

Report

Cabinet

Part 1

Date: 18 December 2017

Subject Capital Programme Monitoring and Additions November 2017

Purpose To submit to Cabinet for approval, requests for new capital schemes to be added to the Council's Capital Programme.

To update Cabinet on current spending against the Capital Programme schemes highlighting the forecast outturn position for the programme as at November 2017.

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Ward All Wards

Summary The report requests that new schemes be added to the programme.

The report also updates Cabinet on the current capital expenditure position as at the end of November 2017 along with the forecast outturn for 2017/18. The net effect of the forecasts provided shows an overall Authority-wide underspend variance of £10,157k against the budget of £46,919k. This includes forecast slippage of budget into 2018/19 to the value of £8,024k, giving a true forecast underspend of £2,133k.

The report also updates Cabinet on the current position regarding capital receipts. To date £886k has been received in-year (excluding JV receipts); which is a significant amount towards the £1,000k target.

Proposal To approve the additions to the Capital Programme requested in the report.

To note the capital expenditure forecast position as at November 2017.

To note the balance of and approve the allocation of in-year capital receipts.

Action by Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Heads of Service
- Accountancy teams for relevant service areas
- Relevant Service Area Project Managers
- NORSE Property Services

Signed

Background

- 2017/18 is the final year of the current four-year capital programme originally approved by Council in February 2014 at an overall cost of £80.551 million. Over time, a number of changes have been made to the programme due to emerging developments, re-evaluation of priorities and the availability of specific funding sources; these changes have been reported to and approved by Cabinet on a quarterly basis over the past three years. The total budget for the period as a whole now stands at £132.292 million, which has increased slightly from the September 2017 report. The table below summarises the changes made to date:

Report	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's
	Budget	Budget	Budget	Budget	
Original Programme	42,619	12,222	11,414	14,296	80,551
	Actual	Budget	Budget	Budget	
Capital Programme Outturn Report 14/15	27,197	39,993	27,813	20,063	115,066
	Actual	Actual	Budget	Budget	
Capital Programme Outturn Report 15/16	27,197	25,783	42,137	18,198	113,315
	Actual	Actual	Actual	Budget	
Capital Programme Outturn Report 16/17	27,197	25,783	32,393	39,456	124,829
Capital Programme Monitoring & Additions Report July 2017	27,197	25,783	32,393	43,312	128,685
Capital Programme Monitoring & Additions Report Sept 2017	27,197	25,783	32,393	46,792	132,165
This Report	27,197	25,783	32,393	46,919	132,292

Changes to the approved Capital Programme

- The changes to the capital programme identified in this report have increased the overall size of the current year programme by £127k since reported in September 2017. Appendix A shows the revised capital programme for 2017/18 including the proposed changes which are to be approved by Cabinet. This has increased the borrowing requirements by £50k for 2017/18, but this has already been factored into the work undertaken for the 2018/19 capital programme. These changes are summarised in the paragraphs below.
- St Julian's High Building Improvements (£145k)** – The school has submitted a bid which has been approved to increase the capacity of the school toilets. Scheme is expected to be completed in 2017/18. This has been funded from schools works reserve.
- Glan Llyn Fixtures, Fittings and Furniture (£50k)** – Based on an Education report presented in September 2016, £615k was added to the 2018/19 capital programme in readiness for the school to be open in September 2018. £50k of this £615k scheme has now been brought forward to 2017/18.
- Schools Computer Replacements Programme (£116k)** – Four schools (St Gabriel's, St Woolos, Maesglas, Pentrepoeth) have submitted capital bids which have been approved for their replacement IT programmes.
- Maplewood Play Area (-£184k)** – Budget Reduced in line with annual spend for S106 monies. Scheme has now been completed for 2017/18

2017/18 Capital Expenditure Position as at December 2017

- The 2017/18 capital programme allocation now totals £46,919k. Capital expenditure incurred up to the end of November 2017 totalled £17,866k – which represents 38.1% of the overall budget. Whilst this seems low, it is appreciated that a significant level of capital expenditure tends to be incurred in the later part of the financial year. This has been the trend for many years and is often unavoidable, for example where a grant awarding body provides notification of funding in the latter half of the financial year, there is increased pressure for NCC officers to complete schemes by 31st March.
- Project managers will be expected to continue controlling their schemes robustly and monitor them closely to ensure accurate forecasting continues. Poor or inaccurate forecasting is unhelpful for future planning, particularly at the current time as the funding envelope for the next medium term capital programme is in the midst of being developed and will be finalised in January-February 2018.
- The forecast outturn position for the 2017/18 programme is currently estimated to be £36,762k (78.4% of available budget) as detailed in the following table. An update on the headline/ high value schemes is provided in the next section; Appendix A summarises the progress on the remainder of this year's programme.

Service Area	Approved Budget 2017/18	Forecast Outturn	Slippage	(Under)/Over Spend
	£000's	£000's	£000's	£000's
Education	27,722	22,918	(4,856)	52
Regeneration, Investment & Housing	10,865	7,828	(3,112)	75
People & Business Change	2,777	512	0	(2,265)
Law & Regulation	6	6	0	0
Adult & Community Services	826	818	(15)	7
Children & Young People Services	26	26	0	0
Streetscene & City Services	4,697	4,654	(41)	(2)
TOTAL	46,919	36,762	(8,024)	(2,133)

Update on Headline/ High Value Schemes

Education

- Within the 21st Century Schools Band A Programme, three of the original six project streams remain ongoing. Currently, planning assumes that all Band A projects will be completed in 2018/19: The final works include the rebuild of Caerleon Lodge Hill Primary, the expansion of Maes Ebbw Special School as part of the Special Education Needs provision and Ysgol Gyfun Gwent Is Coed (YGGIC)/ John Frost School. All works are complete in relation to the Nursery provision, Demountable replacement and the Welsh-medium Primary programmes. Works continue to progress with the YGGIC/ John Frost School project on schedule with the buildings due to be handed over in March 2018.

- Following the delays experienced due to the increased costs, the contraction works commenced at the Caerleon Lodge Hill Primary rebuild project in November 2017. Preparation works to the new location is underway while the site is also being secured. Major construction works will commence in January 2018. The school building is expected to be available for handover in October 2018 which will allow for the relocation works to take place during the half term break. The demolition of the junior building and landscaping works are expected to be completed by March 2019. Following a value engineering exercise the final business case element will be submitted to Welsh Government in January 2018 for consideration. The business case will be seeking a contribution towards the increased costs which will reduce the burden for NCC.
- Following the opening of Newport's first ASD School, Ysgol Bryn Derw, which opened in September 2017 focus now moves to the final design and tender works for the proposed 7 classroom extension at Maes Ebbw Special School. Construction works are expected to commence in the summer of 2018 with a completion date expected in the Spring of 2019. The final element of the business case will be completed in the spring of 2018 once the tendering exercise has been completed.
- The Demountable Replacement Programme has been completed but minor works are ongoing at Langstone Primary and Pentrepoeth Primary which is expected to be completed in early January 2018 at the latest. The nursery in Pentrepoeth Primary School will open to pupils on January 11th 2018.

Regeneration, Investment and Housing

- The Gypsy/Traveller Site development has a total budget remaining in 2017/18 of £2,723 which was expected to be fully spent in 2017/18. Of the £2,723k budget, £1.5m is Welsh Government grant funding, Newport City Council is currently forecasting a further drawdown of £528k from the grant funding prior to the end of this financial year. This means that a significant portion of the grant will be unspent, the balance will be subject to a new bid, which is not guaranteed and if unsuccessful the remaining costs could fall to the Council. The contractor is due to start on site in February 2018 and will commence work on the cut and fill, as well as starting work on the provision of the utilities, and the foundations for plots 1 and 2B which will be the first to be occupied

Currently Newport City Council has, in addition to Welsh Government funding, an allocation of £1.2m of NCC monies within the current capital programme for the project which can be utilised 2017/18 and 2018/19 financial years. It will be essential to complete the development to receive those subsequent Welsh Government funds.

- Civic Centre/ Info Station Relocations – works have commenced and are ongoing, with full spend of the £1,500k budget expected to be achieved before the end of the financial year.
- The Renovation Grants budget, currently split between Disabled Facilities Grants (£1,136k) and Safety at Home (£300k) but can be flexed between each other as necessary, is forecast to be underspent by £320k. This is due to the fact that additional funding from Welsh Government was made available after the programme for the year was finalised. Officers are now working through the implications of this and will be factored into the programme for 2018/19. The manager has confirmed that full spend next year of the annual budget and any slippage from 2017/18 will be able to be fully spent.
- Following full reconciliation of the Asset Maintenance budget of £1,504k, works are progressing according to the priority schedule controlled by Norse, with costs expected to be fully processed by the end of the financial year, although this needs to be closely managed by Newport City Council Officers.

People and Business Change

- The IT System & Equipment Replacement Programme remains ongoing, with full spend of the £225k budget forecasted.

- The significant underspend within People and Business Change is the Change and Efficiency programme due to there being no call on the budget within the 2017/18 programme.

Law and Regulation

- CCTV Monitoring Service – this scheme has completed, small underspend has been forecasted.

Adult and Community Services

- Both the Telecare Service Equipment and GWICES schemes are progressing as planned.

Children and Young People Services

- The purchase of a new respite caravan has now happened and the scheme is now complete.

Streetscene and City Services

- Fleet Replacement Programme – vehicle purchases are progressing well, with £500k currently remaining to be spent against the budget of £2,077k this year. Programme is almost completed.
- The 2017/18 grant allocations for Local Transport Fund and Road Safety Capital are forecast to be fully spent by the end of the financial year, as works continue.

Update on Capital Receipts

- Capital receipts continue to be earmarked for use as match funding for the 21st Century Schools Programme as per current Cabinet policy, with a current balance of £11m available as at the end of November 2017. Of this, circa £8m is estimated to be required for the remainder of 21CS Band A up to the end of 2018/19. The new capital programme currently being developed will include proposals for the use of remaining receipts beyond the current commitment, as part of the overall funding envelope available to the Council.
- Norse Property Services anticipate that a further £184k of capital receipts on property disposals should be achieved by the end of the financial year, in addition to the sums already received as per the table below.

Asset Disposed	Receipts Balance b/f	Receipts Received in Year	Total Available Receipts 2017/18	Receipts Earmarked For:	
				21st Century Schools	Fleet Replacement Programme
	£	£	£	£	£
Balance b/f from 2016/17	10,132,291		10,132,291	8,496,494	6,384
16 Charles Street		250,000			
Cot Farm Circle		390,000			
Land at Corporation Road		100,000			
Oliphant Circle Garages		30,000			
Baneswell Nursery		100,000			
Land at Pill County Primary		16,000			
TOTAL NCC RECEIPTS	10,132,291	886,000	11,018,291	8,496,494	6,384

- The table below shows capital receipts held for Newport Unlimited, which are attributable to the previous joint arrangement between Newport City Council and Welsh Government. As

previously reported to Cabinet, these funds are earmarked for city centre regeneration and require WG approval to spend. Positive dialogue between senior officers and WG officials is ongoing.

Capital Receipts Held for Newport Unlimited	Balance b/f	Receipts Received in Year	Currently Committed to Projects	Balance c/f
	£	£	£	£
Balance b/f from 2016/17	1,609,376			1,609,376
Land at old Town Dock final instalment		1,000,000		1,000,000
Commitments earmarked this year				
- National Cyber Academy			(300,000)	(300,000)
- Contribution to 123/129 Commercial Street			(300,000)	(300,000)
- Info Station contribution to Cardiff University			(575,000)	(575,000)
TOTAL NU RECEIPTS	1,609,376	1,000,000	(1,175,000)	1,434,376

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Overspend against approved budget	M	L	Regular monitoring and reporting of expenditure in accordance with the timetables set by Cabinet/Council should identify any issues at an early stage and allow for planned slippage of spend.	Corporate Directors / Heads of Service / Head of Finance
Programme growing due to unforeseen events	M	M	Good capital monitoring procedures and effective management of the programme should identify issues and allow for plans to defer expenditure to accommodate urgent works. Priority asset management issues are now being dealt with through a specific programme allocation.	Corporate Directors / Heads of Service / Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

- The programme supports a large number of the Council's aims and objectives.

Options Available

- To approve the changes to the Capital Programme and note the monitoring position as set out in the report, including the use of capital receipts.
- The Cabinet has the option not to put forward some or all of the changes to the Capital Programme set out in the report.

Preferred Option

- To approve the changes to the Capital Programme and note the monitoring position as set out in the report, including the use of capital receipts.

Comments of Chief Financial Officer

Financial issues are reported in the main body of the report. This is an important year as the development of the new capital programme beginning 2018/19 requires the Council to estimate slippage from the current year into 2018/19 so that appropriate revenue budget cover to deal with any borrowing costs are dealt with. Forecasting and delivery of the programme is therefore more important this year as it ever has been.

The forecast outturn position will continue to be monitored on a monthly basis.

Comments of Monitoring Officer

There are no legal issues arising from this report.

Staffing Implications: Comments of Head of People and Business Change

There are no direct HR implications associated with the report.

Comments of Cabinet Member

N/A

Local issues

As the report deals with the Capital Programme for the Authority as a whole, there are no local issues.

Scrutiny Committees

N/A

Equalities Impact Assessment

N/A

Children and Families (Wales) Measure

N/A

Consultation

As set out in the early part of the report.

Background Papers

Capital Programme 2014/15 to 2017/18 – February 2014

Capital Programme Monitoring and Additions Report – July 2014

Capital Programme Additions Report – October 2014

Capital Programme Monitoring Report – November 2014

2015/16 Budget & Medium Term Financial Plan – February 2015

Capital Programme Monitoring and Additions Report – February 2015

Capital Programme Outturn 2014/15 – June 2015

Capital Programme Additions Report – July 2015

Capital Programme Monitoring Report – October 2015

Capital Programme Monitoring and Additions Report – January 2016
2016/17 Budget & Medium Term Financial Plan – February 2016
Capital Programme Outturn 2015/16 – June 2016
Capital Programme Monitoring and Additions Report – September 2016
Education Capital Programme Report – September 2016
Capital Programme Monitoring and Additions Report – November 2016
Capital Programme Monitoring and Additions Report – January 2017
2017/18 Budget & Medium Term Financial Plan – February 2017
Capital Programme Outturn 2016/17 – June 2017
Capital Programme Monitoring and Additions Report – September 2017

Dated: 14th December 2017

APPENDIX A – Capital Expenditure as at November 2017

SCHEME	BUDGET 2017/18	ACTUAL 2017/18	FORECAST OUTTURN	NOTIONAL CHARGE	TOTAL VARIANCE	SLIPPAGE	(UNDER)/ OVER SPEND	COMMENT
EDUCATION								
STEP	166	25	166		0	0	0	Full spend anticipated by the end of 17/18 subject to need.
St Andrews Primary 3FE Works	174	136	174		0	0	0	Waiting for final account, expecting some underspend to be utilised in 18/19
21C Schools - School Reorganisation - Lodge Hill New Build	3,853	458	1,000		(2,853)	(2,853)	0	Costings finalised, scheme progressing, slippage expected due to delays and completion due in 18/19
21C Schools - Ysgol Gyfun Gwent Is Coed / John Frost School	13,751	11,610	13,000		(751)	(751)	0	Main Construction to be completed in 17/18, FFE due to be purchased in 18/19
21st Century Schools - Special Sector Maes Ebbw	1,650	93	400		(1,250)	(1,250)	0	Scheme commenced, tendering to take place in April
21st Century Schools - Replacement of Demountable	2,376	1,539	2,275		(101)	0	(101)	Projects completing soon, underspend anticipated.
John Frost School - Additional Funding	3,978	290	3,978		0	0	0	Works ongoing as part of main project above.
Jubilee Park Primary FF&E	385	164	355		(30)	(30)	0	Majority spent in 17/18 It works to be done in 18/19 so anticipating 30k slippage
Bassaleg High School - CCTV	50	50	50		0	0	0	Scheme complete, costs now being processed.
High Cross Primary - IT Refresh	28	28	28		0	0	0	Fully Spent
Caerleon Comp IT Replacement	373	373	373		0	0	0	Fully Spent
Llisbury High IT Replacement	62	62	62		0	0	0	Fully Spent
St Julians High Building Improvements	145	0	145		0	0	0	New Scheme, Toilet refurbishment full spend expected
Glan Llyn FF&E Works	50	0	0		(50)	(50)	0	FFE budget small amount needed this FY, majority to be

								spent when school opens in 18/19
ST Gabriels	25	0	25		0	0	0	New Scheme - funded by school
St Woolos	11	0	11		0	0	0	New Scheme - funded by school
Maesglas	6	0	6		0	0	0	New Scheme - funded by school
Pentrepoeth	74	0	74		0	0	0	New Scheme - funded by school
School Asset Improvements	565	0	643		78	78	0	New scheme. Full Spend expected.
Prior Year Scheme Accruals	0	9	153		153	0	153	Prior year retentions waiting to be paid, overspend forecast relates to fitout of Ysgol Bryn Derw.
Subtotal Education	27,722	14,837	22,918	0	(4,804)	(4,856)	52	
REGENERATION, INVESTMENT & HOUSING								
Gypsy/ Traveller Site Development	2,724	(39)	600		(2,124)	(2,124)	0	Scheme ongoing.
City Centre Redevelopment CPO Schemes	66	141	141		75	0	75	CPOs now all settled, resulting in an overspend against budget.
Renovation Grants (DFGs, Safety at Home)	1,569	610	1,249		(320)	(320)	0	Scheme progressing as planned, anticipated underspend
ENABLE Adaptations Grant	187	78	187		0	0	0	Scheme progressing as planned.
HLF Market Arcade	181	84	181		0	0	0	Scheme progressing as planned, requested delivery stage to be extended
Asset Management	1,504	0	1,504		0	0	0	Scheme progressing as planned, full spend expected
Flying Start	20	0	20		0	0	0	Slippage from 16/17 - Small NCC allocation to cover additional works to grant funded projects.
Flying Start Grant 17/18	196	3	236		40	40	0	Potential additional funding of £39k available

Central Library Structural Safety Works	679	7	16		(663)	(663)	0	Only scaffolding costs, further progress unlikely this year.
Indoor Market Facilities Improvements	50	0	5		-45	(45)	0	Scheme delayed
Civic Centre / Info Station Service Relocations	1,500	148	1,500		0	0	0	Scheme progressing
Info Station NSA Enabling	575	0	575		0	0	0	Scheme progressing
123-129 Commercial Street (Pobol Regen)	1,246	0	1,246		0	0	0	Scheme progressing
National Cyber Academy (WG)	300	300	300		0	0	0	Spend complete.
Replacement of Council Chamber audio system.	68	0	68		0	0	0	Scheme Progressing
Prior Year Scheme Accruals	0	(636)	0		0	0	0	Prior year retentions waiting to be paid.
Subtotal Regeneration, Investment & Housing	10,865	696	7,828	0	(3,037)	(3,112)	75	
PEOPLE & BUSINESS CHANGE								
Replacement of High Volume Printing/Copying Machines	210	0	210	210	0	0	0	3 year lease @ £70k per annum.
IT System & Equipment replacement	225	20	225		0	0	0	Allocation for 2017/18 to be spent as required, ongoing.
Corporate EDMS Roll Out	13	0	13		0	0	0	Project dependant on post being filled.
Members IT Refresh	44	39	39		(5)	0	(5)	Scheme complete - £5k underspend confirmed.
Implementation of HR Self Serve	85	0	25		(60)	0	(60)	Underspend forecast.
Amount Reserved for Change & Efficiency Programme	2,200	0	0		(2,200)	0	(2,200)	Schemes yet to be identified.
Subtotal People & Business Change	2,777	59	512	210	(2,265)	0	(2,265)	
LAW AND REGULATION								
CCTV - 24/7 Team - Development of CCTV Monitoring Service	6	3	6		0	0	0	Scheme complete, final costs to be paid.
Subtotal Law & Regulation	6	3	6	0	0	0	0	

ADULT & COMMUNITY SERVICES								
Telecare Service Equipment	30	4	15		(15)	(15)	0	Change in supplier has delayed the service causing slippage
Appliance/Equipment for Disabled	165	165	165		0	0	0	Scheme complete.
ICF Centrica Lodge Improvements	337	0	337		0	0	0	Scheme progressing
SMAF Capital 17-18	294	0	294		0	0	0	Award for 17/18 confirmed.
Prior Year Scheme Accruals	0	7	7		7	0	7	Prior year retentions completed at higher cost than previously accrued.
Subtotal Adult & Community Services	826	176	818	0	(8)	-15	7	
CHILDREN & YOUNG PEOPLE SERVICES								
C + YP Looked After Caravan	26	26	26		0	0	0	Scheme Complete.
	26	26	26	0	0	0	0	
STREETSCENE & CITY SERVICES								
Fleet Replacement Programme	2,077	1,670	2,077		0	0	0	Annual allocation 17/18 - full spend forecast.
Waste Disposal Site Finishing & Development Works	5	70	70		65	0	65	Scheme substantially complete.
Bus Station - City Centre Redevelopment	297	88	230		(67)	0	(67)	Works nearing completion, potential underspend.
Flood Risk Regulation Grant	26	25	35		9	9	0	Full spend expected.
Decommissioning of Public Toilets	20	0	0		(20)	(20)	0	Scheme yet to commence, likely to slip into 18/19.
Pye Corner Railway Station Development Works	50	0	50		0	0	0	Full spend of remaining WG funding anticipated this year on Japanese Knot Weed Treatment and Landscaping.
Highways Local Government Borrowing Initiative	68	0	68		0	0	0	Scheme now complete, final certificate due to be processed.
Highways Capitalised Maintenance (Annual Sums)	500	113	470		(30)	(30)	0	Annual allocation, ongoing.
Llisbury Recreation Ground	188	7	187		(1)	(1)	0	Scheme ongoing.

Changing Rooms								
Maplewood Play Area	41	41	41		0	0	0	Scheme Complete.S106 monies
George Street/ Lower Dock Street Junction Improvements	75	0	75		0	0	0	Full spend this year anticipated on monitoring and additional upgrade works.
Peterstone Sewage Scheme	68	0	68		0	0	0	Scheme currently being developed further, additional budget likely to be required.
Cemetery Infrastructure Improvements	184	6	184		0	0	0	Scheme ongoing.
Local Transport Fund 2017/18	1,049	59	1,049		0	0	0	Full spend expected.
Road Safety Capital 2017/18	4	4	4		0	0	0	Full spend expected.
Telford Depot CCTV	25	0	25		0	0	0	New scheme.
Home Farm Playground Facility - Caerleon	20	0	20		0	0	0	Scheme ongoing.
Prior Year Scheme Accruals	0	(15)	0		0	0	0	Prior year retentions waiting to be paid.
Sub total StreetScene & City Services	4,697	2,068	4,654	0	(43)	(41)	(2)	
TOTAL COST OF PROGRAMME	46,919	17,866	36,762	210	(10,157)	(8,024)	(2,133)	