

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**                   **TUESDAY, 15 OCTOBER 2013**

**REPORT BY:**           **HEAD OF FINANCE**

**SUBJECT:**               **CAPITAL PROGRAMME 2013/14 (MONTH 4)**

**1.00    PURPOSE OF REPORT**

1.01    To provide Members with the Month 4 (End of July) capital programme information for 2013/14.

**2.00    BACKGROUND**

2.01    The Council approved a Housing Revenue Account (HRA) capital programme for 2013/14 of £10.992m at its meeting of 19<sup>th</sup> February 2013, and a Council Fund (CF) capital programme of £29.908m at its meeting of 1<sup>st</sup> March 2013.

**3.00    CONSIDERATIONS**

**3.01    Programme – Changes since Budget approval**

3.01.1 The table below sets out how the programme has changed during 2013/14 to date.

	CF £m	HRA £m	Total £m
<b>Council 19.02.13 (HRA) and 01.03.13 (CF)</b>			
Original Capital Programme	29.908	10.992	40.900
	<b>29.908</b>	<b>10.992</b>	<b>40.900</b>
<b>Latest Monitoring</b>			
Rollover from 2012/13 (See 3.02)	7.616	1.134	8.750
20% Holdback (See 3.03)	(2.106)	0	(2.106)
Changes this Period (See 3.04)	(1.639)	0	(1.639)
	33.779	12.126	45.905
<b>Revised Programme</b>	<b>33.779</b>	<b>12.126</b>	<b>45.905</b>

3.01.2 Detailed cumulative information relating to each programme area is provided in Appendix A, and summarised below -

<b>REVISED PROGRAMME</b>	<b>Original Budget 2013/14</b>	<b>Rollover from 2012/13</b>	<b>20% Holdback</b>	<b>Changes</b>	<b>Revised Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Corporate Services	1.613	1.283	(0.323)	(0.060)	2.513
Clwyd Theatr Cymru	0.025	0.040	(0.005)	0	0.060
Community Services	3.350	(0.038)	(0.550)	0.784	3.546
Environment	16.460	2.580	(0.635)	(3.067)	15.338
Lifelong Learning	8.460	3.751	(0.593)	0.704	12.322
<b>Council Fund Total</b>	<b>29.908</b>	<b>7.616</b>	<b>(2.106)</b>	<b>(1.639)</b>	<b>33.779</b>
<b>Housing Revenue Account</b>	<b>10.992</b>	<b>1.134</b>	<b>0</b>	<b>0</b>	<b>12.126</b>
<b>Programme Total</b>	<b>40.900</b>	<b>8.750</b>	<b>(2.106)</b>	<b>(1.639)</b>	<b>45.905</b>

3.01.3 The revised budget is therefore the starting point for monitoring against in 2013/14.

### **3.02 Rollover from 2012/13**

3.02.1 Rollover occurs when schemes due to be completed in a given financial year are delayed, possibly due to procurement issues/weather or if funding from external sources is altered e.g. rephasing of Welsh Government (WG) grants and are therefore not completed until the following year.

3.02.2 Rollover sums of £3.657m were agreed as part of the Quarter 3 report to Cabinet on 19<sup>th</sup> March, 2013 (subsequently reduced to £3.616m at outturn) and of £5.134m as part of the outturn report to Cabinet on 16<sup>th</sup> July, 2013, giving a total rollover amount of £8.750m.

3.02.3 For Early Identified Rollover (EIR) into 2014/15 see Section 3.05.4.

### **3.03 20% Holdback**

3.03.1 In recent years there have been issues with the realisation of capital receipts required to fund the capital programme. This has led to a shortfall in funding which impacts on the Council's ability to fulfil its capital obligations.

3.03.2 Therefore, in a prudent approach to addressing this issue, Council, at its meeting of 1<sup>st</sup> March, 2013, decided to hold back 20% of the core Council Fund programme pending the realisation of the appropriate level of capital receipts

3.03.3 For an update on the capital receipts position see Section 3.06.3.

### 3.04 Changes during this period

3.04.1 Changes during this period have resulted in a net decrease in the programme total of £1.639m (CF £1.639m, HRA £0.0m).

3.04.2 Reasons for changes in the programme total include:-

- An increase/decrease in grant funding from WG or other external funding providers;
- Funding profiles from external sources sometimes alter during the year, resulting in expenditure needing to be realigned to meet this scenario; or
- Within Corporate Services are centrally held provisions for urgent Health and Safety issues and to provide funding for Feasibility Studies for potential future capital spend. These funds are reallocated to relevant programme areas as they are requested and approved.

3.04.3 A summary of the changes, showing major items, is shown in the table below -

<b>CHANGES DURING THIS PERIOD</b>		<b>£m</b>
<b>Increases</b>		
Private Sector Renewal/Improvement <sup>1</sup>	Additional WG Funding	0.980
Transportation <sup>2</sup>	Additional WG Taith Funding	1.449
School Modernisation <sup>3</sup>	Reprofiled Expenditure	0.444
Other Aggregate Increases		0.174
		3.047
<b>Decreases</b>		
Engineering <sup>4</sup>	Mold FAS	(3.000)
Regeneration <sup>5</sup>	ERDF Funding	(1.640)
Other Aggregate Decreases		(0.046)
		(4.686)
<b>Total</b>		<b>(1.639)</b>
<p>1 WG Funding re Houses into Homes (£0.380m) &amp; CESP Loans (£0.600m)</p> <p>2 Estimated allocation for 2013/14 increased to meet approved allocation from WG</p> <p>3 Funding reduced in 2012/13 due to reprofiling, reintroduced in current year</p> <p>4 Mold Flood Alleviation Scheme (FAS) awaiting Planning Permission, now reprofiled to 2014/15</p> <p>5 Spend on ERDF funded Town Centre Regeneration now reprofiled to 2014/15</p>		

### 3.05 Capital Expenditure compare to Budget

3.05.1 Actual expenditure at the end of July (Month 4) across the whole of the programme is £6.101m. The breakdown of expenditure is analysed in the following table, along with the percentage spend against budget. This shows that 13.29% of the budget has been spent across the programme (CF 12.24% and HRA 16.22%).

3.05.2 The table also shows the projected outturn (spend as at the end of the financial year) of £44.129m. It can be seen that on the Council Fund there is a projected underspend against budget of £1.534m and for the HRA a projected underspend of £0.242m.

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 4	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
Corporate Services	2.513	0.029	1.16	2.513	0.000
Clwyd Theatr Cymru	0.060	(0.002)	(2.83)	0.060	0.000
Community Services	3.546	0.809	22.80	3.500	(0.046)
Environment	15.338	1.803	11.76	14.598	(0.740)
Lifelong Learning	12.322	1.494	12.13	11.574	(0.748)
<b>Council Fund Total</b>	<b>33.779</b>	<b>4.134</b>	<b>12.24</b>	<b>32.245</b>	<b>(1.534)</b>
<b>Housing Revenue Account</b>	<b>12.126</b>	<b>1.967</b>	<b>16.22</b>	<b>11.884</b>	<b>(0.242)</b>
<b>Programme Total</b>	<b>45.905</b>	<b>6.101</b>	<b>13.29</b>	<b>44.129</b>	<b>(1.776)</b>

3.05.3 Details of the variances for individual programme areas are listed in Appendix B, which includes the reasons, and the required remedial action, where those variances exceed 10% of the budget. In addition, where Early Identified Rollover (EIR) into 2014/15 has been identified, this is also included in the narrative.

3.05.4 As at Month 4 EIR of £1.432m has been identified which reflects reviewed spending plans across all programme areas; these committed amounts have been identified as now required to meet the cost of programme works in 2014/15.

3.05.5 Information relating to each programme area is contained in Appendix B and summarised below –

- Environment                      £0.689m
- Lifelong Learning                £0.743m

### 3.06 Financing

3.06.1 The capital programme is financed as summarised below:-

<b>FINANCING RESOURCES</b>	<b>General Financing<sup>1</sup></b>	<b>Specific Financing<sup>2</sup></b>	<b>Total Financing</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Latest Monitoring</b>			
Council Fund	14.599	19.180	33.779
Housing Revenue Account	5.200	6.926	12.126
	<b>19.799</b>	<b>26.106</b>	<b>45.905</b>
<b>Total Financing Resources</b>	<b>19.799</b>	<b>26.106</b>	<b>45.905</b>

1 Supported Borrowing / General Capital Grant / Capital Receipts  
2 Grants & Contributions / CERA / Reserves / Prudential & Other Borrowing

3.06.2 That element of the Council Fund total financed from general (non-specific) financing resources, relies in part on the generation of capital receipts from asset disposals. The continuing harsh economic climate is impacting on the ability to achieve the budgeted level of anticipated capital receipts, a situation that is likely to continue until the economy picks up at some future point. The capital receipts situation is being closely monitored as part of overall capital monitoring arrangements.

3.06.3 The position regarding 2013/14 capital receipts is summarised below:-

The original estimate for capital receipts was £6.618m, of which £3.700m is to be used to finance capital expenditure in 2013/14 and £2.918m to address the projected shortfall in capital receipts from 2012/13.

The latest reviewed position indicates decreased total receipts of £3.505m, with the largest amount of the receipts anticipated to be received in March 2014. Actual receipts received at Month 4 are £1.085m.

The outturn shortfall in 2012/13 was £3.028m, which together with the reduced target in 2013/14 and some minor adjustments, but mitigated by the £2.106m held back (20% of the original core programme), currently indicates a total shortfall in 2013/14 of £1.174m.

3.06.4 The situation regarding disposals remains fluid in this economic climate and hence it is difficult to predict with certainty when disposals will be effected. For example, a potential farm sale listed for 2014/15 could arise in the current financial year, thereby reducing the 2013/14 shortfall.

- 3.06.5 Furthermore, early funding estimates for 2014/15 (pending release of the Provisional Welsh Government Settlement) indicate sufficient resources to address the anticipated current year shortfall. It is therefore suggested that the Council continues to monitor the disposals programme closely and brings further updates to Cabinet in future capital monitoring reports.
- 3.06.6 The first call on any receipts received in year will be to address the brought forward shortfall.
- 3.06.7 At the 1<sup>st</sup> March budget meeting it was agreed to hold back 20% of core programme funding in the light of the continuing uncertainty over the timing of receipts (See Section 3.03). On the basis of the current projection and timing of receipts it is recommended that the 20% should continue to be held back to keep the programme within the limits of anticipated receipts. This will be closely monitored and will be reported on in future monitoring reports and will become part of the capital programme considerations for 2014/15.
- 3.06.8 The HRA capital resources are ring-fenced and used only for HRA purposes.

#### **4.00 RECOMMENDATIONS**

4.01 Cabinet is requested to:-

- Note and approve the report.
- Approve the continued holding back of 20% of the core programme.
- Approve the rollover adjustments in 3.05.4.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 As set out in sections 2 and 3 of the report.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 Many of the schemes in the programme are designed to improve the environment, infrastructure and assets of the Authority.

#### **8.00 EQUALITIES IMPACT**

8.01 None.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None.

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 Appendix A : Capital Programme – Changes During 2013/14  
Appendix B : Variances

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985**  
**BACKGROUND DOCUMENTS**

Capital Programme Monitoring Papers 2013/14

**Contact Officer:** Sara Dulson  
**Telephone:** 01352 702287  
**Email:** [sara.dulson@flintshire.gov.uk](mailto:sara.dulson@flintshire.gov.uk)