

CABINET MEETING

Date of Meeting	Tuesday 15 December 2015
Report Subject	Capital Programme Monitoring 2015/16 (Month 6)
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report By	Corporate Finance Manager
Strategic / Operational	Operational

EXECUTIVE SUMMARY

The Capital Programme has increased by £0.662m in the period, largely due to the impact of:-

- Additional WG grant funding of £0.717m (Council Fund £0.572m, Housing Revenue Account £0.145m);
- FCC Match Funding for Queensferry Roundabout scheme (£0.228m); and
- Kitchen Replacement contribution (£0.152m).

Offset by:-

- Rollover into 2016/17 (£0.345m); and
- Removal of Traveller Site Grant (£0.150m).

Resources available for funding future capital expenditure currently c£2.629m.

RECOMMENDATIONS

(1)	Approve the Report.
(2)	Approve the rollover adjustments at 1.13.

REPORT DETAILS

1.00	EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION FOR MONTH 6 - 2015/16																																																																																																																																						
	Background																																																																																																																																						
1.01	The Council approved a Housing Revenue Account (HRA) capital programme for 2015/16 of £21.200m and a Council Fund (CF) capital programme of £50.359m at its meeting of 17 th February, 2015.																																																																																																																																						
1.02	For presentational purposes the capital programme is shown as a whole, with sub-totals for the Council Fund and HRA. In reality the HRA programme is ring fenced and can only be used for HRA purposes.																																																																																																																																						
	Changes since Budget approval																																																																																																																																						
1.03	Table 1 below sets out how the programme has changed during 2015/16. More detailed cumulative information relating to each Portfolio is provided in Appendix A:-																																																																																																																																						
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1.04	Rollover sums from 2014/15 to 2015/16, totalling £5.767m (CF £5.255m, HRA £0.512m), were approved by Cabinet.																																																																																																																																						

Changes during this period

1.05 Changes during this period have resulted in a net increase in the programme total of £1.007m (CF (£0.710m), HRA £0.297m). A summary of the changes, showing major items, is in Table 2 below:-

Table 2

CHANGES DURING THIS PERIOD	
<u>COUNCIL FUND</u>	£m
Increases	
Queensferry Roundabout Scheme - WG Grant Funded	0.572
Queensferry Roundabout Scheme - FCC Match Funded	0.228
Other Aggregate Increases	0.075
	0.875
Decreases	
Removal of Traveller Site Grant	(0.150)
Other Aggregate Decreases	(0.015)
	(0.165)
Total	0.710
 <u>HRA</u>	
Increases	
Enhanced Kitchen Replacement Programme funded by Contribution	0.152
Communal Heating - WG Grant	0.145
	0.297
Decreases	
	0.000
Total	0.297

1.06 The Queensferry Roundabout scheme involves improvements to the roundabout and Asda junction and reflects a revised funding profile between WG and the Council.

1.07 At the time of setting the 2015/16 budget it was anticipated that a WG grant of £0.150m would be received for the refurbishment of the Riverside Traveller site. This is not now the case and so the budget has been withdrawn.

1.08 Within the HRA, Flintshire has earned a rebate from the London Housing Consortium (LHC) for the use of their procurement frameworks which is being utilised to supplement the kitchen replacement programme. In addition existing WG grant funding is being used to upgrade the communal heating systems in the Flint tower blocks.

Capital Expenditure compared to Budget

1.09 Actual expenditure as at Month 6 (end of September 2015) across the whole of the capital programme is £98.490m. The breakdown of expenditure is analysed in Table 3 below, along with the percentage spend against budget. This shows that 28.13% of the budget has been spent (CF 30.67%, HRA 22.77%). Corresponding figures for Month 6 2014/15 were 36.39% (CF 34.95%, HRA 40.03%). The HRA capital programme is significantly larger than in previous years, requiring more initial planning and therefore the bulk of expenditure will occur later in the year. These figures exclude the HRA Subsidy Buyout (£79.248m) which was paid in its entirety early in the financial year.

Table 3

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 6	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
Chief Executives	0.026	0	0	0.026	0
People & Resources	0.143	0	0	0.143	0
Governance	0.923	0.435	47.09	0.923	0
Education & Youth	33.034	9.722	29.43	32.966	(0.068)
Social Care	0	0	0	0	0
Community & Enterprise	6.030	2.574	42.68	6.531	0.501
Planning & Environment	1.750	0.297	16.97	1.750	0
Transport & Streetscene	2.771	0.655	23.63	2.806	0.035
Organisational Change 1	0.087	0.176	202.10	0.207	0.120
Organisational Change 2	1.638	0.372	22.73	1.271	(0.367)
Council Fund Total	46.402	14.230	30.67	46.623	0.221
Housing Revenue Account	22.009	5.012	22.77	22.009	0
Programme Total (Excl HRA Subsidy)	68.411	19.242	28.13	68.632	0.221
HRA Subsidy Buyout	79.248	79.248	100.00	79.248	0
Programme Total	147.659	98.490	66.70	147.880	0.221

1.10 The table also shows the current projected outturn of £147.880m. This indicates a projected overspend (pending adjustments) of £0.221m on the Council Fund and a projected breakeven position on the HRA. The apparent overspends on both Community & Enterprise and Organisational Change 1 are down to the fact that expenditure is incurred in year prior to the funding being drawn down, which will happen later in the financial year.

1.11 Details of the variances for individual programme areas are listed in Appendix B, which includes the reasons, and required remedial actions which may be required where those variances exceed +/- 10% of the revised budget. In addition, where Early Identified Rollover (EIR) into 2016/17 has been identified, this is also included in the narrative.

Rollover into 2016/17

1.12 As at Month 6 EIR of £0.435m 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 2016/17.

1.13 Information relating to each programme area is contained in Appendix B and summarised in Table 4 below:-

Table 4

ROLLOVER INTO 2016/17	Month 4 £m	Month 6 £m	Total £m
Education & Youth	0.345	0.068	0.413
Organisational Change 1	0	0.367	0.367
Council Fund	0.345	0.435	0.780
Housing Revenue Account	0	0	0

Financing

1.14 The capital programme is financed as summarised in Table 5 below:-

Table 5

FINANCING RESOURCES	General Financing¹ £m	Specific Financing² £m	Total Financing £m
Latest Monitoring			
Council Fund	6.118	40.284	46.402
Housing Revenue Account	5.110	96.147	101.257
	11.228	136.431	147.659
Total Financing Resources	11.228	136.431	147.659

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

1.15 Given the continuing uncertainty over the realisation of asset disposals, no capital receipts were assumed for 2015/16 budget setting purposes. However, any assets realised in year would be available for capital investment (see Sections 1.17 to 1.19 below).

Funding of 2015/16 Approved Schemes

1.16 The position as at Month 6 is summarised in Table 6 below:-

Table 6

FUNDING OF APPROVED SCHEMES		
	£m	£m
Surplus from 2014/15		(1.314)
Increases		
Previously reported	0.565	
Queensfery Roundabout	0.228	0.793
Decreases		
Actual In year receipts	(1.254)	
Identified Savings (Previously reported)	(0.521)	
Unallocated Headroom	(0.333)	(2.108)
Funding Available		(2.629)
Prospective Schemes		
Brookhill / Standard PV Sites		1.450
		1.450
Projected shortfall / (surplus) to 2016/17		(1.179)

1.17 The final outturn surplus from 2014/15 was £1.314m (£1.322m as per outturn report to Cabinet 14 July, 2015).

Additional allocations in year amount to £0.793m, an increase of £0.228m on Month 4. This increase is Flintshire's contribution to the Queensfery Roundabout project.

Savings in the resources required for Flintshire Connects (as previously reported in Month 4 Capital Monitoring report to Cabinet 13th October, 2015) amount to £0.521m.

Actual receipts to Month 6 amount to £1.254m and unallocated headroom remains unaltered at £0.333m.

Taken as a whole this indicates that c£2.629m is available to fund capital schemes.

1.18 Portfolios through their business plans have identified significant capital investment needed to improve services and achieve revenue efficiencies. Business cases are in the process of being written, the intention being to bring additional capital schemes to Cabinet for approval in the current and/or future financial years.

1.19	A report requesting support for the installation of photovoltaic (PV) arrays at ex landfill sites in Buckley was approved by Cabinet at its meeting of 16 June 2015. The provisional costs are included in the table above and a further report will come to Cabinet once all the details are finalised.
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2.00	RESOURCE IMPLICATIONS
2.01	Financial implications - As set out in the body of the report.
2.02	Personnel Implications - None directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	No consultation is required as a direct result of this report.

4.00	RISK MANAGEMENT
4.01	At this stage in the financial year and given the size and complexity of schemes within the programme, it is considered that the level of spend against budget is appropriate and poses no risk or negative impact for the Council e.g. loss of external funding.
4.02	As stated in Section 1.09, the 2015/16 HRA Capital Programme is significantly larger than in previous years and so may present a risk in terms of achieving spending levels. As such this will need to be closely monitored during the year.

5.00	APPENDICES
5.01	Appendix A: Capital Programme - Changes during 2015/16
5.02	Appendix B: Variances

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Capital Programme monitoring papers 2015/16. Contact Officer: Andrew Elford Accountant Telephone: 01352 702291 E-Mail: andrew.elford@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Capital Programme: The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.</p> <p>CERA: Capital Expenditure charged to Revenue Account. The Council is allowed to use its revenue resources to fund capital expenditure. However the opposite is not permissible.</p> <p>Council Fund (CF): The fund to which all the Council's revenue and capital expenditure is charged.</p> <p>Housing Revenue Account (HRA): The fund to which all the Council's revenue and capital expenditure relating to its housing stock is charged.</p> <p>MRA: Major Repairs Allowance. A general capital grant from WG for HRA purposes.</p> <p>Rollover: Rollover occurs when schemes due to be completed in a given financial year are delayed until a subsequent year. In this case the relevant funding is 'rolled over' to meet the delayed expenditure.</p>