Funding provided from minor works grant allocation to be used for bringing empty homes back into use.
Disabled Facilities Grants	3,179,500	(500,000)	2,679,500	2,222,877	1,480,773	(742,104)	Mandatory Grants. Increased grant allocation for 2019/20. The position is being closely monitored. An Action Plan confirms expenditure until 2021. carry forward required into future year.
<b>Grand Total</b>	<b>10,141,500</b>	<b>(5,500,000)</b>	<b>4,641,500</b>	<b>2,593,461</b>	<b>1,850,138</b>	<b>(743,323)</b>	



**DECEMBER 2019 - CAPITAL BUDGET MONITORING****APPENDIX F****FLOOD RELATED CAPITAL EXPENDITURE**

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
IC Buildings Flood Capital	(44,200)	0	(44,200)	(44,200)	41,121	85,321	Negative budget carry forward was in relation to expenditure incurred in 2018/19 on the reinstatement of Bitts Park and Civic Centre. Once schemes have been fully developed and approved, budgets will be released from reserves to cover both projected expenditure and also costs incurred in 2018/19.
<b>Grand Total</b>	<b>(44,200)</b>	<b>0</b>	<b>(44,200)</b>	<b>(44,200)</b>	<b>41,121</b>	<b>85,321</b>	

## APPENDIX G

### Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	Marginal	Strengthen the role of Transformation Sub-Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	High	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not monitored nor reviewed (post contract) to ensure that the original business case assumptions have been achieved	Reasonably probable	Marginal	Better project management skills (including contract monitoring) have been introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects, including post contract reviews.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.

Shortfall in level of capital resources generated from Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.
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