

CABINET

Date of Meeting	Tuesday, 20 th February 2018
Report Subject	Capital Programme Monitoring 2017/18 (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 report summarises changes made to the Capital Programme 2017/18 since Month 6 (September 2017) to the end of month 9 (December 2017), along with expenditure to date and projected outturn.

The Capital Programme has seen a net increase of £0.748m during the period. This is comprised of:-

- Increases in the programme of £1.245m (CF £1.245m, HRA £0m);
- Decreased by Carry Forward to 2018/19 of £0.497m approved by Cabinet at Month 6.

Actual expenditure was £37.314m.

The Final Settlement announced by Welsh Government (WG) in December 2017 reduced annual capital funding in 2018/19 onwards by £0.118m per annum, thereby increasing the shortfall in the total programme (2017/18 - 2019/20) by £0.236m. However, due to the level of receipts generated in year the current position is a surplus of £0.201m. This means that funding is now in place for all schemes approved as part of the 2017/18 budget round, including allocations for 2018/19 and 2019/20.

RECOMMENDATIONS

(1)	Cabinet are requested to approve the overall report.
(2)	Cabinet are requested to approve the additional Prudential Borrowing of £0.400m in regard to AURA capital works as set out at 1.16
(3)	Cabinet are requested to approve the carry forward adjustments set out at 1.17.

REPORT DETAILS

1.00	EXPLAINING THE MONTH 9 CAPITAL PROGRAMME MONITORING POSITION- 2017/18																																																																																																																			
	Background																																																																																																																			
1.01	The Council approved a Council Fund (CF) capital programme of £19.435m and a Housing Revenue Account (HRA) capital programme of £27.744m for 2017/18 at its meeting of 14 th February, 2017.																																																																																																																			
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 2017/18. 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 2017/18 £m</th> <th rowspan="2">Carry Forward from 2016/17 £m</th> <th colspan="3">2017/18 Previously Reported</th> <th rowspan="2">Changes - This Period £m</th> <th rowspan="2">Revised Budget 2017/18 £m</th> </tr> <tr> <th>Changes £m</th> <th>Carry Forward to 2018/19 £m</th> <th>Savings £m</th> </tr> </thead> <tbody> <tr> <td>Chief Executives</td> <td>0.100</td> <td>0</td> <td>0</td> <td>(0.035)</td> <td>0</td> <td>0</td> <td>0.065</td> </tr> <tr> <td>People & Resources</td> <td>0.250</td> <td>0.153</td> <td>(0.150)</td> <td>0</td> <td>0</td> <td>0</td> <td>0.253</td> </tr> <tr> <td>Governance</td> <td>0.620</td> <td>0.145</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0.765</td> </tr> <tr> <td>Education & Youth</td> <td>7.792</td> <td>0.453</td> <td>0.736</td> <td>0</td> <td>0</td> <td>(0.065)</td> <td>8.916</td> </tr> <tr> <td>Social Care</td> <td>2.145</td> <td>0</td> <td>0.023</td> <td>(1.725)</td> <td>0</td> <td>0</td> <td>0.443</td> </tr> <tr> <td>Community & Enterprise</td> <td>5.044</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0.580</td> <td>5.624</td> </tr> <tr> <td>Planning & Environment</td> <td>0.000</td> <td>1.011</td> <td>0.065</td> <td>(0.581)</td> <td>0</td> <td>0.088</td> <td>0.583</td> </tr> <tr> <td>Transport & Streetscene</td> <td>2.110</td> <td>0.820</td> <td>6.089</td> <td>(0.431)</td> <td>0</td> <td>0.352</td> <td>8.940</td> </tr> <tr> <td>Organisational Change 1</td> <td>0.524</td> <td>0</td> <td>2.122</td> <td>0</td> <td>0</td> <td>0.240</td> <td>2.886</td> </tr> <tr> <td>Organisational Change 2</td> <td>0.850</td> <td>1.007</td> <td>0</td> <td>(0.055)</td> <td>0</td> <td>0.050</td> <td>1.852</td> </tr> <tr> <td>Council Fund Total</td> <td>19.435</td> <td>3.589</td> <td>8.885</td> <td>(2.827)</td> <td>0.000</td> <td>1.245</td> <td>30.327</td> </tr> <tr> <td>HRA Total</td> <td>27.744</td> <td>0</td> <td>1.351</td> <td>0</td> <td>0</td> <td>0</td> <td>29.095</td> </tr> <tr> <td>Programme Total</td> <td>47.179</td> <td>3.589</td> <td>10.236</td> <td>(2.827)</td> <td>0.000</td> <td>1.245</td> <td>59.422</td> </tr> </tbody> </table>	REVISED PROGRAMME	Original Budget 2017/18 £m	Carry Forward from 2016/17 £m	2017/18 Previously Reported			Changes - This Period £m	Revised Budget 2017/18 £m	Changes £m	Carry Forward to 2018/19 £m	Savings £m	Chief Executives	0.100	0	0	(0.035)	0	0	0.065	People & Resources	0.250	0.153	(0.150)	0	0	0	0.253	Governance	0.620	0.145	0	0	0	0	0.765	Education & Youth	7.792	0.453	0.736	0	0	(0.065)	8.916	Social Care	2.145	0	0.023	(1.725)	0	0	0.443	Community & Enterprise	5.044	0	0	0	0	0.580	5.624	Planning & Environment	0.000	1.011	0.065	(0.581)	0	0.088	0.583	Transport & Streetscene	2.110	0.820	6.089	(0.431)	0	0.352	8.940	Organisational Change 1	0.524	0	2.122	0	0	0.240	2.886	Organisational Change 2	0.850	1.007	0	(0.055)	0	0.050	1.852	Council Fund Total	19.435	3.589	8.885	(2.827)	0.000	1.245	30.327	HRA Total	27.744	0	1.351	0	0	0	29.095	Programme Total	47.179	3.589	10.236	(2.827)	0.000	1.245	59.422
REVISED PROGRAMME	Original Budget 2017/18 £m				Carry Forward from 2016/17 £m	2017/18 Previously Reported				Changes - This Period £m	Revised Budget 2017/18 £m																																																																																																									
		Changes £m	Carry Forward to 2018/19 £m	Savings £m																																																																																																																
Chief Executives	0.100	0	0	(0.035)	0	0	0.065																																																																																																													
People & Resources	0.250	0.153	(0.150)	0	0	0	0.253																																																																																																													
Governance	0.620	0.145	0	0	0	0	0.765																																																																																																													
Education & Youth	7.792	0.453	0.736	0	0	(0.065)	8.916																																																																																																													
Social Care	2.145	0	0.023	(1.725)	0	0	0.443																																																																																																													
Community & Enterprise	5.044	0	0	0	0	0.580	5.624																																																																																																													
Planning & Environment	0.000	1.011	0.065	(0.581)	0	0.088	0.583																																																																																																													
Transport & Streetscene	2.110	0.820	6.089	(0.431)	0	0.352	8.940																																																																																																													
Organisational Change 1	0.524	0	2.122	0	0	0.240	2.886																																																																																																													
Organisational Change 2	0.850	1.007	0	(0.055)	0	0.050	1.852																																																																																																													
Council Fund Total	19.435	3.589	8.885	(2.827)	0.000	1.245	30.327																																																																																																													
HRA Total	27.744	0	1.351	0	0	0	29.095																																																																																																													
Programme Total	47.179	3.589	10.236	(2.827)	0.000	1.245	59.422																																																																																																													

1.04	<p>Carry Forward from 2016/17</p> <p>Carry forward sums from 2016/17 to 2017/18, totalling £3.589m (CF £3.589m, HRA £0.000m), were approved as a result of the quarterly monitoring reports presented to Cabinet during 2016/17.</p>																																																																								
1.05	<p>Changes during this period</p> <p>Changes during this period have resulted in a net increase in the programme total of £1.245m (CF £1.245m, HRA £0m). A summary of the changes, detailing major items, is shown in Table 2 below:-</p> <p><u>Table 2</u></p> <table border="1" data-bbox="343 638 1364 1729"> <thead> <tr> <th colspan="3" style="text-align: center;">CHANGES DURING THIS PERIOD</th> </tr> <tr> <th></th> <th style="text-align: center;">Para</th> <th style="text-align: center;">£m</th> </tr> </thead> <tbody> <tr> <td colspan="3"><u>COUNCIL FUND</u></td> </tr> <tr> <td colspan="3">Increases</td> </tr> <tr> <td>Private Sector Housing Renewal</td> <td style="text-align: center;">1.06</td> <td style="text-align: right;">0.580</td> </tr> <tr> <td>Play Areas</td> <td style="text-align: center;">1.07</td> <td style="text-align: right;">0.240</td> </tr> <tr> <td>Primary Schools - Broughton</td> <td style="text-align: center;">1.08</td> <td style="text-align: right;">0.211</td> </tr> <tr> <td>Sustainable Waste</td> <td style="text-align: center;">1.09</td> <td style="text-align: right;">0.200</td> </tr> <tr> <td>Local Transport Grant</td> <td style="text-align: center;">1.10</td> <td style="text-align: right;">0.152</td> </tr> <tr> <td>Other Aggregate Increases</td> <td></td> <td style="text-align: right;">0.225</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">1.608</td> </tr> <tr> <td colspan="3">Decreases</td> </tr> <tr> <td>School Modernisation - Budget Alignment</td> <td style="text-align: center;">1.11</td> <td style="text-align: right;">(0.313)</td> </tr> <tr> <td>Other Aggregate Decreases</td> <td></td> <td style="text-align: right;">(0.050)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">(0.363)</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">1.245</td> </tr> <tr> <td colspan="3"><u>HRA</u></td> </tr> <tr> <td colspan="3">Increases</td> </tr> <tr> <td>Other Aggregate Increases</td> <td></td> <td style="text-align: right;">0.000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">0.000</td> </tr> <tr> <td colspan="3">Decreases</td> </tr> <tr> <td>Other Aggregate Decreases</td> <td></td> <td style="text-align: right;">0.000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">0.000</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">0.000</td> </tr> </tbody> </table>	CHANGES DURING THIS PERIOD				Para	£m	<u>COUNCIL FUND</u>			Increases			Private Sector Housing Renewal	1.06	0.580	Play Areas	1.07	0.240	Primary Schools - Broughton	1.08	0.211	Sustainable Waste	1.09	0.200	Local Transport Grant	1.10	0.152	Other Aggregate Increases		0.225			1.608	Decreases			School Modernisation - Budget Alignment	1.11	(0.313)	Other Aggregate Decreases		(0.050)			(0.363)	Total		1.245	<u>HRA</u>			Increases			Other Aggregate Increases		0.000			0.000	Decreases			Other Aggregate Decreases		0.000			0.000	Total		0.000
CHANGES DURING THIS PERIOD																																																																									
	Para	£m																																																																							
<u>COUNCIL FUND</u>																																																																									
Increases																																																																									
Private Sector Housing Renewal	1.06	0.580																																																																							
Play Areas	1.07	0.240																																																																							
Primary Schools - Broughton	1.08	0.211																																																																							
Sustainable Waste	1.09	0.200																																																																							
Local Transport Grant	1.10	0.152																																																																							
Other Aggregate Increases		0.225																																																																							
		1.608																																																																							
Decreases																																																																									
School Modernisation - Budget Alignment	1.11	(0.313)																																																																							
Other Aggregate Decreases		(0.050)																																																																							
		(0.363)																																																																							
Total		1.245																																																																							
<u>HRA</u>																																																																									
Increases																																																																									
Other Aggregate Increases		0.000																																																																							
		0.000																																																																							
Decreases																																																																									
Other Aggregate Decreases		0.000																																																																							
		0.000																																																																							
Total		0.000																																																																							
1.06	<p>At Month 6 a projected overspend of £0.481m was reported due mainly to pressure on the DFG budget, but that funding was available to be introduced to mitigate this. This has now been done.</p>																																																																								
1.07	<p>At Month 6 a projected overspend of £0.081m was reported pending receipt of match funding monies from AURA and Section 106 monies. These have now been introduced to match projected expenditure.</p>																																																																								

1.08	Works have been undertaken at Broughton CP to increase teaching space following the transfer of the former library and youth centre space to the school. These works have been funded by Section 106 monies.
1.09	Waste Collaborative Change Programme (CCP) funding has been received from WG to enable works to develop the Council's composting operation.
1.10	Additional Local Transport Grant funding has been awarded to finance the purchase of community minibuses (£0.083m) and improvements to zebra crossing and other facilities at Ysgol Maes Pennant, Mostyn (£0.069m).
1.11	Budgets within the Schools Modernisation area have been re-aligned to reflect anticipated expenditure levels following revised cash flows from contractors. This will lead to lower Prudential Borrowing in the current financial year with the expenditure and funding rephased to 2018/19.

Capital Expenditure compared to Budget

1.12 Expenditure as at Month 9, across the whole of the capital programme was £37.345m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget. This shows that 62.79% of the budget has been spent (CF 52.14%, HRA 73.90%). Corresponding figures for Month 9 2016/17 were 70.81% (CF 70.08%, HRA 71.57%).

1.13 The table also shows a projected underspend (pending carry forward and other adjustments) of £0.964m on the Council Fund and a projected underspend of £0.100m 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	0.065	0.011	16.30	0.012	(0.053)
People & Resources	0.253	0	0.00	0.253	0
Governance	0.765	0.022	2.93	0.765	0
Education & Youth	8.916	5.605	62.86	8.667	(0.249)
Social Care	0.443	0.201	45.48	0.443	0
Community & Enterprise	5.624	4.750	84.46	5.645	0.021
Planning & Environment	0.583	0.324	55.64	0.871	0.288
Transport & Streetscene	8.940	3.745	41.89	7.969	(0.971)
Organisational Change 1	2.886	0.545	18.87	2.886	0
Organisational Change 2	1.852	0.610	32.92	1.852	0
Council Fund Total	30.327	15.813	52.14	29.363	(0.964)
Disabled Adaptations	1.030	0.422	40.98	1.030	0
Energy Schemes	0.350	0.266	75.89	0.350	0
Major Works	1.492	1.745	116.98	1.992	0.500
Accelerated Programmes	0.650	0.672	103.34	0.750	0.100
WHQS Improvements	16.518	13.491	81.68	16.418	(0.100)
SHARP Programme	9.055	4.905	54.17	8.455	(0.600)
Housing Revenue Account Total	29.095	21.501	73.90	28.995	(0.100)
Programme Total	59.422	37.314	62.79	58.358	(1.064)

1.14	Details of the variances for individual programme areas are listed in Appendix B, which includes the reasons, and remedial actions which may be required, where those variances exceed +/- 10% of the revised budget. In addition, where carry forward into 2018/19 has been identified, this is also included in the narrative.
1.15	For each of the Council Fund areas above showing an overspend, Community & Enterprise and Planning & Environment, alternative funding sources are available, either from reserves or external grants/contributions, and these will be introduced prior to outturn.
1.16	Progress is being made on implementing the capital projects at Mold Leisure Centre and Jade Jones Pavilion originally estimated at just under £2.000m and being managed through prudential borrowing by the Council, with Aura Leisure and Libraries funding this through adjustments to their funding agreement with the Council. The contract for Mold Leisure Centre has been signed and works started on site in late January. Work is still taking place to agree a final design solution for Jade Jones Pavilion. The proposed approach to undertake works on the health facility and wet changing rooms, when added to the costs of the scheme at Mold, is estimated to cost just under £2.400m and approval is requested in this report to agree to an increase of £0.400m in the prudential borrowing allocation to these schemes. There is an increase in risk if Aura Leisure and Libraries are unable to fund this amount, however to mitigate this risk further work has taken place on demand assessments and the risks will be reviewed by the Partnership Board between the two organisations.
1.17	<p>Carry Forward into 2018/19</p> <p>During the quarter carry forward of £1.289m (all CF) 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 and/or retention payments in 2018/19. In some circumstances amounts which have previously been identified as carry forward are reversed as it becomes clear that the expenditure is going to be incurred in the current financial year, this is the case with Solar Farms.</p>

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

Table 4

CARRY FORWARD INTO 2018/19	Previously Reported			Month 9	Total
	Month 4	Month 6	Sub Total		
	£m	£m	£m	£m	£m
Chief Executives	0	0.035	0.035	0.053	0.088
Education & Youth	0	0	0	0.249	0.249
Social Care	1.725	0	1.725	0	1.725
Planning & Environment	0.550	0.031	0.581	0	0.581
Transport & Streetscene	0.055	0.376	0.431	0.987	1.418
Organisational Change 2	0	0.055	0.055	0	0.055
Council Fund	2.330	0.497	2.827	1.289	4.116
Housing Revenue Account	0	0	0	0	0.000
TOTAL	2.330	0.497	2.827	1.289	4.116

Additional Allocations

1.19 No requests for additional resources have been received in this quarter.

Savings

1.20 No savings have been identified in the programme in this quarter.

Funding of 2017/18 Approved Schemes

1.21 The position at Month 9 is summarised in Table 5 below:-

Table 5

FUNDING OF APPROVED SCHEMES		£m	£m
Surplus from 2016/17		(4.688)	
Allocated to 2017/18 Budget		3.567	(1.121)
Increases			
Shortfall in Capital Programme		3.187	
Impact of Finnal Settlement		0.236	3.423
Decreases			
Actual In year receipts		(2.503)	
Savings			(2.503)
Funding - (Available)/Shortfall			(0.201)

1.22	<p>The final outturn surplus from 2016/17 was £4.688m. Of this £3.567m was allocated to schemes in 2017/18 as part of the budget setting process.</p> <p>In addition, schemes put forward for the years 2017/18 - 2019/20 showed a potential shortfall in funding of £3.187m.</p> <p>The detail behind the above figures can be found in the report 'Council Fund Capital Programme 2017/18 - 2019/20' which was presented to Council on 14th February 2017.</p> <p>As a result of the Final Settlement received on 20th December, 2017, there has been a reduction in Flintshire's capital funding of £0.118m per annum. This has had the effect of reducing the available funding by £0.236m for 2018/19 onwards that was assumed when approving the 2017/18 - 2019/20 programme.</p> <p>Actual in year receipts as at Month 9 amount to £2.503m.</p> <p>However, due to the level of receipts generated in year the current position is a surplus of £0.201m. This means that funding is now in place for all schemes approved as part of the 2017/18 budget round, including allocations for 2018/19 and 2019/20.</p>
------	---

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.

5.00	APPENDICES
5.01	Appendix A: Capital Programme - Changes during 2017/18
5.02	Appendix B: Variances

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Capital Programme monitoring papers 2017/18.</p> <p>Contact Officer: Andrew Elford Accountant</p> <p>Telephone: 01352 702291</p> <p>E-Mail: andrew.j.elford@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Budget Re-profiling: Capital schemes are very dynamic and a number of factors can influence their timing and funding. Budget re-profiling assures that the correct resources are available in the correct accounting period to finance the actual level of expenditure.</p> <p>Capital Expenditure: Expenditure on the acquisition of non-current assets or expenditure which extends the useful life of an existing asset</p> <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>Capital Receipts: Receipts (in excess of £10,000) realised from the disposal of assets.</p> <p>Carry Forward: Carry forward 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 carried forward to meet the delayed, contractually committed expenditure.</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>Non-current Asset: A resource controlled (but not necessarily owned) by the Council, from which economic benefits or service potential are expected to flow to the Council for more than 12 months.</p>

Section 106: Monies are received from developers/contractors pursuant to Section 106 of the Town & Country Planning Act 1990. These sums are available for use once the relevant terms of the individual agreement have been met. The monies are most commonly used for educational enhancement, play areas, highways and affordable housing.

Target Hardening: Measures taken to prevent unauthorised access to Council sites.

Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing - Each year Welsh Government provide Councils with a Supported Borrowing allocation. Councils borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.

Unsupported (Prudential) Borrowing: Borrowing administered under the Prudential Code, whereby Authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows Authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.