

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 15 JULY 2014**

REPORT BY: **CORPORATE FINANCE MANAGER**

SUBJECT: **CAPITAL PROGRAMME 2013/14 (OUTTURN)**

1.00 PURPOSE OF REPORT

1.01 To provide Members with the Capital Programme 2013/14 outturn information (Subject to audit).

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 for 2013/14 of £29.908m at its meeting of 1st March 2013.

3.00 CONSIDERATIONS

3.01 Programme - Changes since Month 9

3.01.1 The table below sets out how the programme has changed since the Month 9 report to Cabinet on 18th March 2014. Detailed cumulative information relating to each programme area is provided in Appendix A and summarised below;-

REVISED PROGRAMME	Original Budget 2013/14	Changes - Month 9	Changes - This Period	Rollover to 2014/15	Revised Budget
	£m	£m	£m	£m	£m
Corporate Services	1.613	0.873	0.439	(0.652)	2.273
Clwyd Theatr Cymru	0.025	0.035	0	(0.006)	0.054
Community Services	3.350	0.226	(0.301)	0	3.275
Environment	16.460	(0.625)	(1.097)	(3.282)	11.456
Lifelong Learning	8.460	5.080	(1.703)	(1.890)	9.947
Council Fund Total	29.908	5.589	(2.662)	(5.830)	27.005
Housing Revenue Account	10.992	1.134	0.748	0	12.874
Programme Total	40.900	6.723	(1.914)	(5.830)	39.879

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 decrease in the programme from that reported at Month 9 of £1.914m (a CF decrease of £2.662m, partially offset by an HRA increase of £0.748m). 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	
<u>COUNCIL FUND</u>	£m
Increases	
Flintshire Connects	0.460
Highways	0.206
Other Aggregate Increases	0.582
	1.248
Decreases	
Private Sector Renewals/Improvements	(0.380)
Transportation	(1.563)
Primary Schools	(0.508)
School Modernisation	(1.284)
Other Aggregate Decreases	(0.175)
	(3.910)
Total	(2.662)
<u>HRA</u>	£m
Increases	
Central Heating	0.400
Kitchen Replacement	0.297
Other Aggregate Increases	0.051
	0.748
Decreases	
Other Aggregate Decreases	0.000
Total	0.748

3.02.2 Reasons for changes in the programme include:-

- An increase/decrease in grant funding from Welsh government (WG) or other external funding providers. This is the case with Highways and HRA Central Heating;
- Expenditure profiles for schemes alter during the year, resulting in budgets needing to be realigned to meet this scenario. This is the case with Primary Schools, School Modernisation and Kitchen Replacement;
- Contributions from partners are only recognised when they are realised in order to exercise prudence. This is the case with Flintshire Connects;
- Houses into Homes, a WG scheme providing recyclable loans for the repair of long term vacant properties with the aim of bringing them back into use, had previously been included within Renewals/Improvements as it represents expenditure within Flintshire. The Council merely acts as an agent for WG and under accounting regulations the budget and any associated expenditure must be accounted for outside of the Council's accounts; and
- Similarly, elements of the Transportation budget and expenditure related to non Flintshire works are accounted for outside of the Council's accounts, this relates to TAITH, the regional transport consortium of which Flintshire is the lead member; whilst those elements relating to works within Flintshire remain in the capital programme.

3.03 Capital Expenditure compared to Budget

3.03.1 Outturn expenditure across the whole of the programme is £37.975m. The breakdown of expenditure is analysed in the following table, along with the percentage spend against budget. The table shows that 95.23% of the budget has been spent across the programme (CF 92.95% and HRA 100%).

EXPENDITURE/OUTTURN	Revised Budget	Outturn	Variance Outturn v Budget (Under)/Over	% Outturn v Budget
	£m	£m	£m	%
Corporate Services	2.273	1.397	(0.876)	61.46
Clwyd Theatr Cymru	0.054	0.053	(0.001)	98.15
Community Services	3.275	2.806	(0.469)	85.68
Environment	11.456	11.260	(0.196)	98.29
Lifelong Learning	9.947	9.585	(0.362)	96.36
Council Fund Total	27.005	25.101	(1.904) →	92.95
Housing Revenue Account	12.874	12.874	0.000 →	100.00
Programme Total	39.879	37.975	(1.904) →	95.23

3.03.2 The detail of the variances for individual programme areas is listed in Appendix B, which includes the reasons 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 WG grants and are therefore not completed until the following year.

3.04.2 Cabinet has to date approved rollover of £6.011m into 2014/15 as part of previous monitoring reports, which has been partially offset by £0.181m being returned to 2013/14, leaving a net rollover total of £5.830m. Of the £0.181m, the majority (£0.128m) relates to expenditure on Town Centre Regeneration which was incurred in 2013/14 rather than 2014/15 as previously anticipated.

3.04.3 Further rollover at outturn of £1.904m has been identified 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 costs of programme works in 2014/15 and is put forward for Member approval.

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

ROLLOVER TO 2014/15	
	£m
Corporate Services	0.876
Clwyd Theatr Cymru	0.001
Community Services	0.469
Environment	0.196
Lifelong Learning	0.362
Council Fund	1.904
Housing Revenue Account	0.000

3.04.5 If approval is given to the request in 3.04.3 above, the total rollover into 2014/15 will be £7.734m.

3.05 Financing

3.05.1 The capital programme is financed as summarised below:-

FINANCING RESOURCES	General Financing¹	Specific Financing²	Total Financing
	£m	£m	£m
Latest Monitoring			
Council Fund	12.421	14.584	27.005
Housing Revenue Account	5.200	7.674	12.874
	17.621	22.258	39.879
Total Financing Resources	17.621	22.258	39.879

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 closely monitored as part of overall capital monitoring arrangements.

3.05.3 The final outturn position for capital receipts was £2.470m; this represents a decrease from the original budget of £3.700m of £1.230m, partially offset by the £0.038m of unallocated funding when the 2013/14 budget was set.

3.05.4 The outturn position is shown in the table below:-

FUNDING SHORTFALL OF APPROVED SCHEMES		
	£m	£m
Shortfall from 2012/13		3.028
Increases		
In year receipts shortfall	1.192	
New Pressures	0.195	1.387
Decreases		
20% Budget Holdback	(2.106)	
Funding from AD Waste Liquidation	(0.512)	(2.618)
Projected shortfall to 2014/15		1.797

3.05.5 The table above shows the shortfall in funding on schemes approved in 2012/13 and 2013/14 carried forward into 2014/15. This shortfall was originally generated in 2012/13 and is the shortfall in funding compared with expenditure that would have occurred had all approved core programme schemes been completed on budget and by 31st March. Schemes in 2012/13 and 2013/14 capital programmes were less advanced than anticipated and so the programmes expenditure in both years had sufficient funding.

3.05.6 The projected shortfall of £1.797m represents an increase of £0.745m on the position as at Month 9 and was caused by a further decrease in the level of receipts due to a Planning Appeal decision.

3.05.7 The 2014/15 budget approved by Members earlier in the year assumed a prudent level of capital receipts and a 30% reduction in the core programme in order to address the estimated shortfall at the time. The impact of this increase means that additional receipts over and above the budgeted figure will need to be realised to address this shortfall. The situation will be closely monitored by officers and reported to Cabinet in the quarterly monitoring reports.

3.05.8 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 rollover adjustments in 3.04.5

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in Section 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

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