

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**            **CABINET**

**DATE:**                    **TUESDAY, 17 MARCH 2015**

**REPORT BY:**           **CORPORATE FINANCE MANAGER**

**SUBJECT:**                **CAPITAL PROGRAMME 2014/15 (MONTH 9)**

### **1.00**    **PURPOSE OF REPORT**

1.01    To provide Members with the Month 9 (End of December) 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 18<sup>th</sup> February 2014.

2.02    For presentational purposes the capital programme is shown as a whole, with sub totals for Council Fund and HRA. In reality the HRA programme is ring-fenced and can only be used for HRA purposes.

### **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 -

<b>REVISED PROGRAMME</b>	<b>Original Budget 2014/15</b>	<b>Rollover from 2013/14</b>	<b>Changes (Previous)</b>	<b>Changes - This Period</b>	<b>Rollover to 2015/16</b>	<b>Savings</b>	<b>Revised Budget 2014/15</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Chief Executives	0.015	0.007	0	0	0	0	0.022
People & Resources	0.075	0.086	0.002	(0.015)	0	(0.060)	0.088
Governance	0.795	0.935	0	0	(0.065)	0	1.665
Education & Youth	9.228	2.212	1.457	(1.748)	(1.041)	(0.018)	10.090
Social Care	0	0	0.642	0	0	0	0.642
Community & Enterprise	2.848	2.654	1.500	1.247	(0.115)	0	8.134
Planning & Environment	1.709	0.923	(0.930)	0.111	(0.339)	0	1.474
Transport & Streetscene	5.345	0.578	0.851	0.060	(0.089)	0	6.745
Organisational Change 1	0	0.038	0	0.015	0	0	0.053
Organisational Change 2	0.955	0.301	0.025	0	0	0	1.281
<b>Council Fund Total</b>	<b>20.970</b>	<b>7.734</b>	<b>3.547</b>	<b>(0.330)</b>	<b>(1.649)</b>	<b>(0.078)</b>	<b>30.194</b>
<b>Housing Revenue Account</b>	<b>12.106</b>	<b>0</b>	<b>0.530</b>	<b>(0.205)</b>	<b>0</b>	<b>0</b>	<b>12.431</b>
<b>Programme Total</b>	<b>33.076</b>	<b>7.734</b>	<b>4.077</b>	<b>(0.535)</b>	<b>(1.649)</b>	<b>(0.078)</b>	<b>42.625</b>

### 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 15<sup>th</sup> 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 decrease in the programme total of £0.535m (CF £0.330m, HRA £0.205m). A summary of the changes, showing major items, is shown in the table below -

<b>CHANGES DURING THIS PERIOD</b>	
<b><u>COUNCIL FUND</u></b>	<b>£m</b>
<b>Increases</b>	
Vibrant and Viable Places WG Grant Allocation	1.625
Transition to 21st Century Schools reprofiled WG Grant Allocation	1.259
Other Aggregate Increases	0.185
	3.069
<b>Decreases</b>	
Transition to 21st Century schools reprofiling of Borrowing	(2.780)
Affordable Housing - Use of Developer Contributions	(0.392)
Other Aggregate Decreases	(0.227)
	(3.399)
<b>Total</b>	<b>(0.330)</b>
	<b>£m</b>
<b><u>HRA</u></b>	
<b>Decreases</b>	
Reduction in CERA budget required	(0.205)
	(0.205)
<b>Total</b>	<b>(0.205)</b>

- 3.03.2 Reasons for changes in the programme total this quarter are an increase in grant funding from WG Vibrant and Viable Places and a reprofiled WG Grant allocation for 21<sup>st</sup> Century Schools. With a reduced spend on 21<sup>st</sup> Century schools more use is being made of time limited WG grant funding with the requirement for prudential borrowing delayed until later in the programme.
- 3.03.3 Developers contributions towards Affordable Housing are now being held on the balance sheet until such time as schemes are identified and progressed.

3.03.4 Within the HRA reduced expenditure has resulted in a decrease in the amount of revenue funding required to finance the programme.

3.03.5 Within People and Resources is a centrally held provision for urgent Health and Safety issues. These funds are reallocated to relevant programme areas as they are requested and approved. Minor reallocations have taken place this quarter.

### 3.04 Capital Expenditure compared to Budget

3.04.1 Actual expenditure at the end of December (Month 9) across the whole of the programme is £23.037m. The breakdown of expenditure is analysed in the following table, along with the percentage spend against budget. This shows that 54.04% of the budget has been spent across the programme (CF 51.84% and HRA 59.39%). Corresponding figures for Month 9 2013/14 were 61.31% (CF 60.03% and HRA 64.58%). Historically the majority of expenditure on the programme occurs in the final 2 quarters of the financial year.

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 9	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
Chief Executives	0.022	0.002	9.65	0.016	(0.006)
People & Resources	0.088	0	0.00	0.088	0
Governance	1.665	0.927	55.69	1.285	(0.380)
Education & Youth	10.090	5.236	51.89	10.026	(0.064)
Social Care	0.642	0.069	10.78	0.642	0
Community & Enterprise	8.134	4.356	53.55	6.574	(1.560)
Planning & Environment	1.474	0.696	47.22	1.292	(0.182)
Transport & Streetscene	6.745	3.336	49.46	6.745	0.000
Organisational Change 1	0.053	0.147	278.05	0.020	(0.033)
Organisational Change 2	1.281	0.884	68.98	1.281	0
<b>Council Fund Total</b>	<b>30.194</b>	<b>15.654</b>	<b>51.84</b>	<b>27.969</b>	<b>(2.225)</b>
<b>Housing Revenue Account</b>	<b>12.431</b>	<b>7.383</b>	<b>59.39</b>	<b>12.428</b>	<b>(0.003)</b>
<b>Programme Total</b>	<b>42.625</b>	<b>23.037</b>	<b>54.04</b>	<b>40.397</b>	<b>(2.228)</b>

3.04.2 The table also shows the projected outturn (spend as at the end of the financial year) of £40.397m. It can be seen that on the Council Fund there is a projected underspend against budget of £2.225m and for the HRA a projected underspend of £0.003m.

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 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 9 additional EIR of £2.225m 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:-

<b>ROLLOVER INTO 2015/16</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Chief Executives			0.006	0.006
Governance		0.065	0.380	0.445
Education & Youth	0.026	1.015	0.064	1.105
Community & Enterprise	0.115		1.560	1.675
Planning & Environment	0.135	0.204	0.182	0.521
Transport & Streetscene		0.089		0.089
Organisational Change 1			0.033	0.033
<b>Council Fund</b>	<b>0.276</b>	<b>1.373</b>	<b>2.225</b>	<b>3.874</b>
<b>Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.06 Savings

3.06.1 Savings of £0.018m have been identified in the current period as a result of works at Sychdyn Artificial Turf Pitch being carried out under budget. This brings the total savings to £0.078m as per the table below.

<b>IDENTIFIED SAVINGS</b>	
	<b>Savings</b>
	<b>£m</b>
Corporate Finance	(0.060)
Education & Youth	(0.018)
<b>Total</b>	<b>(0.078)</b>

### 3.07 Financing

3.07.1 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	11.829	18.365	30.194
Housing Revenue Account	5.525	6.906	12.431
	<b>17.354</b>	<b>25.271</b>	<b>42.625</b>
<b>Total Financing Resources</b>	<b>17.354</b>	<b>25.271</b>	<b>42.625</b>

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

3.07.2 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.

3.07.3 The overall position for 2014/15 (including the capital receipts impact) is summarised below:-

<b>FUNDING OF APPROVED SCHEMES</b>		
	<b>£m</b>	<b>£m</b>
<b>Shortfall from 2013/14</b>		<b>1.578</b>
<b>Increases</b>		
In year receipts shortfall		
New Pressures	0.030	0.030
<b>Decreases</b>		
Projected In year receipts	(1.617)	
Identified Savings	(0.078)	
Unallocated Headroom	(0.003)	(1.698)
<b>Projected shortfall / (surplus) to 2015/16</b>		<b>(0.090)</b>

The latest position projects total receipts at year end of £2.105m, with £0.488m funding in year schemes, leaving a surplus of £1.617m. Receipts as at Month 9 total £1.174m.

The outturn shortfall in 2013/14 was £1.578m, which, together with some minor adjustments and the **projected** level of capital receipts, currently indicates a total surplus in 2014/15 of £0.090m.

3.07.4 The situation regarding disposals remains fluid in this economic climate and hence it is difficult to predict with certainty when disposals will be delivered. It is therefore suggested that the Council continues to monitor the disposals programme closely and will bring further updates to Cabinet in future capital monitoring reports

#### **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 as a direct result of this report.

**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 as a direct result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None as a direct result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 None as a direct result of this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None as a direct result of this report.

**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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