

Report to the Resources Select Committee

Date of meeting: 9 July 2018



Portfolio: Finance

Subject: Provisional Capital Outturn 2017/18

Responsible Officer: Teresa Brown (01992 564604)

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

- (1) That the provisional outturn report for 2017/18 be noted;**
- (2) That retrospective approval for the over and underspends in 2017/18 on certain capital schemes as identified in the report is noted;**
- (3) That approval for the carry forward of unspent capital estimates into 2018/19 relating to schemes on which slippage has occurred is noted;**
- (4) That approval of the funding proposals outlined in this report in respect of the capital programme in 2017/18 is noted;**
- (5) That approval be given to enhance the 2018/19 HRA structural schemes budget by £653,000 via a combination of virements of £494,000 from other budgets in 2018/19 and £159,000 of savings generated in 2017/18;**
- (6) That approval be given for other virements within the HRA capital programme totalling £372,000 to supplement the windows, doors and roofing budget and the disabled adaptations budget as detailed in the report;**
- (7) That approval be given to bring forward a budget of £30,000 for an urgent planned maintenance project from 2020/21 to 2018/19.**

Executive Summary:

This report sets out the Council's capital programme for 2017/18, in terms of expenditure and financing, and compares the provisional outturn figures with the revised estimates. The revised estimates, which were based on the Capital Programme, represent those adopted by the Council on the 22nd February 2018.

Appendix 1 summarises the Council's overall capital expenditure and funding for 2017/18. It shows the total amount of expenditure invested in Council-owned assets within the General fund, analysed over the directorates, and shows the sum invested in existing and new Housing Revenue Account (HRA) assets separately. Below this are the total sums advanced in the form of Capital Loans and the Revenue Expenditure Financed from Capital under Statute (REFCuS).

Information on individual projects or programmes is given on Appendix 2 for the General Fund Capital Programme and Appendix 3 for the HRA Capital Programme, Capital Loans and Revenue Expenditure Financed from Capital under Statute. Overspends and underspends are shown in the third column of each appendix and these are identified as budget overspends, savings, carry forwards, brought forwards or virements on a project-by-project basis in columns four to seven. In some instances, other changes are recommended; these are identified in column eight and explanations are given in the report. The carry forwards and brought forwards represent changes in the timing and phasing of schemes and the movement of estimates between financial years rather than amendments to total scheme estimates.

An analysis of the funds used to finance the Council's capital expenditure in 2017/18 is also given in Appendix 1, detailing the use of government grants, private funding, capital receipts and direct revenue funding. The generation and use of capital receipts, Major Repairs Fund resources and the HRA Self-financing Reserve in 2017/18 are detailed in Appendix 4.

Reasons for Proposed Decision:

The funding approvals requested are intended to make best use of the Council's capital resources that are available to finance the Capital Programme.

Other Options for Action:

The Council's current policy is to use all HRA capital receipts from the sale of assets, other than Right to Buy Council House sales, to fund the Council's house building programme. However, Members have the option to use these capital receipts for other HRA or General Fund schemes if they choose. This option has been rejected to date because, unless HRA receipts are applied to affordable housing schemes, 50% of each receipt would be subject to pooling i.e. the council would have to pay 50% of these receipts to central government.

The Council retains an element of the right to buy receipts classified as 'allowable' debt. It has been agreed that 30% of the 'assumed debt' part of this element should be set aside to help finance the HRA housebuilding programme. The percentage applied to the housebuilding programme is seen as reasonable but could be amended.

Report:

Capital Expenditure

1. The Council's total investment on capital schemes and capital funded schemes in 2017/18 was £37,930,000 compared to a revised estimate of £40,124,000, representing an underspend of 5%. Appendix 1 summaries the position by directorate for the General Fund, and shows the overall outturn position for the HRA. It also summaries the capital loans and REFCuS schemes.
2. With regard to the General Fund projects, there was an overall overspend of £525,000 or 4%, details of which are shown in Appendix 2. The main variations are discussed below.

Resources

3. The Resources Directorate showed overall underspend of £156,000 for the 2017/18 financial year; this represents a 23% variance on the revised budget. The largest underspend within the directorate was the planned maintenance programme. Previously all planned maintenance schemes have been grouped within one category; however the decision was made to split the planned maintenance into three sections to give a better indication of performance; active planned maintenance, on-hold planned maintenance projects and works on industrial units.
4. The active planned maintenance section includes schemes that fall outside the scope of the accommodation review, but also includes essential improvements to the civic offices. The fencing works to satisfy the health and safety audit at Town Mead depot has been completed and works to the Waltham Abbey Museum roof and chimney stacks and trend services at the civic offices have progressed well within the year. However, the works planned to replace the windows at the North Weald airfield gatehouse and the replacement of fire alarm smoke and heat detectors at the civic offices have only been tendered for in 2017/18 and therefore are showing a large underspend in the section. A saving of £18,000 has been identified from the energy efficiency budget as other schemes have incorporated energy efficiency features within their designs. It is recommended that this saving is carried forward and moved into the on-hold projects section and used to increase the budgets where costs have risen since they were first bid. A further saving of £7,000 has been identified from the 2018/19 budgets as the resurfacing of the Roundhill's shopping yard was included within another scheme. It is recommended that this is taken as an actual saving in 2017/18 and that the remaining underspends of £145,000 relating to this category are carried forward into 2018/19.
5. The on-hold planned maintenance projects budget relates to works on the civic offices that have been placed on hold pending the outcome of the Accommodation Review. The full budget was carried forward to 2018/19 as part of the Capital Review in December 2017. Expenditure throughout the year was limited to minor design works amounting to £2,000; it is recommended that this sum is brought forward from the 2018/19 allocation to cover these costs.
6. There are some amendments requested for 2018/19. The electro-hydraulic lift installation budget (£77,000) and an allocation from the energy efficiency budget (£18,000) that was planned for 2018/19 has now been put on hold whilst works to Homefield House (£9,000), which was previously on-hold, is now expected to proceed in 2018/19, these requested movements are shown under the virement headings. Furthermore, it is recommended that £30,000 is brought forward into the 2018/19 financial year from the budget held in 2020/21 to upgrade the Janus security system to

Satian in order to comply with the new General Data Protection Regulations (GDPR); the existing system has also been declared unsupported by the manufacturer.

7. The works on industrial units include planned works from facilities management on the Council's investment property portfolio. There is a shared responsibility between the HRA and the General Fund for works on roofs and balconies for investment properties that have housing units above them. A budget of £25,000 is earmarked each year specifically for recharges received from the housing team; however this budget does not seem to be a realistic estimate of the costs that are recharged to the General Fund. In 2017/18 the recharges exceeded the budget by £13,000, whilst in 2018/19 a recharge of £65,000 is forecast. Retrospective approval is sought for the £13,000 overspend in 2017/18. In 2017/18 the Council received a grant for dilapidation works to unit 12-14 The Broadway and £21,000 was used to bring this unit to a useable standard. The expenditure is shown within the overspend column of Appendix 2 with the grant being shown in the "other" column. Planned works have progressed on the overlay of the felt roof at The Broadway, it is recommended that the £5,000 underspend from this scheme is carried forward into the new financial year.
8. The Accommodation Review has reached the detailed feasibility stage and a budget of £120,000 was allocated within the Capital Programme for a stage 2 study to complete an Outline Business Case (OBC); the contract was awarded to PwC after a formal tender process at a cost of £109,000. An underspend of £11,000 is reported in Appendix 2. A report has been prepared for Cabinet on the 14th June 2018 bidding for an additional allocation of £61,000 to update the OBC. The work is expected to cost £72,000, it is therefore requested that the £11,000 is carried forward into the new financial year.
9. The Technology Strategy was agreed at Cabinet on the 9th November 2017 as part of the Council's transformation process to ensure that themes emerging in the new Corporate Plan 2018-2023 are also reflected in the ICT strategy. A bid of £635,150 was approved for the 2018/19 financial year and a new category was created to show the progress of the strategy and general ICT projects separately and to provide meaningful management information. Some of the schemes within the general ICT category were immediately absorbed within the strategy implementation category.
10. The general ICT schemes have progressed very well in 2017/18 with the majority of the projects being completed on time and within the allocated budgets. The Northgate Aspire Mobile Working scheme is the only project within this category to slip into the 2018/19 financial year; whilst the IGEL replacement proceeded faster than was expected which resulted in £7,000 being spent ahead of target. It is recommended that £18,000 is carried forward to the 2018/19 budget and £7,000 is brought forward from 2018/19 for the respective schemes. A saving of £17,000 has also been identified within this category, with the majority of this sum due to the procurement of a new planning system not going ahead. However, it is recommended that this saving is transferred to cover some overspends and unexpected costs within the Strategy Implementation category, as detailed below.
11. The schemes that were absorbed into the strategy implementation category have also progressed well with several schemes including the replacement of the reverse proxy, the upgrade to the OHMS system and procurement of the Good Blackberry licencing. A
12. A few schemes slipped into the new financial year with a sum of £34,000 recommended to be carried forward into 2018/19. There were overspends to the pilot laptop replacement scheme and telephone extension scheme whilst the information at work upgrade was procured earlier than expected and also over budget. It is recommended

that £29,000 is brought forward in addition to the savings made in the general ICT category to cover these movements.

13. The works to scope and build the Human Resources system, including the Employee/Manager Self-Service, health and safety, recruitment and learning elements were rolled out at the beginning of the financial year. The current underspend that is showing on Appendix 2 is due to a re-classification of costs; therefore the saving of £15,000 on the Capital Programme is offset by increased revenue expenditure.
14. In summary, it is requested that members note a saving of £7,000; an overspend of £13,000; carry forwards of £213,000; and brought forward sums £45,000 and £30,000 from the 2018/19 and 2020/21 respectively.

Neighbourhoods

15. The Neighbourhoods Directorate is reporting an overall overspend of £753,000 within the 2017/18 financial year which represents a 6% increase on what was budgeted. This is primarily due to the good progress with the construction of the new Hillhouse Leisure Centre and the redevelopment of the Council's other leisure centres. Overall, expenditure is £1,267,000 ahead of what was estimated within the Capital Programmes as at 31 March 2018. Therefore, it is recommended that this sum is brought forward from the 2018/19 allocation is to cover these costs. Despite the good progress of works, there have been some financial challenges across the majority of the centres, particularly with regard to changes to the original specifications for additional works. It is likely that an increased capital allocation will be required and a report is being prepared listing all the financial implications.
16. A supplementary provision of £100,000 was made within the Council's Capital Programme in 2017/18 to undertake the necessary alteration works to accommodate the Pyrles Lane nursery and landscape service at the Town Mead depot at Waltham Abbey. A further £45,000 was allocated from Facilities Management, as part of the Capital Review, to undertake the remaining health and safety adaptations following the audit of the depot. The full budget was phased over 2017/18 (£15,000) and 2018/19 (£130,000). The consultancy and drawings for the alteration works at the depot were further advanced at the end of the year than anticipated with a total of £38,000 spent in 2017/18. Therefore, it is recommended that £23,000 is brought forward from the 2018/19 budget to allow for this.
17. Glyn Hopkin Ltd (GHL) operates a motor car dealership located on the corner of Brooker Road/Cartersfield Road in Waltham Abbey. GHL expressed a desire to surrender their existing lease and obtain a new lease for the whole area of their premises which would permit full motor dealership use. With the acceptance of the new lease the rent of the premises has increased with 5-yearly upward-only rent reviews. A supplementary budget was agreed in the latest Capital Review to cover costs of £52,000 relating to legal fees and stamp duty fees and the actual costs were in line with this budget.
18. The budget for the Epping Forest Shopping Park is split between the costs of constructing the shopping park and the costs of undertaking the Section 278 highways

works, which is a REFCuS item shown in Appendix 3. At the end of the financial year, nine of the twelve units were trading with two of the vacant units continuing to be marketed and the remaining one in the hands of the solicitors. At the time writing, two extra units are now trading with one pending the signing of the lease. The outstanding

underspends from the construction costs amount to £459,000 at the end of the financial year. This includes estimated capital incentive payments to the three units unoccupied at the year end and also any additional costs from variations in the final account; it is therefore recommended that the full amount is carried forward into 2018/19, with the budgets to be re-assessed as part of the Capital Review.

19. The waste management equipment budget has been earmarked for waste and recycling bins provided to new properties around the district. Over the past three years, the capital spend on waste management equipment has been minimal; with 2017/18 showing no spend. It is recommended that this budget is taken as a saving and new bins are now financed through the revenue accounts.
20. The grounds maintenance plant and equipment budget is showing a £27,000 underspend which relates to the procurement of a truck but that was not delivered in 2017/18. This procurement is still expected to go ahead and therefore it is recommended that £29,000 is carried forward in 2018/19, having allowed for an additional £2,000, which was received from the sale of an old vehicle. It is usual practice to enhance this budget to allow for the sale proceeds of sold vehicles to be used towards financing new vehicles.
21. An additional bid of £13,000 was agreed in December 2017, as part of the Capital Review, due to unexpected failures to the main control unit and pumps at the old Bobbingworth Tip site. This budget was phased between 2017/18 and 2018/19. The works expected in 2017/18 have been completed and within the budget. There are no movements to be actioned.
22. There are now four car park schemes within this category. (1) The installation of new 4G pay and display machines in each of the Council's car parks was completed in the second quarter and showed a £2,000 underspend to the budget, it is requested that this saving is recycled within the car park schemes. (2) Although the Council has purchased the new pay and display machines for the car park in Oakwood Hill, there have been significant delays to this scheme due to land ownership disputes. Officers are now obtaining legal advice to resolve this matter and it is recommended that the underspend of £15,000 is carried forward and re-assessed once more definitive advice is received. The pay and display machines can be redeployed if this scheme becomes unviable. (3) After a change from the original specification of works, Members agreed to increase the budget for the installation of LED lighting around the Council's car parks. This increase was compensated from underspends and savings identified in other car parking schemes as part of the Capital Review in December 2017. A small underspend in year of £1,000 is requested to be carried forward into 2018/19 to continue the installations. (4) The consultancy team appointed to advise the Council on the demolition of garages and design of the Vere Road car park have identified potential additional costs to the scheme. During the survey and design phase, an additional nine parking bays outside the original specification, as well as a potential asbestos warnings with the demolition of the garages, have been highlighted and expected to increase the cost of the scheme. There is currently no reliable estimate of how much these additional works will cost, however a report will follow the procurement process if the costs exceed the current allocation. The demolition of the garages and other works will slip into the next financial year and therefore an underspend of £5,000 is also requested to be carried forward into 2018/19.
23. In summary, Members are requested to approve £28,000 of savings identified within the Neighbourhoods directorate, £511,000 of carry forwards and £1,290,000 of budgets brought forward from 2018/19 to cover accelerated progress of schemes.

Communities

24. The General Fund element to the Communities directorate includes CCTV installation schemes and recharges to the General Fund for the housing estate parking schemes. The directorate showed a £72,000 underspend within the 2017/18 financial year which represents a 45% variance on what was budgeted.
25. The CCTV installations are separated into three categories: systems relating to the CCTV strategy for installations around the district; CCTV installations specifically for Council owned car parks, both of which are shown within Appendix 2; and CCTV systems to HRA properties which are reported in Appendix 3.
26. During 2017/18, the majority of the general CCTV projects were completed on time and within budget as planned. These included the installation of systems at the old Bobbingworth Tip site, the civic offices and the Limes Farm Automatic Number Plate Reader (ANPR). The budget for CCTV is showing a £1,000 overspend due to two new rapid-deploy cameras being procured to replace the cameras which were stolen at the Hill House development site. The Council successfully recovered £3,000 from the insurance company and the balance of £2,000 is requested to be carried forward and recycled within the CCTV budgets.
27. The car park CCTV installation projects have also progressed well, notably in Derby Drive and Cornmill, which have both reached a satisfactory conclusion within budget. The installation of a CCTV system in Quaker Lane car park did not go ahead in 2017/18 as planned due to delays with preparatory work for LED lighting, however it is anticipated that these works will be complete by summer 2018 and therefore it is recommended that the unspent balance of £13,000, relating to these works, should be carried forward into 2018/19 to fund the project. A further £13,000 has been committed to two other car parks (High Beach, Smarts Lane) which are expected to be commissioned in 2018/19. Cabinet approved a supplementary estimate of £20,000 in December 2017 to complete the remaining car parks scheduled for works (The Drive & Queens Road). Therefore a total of £46,000 is requested to be carried forward into 2018/19.
28. The off-street parking schemes undertaken on Council-owned land is jointly funded between the HRA and General Fund. The Housing Assets team are currently assessing the viability of the housing estate parking schemes after the completion of Torrington Drive and Paley Gardens. It is recommended that the full underspend of £27,000 is carried forward into 2018/19 with the view to re-assess the budgets as part of the Capital Review process.
29. In summary Members are requested to approve the carry forward of £75,000 from the Communities directorate into the 2018/19 financial year to finance the completion of the schemes.

Housing Revenue Account (HRA)

30. Member's approved the change of policy from a modern home standard to decent home standard starting in the financial year 2017/18. Estimates from latest Capital Review show a transitional decrease in capital expenditure to the HRA Stock of £1.6million in 2017/18, £1.7 million in 2018/19, and £1.9 million in each of 2019/20, 2020/21, 2021/22 financial years. The revised approved HRA capital budget for 2017/18 totalled £23,114,000 split between housebuilding and other projects (£12,861,000) and housing assets (£10,253,000), but expenditure during the year totalled £20,455,000,

representing an underspend of £2,659,000 or 11.5%.

31. Appendix 3 shows how the actual costs compared to the revised budgets for each category within the HRA capital programme. It shows that the largest underspend of £1,902,000 relates to the Council's housebuilding programme; this was due to delays in several phases. In order to satisfy the planning conditions around ground contamination, trial excavations revealed contaminated ground at the Burton Road site (phase 2). The impact on the 2017/18 outturn was an underspend of £1,054,000 and a 23-week delay, putting the completion date back to 30th September 2018. It is requested this sum is carried forward into 2018/19 to coincide with the planned works.
32. Phase 3 is also showing an underspend of £496,000 with the Queens Road and Stewards Green sites showing the largest underspends. The development of 12 properties at Queens Road, Epping has been delayed pending an agreement with UK Power Network to divert power cables and reposition the electrical sub-station. Although commencement works have begun, there is no official start on site date agreed with the contractors; therefore the project is showing an underspend of £157,000 on the phased budget. Works at Stewards Green Road now are at an advanced stage, with works focusing on internal and external finishes. A six-week delay was reported at the last site meeting due to a dispute between the contractor and the architect which has led to a £126,000 underspend at the end of the financial year. Both of these sums are requested to be carried forward into the new financial year.
33. An allocation of £345,000 was included in the housebuilding programme to finance a pilot scheme to provide three modular units of temporary accommodation for six single vulnerable homeless people at Norway House, North Weald. Detailed designs of the works have been completed, however the planning permission for this site has delayed the works and a start on site date is expected within quarter two of 2018/19 with a further six to nine month construction period. Therefore, it is requested that the underspends showing on this project, amounting to £314,000 is carried forward into the 2018/19 financial year.
34. The final account figures for the conversion works at Marden Close and Faversham Hall were £15,000 lower than anticipated and agreed as part of the Capital Review in December; therefore the £15,000 is recommended to be taken as a saving within the project.
35. A number of schemes have been completed within the 2017/18 financial year. Although major setbacks were experienced with Phase 1 the Council has taken possession of all 23 properties in November 2017. The total anticipated outturn figure, including all construction costs, fees and site security costs is £6,404,000. There is a small underspend of £5,000 showing for this phase. Four properties at Bluemans End were handed over in March 2018 and is also showing a small underspend of £48,000 due to additional works required to provide permeable block paving; further soil contamination remediation, further asbestos removal and other remedial works. The one property at London Road was also completed in March 2018 and is showing a small underspend of £26,000 which relates to changes needed to ensure that the completed homes meet the required standard. All the above sums are requested to be carried forward.
36. Members are also requested to recommend further underspends of £172,000 which relate to all the outstanding schemes within Phase 3, 4, 5 & 6.
37. The Housing Revenue Account outturn table in Appendix 3 includes an additional column to show recommended virements of budgets to different categories within the housing assets budget. This will allow the budget holders to have the most accurate and

up-to-date information for their full year budget. Within the housing assets budgets a total of £196,000 has been identified as savings, however it is recommended that an amount of £159,000 is used to increase certain categories for the reasons detailed in the following paragraphs. This leaves a net saving of £37,000 if members approve the movements.

38. There are large underspends to the heating and rewiring; other planned maintenance; and kitchens and bathrooms categories primarily due to the effect of the policy change from modern to decent home standards. In addition to this the double glazing scheme faced major delays in the progression of works and the contract was not renewed. A combined saving of £340,000 has been identified across these categories.
39. It is recommended that the savings identified are used to increase funding for other categories that are facing higher than anticipated expenditure. These include the structural schemes category that is facing huge costs relating to the HRA stock being relatively old, with works to cracks in plaster and walls becoming a big issue. An increase of £653,000 is requested to create a budget that is in line with the 2017/18 actuals; although it is notoriously difficult to estimate the exact amount needed for structural schemes. The other virements identified to increase individual scheme budgets include: the door entry scheme budget, which is expected to drastically increase in 2018/19 after legislation was passed allowing the Council easier access to leaseholder properties to install more substantial fire doors as part of essential new safety measures in blocks of flats; and the disabled adaptation scheme budget, which is based on referrals from ECC Social Care occupational therapists.
40. With regard to the budget for new housing maintenance vehicles, it is usual practice to enhance this budget to allow for the sale proceeds of sold vehicles to be used towards financing new vehicles. After a housing repairs vehicle was stolen in 2017/18, the Council recovered £5,000 from the insurance company. It is recommended to use this sum to allow the housing repairs team to purchase a replacement vehicle. The parking review aspect to the Oakwood Hill depot extension proceeded quicker than predicted and therefore shows a £15,000 overspend on the phased budget; it is recommended that an allocation of the 2018/19 budget is brought forward to cover this overspend.
41. All other areas of expenditure experienced underspends to a greater or lesser extent and details of each category can be seen within Appendix 3. It is requested that Members recommend the virements and savings identified in Appendix 3 and carry forward £2,468,000 to carry out all outstanding planned works in 2018/19, with a view to identifying further savings as part of the Capital Review as appropriate.
42. Capital expenditure work on leaseholder properties is shown as a single credit figure within the HRA capital programme, actual costs are identified to the type of work they relate to once the works are complete. In order to negate the effect of these costs within each category, the appropriate adjustments are given in the "other" column.

Capital Loans

43. The only loans advanced in 2017/18 were those made to individuals to improve private housing stock. Actual loans were lower than expected however, the Council is committed to a waiting list of approved cases and therefore it is requested that this budget is carried forward and reviewed during the Capital Review to identify any possible savings.

Revenue Expenditure Financed from Capital under Statute (REFCuS)

44. The capital programme for revenue expenditure to be financed from capital resources is detailed on Appendix 3. The Section 278 road improvement works for the Epping Forest Shopping Park have been problematic with substantial delays attributable to changing requirements from Essex County Council (ECC) and numerous utility clashes on drainage routes. These variations have resulted in substantial additional costs and an extended contract period. The final contract sum has been agreed at £4,250,000 with £165,000 being recovered from ECC. The road improvement works were completed in December 2017, however we are currently holding the retention subject to a number of items outstanding and additional works required under the recent Stage 3 Road Safety Audit. There is a £14,000 overspend showing at the end of the financial year, for which retrospective approval is recommended.
45. Section 106 funding of £23,000 was passed to Epping Town Council relating to the St John's school site to commence the renovation of the Jack Silley pavilion. This had no impact on the Council's capital funds.

Expenditure Summary

46. Members are requested to recommend to Cabinet the approval of the budget overspends, savings, carry forwards and brought forwards referred to above on the schemes identified in Appendices 2 and 3. Overspends totaled £13,000 on the General Fund, £144,000 on the HRA, and £37,000 on REFCuS schemes. There were savings of £35,000 on the General Fund and £355,000 on the HRA. In terms of slippage, carry forwards are recommended for totals of £799,000, £2,468,000, £67,000 and £30,000 for the General Fund, HRA, loans and REFCuS respectively; and brought forwards are recommended for totals of £1,355,000 and £15,000 for the General Fund and HRA respectively. Other variations total £11,000 on the General Fund and £5,000 on the HRA which represent additional expenditure funded from external and direct revenue sources.

Funding

47. The funds available to finance the capital programme include Government grants, other public sector grants, private contributions to capital schemes, capital receipts and direct revenue funding from the General Fund and HRA. Initially any specific grants and private contributions made for particular projects are used to finance the appropriate projects, taking into account any restrictions with regard to usage and time scales. Other sources of capital finance, which carry restrictions, are also applied at the earliest opportunity in order to avoid losing potential funds. This includes the element of capital receipts generated from the sale of council houses, which is available solely for replacement affordable housing (often referred to as 1-4-1 receipts) and must be used within three years of receipt. As a consequence, the maximum sum allowable has been applied to the 2017/18 HRA house building programme.
48. Another element of capital receipts available for capital funding is known as 'attributable' or 'allowable' debt. The Council is free to use all, none or indeed a portion of this money to fund HRA expenditure. Cabinet made a decision to use part of this sum for the new housebuilding programme, based on 30% of the 'assumed' debt of Council dwellings, calculated when the new self-financing regime was introduced in April 2012. The sum calculated for 2017/18 is £104,000.
49. Appendix 1 identifies the sources of funding used to finance the 2017/18 capital programme and it compares the actual sums used with the amounts estimated in the

revised capital programme. In total, grants of £788,000 were used last year compared to an estimated sum of £666,000, representing an increase of £122,000. This resulted primarily from the increase in private funding made available by more section 106 monies having been received for funding the new housebuilding programme. Other private contributions utilised included: a section 106 sum of £23,000 relating to the St John's school site used by Epping Town Council to renovate the Jack Silley pavilion; a contribution of £30,000 was used to improve a retail unit in Loughton Broadway; and a contribution of £14,000 was applied to the Shopping Park.

50. The generation of capital receipts was £2,533,000 higher in 2017/18 than had been anticipated, as shown in Appendix 4. This was mostly due to more council houses being sold than expected. A total of 42 properties were sold in 2017/18 compared to 46 in 2016/17. Consequently the total 1-4-1 capital receipts retained for replacement homes was £1,908,000 higher than anticipated. In addition to this, the Council received further capitals receipts after the budgets were prepared, the largest of which was the repayment of a loan to Brentwood Borough Council. As a result of the higher level of capital receipts, more funds were available to finance the capital programme than anticipated and the unused HRA capital receipts were used to partially fund the new shopping park by way of an internal loan. This meant that the year-end balance on the Capital Receipts Reserve was maintained at zero as at 31 March 2018.
51. External borrowing has been avoided in 2017/18, partly by means of the internal borrowing of HRA capital receipts by the General Fund referred to above, and partly by utilising other General Fund reserves of £13,239,000. The latter is shown as unfunded capital expenditure in Appendix 1. However, the Council will need to borrow externally in 2018/19 to be able to fund its General Fund capital programme.
52. With regard to the use of direct revenue funding, the HRA contribution of £6,171,000 was higher than the revised budget by £991,000. The use of funds from the Major
53. Repairs Reserve was £922,000 lower as a result. However, there was a reduction in the Major Repairs Allowance transfer, which resulted an overall reduction in the in the Major Repairs balance to £11,693,000 as at 31 March 2018. On the other hand, no funds had to be withdrawn from the HRA Self-financing Reserve, so maintaining the balance at £12,720,000.

Resource Implications:

The 2017/18 Provisional Capital Outturn totalled £14,163,000 for General Fund assets, which represents an overall overspend of £525,000 on the revised budget. This comprises of overspends of £13,000; savings of £50,000; slippage of £799,000; brought forwards of £1,335,000; and other overspends of £26,000 funded from revenue and external sources.

The 2017/18 HRA Provisional Capital Outturn was £20,455,000, which represents an overall underspend of £2,659,000 on the revised budget. This includes overspends of £144,000; savings of £355,000; slippage of £2,468,000; brought forwards of £15,000; and other overspends of £5,000 funded from the sale of a vehicle.

Provisional Outturn figures on Capital Loans totalled £83,000, which represents an underspend of £67,000, all of which is slippage.

Revenue Expenditure Charged to Capital under Statute (REFCuS) totalled £3,229,000. This represents an overall budget overspend of £7,000 including overspends of £37,000; and slippage of £30,000.

Legal and Governance Implications:

The Council's capital accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting in the United Kingdom 2011.

Safer, Cleaner and Greener Implications:

The Council's Capital Strategy works to incorporate safer, greener and cleaner design concepts within all capital schemes. The capital programme also supports sustainable initiatives such as the new food and recycling system which was supported by the provision of new vehicles and equipment.

Consultation Undertaken:

Progress on the capital programme is monitored regularly by the Resources Select Committee and the Finance and Performance Management Cabinet Committee. Service Directors and spending control officers are also consulted throughout the year. In addition, consultation is undertaken with the Tenants and Leaseholders Federation and the Director of Communities on the HRA programme.

Background Papers:

The capital programme approved at Cabinet in February 2018 and working papers filed for External Audit purposes.