

CABINET

Date of Meeting	Tuesday 14 th February 2017
Report Subject	Capital Programme 2016/17 (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 2016/17 since Month 6 to the end of Month 9 (December 2016), along with expenditure to date and projected outturn.

The Capital Programme has increased by £0.573 in the period, due to:-

- Introduction of additional Welsh Government grant funding for Private Sector Renewal (£0.175m)
- Vibrant & Viable Places (VVP) additional grant funding from Welsh Government (£0.100m)
- Introduction of Section 106 Funding Play Area Equipment (£0.120m)
- Other Aggregate Increases (£0.178m)

Actual expenditure to Month 9 is £43.277m.

The projected outturn is £60.224m, an underspend of £0.896m.

Resources available for funding future capital expenditure are currently £3.873m, all of which has been allocated to fund capital schemes in 2017/18 onwards as part of setting next year's capital programme.

RECOMMENDATIONS

(1)	Cabinet are requested to approve the overall report.
(2)	Cabinet are requested to approve the rollover adjustments set out at 1.12.

REPORT DETAILS

1.00	EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION FOR MONTH 9 - 2016/17																																																																																																																						
1.01	<p>Background</p> <p>The Council approved a Housing Revenue Account (HRA) capital programme for 2016/17 of £25.933m and a Council Fund (CF) capital programme of £21.143m at its meeting of 16th February, 2016.</p>																																																																																																																						
1.02	<p>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.</p>																																																																																																																						
1.03	<p>Changes since Budget approval</p> <p>Table 1 below sets out how the programme has changed during 2016/17. More detailed cumulative information relating to each Portfolio is provided in Appendix A:-</p> <p>Table 1</p> <table border="1" data-bbox="320 958 1382 1585"> <thead> <tr> <th rowspan="3">REVISED PROGRAMME</th> <th rowspan="3">Original Budget 2016/17 £m</th> <th rowspan="3">Rollover from 2015/16 £m</th> <th colspan="3">2016/17 Previously Reported</th> <th rowspan="3">Changes - This Period £m</th> <th rowspan="3">Revised Budget 2016/17 £m</th> </tr> <tr> <th>Changes</th> <th>Rollover to 2017/18</th> <th>Savings</th> </tr> <tr> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Chief Executives</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>People & Resources</td> <td>0.250</td> <td>0.143</td> <td>(0)</td> <td>0</td> <td>0</td> <td>(0.195)</td> <td>0.153</td> </tr> <tr> <td>Governance</td> <td>0</td> <td>0.249</td> <td>0.590</td> <td>0</td> <td>0</td> <td>0</td> <td>0.839</td> </tr> <tr> <td>Education & Youth</td> <td>13.887</td> <td>1.044</td> <td>0</td> <td>(0.016)</td> <td>0</td> <td>0.053</td> <td>14.992</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>3.681</td> <td>0.634</td> <td>1.170</td> <td>0</td> <td>0</td> <td>0.285</td> <td>5.770</td> </tr> <tr> <td>Planning & Environment</td> <td>0.175</td> <td>0.905</td> <td>0.325</td> <td>0</td> <td>0</td> <td>0.012</td> <td>1.417</td> </tr> <tr> <td>Transport & Streetscene</td> <td>2.050</td> <td>0.738</td> <td>2.869</td> <td>(0.055)</td> <td>0</td> <td>0.233</td> <td>5.835</td> </tr> <tr> <td>Organisational Change 1</td> <td>0</td> <td>0.026</td> <td>0</td> <td>0</td> <td>0</td> <td>0.120</td> <td>0.256</td> </tr> <tr> <td>Organisational Change 2</td> <td>1.100</td> <td>0.953</td> <td>0.129</td> <td>0</td> <td>0</td> <td>0.065</td> <td>2.247</td> </tr> <tr> <td>Council Fund Total</td> <td>21.143</td> <td>4.692</td> <td>5.172</td> <td>(0.071)</td> <td>0.000</td> <td>0.573</td> <td>31.509</td> </tr> <tr> <td>Housing Revenue Account Total</td> <td>25.933</td> <td>1.500</td> <td>2.178</td> <td>0</td> <td>0</td> <td>0.000</td> <td>29.611</td> </tr> <tr> <td>Programme Total</td> <td>47.076</td> <td>6.192</td> <td>7.350</td> <td>(0.071)</td> <td>0.000</td> <td>0.573</td> <td>61.120</td> </tr> </tbody> </table>	REVISED PROGRAMME	Original Budget 2016/17 £m	Rollover from 2015/16 £m	2016/17 Previously Reported			Changes - This Period £m	Revised Budget 2016/17 £m	Changes	Rollover to 2017/18	Savings	£m	£m	£m	Chief Executives	0	0	0	0	0	0	0.000	People & Resources	0.250	0.143	(0)	0	0	(0.195)	0.153	Governance	0	0.249	0.590	0	0	0	0.839	Education & Youth	13.887	1.044	0	(0.016)	0	0.053	14.992	Social Care	0	0	0	0	0	0	0.000	Community & Enterprise	3.681	0.634	1.170	0	0	0.285	5.770	Planning & Environment	0.175	0.905	0.325	0	0	0.012	1.417	Transport & Streetscene	2.050	0.738	2.869	(0.055)	0	0.233	5.835	Organisational Change 1	0	0.026	0	0	0	0.120	0.256	Organisational Change 2	1.100	0.953	0.129	0	0	0.065	2.247	Council Fund Total	21.143	4.692	5.172	(0.071)	0.000	0.573	31.509	Housing Revenue Account Total	25.933	1.500	2.178	0	0	0.000	29.611	Programme Total	47.076	6.192	7.350	(0.071)	0.000	0.573	61.120
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1.04	<p>Rollover from 2015/16</p> <p>Rollover sums from 2015/16 to 2016/17, totalling £6.192m (CF £4.692m, HRA £1.500m), were approved by Cabinet.</p>																																																																																																																						

Changes during this period

1.05

Changes during this period have resulted in a net increase in the programme total of £0.573m (CF £0.573m, HRA £0m). A summary of the changes, showing major items, is shown in Table 2 below:-

Table 2

CHANGES DURING THIS PERIOD	
	£m
<u>COUNCIL FUND</u>	
Increases	
Private Sector Housing Renewal - Enabled Living	0.175
Vibrant & Viable Places - Additional WG Funding	0.100
Playareas - Section 106 Funding	0.120
Other Aggregate Increases	0.178
	0.573
Decreases	
Other Aggregate Decreases	0
	0
Total	0.573
<u>HRA</u>	
Increases	
Other Aggregate Increases	0
	0
Decreases	
Other Aggregate Decreases	0
	0
Total	0.000

1.06

Introduction of additional WG funding for support in the delivery of adaptations in relation to Independent Living and the Deeside Vibrant and Viable Places projects.

1.07

Section 106 Funding for Play Areas is being introduced to ensure the budget is aligned to actual expenditure.

1.08

Capital Expenditure compared to Budget

Actual expenditure as at Month 9 (end of December 2016) across the whole of the capital programme is £43.277m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget. This shows that 70.81% of the budget has been spent (CF 70.08%, HRA 71.57 %). Corresponding figures for Month 9 2015/16 were 63.51% (CF 64.12%, HRA 62.30 %).

1.09

The table also shows the current projected outturn of £60.224m. This indicates a projected underspend (pending rollover adjustments) of (£1.046m) on the Council Fund and a projected overspend of £0.150m on the HRA which will be met by increasing the contribution made by the HRA revenue account.

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	(0.004)	0	0	0
People & Resources	0.153	0	0	0.153	0
Governance	0.839	0.638	76.04	0.839	0
Education & Youth	14.992	12.969	86.51	14.987	(0.005)
Social Care	0	0	0	0	0
Community & Enterprise	5.770	4.419	76.59	5.788	0.018
Planning & Environment	1.417	0.221	15.60	0.683	(0.734)
Transport & Streetscene	5.835	2.771	47.49	5.510	(0.325)
Organisational Change 1	0.256	0.251	98.05	0.256	0
Organisational Change 2	2.247	0.818	36.40	2.247	0
Council Fund Total	31.509	22.083	70.08	30.463	(1.046)
Disabled Adaptations	1.030	0.671	65.15	1.030	0
Energy Schemes	1.693	1.513	89.37	1.693	0
Major Works	1.750	1.883	107.60	1.900	0.150
Accelerated Programmes	0.600	0.636	106.00	0.700	0.100
WHQS Improvements	17.680	11.324	64.05	17.580	(0.100)
SHARP Programme	6.858	5.167	75.34	6.858	0
Housing Revenue Account Total	29.611	21.194	71.57	29.761	0.150
Programme Total	61.120	43.277	70.81	60.224	(0.896)

1.10

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 Early Identified Rollover (EIR) into 2017/18 has been identified, this is also included in the narrative.

1.11

Rollover into 2017/18

During the quarter additional EIR of £1.063m (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 2017/18.

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

Table 4

ROLLOVER INTO 2017/18	Month 4 £m	Month 6 £m	Month 9 £m	Total £m
Education & Youth	0.012	0.004	0.005	0.021
Planning & Environment	0	0	0.733	0.733
Transport & Streetscene	0.055	0	0.325	0.380
Council Fund	0.067	0.004	1.063	1.134
Housing Revenue Account	0	0	0	0.000
TOTAL	0.067	0.004	1.063	1.134

Additional Allocations
1.13 No additional requests for resources have been received in this quarter.

Savings
1.14 As at Month 9 no savings have been identified in the programme.

Financing
1.15 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	6.767	25.092	31.859
Housing Revenue Account	5.000	24.611	29.611
Total Financing Resources	11.767	49.703	61.470

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

1.16 Given the continuing uncertainty over the realisation of asset disposals, no capital receipts were assumed for 2016/17 budget setting purposes. However, any assets realised in year would be available for capital investment (see Sections 1.18 to 1.19 below).

Funding of 2016/17 Approved Schemes

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

Table 6

FUNDING OF APPROVED SCHEMES		
	£m	£m
Surplus from 2015/16		(3.134)
Increases		
Previously Approved	0.955	0.955
Decreases		
Actual In year receipts	(1.449)	
Unallocated Funding	(0.245)	(1.694)
Funding Available		(3.873)

1.18 The final outturn surplus from 2015/16 was £3.134m (£3.168m as per Outturn report to Cabinet 19 July, 2016).

Actual receipts to Month 9 amount to £1.449m and capital funding unallocated remains at £0.245m.

Taken as a whole this indicates that £3.873m is available to fund unallocated capital schemes.

1.19 Portfolios, through their business plans, have identified significant capital investment needed to develop new or reconfigure service business models. Business cases were submitted for consideration and a wide range of schemes have been approved by Cabinet. The proposed schemes will be subject to formal scrutiny before being recommended to full Council and require all of the available resources referred to in 1.18. Further information can be found in the 'Council Fund Capital Programme - 2017/18 – 2019/20' report elsewhere on this agenda.

2.00 RESOURCE IMPLICATIONS

2.01 As set out in the body of the report.

5.00	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	The 2016/17 HRA Capital Programme is significantly larger than in previous years and so may present a risk in terms of achieving spending levels. This will need to be closely monitored during the year.

5.00	APPENDICES
5.01	Appendix A: Capital Programme - Changes during 2016/17
5.02	Appendix B: Variances

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Capital Programme monitoring papers 2016/17. 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</p>

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, contractually committed expenditure.