

FLINTSHIRE COUNTY COUNCIL**REPORT TO:** **CABINET****DATE:** **TUESDAY, 18 MARCH 2014****REPORT BY:** **HEAD OF FINANCE****SUBJECT:** **CAPITAL PROGRAMME 2013/14 (MONTH 9)****1.00** **PURPOSE OF REPORT**

1.01 To provide Members with the Month 9 (end of December) 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 Month 6**

3.01.1 The table below sets out how the programme has changed since the Month 6 report to Cabinet on 17th December 2013. Detailed cumulative information relating to each programme area is provided in Appendix A and summarised below –

REVISED PROGRAMME	Original Budget 2013/14	Changes - Month 6	Changes - This Period	Rollover to 2014/15	Revised Budget
	£m	£m	£m	£m	£m
Corporate Services	1.613	0.868	0.005	(0.498)	1.988
Clwyd Theatr Cymru	0.025	0.035	0	0	0.060
Community Services	3.350	0.236	(0.010)	0	3.576
Environment	16.460	(0.910)	0.285	(2.440)	13.395
Lifelong Learning	8.460	4.909	0.171	(1.599)	11.941
Council Fund Total	29.908	5.138	0.451	(4.537)	30.960
Housing Revenue Account	10.992	1.134	0	0	12.126
Programme Total	40.900	6.272	0.451	(4.537)	43.086

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 from that reported at Month 6 of £0.451m (all CF related). A summary of the changes, showing any major individual items, is in the table below (further details can be found in Appendix A) -

CHANGES DURING THIS PERIOD	
	£m
Increases	
Regeneration ¹	0.201
Sustainable Waste ²	0.261
Transportation ³	0.189
Other Aggregate Increases	0.183
	0.834
Decreases	
Administrative Buildings ²	(0.261)
Other Aggregate Decreases	(0.122)
	(0.383)
Total	0.451

1 Introduction of ERDF grant funding to meet additional expenditure
2 Realignment of budget to meet expenditure
3 Introduction of WG grant for Rural Development Plan to meet additional expenditure

3.02.2 Generally, reasons for changes in the programme during the year can include:-

- An increase/decrease in grant funding from Welsh Government (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 & 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.

The reasons for the specific changes between Months 6 and 9 are shown in the table above.

3.03 Capital Expenditure compared to Budget

3.03.1 Actual expenditure at the end of Month 9 (December) across the whole of the programme is £26.416m. The breakdown of expenditure is analysed in the following table, along with the percentage spend against budget. This shows that 61.31% of the budget has been spent across the programme (CF 60.03% and HRA 64.58%).

3.03.2 The table also shows the projected outturn (spend as at the end of the financial year) of £41.928m. It can be seen that on the Council Fund there is a projected underspend (pre any further rollover approval requested in Section 3.04 below) against budget of £1.502m. The current projection for the HRA is for an overspend of £0.344m, however, this will be dealt with in-year with the introduction of additional grant funding.

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 9	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
Corporate Services	1.988	0.347	17.45	1.834	(0.154)
Clwyd Theatr Cymru	0.060	0.035	58.33	0.054	(0.006)
Community Services	3.576	1.795	50.20	3.576	0
Environment	13.395	10.162	75.86	12.380	(1.015)
Lifelong Learning	11.941	6.246	52.31	11.614	(0.327)
Council Fund Total	30.960	18.585	60.03	29.458	(1.502)
Housing Revenue Account	12.126	7.831	64.58	12.470	0.344
Programme Total	43.086	26.416	61.31	41.928	(1.158)

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. rephrasing of WG grants and are therefore not completed until the following year.

3.04.2 Further Early Identified Rollover (EIR) of £1.469m into 2014/15 has been identified in the current period and is included in the narrative in Appendix B. This 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.

3.04.3 Information relating to each programme area is summarised below:-

ROLLOVER	To 2014/15 Month 9
	£m
Corporate Services	0.154
Clwyd Theatr Cymru	0.006
Environment	0.982
Lifelong Learning	0.327
Council Fund Total	1.469
Housing Revenue Account	0.000
Programme Total	1.469

3.04.4 If approval is given to the request in 3.04.3 above, the total EIR into 2014/15 will stand at £6.006m.

3.05 Financing

3.05.1 The capital programme is financed as summarised below:-

FINANCING RESOURCES	General Financing ¹	Specific Financing ²	Total Financing
	£m	£m	£m
Latest Monitoring			
Council Fund	13.620	17.340	30.960
Housing Revenue Account	5.200	6.926	12.126
	18.820	24.266	43.086
Total Financing Resources	18.820	24.266	43.086

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) 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 £3.215m, a reduction of £0.447m on the target set to fund 2013/14 expenditure. Actual receipts received as at Month 9 are £1.635m, with the largest amount of the receipts anticipated to be received in March 2014.

3.05.4 Council at the 1st March 2013 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 17th December that the 20% should continue to be held back to keep the programme within the limits of anticipated receipts. The position at Month 9 does not allow for any revision to this decision. This will continue to be the case for the remainder of the 2013/14 financial year.

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

IN YEAR FINANCING	£m	£m
Projected Shortfall at Month 6		0.762
Increases		
In year receipts shortfall	0.290	0.290
Decreases		0.000
Projected shortfall to 2014/15		1.052

3.05.6 The projected shortfall of £1.052m represents an increase of £0.290m on the position as at Month 6, caused by a further decrease in the anticipated level of in year receipts, however these amounts will now be realised in 2014/15 and therefore there is no impact on the 2014/15 capital budget set at Council on 18th February.

3.05.7 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 3.04.3

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 Council.

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: Liz Thomas
Finance Manager - Technical Accounting
Telephone: 01352 702289
E-mail: liz.thomas@flintshire.gov.uk

CAPITAL PROGRAMME - CHANGES DURING 2013/14

Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes (Previous)	Changes (Current)	Rollover to 2014/15	Revised Budget 2013/14
£m	£m	£m	£m	£m	£m	£m
Council Fund :						
Corporate Services						
Information Technology	0.935	(0.188)	0	0	(0.298)	1.387
Flintshire Connects	0.500	(0.100)	0	0.020	(0.200)	0.494
Corporate Finance	0.175	(0.035)	(0.092)	(0.015)	0	0.107
	1.613	(0.323)	(0.092)	0.005	(0.498)	1.988
Theatre						
Clwyd Theatr Cymru	0.025	(0.005)	0	0	0	0.060
	0.025	(0.005)	0.000	0.000	0.000	0.060
Community Services						
Children's Services	0.150	0	(0.150)	0	0	0
Private Sector Renewal/Improvement	3.050	(0.038)	1.000	(0.010)	0	3.452
Travellers' Sites	0.150	0	(0.026)	0	0	0.124
	3.350	(0.038)	0.824	(0.010)	0.000	3.576

CAPITAL PROGRAMME - CHANGES DURING 2013/14

	Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes (Previous)	Changes (Current)	Rollover to 2014/15	Revised Budget 2013/14
	£m	£m	£m	£m	£m	£m	£m
Environment							
Administrative Buildings	3.785	0.237	(0.302)	0.144	(0.268)	0	3.596
Sustainable Waste Management	0.000	0.554	0	0.163	0.153	0	0.870
Engineering	3.200	0.665	(0.040)	(3.000)	0	(0.551)	0.274
General Environmental Enhancement	0	0.002	0	0	0.003	0	0.005
Highways	3.860	0.588	(0.232)	(0.008)	0.043	0	4.251
Planning Grant Schemes	0.000	0.000	0	0.006	0	0	0.006
Ranger Services	0.236	0.007	0	(0.004)	0.024	(0.089)	0.174
Regeneration	3.679	0.522	(0.061)	(1.640)	0.181	(1.800)	0.881
Transportation	1.700	0.005	0	1.484	0.149	0	3.338
	16.460	2.580	(0.635)	(2.855)	0.285	(2.440)	13.395

CAPITAL PROGRAMME - CHANGES DURING 2013/14

	Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes (Previous)	Changes (Current)	Rollover to 2014/15	Revised Budget 2013/14
	£m	£m	£m	£m	£m	£m	£m
Lifelong Learning							
Leisure Centres	0	0	0	0.026	0	0	0.026
Swimming Pools	0	0.120	0	0	0	0	0.120
Community Centres	0	0.065	0	0	0	0	0.065
Recreation - Other	0	0.034	0	0	0	0	0.034
Play Areas	0	0	0	0.077	0.029	0	0.106
Education - General	3.580	0.403	(0.566)	(1.983)	0.064	0	1.498
Primary Schools	0.075	1.129	(0.015)	1.156	0.088	(0.031)	2.402
Schools Modernisation	4.745	0.138	0	1.109	(0.030)	(0.665)	5.297
Community Youth Clubs	0	0	0	0.093	0	0	0.093
Secondary Schools	0	0.718	0	0.695	0.020	(0.042)	1.391
Special Education	0	1.138	0	0.578	0	(0.861)	0.855
Minor Works, Furniture & Equipment	0.060	0	(0.012)	0	0	0	0.048
Schools - Additional Funding	0	0.006	0	0	0	0	0.006
	8.460	3.751	(0.593)	1.751	0.171	(1.599)	11.941

CAPITAL PROGRAMME - CHANGES DURING 2013/14

Original Budget 2013/14	Rollover from 2012/13	20% Holdback	Changes (Previous)	Changes (Current)	Rollover to 2014/15	Revised Budget 2013/14
£m	£m	£m	£m	£m	£m	£m
5.321	1.196	0	0	0	0	6.517
0.300	0.020	0	0	0	0	0.320
4.061	(0.132)	0	0	0	0	3.929
1.000	0	0	0	0	0	1.000
0.310	0.050	0	0	0	0	0.360
10.992	1.134	0.000	0.000	0.000	0.000	12.126

Housing Revenue Account :

Housing Revenue Account
 Major Works
 Accelerated Programmes
 WHQS Improvements
 Disabled Adaptations
 Other Services

Totals :

Council Fund	29.908	7.616	(2.106)	(0.372)	0.451	(4.537)	30.960
Housing Revenue Account	10.992	1.134	0	0	0	0	12.126
Grand Total	40.900	8.750	(2.106)	(0.372)	0.451	(4.537)	43.086

CORPORATE SERVICES
Capital Budget Monitoring 2013/14 - Month 9

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	1.387	0.169	1.233	(0.154)	(11)	(0.298)	Early Identified Rollover - Agile Working £0.030m Conferencing Solutions £0.065m EDRMS £0.005m Microsoft Enterprise Agreement £0.054m	Request approval to move funding of £0.154m to 2014/15
Flintshire Connects	0.494	0.179	0.494	0.000	0	(0.200)		
Corporate Finance	0.107		0.107	0.000	0	0.000		
Total	1.988	0.347	1.834	(0.154)	(8)	(0.498)		

Clwyd Theatr Cymru	0.060	0.035	0.054	(0.006)	(10)	0.000	Early Identified Rollover - Due to timing issues a front of house foyer modification is now expected to happen during the quieter summer period	Request approval to move funding of £0.006m to 2014/15
Total	0.060	0.035	0.054	(0.006)	(10)	0.000		

Variance = Budget v Projected Outturn

COMMUNITY SERVICES

Capital Budget Monitoring 2013/14 - Month 9

Programme Area	Total Budget	Actual Exp.	Projected Outturn	Variance (Under)/Over	Variance %age	Variance Prev Qtr	Cause of Variance	Action Required
	£m	£m	£m	£m	%	£m		
Children's Services	0.000	0.005	0.000	0.000		0.000		
Private Sector Renewal/Improvement	3.452	1.767	3.452	0.000	0	0.000		
Travellers' Sites	0.124	0.021	0.124	0.000	0	0.000		
Depot (Housing)	0.000	0.002	0.000	0.000		0.000		
Total	3.576	1.795	3.576	0.000	0	0.000		

Variance = Budget v Projected Outturn

ENVIRONMENT

Capital Budget Monitoring 2013/14 - Month 9

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	3.596	2.610	3.291	(0.305)	(8)	0.091	Early Identified Rollover - Planned works delayed into 2014/15 DDA £0.135m & Fire Safety Orders £0.123m	Request approval to move funding of £0.258m to 2014/15
Sustainable Waste Management	0.870	0.301	0.301	(0.569)	(65)	(0.051)	Early Identified Rollover - Sandycroft HRC delayed due to the review of the Waste Collection Service	Cabinet approved a revised Strategy on 18/02/14. Request approval to move funding of £0.569m to 2014/15
Engineering	0.274	0.096	0.243	(0.031)	(11)	(0.212)	Majority of land drainage schemes delayed due to re-directing funds to Mold FAS, currently awaiting planning permission	Allocations already rephased due to Mold being priority scheme
General Environmental Enhancement	0.005	0.004	0.007	0.002	40	0.002		
Highways	4.251	3.950	4.255	0.004	0	(0.003)		
Planning Grant Schemes	0.006	0.007	0.018	0.012	200	0.001	Payments made under the Padeswood Kiln Tree Screening Programme	Transfer balance from provision to clear current overspend
Ranger Services	0.174	0.002	0.012	(0.162)	(93)	(0.089)	Early Identified Rollover - Wepre Park Development starts in final quarter, majority of spend in 2014/15	Request approval to move funding of £0.155m to 2014/15
Regeneration	0.881	0.698	0.911	0.030	3	(1.491)	ERDF grant for Town Centre Regeneration. Current works delayed until 2014/15. Report to Cabinet 15/10/13 refers	Transfer grant balances from Holywell THI & ERDF funding to clear current overspend
Transportation	3.338	2.493	3.342	0.004	0	0.000		
Total	13.395	10.162	12.380	(1.015)	(8)	(1.752)		

Variance = Budget v Projected Outturn

LIFELONG LEARNING

Capital Budget Monitoring 2013/14 - Month 9

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	0.022	0.026	0.000	0	0.000		
Swimming Pools	0.120	0.120	0.120	0.000	0	0.000		
Community Centres	0.065	0.064	0.065	0.000	0	0.000		
Recreation - Other	0.034	0.019	0.034	0.000	0	0.000		
Play Areas	0.106	0.086	0.106	0.000	0	0.000		
Education - General	1.498	1.048	1.498	0.000	0	0.000		
Primary Schools	2.402	1.118	2.250	(0.152)	(6)	0.000	Early Identified Rollover - Sychdyn ATP £0.100m Various retentions £0.052m	Request approval to move funding of £0.152m to 2014/15

Variance = Budget v Projected Outturn

LIFELONG LEARNING (Cont.)
Capital Budget Monitoring 2013/14 - Month 9

Programme Area	Total Budget	Actual Exp.	Projected Outturn	Variance (Under)/Over	Variance %age	Variance Prev Qtr	Cause of Variance	Action Required
	£m	£m	£m	£m	%	£m		
Schools Modernisation	5.297	2.317	5.297	0.000	0	0.000		
Community Youth Clubs	0.093	0.091	0.093	0.000	0	0.000		
Secondary Schools	1.391	0.648	1.216	(0.175)	(13)	0.000	Early Identified Rollover - Mold Alun £0.070m Ysgol Maes Garmon £0.105m	Request approval to move funding of £0.175m to 2014/15
Special Education	0.855	0.670	0.855	0.000	0	0.000		
Minor Works, Furn & Equip	0.048	0.042	0.048	0.000	0	0.000		
Schools - Additional Funding	0.006		0.006	0.000	0	0.000		
Total	11.941	6.246	11.614	(0.327)	(3)	0.000		

Variance = Budget v Projected Outturn

HOUSING REVENUE ACCOUNT
Capital Budget Monitoring 2013/14 - Month 9

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	6.017	2.185	4.838	(1.179)	(20)	0.000	1. Review of existing Heating Replacement contract undertaken 2. Gas Infill Programme scheme - considerable savings & discount on tender prices	1. Additional grant funding of £0.368m to be introduced following contract review 2. Savings on Gas Infill scheme c£0.400m to be utilised on WHQS Programme
Accelerated Programmes	0.320	0.054	0.070	(0.250)	(78)	0.000	1. Ad hoc asbestos removal works less than anticipated 2. Electrical rewiring costs less than anticipated	1. Budget savings c£0.090m to be utilised on WHQS Programme 2. Rewiring work completed during void refurbishment programme
WHQS Improvements	4.429	4.680	6.143	1.714	39	0.000	1. Kitchen replacement project work exceeded original budget	1. Projected outturn due to increased demand, which will be resolved by negotiation with the contractor in last quarter & budget virement from within Major Works and Accelerated Programme
Disabled Adaptations	1.000	0.427	1.050	0.050	5	0.000		
Other Services	0.360	0.486	0.369	0.009	3	0.000		
Total	12.126	7.831	12.470	0.344	3	0.000		Additional grant to be introduced

Variance = Budget v Projected Outturn