

FLINTSHIRE COUNTY COUNCIL**REPORT TO:** **CABINET****DATE:** **THURSDAY, 16 OCTOBER 2014****REPORT BY:** **CORPORATE FINANCE MANAGER****SUBJECT:** **CAPITAL PROGRAMME 2014/15 (MONTH 4)****1.00** **PURPOSE OF REPORT**

1.01 To provide Members with the Month 4 (End of July) capital programme information for 2014/15.

2.00 **BACKGROUND**

2.01 The Council approved a Housing Revenue Account (HRA) capital programme for 2014/15 of £12.106m and a Council Fund (CF) capital programme of £20.970m at its meeting of 18th February 2014.

3.00 **CONSIDERATIONS****3.01** **Programme – Changes since Budget approval**

3.01.1 The table below sets out how the programme has changed during 2014/15 to date. Detailed cumulative information relating to each programme area is provided in Appendix A, and summarised below -

REVISED PROGRAMME	Original Budget 2014/15	Rollover from 2013/14	Changes - This Period	Revised Budget 2014/15
	£m	£m	£m	£m
Chief Executives	0.015	0.007	0	0.022
People & Resources	0.075	0.086	(0.003)	0.158
Governance	0.795	0.935	0	1.730
Education & Youth	9.228	2.212	1.462	12.902
Social Care	0	0	0.642	0.642
Community & Enterprise	2.848	2.654	0.483	5.985
Planning & Environment	1.709	0.923	(0.930)	1.702
Transport & Streetscene	5.345	0.578	0.851	6.774
Organisational Change 1	0	0.038	0	0.038
Organisational Change 2	0.955	0.301	0.025	1.281
Council Fund Total	20.970	7.734	2.530	31.234
Housing Revenue Account	12.106	0	0.530	12.636
Programme Total	33.076	7.734	3.060	43.870

3.02 Rollover from 2013/14

- 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 Revised rollover sums of £5.830m were agreed in year as part of the quarterly reports to Cabinet and of £1.904m as part of the outturn report to Cabinet on 15th July, 2014, giving a total rollover amount of £7.734m.
- 3.02.3 For Early Identified Rollover (EIR) into 2015/16 see Section 3.05.

3.03 Changes during this period

- 3.03.1 Changes during this period have resulted in a net increase in the programme total of £3.060m (CF £2.530m, HRA £0.530m). A summary of the changes, showing major items, is shown in the table below -

CHANGES DURING THIS PERIOD		£m
<u>COUNCIL FUND</u>		
Increases		
Local Transport Grant - New WG grant in 14/15		1.443
School Modernisation - Funding schedule confirmed inc. prudential borrowing		0.762
Partnerships & Performance - Intermediate Care Fund - New WG grant in 14/15		0.642
Private Sector Renewal/Improvement - Confirmation of 14/15 grant allocation		0.628
Flying Start - Confirmation of grant funding in 14/15		0.569
Highways - B/fwd unspent LGBI funding from 13/14		0.300
Other Aggregate Increases		0.310
		4.654
Decreases		
Transportation - Reduction in Regional Development Plan grant funding		(0.985)
Engineering - Grant funding removed pending further scheme information		(0.950)
Delay in traveller site refurbishment - Grant funding will be received in 15/16		(0.150)
Other Aggregate Decreases		(0.039)
		(2.124)
Total		2.530
 <u>HRA</u>		£m
Increases		
Confirmation of 14/15 WG grant funding for energy efficiency schemes		0.530
		0.530
Decreases		
		0.000
Total		0.530

3.03.2 Reasons for changes in the programme total include:-

- An increase/decrease in grant funding from WG or other external funding providers. This is the case for all of the above with the exception of School Modernisation, Highways and Travellers sites. At this point in the year, the first monitoring report since the budget was approved; the bulk of the changes would be expected to be related to changes in grant funding as amounts for the year are confirmed by providers.
- Funding profiles from external sources sometimes alter during the year, resulting in expenditure needing to be realigned to meet this scenario. This is the case with the traveller site refurbishment.
- An increase/decrease in the level of prudential borrowing identified. This is the case with Highways and School Modernisation.
- 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 Capital Expenditure compared to Budget

3.04.1 Actual expenditure at the end of July (Month 4) across the whole of the programme is £7.088m. The breakdown of expenditure is analysed in the following table, along with the percentage spend against budget. This shows that 16.16% of the budget has been spent across the programme (CF 14.45% and HRA 20.38%).

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 4	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
Chief Executives	0.022	0	0.00	0.022	0
People & Resources	0.158	0	0.00	0.158	0
Governance	1.730	0.333	19.25	1.730	0
Education & Youth	12.902	1.923	14.91	12.876	(0.026)
Social Care	0.642	0.021	3.27	0.642	0
Community & Enterprise	5.985	1.395	23.31	6.149	0.164
Planning & Environment	1.702	0.190	11.16	1.350	(0.352)
Transport & Streetscene	6.774	0.355	5.24	6.774	0
Organisational Change 1	0.038	0.016	42.11	0.038	0
Organisational Change 2	1.281	0.279	21.78	1.381	0.100
Council Fund Total	31.234	4.513	14.45	31.120	(0.114)
Housing Revenue Account	12.636	2.575	20.38	12.628	(0.008)
Programme Total	43.870	7.088	16.16	43.748	(0.122)

3.04.2 The table also shows the projected outturn (spend as at the end of the financial year) of £43.748m. It can be seen that on the Council Fund there is a projected underspend against budget of £0.114m and for the HRA a projected underspend of £0.008m.

3.04.3 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 2015/16 has been identified, this is also included in the narrative.

3.05 Rollover into 2015/16

3.05.1 As at Month 4 EIR of £0.276m 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 2015/16.

3.05.2 Information relating to each programme area is contained in Appendix B and summarised in the table below –

ROLLOVER INTO 2015/16		
	Month 4 £m	Total £m
Education & Youth	0.026	0.026
Planning & Environment	0.250	0.250
Council Fund	0.276	0.276
Housing Revenue Account	0	0

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	13.099	18.135	31.234
Housing Revenue Account	5.525	7.111	12.636
	18.624	25.246	43.870
Total Financing Resources	18.624	25.246	43.870

1 Supported Borrowing / General Capital Grant / Capital Receipts / MRA
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 2014/15 capital receipts is summarised below:-

FUNDING SHORTFALL OF APPROVED SCHEMES		
	£m	£m
Shortfall from 2013/14		1.578
Increases		
In year receipts shortfall		
New Pressures	0.030	0.030
Decreases		
In year receipts surplus	(0.762)	
Unallocated Headroom	(0.003)	(0.765)
Projected shortfall to 2015/16		0.843

The original estimate for in year capital receipts was £1.250m, of which £0.488m was to be used to finance capital expenditure in 2014/15 and £0.762m to address the projected shortfall in capital receipts from 2013/14.

The latest reviewed position assumes receipts at the budgeted level of £1.250m, with the largest amount of the receipts anticipated to be received in March 2015. There are no receipts received as at Month 4.

The outturn shortfall in 2013/14 was £1.578m, which, together with some minor adjustments and the assumed level of capital receipts, currently indicates a total shortfall in 2014/15 of £0.843m.

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. 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.

3.06.5 The first call on any excess receipts (above the budgeted figure of £1.250m) received in the current year will be to address the brought forward shortfall.

3.06.6 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 3.05.2.

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 2014/15
Appendix B : Variances

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

Capital Programme Monitoring Papers 2014/15.

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APPENDIX A

CAPITAL PROGRAMME - CHANGES DURING 2014/15

	Original Budget 2014/15	Rollover from 2013/14	Changes (Current)	Revised Budget 2014/15
	£m	£m	£m	£m
Council Fund :				
Chief Executives				
Clwyd Theatr Cymru	0.015	0.007	0	0.022
	0.015	0.007	0.000	0.022
People & Resources				
Corporate Finance	0.075	0.086	(0.003)	0.158
	0.075	0.086	(0.003)	0.158
Governance				
Information Technology	0.795	0.935	0	1.730
	0.795	0.935	0.000	1.730
Education & Youth				
Education - General	2.081	0	(1.801)	0.280
Primary Schools	0.040	0.278	1.572	1.890
Schools Modernisation	7.062	0.665	1.367	9.094
Secondary Schools	0	0.314	0.381	0.695
Special Education	0	0.955	(0.057)	0.898
Minor Works, Furn & Equip	0.045	0	0	0.045
	9.228	2.212	1.462	12.902
Social Care				
Partnerships & Performance	0	0	0.642	0.642
	0.000	0.000	0.642	0.642
Community & Enterprise				
Private Sector Renewal/Improvement	2.311	0.469	0.628	3.408
Travellers' Sites	0.150	0	(0.150)	0
Flintshire Connects	0.250	0.507	0.041	0.798
Town Centre Regeneration	0.137	1.676	(0.036)	1.777
Community Centres	0	0.002	0	0.002
	2.848	2.654	0.483	5.985
Planning & Environment				
Ranger Services	0.135	0.239	0.020	0.394
Energy Services	0.200	0	0	0.200
Engineering	1.065	0.591	(0.950)	0.706
Townscape Heritage Initiatives	0.309	0.093	0	0.402
	1.709	0.923	(0.930)	1.702

CAPITAL PROGRAMME - CHANGES DURING 2014/15

	Original Budget 2014/15	Rollover from 2013/14	Changes (Current)	Revised Budget 2014/15
	£m	£m	£m	£m
Transport & Streetscene				
Sustainable Waste Management	0	0.569	0.090	0.659
Highways	3.645	0.009	0.303	3.957
Local Transport Grant	0	0	1.443	1.443
Transportation	1.700	0	(0.985)	0.715
	5.345	0.578	0.851	6.774
Organisational Change 1				
Leisure Centres	0	0.029	0	0.029
Recreation - Other	0	0.008	0	0.008
Play Areas	0	0.001	0	0.001
	0.000	0.038	0.000	0.038
Organisational Change 2				
Administrative Buildings	0.955	0.301	0.025	1.281
	0.955	0.301	0.025	1.281
Housing Revenue Account :				
Housing Revenue Account				
Major Works	6.328	0	(3.414)	2.914
Accelerated Programmes	0.300	0	0.928	1.228
WHQS Improvements	4.000	0	3.494	7.494
Disabled Adaptations	1.000	0	0	1.000
Other Services	0.478	0	(0.478)	0
	12.106	0.000	0.530	12.636

Totals :

Council Fund	20.970	7.734	2.530	31.234
Housing Revenue Account	12.106	0	0.530	12.636
Grand Total	33.076	7.734	3.060	43.870

CHIEF EXECUTIVES

Capital Budget Monitoring 2014/15 - 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
Clwyd Theatr Cymru	0.022	0.000	0.022	0.000	0	0		
Total	0.022	0.000	0.022	0.000	0	0.000		

PEOPLE & RESOURCES

Capital Budget Monitoring 2014/15 - 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
Corporate Finance	0.158	0.000	0.158	0.000	0	0		
Total	0.158	0.000	0.158	0.000	0	0.000		

Variance = Budget v Projected Outturn

GOVERNANCE

Capital Budget Monitoring 2014/15 - 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	1.730	0.333	1.730	0.000	0	0		
Total	1.730	0.333	1.730	0.000	0	0.000		

Variance = Budget v Projected Outturn

EDUCATION & YOUTH

Capital Budget Monitoring 2014/15 - 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
Education - General	0.280	(0.000)	0.280	0.000	0	0		
Primary Schools	1.890	0.410	1.877	(0.013)	(1)	0	Early Identified Rollover - Various retentions	Request approval to move funding of £0.013m to 2015/16
Schools Modernisation	9.094	1.356	9.094	0.000	0	0		
Community Youth Clubs	0.000	(0.003)	0.000	0.000		0		
Secondary Schools	0.695	0.054	0.682	(0.013)	(2)	0	Early Identified Rollover - Various retentions	Request approval to move funding of £0.013m to 2015/16
Special Education	0.898	0.082	0.898	0.000	0	0		
Minor Works, Furn & Equip	0.045	0.023	0.045	0.000	0	0		
Total	12.902	1.923	12.876	(0.026)	(0)	0.000		

Variance = Budget v Projected Outturn

SOCIAL CARE

Capital Budget Monitoring 2014/15 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance		Cause of Variance	Action Required
					%age %	Prev Qtr £m		
Partnerships & Performance	0.642	0.021	0.642	0.000	0	0		
Total	0.642	0.021	0.642	0.000	0	0.000		

Variance = Budget v Projected Outturn

COMMUNITY & ENTERPRISE

Capital Budget Monitoring 2014/15 - 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	3.408	0.536	3.572	0.164	5	0	Overall programme will be fully committed	Additional grant funding will be received to address overspend
Travellers' Sites	0	(0.003)	0	0.000		0	Credit relates to retention accrual not yet due	Balance will clear when invoice is paid
Flintshire Connects	0.798	0.235	0.798	0.000	0	0		
Town Centre Regeneration	1.777	0.627	1.777	0.000	0	0		
Community Centres	0.002	0	0.002	0.000	0	0		
Total	5.985	1.395	6.149	0.164	3	0.000		

Variance = Budget v Projected Outturn

PLANNING & ENVIRONMENT

Capital Budget Monitoring 2014/15 - 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
Ranger Services	0.394	0.000	0.259	(0.135)	(34)	0	Early Identified Rollover - The 'Request to Tender' is due to be issued imminently with the bulk of expenditure in the second half of 2014/15	Request approval to move funding of £0.135m to 2015/16
Energy Services	0.200	0.040	0.200	0.000	0	0		
Engineering	0.706	0.148	0.604	(0.102)	(14)	0	Majority of land drainage schemes have been delayed due to re-directing funds to the Mold FAS which is currently awaiting planning permission to progress	Expenditure will be monitored during the year to determine whether full spend will be achieved or to identify rollover to 2015/16
Townscape Heritage Initiatives	0.402	0.002	0.287	(0.115)	(29)	0	Early Identified Rollover - ERDF schemes delayed into 2015/16	Request approval to move funding of £0.115m to 2015/16
Total	1.702	0.190	1.350	(0.352)	(21)	0.000		

Variance = Budget v Projected Outturn

TRANSPORT & STREETSCENE

Capital Budget Monitoring 2014/15 - 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
Sustainable Waste Management	0.659	0.002	0.659	0.000	0	0		
Highways	3.957	0.281	3.957	0.000	0	0	Contractual difficulties have delayd works on A548 Gronant. This scheme has the potential to exceed the estimated £85k budget, negotiation being held with the contactor	£85k ring fenced budget - Legal Advice currently being undertaken
Local Transport Grant	1.443	0.089	1.443	0.000	0	0		
Transportation	0.715	(0.016)	0.715	0.000	0	0		
Total	6.774	0.355	6.774	0.000	0	0.000		

Variance = Budget v Projected Outturn

ORGANISATIONAL CHANGE 1

Capital Budget Monitoring 2014/15 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/Over £m	Variance		Cause of Variance	Action Required
					%	Prev Qtr £m		
Leisure Centres	0.029	(0.001)	0.029	0.000	0	0		
Recreation - Other	0.008	0	0.008	0.000	0	0		
Play Areas	0.001	0.017	0.001	0.000	0	0		
Total	0.038	0.016	0.038	0.000	0	0.000		

ORGANISATIONAL CHANGE 2

Capital Budget Monitoring 2014/15 - Month 4

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/Over £m	Variance		Cause of Variance	Action Required
					%	Prev Qtr £m		
Administrative Buildings	1.281	0.279	1.381	0.100	8	0	Alltami Depot projected overspend due to security gates and CCTV installation	Prudential borrowing on the scheme will be increased to fund the overspend
Total	1.281	0.279	1.381	0.100	8	0.000		

Variance = Budget v Projected Outturn

HOUSING REVENUE ACCOUNT

Capital Budget Monitoring 2014/15 - 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	2.914	0.356	2.816	(0.098)	(3)	0	Projected underspend relates to budget held back in anticipation of emergency works that will need to be completed as a result of winter weather	Continuous rigorous monitoring will ensure full expenditure by year end
Accelerated Programmes	1.228	0.029	1.086	(0.142)	(12)	0	Further survey works on Welfare Reform related schemes will be carried out in the financial year	Work will be completed in the last two quarters of 2014/15
WHQS Improvements	7.494	2.099	7.740	0.246	3	0	Existing Projected Outturn will be addressed by a review of anticipated works in the existing programme	Review will be completed by end of quarter 3 of 2014/15
Disabled Adaptations	1.000	0.091	0.986	(0.014)	(1)	0		
Other Services	0	0	0	0.000		0		
Total	12.636	2.575	12.628	(0.008)	(0)	0.000		

Variance = Budget v Projected Outturn

