

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 11

meeting date: 27 JUNE 2017
title: CAPITAL OUTTURN 2016/17
submitted by: DIRECTOR OF RESOURCES
principal author: ANDREW COOK

1 PURPOSE

1.1 The purpose of this report is to review the final outturn of the 2016/17 capital programme for Policy and Finance Committee and to seek member approval for the slippage of some capital scheme budgets from the 2016/17 financial year to the 2017/18 financial year.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified.
- Corporate Priorities - to continue to be a well-managed council providing efficient services based on identified customer need.
- Other Considerations – none identified.

2 BACKGROUND

2.1 The capital programme total approved budget for this committee's five schemes was £272,500, after the addition of slippage from the 2016/17 financial year.

2.2 At revised estimate stage, the following changes were made to the capital programme:

- The budgets for the Clitheroe Townscape and Economic Development Initiatives schemes, totalling £155,000, were moved to the 2017/18 financial year.
- The 2016/17 budget required on the combined Council Offices Re-roofing and Council Offices Replacement Windows and Rooflights schemes was reduced by £12,970, from £17,500. This was because contract spend required in 2016/17 was only £4,530. The majority of the budget reduction in 2016/17 was due to the final £12,450 contract retention payment not being payable until May 2017. This resulted in £12,450 of budget being moved to the 2017/18 financial year.

2.3 This left a revised capital programme of £104,530, made up of three schemes.

2.4 During the financial year this committee has received reports monitoring the progress of the schemes within the programme.

2.5 As part of the closure of accounts process, capital programme expenditure has been capitalised and added to the balance sheet or charged to revenue where appropriate.

3 CAPITAL OUTTURN 2016/17

3.1 The table overleaf summarises the overall financial position on the capital schemes for this committee. It shows budget approvals, slippage from 2015/16, budget moved to 2017/18, actual expenditure in-year and slippage requested.

| <i>BUDGET ANALYSIS</i> | | | | <i>EXPENDITURE</i> | <i>SLIPPAGE</i> | |
|-----------------------------------|-------------------------------|---------------------------------------|----------------------------------|---------------------------------|------------------------------------|--------------------------------------|
| Original Estimate 2016/17 £ | Slippage from 2015/16 £ | Total Approved Budget 2016/17 £ | Revised Estimate 2016/17 £ | Budget Moved to 2017/18 £ | Actual Expenditure 2016/17 £ | Requested Slippage into 2017/18 £ |
| 100,000 | 172,500 | 272,500 | 104,530 | 167,450 | 123,990 | 6,650 |

3.2 Actual expenditure on the capital programme was £123,990, which was £19,460 higher than the revised estimate budget. The main reasons for this higher spend are as follows:

- **PRGCP – Performance Reward Grants (+£26,110):** The Council is required to capitalise 50% of the Performance Reward Grants (PRG) expenditure that is paid out each year, this being £26,110 in 2016/17. In essence this is purely an accounting adjustment, rather than an overspend, and the grants are fully funded from PRG grant monies that the Council have previously received.
- **ITSAN - ICT Infrastructure Refresh (-£6,646):** The IT consultant input required to complete the infrastructure refresh could not be scheduled in until early 2017/18. Slippage of £6,650 into 2017/18 is requested to help fund the IT consultant expenditure required. The IT consultant input cost in 2017/18 is £8,000. Given the slippage request of £6,650, then this scheme will overspend by £1,350 in 2017/18. This is just over 1% of the total scheme budget and is due to a small number of unforeseen peripheral items required as part of the scheme.

3.3 Annex 1 shows the full capital programme budget and expenditure in-year for each scheme and highlights the requested slippage.

4 SLIPPAGE

4.1 Where capital schemes are not financially complete at year-end and there is an unspent budget to be moved into the next financial year, this is known as slippage. For this Committee slippage of £6,650 is requested into 2017/18 for the ICT Infrastructure Refresh scheme.

4.2 Attached at Annex 2 is the request for slippage form. This Committee is asked to consider and approve the request.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – A sum of £6,650 has been set aside in the Council's capital resources to fund the requested slippage. The additional spend of £1,350 required on the ICT Infrastructure Refresh scheme in 2017/18 will be financed from the ICT repairs and renewals earmarked reserve.
- Technical, Environmental and Legal – None.
- Political – None.
- Reputation – Sound financial planning for known capital commitments safeguards the reputation of the Council.
- Equality and Diversity – Equality and diversity issues are examined as part of the capital bid appraisal process.

6 CONCLUSION

- 6.1 Actual expenditure on the capital programme was £123,990, which was £19,460 higher than the revised estimate budget. The main reason for this higher spend is because the Council is required to capitalise 50% of the Performance Reward Grants spend each year, this being £26,110 in 2016/17. This is purely an accounting adjustment and the grants are fully funded from grant monies that the Council have received.
- 6.2 The ICT Infrastructure Refresh Scheme was almost complete at year-end. Slippage of £6,650 is required to help fund the final expenditure on the scheme in 2017/18.
- 6.3 The contract work on the Council Offices Re-roofing and Council Offices Replacement Windows and Rooflights schemes was completed in-year.

7 RECOMMENDED THAT COMMITTEE

- 7.1 Consider the request for slippage shown at Annex 2 and approve the slippage of £6,650 into the 2017/18 financial year for the ICT Infrastructure Refresh scheme.

SENIOR ACCOUNTANT
PF35-17/AC/AC
16 June 2017

DIRECTOR OF RESOURCES

BACKGROUND PAPERS: None
For further information please ask for Andrew Cook.

POLICY AND FINANCE COMMITTEE
Capital Programme Outturn 2016/17

| Cost Centre | Scheme | Original Estimate 2016/17 £ | Slippage from 2015/16 £ | Total Approved Budget 2016/17 £ | Revised Estimate 2016/17 £ | Budget Moved to 2017/18 £ | Actual Expenditure 2016/17 £ | Slippage into 2017/18 £ |
|-------------|--|-----------------------------------|-------------------------------|---|-------------------------------------|------------------------------------|---------------------------------------|-------------------------------|
| ITSAN | ICT Infrastructure Refresh (Storage Area Network (SAN) and Network & Server Replacement) | 100,000 | 0 | 100,000 | 100,000 | 0 | 93,354 | 6,650 |
| OROOF | Council Offices – Re-roofing | 0 | 14,760 | 14,760 | 3,170 | 7,910 | 3,169 | 0 |
| WINDW | Council Offices – Replacement Windows and Rooflights | 0 | 2,740 | 2,740 | 1,360 | 4,540 | 1,357 | 0 |
| TNSCP | Clitheroe Townscape Scheme | 0 | 55,000 | 55,000 | 0 | 55,000 | 0 | 0 |
| ECDVI | Economic Development Initiatives | 0 | 100,000 | 100,000 | 0 | 100,000 | 0 | 0 |
| PRGCP | Performance Reward Grants | 0 | 0 | 0 | 0 | 0 | 26,110 | 0 |
| | Total Policy and Finance Committee | 100,000 | 172,500 | 272,500 | 104,530 | 167,450 | 123,990 | 6,650 |

Request for slippage into 2017/18

| | |
|--|---|
| Cost Centre and Scheme Title | ITSAN: ICT Infrastructure Refresh (Storage Area Network (SAN) and Network & Server Replacement) |
| Scheme Description | Corporately coordinated update of ICT equipment, including desktop and network with better business continuity resilience and improved data storage to meet increased use of ICT software functionality and to also potentially allow for more flexible working practices. |
| Head of Service | Lawson Oddie |
| Year Originally Approved | 2016/17 (Annual Scheme) |
| Revised Estimate 2016/17 for the Scheme | £100,000 |
| Actual Expenditure in the Year 2016/17 | £93,354 |
| Variance - (Underspend) or Overspend | (£6,646) |
| Please provide full reasons for the (under) or over spend variance shown above? | The IT consultant input required to complete the infrastructure refresh could not be scheduled in until early 2017/18. The IT consultant input cost is £8,000. Given the slippage request of £6,650, then this scheme will overspend by £1,350. This is just over 1% of the total scheme budget and is due to a small number of unforeseen peripheral items required as part of the scheme. |

Slippage Request

| | |
|---|--|
| Please grant the amount of Budget Slippage from 2016/17 to 2017/18 requested. | £6,650 |
| Please give detailed information on the reasons for any request for slippage. Please provide as much information as possible in order to allow the request to be fully considered. Attach any information that you feel may be relevant. | The IT consultant input required to complete the infrastructure refresh could not be scheduled in until early 2017/18 - the work was completed by early May 2017. The committee is asked to approve £6,650 slippage from 2016/17 to 2017/18. The IT consultant input cost is £8,000, so the additional budget of £1,350 will be financed from the ICT repairs and renewals earmarked reserve. |
| By what date would the work or services related to any requested slippage be completed, if it were to be approved. | By May 2017. |