

CABINET

Date of Meeting	Tuesday 22 March 2016
Report Subject	Capital Programme Monitoring 2015/16 (Month 9)
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report By	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The Capital Programme has decreased by £3.320m in the period (changes £2.885m, M6 rollover £0.435m), due to the impact of:-

- Reduction in year to the 21C schools programme (£5.724m) and Wales Housing Quality Standard (WHQS) Improvements (£0.152m);
- Pre-approved Rollover into 2016/17 (£0.435m); and
- Other Aggregate Decreases (£0.052m).

Offset by:-

- Additional Welsh Government (WG) Vibrant & Viable Places (VVP) grant (£1.367m); Introduction of European Regional Development Fund (ERDF) funding for Town Centre Regeneration (£0.561m);
- Additional Funding for Waste Services (£0.358m);
- Additional grant/contributions for Private Sector Renewal (£0.279m);
- Introduction of funding for play areas (£0.220m); and
- Other Aggregate Increases (£0.256m).

Resources available for funding future capital expenditure currently c£2.986m.

RECOMMENDATIONS

(1)	Approve the Report.
(2)	Approve the rollover adjustments at 1.16.
(3)	Approve the request for additional resources at 1.17.

REPORT DETAILS

1.00	EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION FOR MONTH 9 - 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:-																																																																																																																																			
	<p>Table 1</p> <table border="1"> <thead> <tr> <th rowspan="2">REVISED PROGRAMME</th> <th rowspan="2">Original Budget 2015/16 £m</th> <th rowspan="2">Rollover from 2014/15 £m</th> <th colspan="3">2015/16 Previously Reported</th> <th rowspan="2">Changes - This Period £m</th> <th rowspan="2">Revised Budget 2015/16 £m</th> </tr> <tr> <th>Changes £m</th> <th>Rollover to 2016/17 £m</th> <th>Savings £m</th> </tr> </thead> <tbody> <tr> <td>Chief Executives</td> <td>0.020</td> <td>0.006</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0.026</td> </tr> <tr> <td>People & Resources</td> <td>0.075</td> <td>0.086</td> <td>(0.018)</td> <td>0</td> <td>0</td> <td>0</td> <td>0.143</td> </tr> <tr> <td>Governance</td> <td>0.170</td> <td>0.753</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0.923</td> </tr> <tr> <td>Education & Youth</td> <td>45.022</td> <td>1.942</td> <td>(13.585)</td> <td>(0.413)</td> <td>0</td> <td>(5.724)</td> <td>27.242</td> </tr> <tr> <td>Social Care</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0.000</td> </tr> <tr> <td>Community & Enterprise</td> <td>2.841</td> <td>0.857</td> <td>2.853</td> <td>0</td> <td>(0.521)</td> <td>2.254</td> <td>8.284</td> </tr> <tr> <td>Planning & Environment</td> <td>0.551</td> <td>1.147</td> <td>0.052</td> <td>0</td> <td>0</td> <td>0.060</td> <td>1.810</td> </tr> <tr> <td>Transport & Streetscene</td> <td>0.860</td> <td>0.104</td> <td>1.807</td> <td>0</td> <td>0</td> <td>0.467</td> <td>3.238</td> </tr> <tr> <td>Organisational Change 1</td> <td>0</td> <td>0.042</td> <td>0.045</td> <td>0</td> <td>0</td> <td>0.220</td> <td>0.307</td> </tr> <tr> <td>Organisational Change 2</td> <td>0.820</td> <td>0.318</td> <td>0.500</td> <td>(0.367)</td> <td>0</td> <td>0.040</td> <td>1.311</td> </tr> <tr> <td>Council Fund Total</td> <td>50.359</td> <td>5.255</td> <td>(8.346)</td> <td>(0.780)</td> <td>(0.521)</td> <td>(2.683)</td> <td>43.284</td> </tr> <tr> <td>HRA Subsidy Buyout</td> <td>0</td> <td>0</td> <td>79.248</td> <td>0</td> <td>0</td> <td>0</td> <td>79.248</td> </tr> <tr> <td>Housing Revenue Account</td> <td>21.200</td> <td>0.512</td> <td>0.297</td> <td>0</td> <td>0</td> <td>(0.202)</td> <td>21.807</td> </tr> <tr> <td>Housing Revenue Account Total</td> <td>21.200</td> <td>0.512</td> <td>79.545</td> <td>0.000</td> <td>0.000</td> <td>(0.202)</td> <td>101.055</td> </tr> <tr> <td>Programme Total</td> <td>71.559</td> <td>5.767</td> <td>71.199</td> <td>(0.780)</td> <td>(0.521)</td> <td>(2.885)</td> <td>144.339</td> </tr> </tbody> </table>	REVISED PROGRAMME	Original Budget 2015/16 £m	Rollover from 2014/15 £m	2015/16 Previously Reported			Changes - This Period £m	Revised Budget 2015/16 £m	Changes £m	Rollover to 2016/17 £m	Savings £m	Chief Executives	0.020	0.006	0	0	0	0	0.026	People & Resources	0.075	0.086	(0.018)	0	0	0	0.143	Governance	0.170	0.753	0	0	0	0	0.923	Education & Youth	45.022	1.942	(13.585)	(0.413)	0	(5.724)	27.242	Social Care	0	0	0	0	0	0	0.000	Community & Enterprise	2.841	0.857	2.853	0	(0.521)	2.254	8.284	Planning & Environment	0.551	1.147	0.052	0	0	0.060	1.810	Transport & Streetscene	0.860	0.104	1.807	0	0	0.467	3.238	Organisational Change 1	0	0.042	0.045	0	0	0.220	0.307	Organisational Change 2	0.820	0.318	0.500	(0.367)	0	0.040	1.311	Council Fund Total	50.359	5.255	(8.346)	(0.780)	(0.521)	(2.683)	43.284	HRA Subsidy Buyout	0	0	79.248	0	0	0	79.248	Housing Revenue Account	21.200	0.512	0.297	0	0	(0.202)	21.807	Housing Revenue Account Total	21.200	0.512	79.545	0.000	0.000	(0.202)	101.055	Programme Total	71.559	5.767	71.199	(0.780)	(0.521)	(2.885)	144.339
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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.																																																																																																																																			
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1.05	Changes during this period have resulted in a net decrease in the programme																																																																																																																																			

total of £2.885m (CF (£2.683m, HRA £0.202m). 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	
Vibrant & Viable Places (VVP) - Additional WG Grant	1.367
Town Centre Regeneration - Introduction of ERDF Funding	0.561
Waste Services - Additional Funding	0.358
Private Sector Renewal/Improv't - Additional Grants & Contributions	0.279
Play Areas - Introduction of Funding	0.220
Other Aggregate Increases	0.256
	3.041
Decreases	
Reduction in Programme Spend - 21C Schools	(5.724)
Other Aggregate Decreases	0.000
	(5.724)
Total	(2.683)
<u>HRA</u>	
Increases	
	0.000
Decreases	
WHQS Improvements - Reduction in need for Prudential Borrowing	(0.152)
Other Aggregate Decreases	(0.050)
	(0.202)
Total	(0.202)

1.06 There has been a reduction in the budgeted level of expenditure for the 21C Schools programme. This has reduced the need to Prudentially Borrow in the current year, however this borrowing will now take place in future years.

1.07 The Council has recently been successful in its application for additional capital funding towards the VVP project.

1.08 ERDF funding has been received to match the expenditure previously incurred.

1.09 Within Waste Services additional funding has been introduced from:-

- Collaborative Change Programme (CCP) - Additional WG grant (£0.147m); and
- Standard Landfill - Upon the liquidation of AD Waste a capital receipt was realised (£0.871m) to fund certain works at Standard Landfill site. This represents the final drawdown from that receipt (£0.153m); and

	<ul style="list-style-type: none"> Revenue funding has been introduced to finance additional expenditure on Sandycroft Household Recycling Centre (HRC) (£0.023m) and Greenfield (£0.035m).
1.10	The introduction of grant funding in relation to home improvements has increased resources within the Private Sector Renewal area (£0.202m), whilst client contributions to energy efficiency schemes have added a further £0.077m.
1.11	The rebate received from London Housing Corporation (£0.152m), as reported in the Month 6 report to Cabinet on 15 th December 2015, was to have been used to expand the kitchen replacement programme, however, this will now be used to fund existing in year expenditure, thereby reducing the need for Prudential Borrowing for the HRA.
	Capital Expenditure compared to Budget
1.12	Actual expenditure as at Month 9 (end of December 2015) across the whole of the capital programme is £120.587m. The breakdown of expenditure is analysed in Table 3 overleaf, along with the percentage spend against budget. This shows that 63.51% of the budget has been spent (CF 64.12%, HRA 62.30%). Corresponding figures for Month 9 2014/15 were 54.04% (CF 51.84%, HRA 59.39%). 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.
1.13	The table also shows the current projected outturn of £140.826m. This indicates a projected underspend (pending adjustments) of £2.013m on the Council Fund and £1.500m on the HRA.
	Table 3

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	0.026	0	0	0.026	0
People & Resources	0.143	0	0	0.143	0
Governance	0.923	0.458	49.61	0.758	(0.165)
Education & Youth	27.242	19.840	72.83	26.789	(0.453)
Social Care	0	0	0	0	0
Community & Enterprise	8.284	4.443	53.64	8.204	(0.080)
Planning & Environment	1.810	0.562	31.08	1.142	(0.668)
Transport & Streetscene	3.238	1.681	51.90	3.144	(0.094)
Organisational Change 1	0.307	0.273	88.82	0.307	0
Organisational Change 2	1.311	0.495	37.79	0.758	(0.553)
Council Fund Total	43.284	27.752	64.12	41.271	(2.013)
Housing Revenue Account	21.807	13.587	62.30	20.307	(1.500)
Programme Total (Excl HRA Subsidy)	65.091	41.339	63.51	61.578	(3.513)
HRA Subsidy Buyout	79.248	79.248	100.00	79.248	0
Programme Total	144.339	120.587	83.54	140.826	(3.513)

1.14 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

1.15 As at Month 9 EIR of £3.538m (CF £2.038m, HRA £1.500m) 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.

1.16 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	Month 6	Month 9	Total
	£m	£m	£m	£m
Governance	0	0	0.165	0.165
Education & Youth	0.345	0.068	0.453	0.866
Planning & Environment	0	0	0.685	0.685
Transport & Streetscene	0	0	0.182	0.182
Organisational Change 2	0	0.367	0.553	0.920
Council Fund	0.345	0.435	2.038	2.818
Housing Revenue Account	0	0	1.500	1.500

Pressures

- 1.17 Two pressure areas totalling £0.088m have been identified within the Transport & Streetscene portfolio:-
- Overspend on remediation works at Standard Landfill due to the presence of asbestos (£0.035m); and
 - Higher than expected contract price for Queensferry roundabout improvement works (£0.053m).

Savings

- 1.18 Additional savings of £0.080m have been identified in the Flintshire Connects budget as all capital works have now been completed.

Financing

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

Table 5

FINANCING RESOURCES	General Financing¹	Specific Financing²	Total Financing
	£m	£m	£m
Latest Monitoring			
Council Fund	5.836	37.448	43.284
Housing Revenue Account	5.110	95.945	101.055
Total Financing Resources	10.946	133.393	144.339

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

- 1.20 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 1.21 to 1.23 below).

Funding of 2015/16 Approved Schemes

1.21 The position as at Month 9 is summarised in Table 6 below:-

Table 6

FUNDING OF APPROVED SCHEMES		
	£m	£m
Surplus from 2014/15		(1.314)
Increases		
Previously reported	0.793	
Queensferry Roundabout (If approved)	0.053	
Standard Landfill (If approved)	0.035	<u>0.881</u>
Decreases		
Actual In year receipts	(1.619)	
Identified Savings (Previously reported)	(0.521)	
Additional Savings - Flintshire Connects	(0.080)	
Unallocated Headroom	(0.333)	<u>(2.553)</u>
Funding Available		(2.986)

1.22 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, as previously reported, amount to £0.793m, whilst an additional £0.088m is requested in this period.

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, whilst an additional £0.080m has been identified in this period.

Actual receipts to Month 9 amount to £1.619m and unallocated headroom remains unaltered at £0.333m.

Taken as a whole this indicates that c£2.986m is available to fund capital schemes. However, if the additional resources requested at Section 1.17 are not approved, this amount will increase to £3.074m.

1.23 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.
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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 1.12, 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	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.

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.

Council Fund (CF): The fund to which all the Council's revenue and capital expenditure is charged.

Housing Revenue Account (HRA): The fund to which all the Council's revenue and capital expenditure relating to its housing stock is charged.

MRA: Major Repairs Allowance. A general capital grant from WG for HRA purposes.

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.