

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 19th February 2013, and a Council Fund (CF) capital programme of £29.908m at its meeting of 1st 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
Council 19.02.13 (HRA) and 01.03.13 (CF)			
Original Capital Programme	29.908	10.992	40.900
	29.908	10.992	40.900
Latest Monitoring			
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
Revised Programme	33.779	12.126	45.905

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

REVISED PROGRAMME	Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes	Revised Budget
	£m	£m	£m	£m	£m
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
Council Fund Total	29.908	7.616	(2.106)	(1.639)	33.779
Housing Revenue Account	10.992	1.134	0	0	12.126
Programme Total	40.900	8.750	(2.106)	(1.639)	45.905

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 19th March, 2013 (subsequently reduced to £3.616m at outturn) and of £5.134m as part of the outturn report to Cabinet on 16th 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 1st March, 2013, decided to hold back 20% of the core Council Fund programme pending the realisation of the appropriate level of capital receipts (See 3.06.3).

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 -

CHANGES DURING THIS PERIOD		£m
Increases		
Private Sector Renewal/Improvement ¹	Additional WG Funding	0.980
Transportation ²	Additional WG Taith Funding	1.449
School Modernisation ³	Reprofiled Expenditure	0.444
Other Aggregate Increases		0.174
		3.047
Decreases		
Engineering ⁴	Mold FAS	(3.000)
Regeneration ⁵	ERDF Funding	(1.640)
Other Aggregate Decreases		(0.046)
		(4.686)
Total		(1.639)
<p>1 WG Funding re Houses into Homes (£0.380m) & 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
Ciwyd 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)
Council Fund Total	33.779	4.134	12.24	32.245	(1.534)
Housing Revenue Account	12.126	1.967	16.22	11.884	(0.242)
Programme Total	45.905	6.101	13.29	44.129	(1.776)

- 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:-

FINANCING RESOURCES	General Financing¹	Specific Financing²	Total Financing
	£m	£m	£m
	Latest Monitoring		
Council Fund	14.599	19.180	33.779
Housing Revenue Account	5.200	6.926	12.126
	19.799	26.106	45.905
Total Financing Resources	19.799	26.106	45.905

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 carried forward.

- 3.06.5 Also, early funding estimates for 2014/15 (pending the release of the Provisional Welsh Government Settlement) indicate sufficient resources to address the anticipated shortfall in the current year. 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 the current year will be to address the brought forward shortfall.
- 3.06.7 At the 1st 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

CAPITAL PROGRAMME - CHANGES DURING 2013/14

Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes (Current)	Revised Budget	Rollover to 2014/15	Savings	Projected Outturn 2013/14
£m	£m	£m	£m	£m	£m	£m	£m
Corporate Services							
Information Technology	0.935	(0.188)	0	1.685	0	0	1.685
Flintshire Connects	0.500	(0.100)	0	0.674	0	0	0.674
Corporate Finance	0.175	(0.035)	(0.060)	0.154	0	0	0.154
1.613	1.283	(0.323)	(0.060)	2.513	0.000	0.000	2.513
Theatre							
Clwyd Theatr Cymru	0.025	(0.005)	0	0.060	0	0	0.060
0.025	0.040	(0.005)	0.000	0.060	0.000	0.000	0.060
Community Services							
Private Sector Renewal/Improvement	3.050	(0.550)	0.934	3.396	0	0	3.396
Children's Services	0.150	0	(0.150)	0	0	0	0.000
Travellers' Sites	0.150	0	0	0.150	0	0	0.150
3.350	(0.038)	(0.550)	0.784	3.546	0.000	0.000	3.546

Council Fund :

Corporate Services

Information Technology

Flintshire Connects

Corporate Finance

Theatre

Clwyd Theatr Cymru

Community Services

Private Sector Renewal/Improvement

Children's Services

Travellers' Sites

CAPITAL PROGRAMME - CHANGES DURING 2013/14

	Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes (Current)	Revised Budget	Rollover to 2014/15	Savings	Projected Outturn 2013/14
	£m	£m	£m	£m	£m	£m	£m	£m
Environment								
Administrative Buildings	3.785	0.237	(0.302)	0	3.720	0	0	3.720
Sustainable Waste Management	0.000	0.554	0	0.118	0.672	0	0	0.672
Engineering	3.200	0.665	(0.040)	(3.000)	0.825	0	0	0.825
General Environmental Enhancement	0	0.002	0	0	0.002	0	0	0.002
Highways	3.860	0.588	(0.232)	0	4.216	0	0	4.216
Planning Grant Schemes	0.000	0.000	0	0.006	0.006	0	0	0.006
Ranger Services	0.236	0.007	0	0	0.243	0	0	0.243
Regeneration	3.679	0.522	(0.061)	(1.640)	2.500	0	0	2.500
Transportation	1.700	0.005	0	1.449	3.154	0	0	3.154
	16.460	2.580	(0.635)	(3.067)	15.338	0.000	0.000	15.338

APPENDIX A (Cont.)

CAPITAL PROGRAMME - CHANGES DURING 2013/14

	Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes (Current)	Revised Budget	Rollover to 2014/15	Savings	Projected Outturn 2013/14
	£m	£m	£m	£m	£m	£m	£m	£m
Lifelong Learning								
Leisure Centres	0	0	0	0.026	0.026	0	0	0.026
Swimming Pools	0	0.120	0	0	0.120	0	0	0.120
Community Centres	0	0.065	0	0	0.065	0	0	0.065
Recreation - Other	0	0.034	0	0	0.034	0	0	0.034
Play Areas	0	0	0	0.050	0.050	0	0	0.050
Education - General	3.580	0.403	(0.566)	(2.998)	0.419	0	0	0.419
Primary Schools	0.075	1.129	(0.015)	1.219	2.408	0	0	2.408
Schools Modernisation	4.745	0.138	0	1.109	5.992	0	0	5.992
Community Youth Clubs	0	0	0	0.093	0.093	0	0	0.093
Secondary Schools	0	0.718	0	0.627	1.345	0	0	1.345
Special Education	0	1.138	0	0.578	1.716	0	0	1.716
Minor Works, Furniture & Equipment	0.060	0	(0.012)	0	0.048	0	0	0.048
Schools - Additional Funding	0	0.006	0	0	0.006	0	0	0.006
	8.460	3.751	(0.593)	0.704	12.322	0.000	0.000	12.322

CAPITAL PROGRAMME - CHANGES DURING 2013/14

Housing Revenue Account :

Housing Revenue Account

	Original Budget 2013/14 £m	Rollover from 2012/13 £m	20% Holdback £m	Changes (Current) £m	Revised Budget £m	Rollover to 2014/15 £m	Savings £m	Projected Outturn 2013/14 £m
Major Works	5.321	1.196	0	0	6.517	0	0	6.517
Accelerated Programmes	0.300	0.020	0	0	0.320	0	0	0.320
WHQS Improvements	4.061	(0.132)	0	0	3.929	0	0	3.929
Disabled Adaptations	1.000	0	0	0	1.000	0	0	1.000
Other Services	0.310	0.050	0	0	0.360	0	0	0.360
	10.992	1.134	0.000	0.000	12.126	0.000	0.000	12.126

Totals :

Council Fund	29.908	7.616	(2.106)	(1.639)	33.779	0	0	33.779
Housing Revenue Account	10.992	1.134	0	0.000	12.126	0	0	12.126
Grand Total	40.900	8.750	(2.106)	(1.639)	45.905	0.000	0.000	45.905

CORPORATE SERVICES

Capital Budget Monitoring 2013/14 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required
Information Technology	1.685	0.034	1.685	0.000	0	0.000		
Flintshire Connects	0.674	(0.005)	0.674	0.000	0	0.000		
Corporate Finance	0.154		0.154	0.000	0	0.000		
Total	2.513	0.029	2.513	0.000	0	0.000		
Clwyd Theatr Cymru	0.060	(0.002)	0.060	0.000	0	0.000		
Total	0.060	(0.002)	0.060	0.000	0	0.000		

Variance = Budget v Projected Outturn

COMMUNITY SERVICES

Capital Budget Monitoring 2013/14 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required
Private Sector Renewal/Improvement	3.396	0.813	3.396	0.000	0	0.000		
Depot (Housing)	0.000	0.002	0.000	0.000		0.000		
Children's Services	0.000	(0.006)	0.000	0.000		0.000		
Travellers' Sites	0.150		0.104	(0.046)	(31)	0.000	WG Grant approved at £104k	Budget to be amended to reflect reduced grant funding and expenditure kept within grant total
Total	3.546	0.809	3.500	(0.046)	(1)	0.000		

Variance = Budget v Projected Outturn

ENVIRONMENT

Capital Budget Monitoring 2013/14 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required
Administrative Buildings	3.720	0.542	3.728	0.008	0	0.000		
Sustainable Waste Management	0.672	0.122	0.622	(0.050)	(7)	0.000	Sandycroft Household Recycling Centre has been delayed in 2013/14 due to Review of the Council's Waste Collection Policy	Cabinet to consider revised Strategy on 17th December 2013
Engineering	0.825	0.008	0.477	(0.348)	(42)	0.000	Early Identified Rollover - Majority of land drainage schemes delayed due to re-directing funds to Mold FAS, which is currently awaiting planning permission	Request approval to move funding into 2014/15
General Environmental Enhancement	0.002	0.004	0.004	0.002	100	0.000		
Highways	4.176	0.817	4.176	0.000	0	0.000		
Planning Grant Schemes	0.006	0.007	0.007	0.001	17	0.000		
Ranger Services	0.243		0.236	(0.007)	(3)	0.000		
Regeneration	2.500	0.181	2.159	(0.341)	(14)	0.000	Early Identified Rollover - ERDF Grant for Town Centre Regeneration delayed and expenditure reprofiled to 2014/15	Request approval to move funding into 2014/15
Transportation	3.189	0.123	3.189	0.000	0	0.000		
Industrial Units	0.005	0.000	0.000	(0.005)	(100)	0.000	No planned works in 2013/14	
Total	15.338	1.803	14.598	(0.740)	(5)	0.000		

Variance = Budget v Projected Outturn

LIFELONG LEARNING

Capital Budget Monitoring 2013/14 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required
Leisure Centres	0.026		0.026	0.000	0	0.000		
Swimming Pools	0.120	0.049	0.120	0.000	0	0.000		
Community Centres	0.065	0.028	0.065	0.000	0	0.000		
Recreation - Other	0.034		0.034	0.000	0	0.000		
Play Areas	0.050	0.046	0.050	0.000	0	0.000		
Education - General	0.419	0.159	0.414	(0.005)	(1)	0.000		
Primary Schools	2.408	0.170	2.372	(0.036)	(1)	0.000	Early Identified Rollover - Relates to retention monies payable 12 months after project completion	Request approval to move funding into 2014/15

Variance = Budget v Projected Outturn

LIFELONG LEARNING (Cont.)

Capital Budget Monitoring 2013/14 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required
Schools Modernisation	5.992	0.560	5.327	(0.665)	(11)	0.000	Early Identified Rollover - Funding for Hawarden Infants/Juniors amalgamation, now reprofiled to 2014/15	Request approval to move funding into 2014/15
Community Youth Clubs	0.093	0.090	0.093	0.000	0	0.000		
Secondary Schools	1.345	0.268	1.303	(0.042)	(3)	0.000	Early Identified Rollover - Relates to retention monies payable 12 months after project completion	Request approval to move funding into 2014/15
Special Education	1.716	0.118	1.716	0.000	0	0.000		
Early Years	0.000	0.002	0.000	0.000		0.000		
Minor Works, Furn & Equip	0.048		0.048	0.000	0	0.000		
Schools - Additional Funding	0.006	0.003	0.006	0.000	0	0.000		
Total	12.322	1.494	11.574	(0.748)	(6)	0.000		

Variance = Budget v Projected Outturn

HOUSING REVENUE ACCOUNT

Capital Budget Monitoring 2013/14 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required
Major Works	6.517	0.795	6.300	(0.217)	(3)	0.000		Underspend may be required to fund additional WHQS expenditure
Accelerated Programmes	0.320	0.012	0.295	(0.025)	(8)	0.000		Underspend may be required to fund additional WHQS expenditure
WHQS Improvements	3.929	0.971	3.929	0.000	0	0.000		
Disabled Adaptations	1.000	0.189	1.000	0.000	0	0.000		
Other Services	0.360		0.360	0.000	0	0.000		
Total	12.126	1.967	11.884	(0.242)	(2)	0.000		

Variance = Budget v Projected Outturn