

Agenda item 8 – Update to the 2018/19 Capital Programme

Answers to Upminster and Cranham Residents' Associations Group

- The report states that £1.2m of costs in respect of the regeneration programme was, after a 'detailed review', to be met through 'alternative funding' as it was revenue and not capital expenditure. Which budgets have been 'utilised' to meet this and, given this was unplanned revenue expenditure, what is the impact on the revenue budget which was predicting a £3.8m year-end overspend as at July 2018?

The £1.2m was originally allocated from within the capital contingency by the previous s151 officer, using delegated powers, for set up costs associated with the JV projects. A full review of the actual expenditure incurred on the regeneration project was undertaken and it was decided that the expenditure did not meet the capital accounting definitions. The costs were charged to revenue in 2017/18 and these costs should be fully recovered by 31 March 2019 as part of the set up and administration costs from the JVs. The capital allocation was rolled forward into 2018/19 and it is now established that the capital funding is no longer required for that original purpose.

- When the £1.2m from capital receipts was agreed as part of the 2018/19 capital programme, why was it not explained or understood that anticipated expenditure associated with the regeneration programme would be predominately revenue rather than capital?

At the time of establishing the 2018/19 capital programme the exact nature of the expenditure required for the JVs was being developed and budgets were based on the business plans at the time but these are constantly under review and do change. The original costs were accounted for in revenue in financial year 2017/18 as outlined in the previous response. During 2018/19 it has been established that the capital sum is no longer required for that original purpose.

- After the virement of £1.2m (Highways Infrastructure) and a further allocation of £3m (Property Investments) from capital receipts, how much is left in this fund?

The balance of Unallocated Receipts, after the funding of the existing capital programme, is currently £7.4m. However after the allocation of £3m for property investments this has reduced the unallocated balance to £4.4m. Consideration is being given to funding future Oracle and CRM developments using the Flexible Use of Capital Receipts freedoms, and this would have to be funded by receipts generated during the same financial period.

Answers to Residents' Group questions

- Would the Cabinet member confirm which schemes no longer require capital to the value of the £1.2 million and why was it that neither he nor his officers were able to provide details of this at the Highways Capital Programme “call in” despite having a week’s notice of the question.

The £1.2m was originally allocated from within the capital contingency by the previous s151 officer, using delegated powers, for set up costs associated with the JV projects.

- Would the Cabinet member agree that it was embarrassing that the Leader of the Upminster and Cranham Residents Association had to point out that council procedure rules state that any virement over £1 million requires agreement by Cabinet and not just the Lead Member.

Following the review of the JVs and the initial costs falling into 2017/18, it was deemed that the costs did not meet the capital accounting definition and were transferred to revenue. It was assumed that the capital allocation could be returned to contingency and subsequently allocated, if necessary, by the s151 officer under delegated powers. However, having reviewed the constitutional provisions it was established that Council had to agree the change, hence tonight’s report.