

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **CABINET**

**DATE:** **TUESDAY, 17 DECEMBER 2013**

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

**SUBJECT:** **CAPITAL PROGRAMME 2013/14 (MONTH 6)**

### **1.00 PURPOSE OF REPORT**

1.01 To provide Members with the Month 6 (End of September) 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 Month 4**

3.01.1 The table below sets out how the programme has changed since the Month 4 report to Cabinet on 15<sup>th</sup> October, 2013. 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>Changes - Month 4</b>	<b>Changes - This Period</b>	<b>Rollover to 2014/15</b>	<b>Revised Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Corporate Services	1.613	0.900	(0.032)	0	2.481
Clwyd Theatr Cymru	0.025	0.035	0	0	0.060
Community Services	3.350	0.196	0.040	0	3.586
Environment	16.460	(1.122)	0.212	(0.689)	14.861
Lifelong Learning	8.460	3.862	1.047	(0.743)	12.626
<b>Council Fund Total</b>	<b>29.908</b>	<b>3.871</b>	<b>1.267</b>	<b>(1.432)</b>	<b>33.614</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>5.005</b>	<b>1.267</b>	<b>(1.432)</b>	<b>45.740</b>

3.01.2 The revised budget is that against which the programme is monitored.

### 3.02 Changes during this period

3.02.1 Changes during this period have resulted in a net increase in the programme reported at Month 4 of £1.267m (CF £1.267m, HRA £0.0m). A summary of the changes, showing major items, is in the table below -

<b>CHANGES DURING THIS PERIOD</b>		<b>£m</b>
<b>Increases</b>		
Education General <sup>1</sup>	WG Grant Funding	1.020
Other Aggregate Increases		0.385
		1.405
<b>Decreases</b>		
Other Aggregate Decreases		(0.138)
		(0.138)
<b>Total</b>		<b>1.267</b>

<sup>1</sup> Learning in Digital Wales Grant

3.02.2 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.

### 3.03 Capital Expenditure compared to Budget

3.03.1 Actual expenditure at the end of September (Month 6) across the whole of the programme is £13.196m. The breakdown of expenditure is analysed in the following table, along with the percentage spend against budget. This shows that 28.85% of the budget has been spent across the programme (CF 25.03% and HRA 39.44%).

3.03.2 The table also shows the projected outturn (spend as at the end of the financial year) of £42.629m. It can be seen that on the Council Fund there is a projected underspend (pre rollover approval) against budget of £3.111m and the projection for the HRA is to spend up to target.

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 6	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
Corporate Services	2.481	0.092	3.71	1.983	(0.498)
Clwyd Theatr Cymru	0.060	0.033	55.00	0.060	0.000
Community Services	3.586	1.109	30.93	3.586	0.000
Environment	14.861	3.981	26.79	13.109	(1.752)
Lifelong Learning	12.626	3.199	25.34	11.765	(0.861)
<b>Council Fund Total</b>	<b>33.614</b>	<b>8.414</b>	<b>25.03</b>	<b>30.503</b>	<b>(3.111)</b>
<b>Housing Revenue Account</b>	<b>12.126</b>	<b>4.782</b>	<b>39.44</b>	<b>12.126</b>	<b>0.000</b>
<b>Programme Total</b>	<b>45.740</b>	<b>13.196</b>	<b>28.85</b>	<b>42.629</b>	<b>(3.111)</b>

3.03.3 The detail of the variances for individual programme areas is listed in Appendix B, which includes the reasons and the required remedial action, where those variances exceed 10% of the budget.

### 3.04 Rollover to 2014/15

3.04.1 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.

3.04.2 Cabinet approved rollover of £1.432m into 2014/15 as part of the Month 4 report.

3.04.3 Additional Early Identified Rollover (EIR) into 2014/15 has also been identified and is included in the narrative in Appendix B.

3.04.4 £3.110m of rollover has been identified at this stage in the year 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 and is put forward for Member approval. The potential for further rollover is monitored closely on a monthly basis as an integral part of capital programme monitoring.

3.04.5 Information relating to each programme area is summarised below -

- Corporate Services £0.498m
- Environment £1.751m
- Lifelong Learning £0.861m

### 3.05 Financing

3.05.1 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	13.634	19.980	33.614
Housing Revenue Account	5.200	6.926	12.126
	<b>18.834</b>	<b>26.906</b>	<b>45.740</b>
<b>Total Financing Resources</b>	<b>18.834</b>	<b>26.906</b>	<b>45.740</b>

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

3.05.2 Capital receipts generated from asset disposals form part of the Council Fund total financed from general (non-specific) financing resources. 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.

3.05.3 The latest projection for capital receipts in 2013/14 is £3.505m, a reduction of £0.157m on the target set to fund 2013/14 expenditure. Actual receipts received at Month 6 are £1.085m, with the largest amount of the receipts anticipated to be received in March 2014.

3.05.4 Council at the 1<sup>st</sup> March budget meeting agreed to hold back 20% of core programme funding in the light of the continuing uncertainty over the timing of receipts. Cabinet agreed on 15<sup>th</sup> October that the 20% should continue to be held back to keep the programme within the limits of anticipated receipts. The position at month 6 does not allow for any revision to this position. 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.

3.05.5 The position regarding in year financing is summarised in the table below:-

<b>IN YEAR FINANCING</b>		
	<b>£m</b>	<b>£m</b>
Shortfall from 2012/13		3.028
<b>Increases</b>		
In year receipts shortfall	0.157	
New Pressures	0.195	0.352
<b>Decreases</b>		
20% Budget Holdback	(2.106)	
Funding from AD Waste Liquidation	(0.512)	(2.618)
<b>Projected shortfall to 2014/15</b>		<b>0.762</b>

3.05.6 The £0.512m funding from the AD Waste is the residual capital receipt available following the liquidation of the company. The Report to Cabinet of 19<sup>th</sup> November 2013 contains further details.

3.05.7 The projected shortfall will be addressed by carrying the balance forward to be dealt with in 2014/15.

3.05.8 The first call on any receipts received in year will be to address the brought forward shortfall.

3.05.9 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 3.04.5.

#### **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

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