

Executive

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Executive
Date:	01 October 2019
Subject:	Capital Budget Monitoring Report 2019/20
Decision Reference:	I018710
Key decision?	No

Summary:

This report provides an update on capital spending compared with budgets for the financial year which started on 1 April 2019.

The tables in this report show the actual expenditure and any grants and contributions for the first four months of this financial year to 31 August 2019, along with the projections for spending and a comparison of the projections against the approved budgets.

Recommendation(s):

Note the current position on the capital budget.

Alternatives Considered:

- | | |
|----|---|
| 1. | This report shows the actual capital expenditure to date, and projected outturns for 2019/20, therefore no alternatives have been considered. |
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Reasons for Recommendation:

To consider the Council's capital budget monitoring position and decide on any corrective action necessary.

1. Background

1.1 In summary:

- Net capital spending is projected to be £47.824m less than the budget at the end of the financial year.
- Gross capital spending is projected to be £56.625m less than the budget at the end of the financial year.

- This report shows that there is likely to be significant slippage in the 2019/20 Capital Programme.

DISCUSSION

Capital Programme

Table A (Position as at 31 August 2019)

Capital Programme	Gross Actual Expenditure £'000	Gross Revised Budget £'000	Gross Latest Forecast £'000	Gross Forecast Variance £'000	Net Actual Expenditure £'000	Net Revised Budget £'000	Net Latest Forecast £'000	Net Forecast Variance £'000
Children's Services								
Readiness for School								
Early Years Sufficiency / Extended Provision	0	71	0	-71	0	71	71	0
Other Readiness for School	7	-30	0	30	7	0	0	0
Sub Total	7	41	0	-41	7	71	71	0
Learn and Achieve								
Devolved Capital	634	1,136	1,136	0	-447	0	0	0
Provision of School Places (Basic Need)	2,519	23,216	23,216	0	-3,485	245	245	0
School Modernisation / Condition Capital	2,056	4,982	4,982	0	625	472	472	0
Academy Projects	0	-8	-8	0	0	-8	-8	0
Other Learn and Achieve	581	2,048	2,048	0	406	1,367	1,367	0
Sub Total	5,791	31,375	31,375	0	-2,901	2,076	2,076	0
Readiness for Adult Life								
Other Readiness for Adult Life	0	2	0	-2	-28	2	0	-2
Sub Total	0	2	0	-2	-28	2	0	-2
Children are Safe and Healthy								
Other Children Safe and Healthy	109	392	392	0	109	392	392	0
Phase 1 & 2 Children's IT	162	164	164	0	162	164	164	0
Sub Total	271	557	557	0	271	557	557	0
Adult Care and Community Wellbeing								
<u>Adult Frailty, Long Term Conditions and Physical</u>								
Disability								
Better Care Fund - Disabled Facility Grants	6,149	6,149	6,149	0	0	0	0	0
Wellbeing								
Public Health								
Sub Total	6,149	6,149	6,149	0	0	0	0	0
Place								
<u>Community Resilience and Assets</u>								
Libraries	59	259	259	0	59	259	259	0
Sub Total	59	259	259	0	59	259	259	0
Sustaining and Developing Prosperity Through								
<u>Infrastructure</u>								
Highways Asset Protection	31,788	35,638	39,509	3,871	14,043	5,700	9,287	3,587
Integrated Transport	698	4,137	1,522	-2,615	-741	870	-1,803	-2,673
Lincoln Eastern Bypass	12,075	48,992	41,309	-7,683	12,075	48,992	41,309	-7,683
Lincoln East-West Link	0	-2	2	3	0	-2	2	3
Spalding Relief Road (Phases 1 to 5)	63	11,994	11,994	0	63	-6	-6	0
Grantham Southern Relief Road	-38	38,986	15,139	-23,847	-5,038	28,294	10,139	-18,155
Transforming Street Lighting	28	458	158	-300	28	458	158	-300
Grantham Growth Point								
Historic Lincoln	34	72	0	-72	300	72	0	-72
Lincolnshire Enterprise Partnership Contribution	0	18,265	7,864	-10,401	0	18,265	7,864	-10,401
National Productivity Investment Fund								
A16/A1073 Spalding to Eye Road Improvement	26	14	30	16	26	14	30	16
Other Highways and Transportation	284	1,161	400	-761	284	1,161	400	-761
Lincoln Growth Point	86	-54	150	204	86	-54	150	204
Lincolnshire Waterways	0	0	0	0	0	-380	-380	0
Network Resilience	463	512	512	0	463	512	512	0
A46 Welton Roundabout (Integrated Transport/NPIF)	42	3,304	575	-2,729	-678	1,304	575	-729
Holdingham Roundabout (Sleaford Growth Schemes)	137	1,988	488	-1,500	137	488	488	0
Lincoln Castle Revealed phase 2	42	0	0	0	683	0	0	0
Other Sustaining and Developing Prosperity Through	2	121	2	-119	2	129	2	-127
<u>Infrastructure</u>								
A46 Roundabouts	237	331	920	589	237	331	920	589
A1084 Safer Road Fund	0	1,246	250	-995	0	0	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	0	645	50	-595	0	0	0	0
Gainsborough Corringham road (Dev with WLDC)	0	716	0	-716	0	716	0	-716
Sleaford Rugby Club (Sleaford Growth Scheme)	3	916	166	-750	3	166	166	0
Sub Total	45,971	169,438	121,039	-48,399	21,973	107,028	69,811	-37,217
Protecting and Sustaining the Environment								
Flood Defence	775	1,100	1,100	0	775	1,100	1,100	0
Flood and Water Risk Management	9	477	477	0	-31	594	594	0
Boston Barrier								
Boston Household Waste Recycling Centre	0	120	120	0	0	120	120	0
Energy from Waste	0	112	112	0	0	112	112	0
Equipment & Vehicles at Waste Transfer Stations	0	393	393	0	0	393	393	0
Fire Suppression at Waste Transfer Stations	0	500	500	0	0	500	500	0
Local Flood Defence Schemes	0	650	650	0	0	650	650	0
Other Protecting and Sustaining the Environment	0	273	273	0	0	273	273	0
Sub Total	784	3,625	3,625	0	744	3,742	3,742	0
Sustaining and Growing Business and the Economy								
Other Sustaining and Growing Business and the	50	475	224	-251	17	475	224	-251
Holbeach Food Enterprise Zone	93	339	4,646	4,307	93	339	4,646	4,307
LEP Skills Investment Programme	976	980	2,384	1,404	976	980	387	-593
Economic Development - Business Unit Development	0	2,000	2,000	0	0	2,000	2,000	0
Sub Total	1,118	3,794	9,254	5,460	1,085	3,794	7,257	3,463
Finance and Public Protection								
<u>Protecting the Public</u>								
Fire and Rescue and Emergency Planning	81	2,335	1,806	-529	81	2,340	1,806	-534
Fire Fleet Vehicles and Associated Equipment	3,356	11,187	6,130	-5,058	3,356	11,187	6,130	-5,058
Registration Celebratory & Coroners Services	8	98	98	0	8	98	98	0
Sub Total	3,445	13,621	8,034	-5,587	3,445	13,626	8,034	-5,592
Enablers and Support to Council's Outcomes								
Broadband	1,101	7,951	4,643	-3,308	1,092	7,951	4,643	-3,308
Infrastructure and Refresh Programme	176	1,261	900	-361	118	1,290	900	-390
Replacement ERP Finance System	2	502	139	-363	2	502	139	-363
Care Management System (CMPP)	0	11	14	3	0	14	14	0
ICT Development Fund	407	895	949	54	407	895	949	54
Windows 10 Refresh 2018	1,470	2,321	2,500	179	1,470	2,321	2,500	179
Cloud Navigator & ICT Innovation	0	5,000	500	-4,500	0	5,000	1,500	-3,500
Property	1,067	6,305	4,751	-1,554	1,007	6,305	4,751	-1,554
Property Rationalisation Programme	106	0	0	0	106	3	0	-3
Blue Light South Park	2,750	1,337	4,131	2,794	2,750	151	1,508	1,357
Lexicon House	0	1,000	0	-1,000	0	1,000	50	-950
Children's Services - Children's Homes	0	250	250	0	0	250	250	0
County Emergency Centre	0	500	500	0	0	500	500	0
Property Area Review	0	550	550	0	0	550	550	0
School Mobile Classroom Replacement	0	300	300	0	0	300	300	0
County Farms Grain Stores	0	80	80	0	0	80	80	0
Property Improvement	0	250	250	0	0	250	250	0
County Farms Private Roads	0	55	55.2	0	0	55	55	0
Sub Total	7,077	28,568	20,512	-8,056	6,951	27,416	18,939	-8,477
Other Programmes								
New Developments Capital Contingency Fund	0	14,138	14,138	0	0	14,138	14,138	0
Sub Total	0	14,138	14,138	0	0	14,138	14,138	0
Total Programme	70,672	271,566	214,941	-56,625	31,607	172,709	124,884	-47,824

1.2 The capital programme comprises a series of schemes/projects which often span a number of years. Where a scheme/project is known to be exhibiting a material variance to its spending profile we will explain this in the narrative.

1.3 As part of the budget monitoring process and in line with the budget setting process, we will review the phasing of spending in the Capital Programme in the autumn to realign capital budgets with current spending plans.

Adult Care and Community Wellbeing

1.4 The programme relates to £6.149m Disabled Facility Grants capital funding, which forms part of the Better Care Fund minimum contribution. We receive this grant and then pass it onto the District Councils in line with the national terms of the funding arrangement. District Councils use this funding to deliver housing adaptations.

Place

Sustaining and Developing Prosperity Through Infrastructure

Lincoln Eastern Bypass (£7.683m underspend)

1.5 The overall position for the project is on target to budget. The forecast underspend is within the current year only and represents the timing differences between the budget and expenditure per year of the project.

Grantham Southern Relief Road (£18.155m underspend)

1.6 The overall position for the project is on target to budget. We are currently forecasting an underspend in this year of the project, although phase 2 of the scheme will start on 2nd September and this will allow us to give an update on the current year forecast later in the year.

Other Highways Schemes

1.7 The overall position of the projects is on target to budget and forecasts represent differences in the timing of expenditure and income compared to budgets each year.

Lincolnshire Enterprise Partnership Contribution (£10.401m underspend)

1.8 We are forecasting an underspend at this stage in the year. The forecast underspend is within the current year and represents the timing differences between the budget and expenditure per year in relation to this programme of works.

Finance and Public Protection

Protecting the Public

1.9 Fire and Rescue and Emergency Planning; and Fire Fleet Vehicles and Associated Equipment (£5.592m underspend)

1.10 The overall position for these programmes is on target to budget. The forecast represents the timing differences between the budget and expenditure per year of the projects.

Enablers and Support to Council's Outcomes

IMT

1.11 The overall position for IMT capital projects is an underspend of £7.328m. The major variations are shown below:

- Broadband (£3.308m underspend) - The forecast represents the expected expenditure for the financial year in line with the current contractual arrangements.
- Cloud Navigator & ICT Innovation (£3.500m underspend) - The forecast represents expected expenditure on related IMT projects in the current financial year.

The overall position is forecast to be within budget as the service defines priority schemes to deliver the required outcomes.

Property

1.12 The overall position for Property projects against the 2019/20 approved budget is an underspend of £0.948m. The major variances are shown below.

- Blue Light on target to budget - The construction and associated capital cost for South Park to be incurred in 2019/20 is expected to be £4.300m. The total project spend is in line with the budget. Lincolnshire Police funding will be recovered in line with the TriService collaboration agreement. Our net costs are to be funded from the capital contingency fund and will be drawn down during the financial year. This is currently estimated to be £1.394m.
- Lexicon House (£0.950m underspend) - There has been a delay in establishing specific space requirements. Work is on-going with minor spend this year prior to construction activity next financial year.
- Property (£1.554m underspend) - The forecasted underspend is due to the timing of payments into 2020/21 and budget will be re-phased into future years. The overall scheme forecasts remain unchanged.

Other Programmes

1.13 For 2019/20 we set aside £7.500m in a New Developments Capital Fund for capital schemes which emerge during the financial year. There was an underspend against this fund in 2018/19 of £6.638m which has been carried forward and is available for schemes in 2019/20. This gives a total New Developments Capital Fund of £14.138m in 2019/20.

1.14 To date during this financial year £6.749m has been allocated leaving £7.339m available for emerging schemes. Allocated budgets will be moved to the relevant schemes later in the year as soon as this is required.

1.15 It is planned that £4.138m will be re-phased to next year 2020/21 as part of the budget setting exercise in the autumn and will be available for allocation from that year. Therefore the remaining available budget for allocation this year will be £3.201m.

Capital Financing

1.16 The following table sets out the planned financing of the capital programme:

CAPITAL PROGRAMME FUNDING		
	Gross	Net
Source of Financing	£'000	£'000
Revenue Funding of Capital	600	600
Borrowing	167,908	167,908
Use of Capital Grants Unapplied	3,950	3,950
Grants and Contributions	98,857	0
Use of Earmarked Reserves	252	252
TOTAL FUNDING	271,566	172,709

1.17 As this report is showing that the capital programme is forecast to underspend in 2019/20, the amount of borrowing required is likely to be lower than the figure shown in the table by at least £40.000m. Decisions on borrowing are taken in accordance with the Scheme of Delegation and the Treasury Management Strategy 2019/20.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

* Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

* Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic

* Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

* Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

As the Report simply reports on performance against the capital budget, there are no implications that need to be taken into account by the Executive.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

As the Report simply reports on performance against the capital budget, there are no implications that need to be taken into account by the Executive.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting

the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

As the Report simply reports on performance against the capital budget, there are no implications that need to be taken into account by the Executive.

3. Conclusion

3.1 The Council's current position on the capital programme are within the report for the Executive to note.

4. Legal Comments:

The Report sets out an update on spending to 31 August 2019 compared with the capital budget for the financial year starting on 1 April 2019 to assist the Executive to monitor the financial performance of the Council.

5. Resource Comments:

The report indicates that the current year capital budget is projected to be spending within the resources available and therefore no additional call on the reserves of the Council are expected be required within the current financial year. The forecast underspend will impact on the revenue budget in that there will be a resulting underspend on capital financing charges.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The report is due to be considered by the Overview and Scrutiny Management Board at its meeting on 26 September 2019. Any comments of the Board will be presented to the Executive.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

N/A

7. Background Papers

Document title	Where the document can be viewed
Budget Book 2018/19	This can be found in the Council's website by following this link .

This report was written by Michelle Grady, who can be contacted on 01522 553235 or michelle.grady@lincolnshire.gov.uk.

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