
GENERAL FUND CAPITAL PROGRAMME MONITORING AND CHANGES

To: **Cabinet – 24 November 2015**

Main Portfolio Area: **Financial Services and Estates**

By: **Portfolio Holder for Financial Services and Estates**

Classification: **Unrestricted**

Ward: **All wards**

Summary: To agree General Fund Capital Programme Monitoring and Changes

For Decision

1.0 Introduction and Background

1.1 Given the Council's resource profile and constraints, a review of the General Fund 2015/16 capital programme has been undertaken and opportunities identified to (i) transfer, remove and defer capital projects, and (ii) switch capital funding.

2.0 Transfer, Removal and Deferral

2.1 Following consultation with project managers, the transfer, removal and deferral opportunities are proposed for the General Fund 2015/16 capital programme as per section 2.5 below.

2.2 Public Conveniences: £150,712 has been retained in the 2015/16 capital budget for Joss Bay toilet enhancements but £125,000 is not programmed to be spent in 2015/16. A review of Asset Management will be undertaken, within which the Public Conveniences will be evaluated.

2.3 Options will be considered for the Waste Transfer Station and Margate Cemetery Extension projects. Some £616,522 of the Waste Transfer Station budget has been re-allocated to the Vehicle Replacement Programme for frontline services. The remaining budgets on Grounds Maintenance Replace Mowers and Vehicles (£237,758) and Replacement of Waste Collection Fleet (£392,952) have been transferred into the Vehicles Replacement Programme as a consolidation measure. Funding for the Margate Cemetery Extension has been removed, pending an assessment of options.

2.4 The Property Enhancement Programme budget is not committed in 2015/16 but a provision has been retained for 2017/18 onwards.

2.5 Transfers, removals and deferrals proposed for the General Fund 2015/16 capital programme are shown in the table below.

Project name	Budget Deferral into 2016/17 & 2017/18	Budget Removal from 2015/16 Programme	Budget Transfer to Vehicle Replacement Programme 2015/16
	£	£	£
Margate Pedestrian Connections	24,345.00		
Jackey Bakers	50,000.00		
Public Conveniences		125,000.00	
Property Enhancement Programme		200,000.00	
Swimming Pool/Sports Hall Enhancements		34,429.00	
Margate Cemetery Extension		348,994.50	
Grounds Maintenance Replace Mowers and Vehicles			237,758.00
Replacement of Waste Collection Fleet			392,951.92
Waste Transfer Station			616,522.00
Port Low Carbon Plan	105,000.00		
Marina Management System	78,000.00		
Boat Wash Separator	25,000.00		
Total	282,345.00	708,423.50	1,247,231.92

3.0 Re-profiling Capital Programme to Fund One-Off Settlements

3.1 The Council has had a number of liabilities to settle over the past year and has a number of one off budgetary pressures for 2015/16 and 2016/17. To date settlement payments made with regard to the temporary ban on animal exports total circa £3m. At the moment the Council is further exposed to the outcome of the Health and Safety Executive report. Such payments have put a substantial strain on the reserves available and it is therefore proposed that funding for the Council's 2015/16 capital programme (including certain projects deferred into 2017/18) is switched from the sources in the table below to capital receipts. It is proposed that the revenue contributions switched are held in the Insurance and Risk Management Reserve to set aside funding for impending one off budgetary pressures.

Original Funding Source	Revised Sum to be Funded from Capital Receipts 2015/16	Revised Sum to be Funded from Capital Receipts 2017/18	Revised Sum to be Funded from Capital Receipts Total
	£	£	£
Capital Project Reserve	858,763.75	74,345.00	933,108.75
Maritime Reserve	0.00	103,000.00	103,000.00
Crematorium Reserve	25,000.00	0.00	25,000.00
Vehicle Replacement Reserve	227,300.00	0.00	227,300.00
Dreamland Reserve	116,900.00	0.00	116,900.00
Revenue	42,000.00	0.00	42,000.00

Original Funding Source (continued)	Revised Sum to be Funded from Capital Receipts 2015/16 £	Revised Sum to be Funded from Capital Receipts 2017/1£	Revised Sum to be Funded from Capital Receipts Total £
Priority Improvement Reserve	182,000.00	0.00	182,000.00
Total	1,451,963.75	177,345.00	1,629,308.75

4.0 Dreamland Budget

- 4.1 The Director of Community Services has advised that it is necessary to increase the Dreamland budget by £1,200,000 following further discussions with the Heritage Lottery Fund and operator, and additional construction costs. £750,000 of this is allocated to 2015/16 and the remainder of £450,000 is allocated as part of the 2016/17 budget build process. The £1,200,000 increase is to be funded from capital receipts (£750,000 from General Fund housing capital receipts which can be used for regeneration purposes and the remainder of £450,000 from the same source and also from unallocated receipts and anticipated income from the sale of assets).

A breakdown of the overspend is as follows

	<u>£000</u>
<u>Rides</u>	
Remaining HLF funding for rides. Cannot be used to cross-subsidise scenic railway	410
<u>Activities</u>	
Remaining HLF funding for activities. Cannot be used to cross-subsidise scenic railway	157
Disputed invoices subject to on-going discussion	290
Increased project costs	241
Reinstatement works	102
Total	<u><u>1200</u></u>

The reasons for the overspend

The overspend has arisen from the following areas

- 1) The £410,000 for rides and the £157,000 are a result of a decision made by the Heritage Lottery fund that the council would not be able to use the remaining rides budget and the activities budget for the scenic railway.

Officers had thought this would be possible and it was only confirmed in September that this would not be allowable.

- 2) The increased project costs are primarily due to the infrastructure to provide water and electricity to the park and unexpected works discovered when completing the multi-use space.
- 3) The reinstatement works overspend arises from an omission from the main contract.

5.0 Other Changes

5.1 Other changes to the General Fund capital programme are:

- £700,000 externally funded budget transferred from the Margate Housing Intervention Loan Scheme to Margate Housing Intervention in the HRA capital programme.
- £17,000 budget added from the Harbour revenue repairs and maintenance budgets, for the Ramsgate Harbour Fuel Facilities to protect income derived from harbour operations.
- £40,000 externally funded budget for a feasibility study for the Ramsgate Timber Groynes project, transferred to the revenue budget to reflect the nature of the expenditure as a revenue rather than capital cost.

5.2 The changes in sections 2.5, 3, 4 and 5 above are reflected in the 2015/16 General Fund capital programme shown in the attached Annex 1. The £830k shortfall in capital receipts as per Annex 1 is expected to be largely covered by new capital receipts during the remainder of 2015/16, with internal prudential borrowing to meet any residual shortfall.

6.0 Capital Receipts

General Fund property receipts for the six months to the end of Sept 2015 are as detailed below. Some £1,368,303 of these receipts are for assets disposed of as part of the 2014/15 programme but where the disposal receipts slipped into 2015/16.

Property	Amount £
30 Ozengell Place	13,302
1 Ozengell Place	25,823
The Pavilion & Garden on the Sands	460,000
York Gate House	620,000
Land between College Road & Tivoli Road	39,000
Land Covell's Row	33,000
Land adj 84 Margate Road	36,000
4c York Street	84,000
Land Booth Place	83,000

Property	Amount £
Princes Road Store	34,000
Ramsgate Harbour Slipways Lease	50,000
Tractor	17,750
Less disposal costs	(18,035)
Capital receipts balance	1,477,840

7.0 Options

- 7.1 That Cabinet approves the capital programme changes as per sections 2.5, 3, 4 and 5 above and recommends this to Council.
- 7.2 That Cabinet does not approve these capital programme changes. This would adversely affect the ability of the Council to implement and fund its 2015/16 capital programme and make provision for potential revenue liabilities.

8.0 Corporate Implications

8.1 Financial and VAT

- 8.1.1 The financial implications have been detailed within this report.

8.2 Legal

- 8.2.1 Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, this is the Director of Corporate Resources, and this report is helping to carry out that function.

8.3 Corporate

- 8.3.1 This report evidences that the Council continues to carefully manage its capital programme.

8.4 Equity and Equalities

- 8.4.1 There are no equity or equality issues arising from this report.

9.0 Recommendation

- 9.1 That Cabinet approves the capital programme changes as per sections 2.5, 3, 4 and 5 above and recommends this to Council.

10.0 Decision Making Process

- 10.1 This report is to go to Council for approval. The next Council meeting is on 3 December 2015.

Contact Officer:	Nicola Walker – Interim Head of Finance
Reporting to:	Tim Willis - Director of Corporate Resources

Annex List

Annex 1	General Fund Capital Programme 2015/16
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Corporate Consultation Undertaken

Finance	Matthew Sanham, Corporate Finance Manager
Legal	Tim Howes, Director of Corporate Governance