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**To: FINANCE, RESOURCES & CUSTOMER SERVICES POLICY BOARD**

**On: 4 SEPTEMBER 2019**

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**Report by: Director of Finance and Resources**

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**Heading: Capital Budget Monitoring Report - Overview**

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**1. Summary**

- 1.1 This report provides an overview of the performance of the Housing and Non-Housing Capital Programmes for the period to 21<sup>st</sup> June 2019.
- 1.2 The Council Approved Programme figures reflect the Capital Investment Strategy which was approved by Council on 28<sup>th</sup> February 2019 for both Housing Services and Non Housing Services. The Private Sector Housing programme was approved by the Communities, Housing & Planning Policy Board on 12<sup>th</sup> March 2019. The Current Programme figures reflect adjustments to the approved Capital Programme since approval.
- 1.3 The Council must determine and keep under review the maximum amount which it can afford to allocate to capital expenditure. In addition, the Council must also keep under review its Capital Financing Requirement (CFR) i.e. the level of resources that are used to fund capital expenditure over the longer term (rather than at point of spend). It is also the duty of the Council to have regard to the Prudential Code in setting its capital expenditure limit and its capital expenditure requirement.
- 1.4 The limit on capital expenditure which the Council has set for 2019-20 is shown in the table overleaf. The limit is based on the resources available to fund the capital programmes, split between Housing and Non Housing Services, but excludes PSHG as this is not considered to be capital spend.

	<b>Approved Plan £m</b>	<b>Forecast Expenditure £m</b>
Non-Housing	64.386	69.439
Housing	26.291	26.291
<b>Total</b>	<b>90.677</b>	<b>95.730</b>

The Increase in Non-Housing expenditure relates to additional budget for Roads Upgrade approved by Council and capital grants awarded for Town Centre Capital Fund and Strathclyde Passenger Transport.

- 1.5 The CFR which the Council has set for 2019-20 is shown in the table below, and is split between Housing & Non Housing Services. In addition, the projected out-turn at 31<sup>st</sup> March 2020 is also shown. Any significant increase in the capital expenditure limit which is not funded at point of spend will result in an increase in the CFR.

	<b>Approved CFR to 31 March 2020 £m</b>	<b>Projected CFR to 31 March 2020 £m</b>
Non-Housing	273	267
Housing	119	113
<b>Total</b>	<b>392</b>	<b>380</b>

The reduction in projected CFR for Non-Housing primarily relates to accelerated repayment of loans fund in 2018-19, as part of the debt smoothing strategy, along with a re-profiling of City Deal borrowing to 2020-21 in line with cash flow expectations.

The reduction in projected CFR for Housing is a result of accelerated repayment of loans fund in 2018-19 as well as higher income in 2018-19 from sale of capital assets than forecast reducing the required advances from loans fund in 2018-19 to fund capital expenditure.

- 1.6 17% of the available resources for Housing and 6% for Non Housing have been spent to 21<sup>st</sup> June 2019. Monitoring procedures are in place to ensure the programmes are managed flexibly and spending is contained within the approved limits.

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## 2. Recommendations

- 2.1 It is recommended that Members note this report.

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### 3. Background

- 3.1 Individual reports have been presented to each Policy Board on the spending performance of the relevant departmental programmes and this information is summarised in Appendix 1.
- 3.2 The capital monitoring information available as at 21<sup>st</sup> June 2019 is summarised for both the Housing & Non-Housing programmes on Appendix 2.

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### 4. Housing Services Programme

- 4.1 The programme approved by Council on 28<sup>th</sup> February 2019 totalled £26.291m. The programme currently stands at **£26.291m** with no change to the expected programme.
- 4.2 Capital expenditure at 21<sup>st</sup> June 2019 totals **£4.442m** compared to anticipated expenditure of £4.445m.

The table below summarises the position:

Division	Current Reported Position	% Variance	Previously Reported Position	% Variance
Housing Programme	£0.003m u/spend	0% u/spend	n/a	n/a

- 4.3 The actual capital expenditure of **£4.442m** is 17% of the available resources, and compares with 14% for the equivalent time in 2018/19.
- 4.4 Capital income of £0.142m has been received in the period to 21<sup>st</sup> June 2019 representing 4% of the estimated capital income for the year. This compares with 1% in 2018/19. The majority of income in 2019/20 relates to grant awarded by the Scottish Government for Council House New Build which will not be received until March 2021.

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5. **Non Housing Services Programme**

5.1 The programme approved by Council on the 28<sup>th</sup> February 2019 totalled £64.386m. The current programme totals **£69.439m**, an increase of £5.053m, being the net effect of resources brought forward from 2018/19 of £5.379m, projects re-profiled from 2019/20 to 2020/21 of £5.720m and new funding in 2018/19 of £5.394m which relates to grant awards for Town Centre Capital Fund, Strathclyde Passenger Transport and new funding for Roads & Footway Upgrade approved by Council.

5.2 Capital expenditure to 21<sup>st</sup> June 2019 totals **£4.409m** compared to anticipated expenditure of £4.421m, and therefore shows an under-spend of £0.012m. The table below summarises the position:

Division	Current Reported Position	% Variance	Previously Reported Position	% Variance
Non Housing Programme	£0.012m u/spend	0% u/spend	<i>n/a</i>	<i>n/a</i>

5.3 The actual cash expenditure of **£4.409m** is 6% of the available resources, and compares with a 7% spend for the equivalent time in 2018/19. It is anticipated that the available resources will be fully utilised by the 31 March 2018.

5.4 Capital income totalling £8.818m has been received to 21<sup>st</sup> June 2019. This represents 26% to date of the total anticipated income, and compares with 21% for the equivalent period in 2018/19. An increase of £0.108m in the general capital grant has been used to reduce prudential borrowing in 2019/20.

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## **6 Private Sector Housing Grant Programme**

- 6.1 The overall budget provision for this programme is included within the revenue budget. However, in order to monitor the performance of the individual programmes, it is included within the capital budget monitoring procedures.
- 6.2 The programme approved by Communities, Housing & Planning Policy Board on 12<sup>th</sup> March 2019 was £1.315m. The programme currently stands at **£1.501m**, a increase of £0.186m, being the effect of resources brought forward from 2018/19 of £0.186m.
- 6.3 Expenditure to 21st June 2019 totals **£0.130m** compared to anticipated expenditure of £0.130m, and therefore shows a break-even position. The remaining programme is expected to spend by 31 March 2019, and expenditure will be contained within the overall resources.

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## **Implications of the Report**

1. **Financial** – The programme will be continually monitored, in conjunction with other programmes, to ensure that the available resources are fully utilised and that approved limits are achieved.
2. **HR & Organisational Development** – none.
3. **Community Planning** –  
**Creating a sustainable Renfrewshire for all to enjoy** – Capital investment in new and existing assets will ensure Renfrewshire is more energy efficient.
4. **Legal** – none.
5. **Property/Assets** – none.
6. **Information Technology** – none.
7. **Equality & Human Rights** – The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be.
8. **Health & Safety** – none.
9. **Procurement** – none.
10. **Risk** – none.
11. **Privacy Impact** – none.
12. **Climate Risk** – none.
13. **Cosla Policy Position** – none.

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### **List of Background Papers**

- (a). Non-Housing Capital Investment Programme 2019/20 to 2021/22 – Council, 28<sup>th</sup> February 2019.
- (b). Housing Revenue Account Budget and Rent Levels 2019/20 and Housing Capital Investment Plan 2019/20 to 2021/22 – Council, 28<sup>th</sup> February 2019.
- (c). Private Sector Housing Grant Investment Programme 2019/20 – Communities, Housing & Planning Policy Board, 12<sup>th</sup> March 2019.

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



## Appendix 1

### CAPITAL PROGRAMME 2018/19 - BUDGET MONITORING REPORT TO 21 JUNE 2019 (£000s)

Project Title	Prior Expenditure to 31/03/2019* £000	Current Year								Full Programme - All years		
		Approved Programme @28/02/19	Current Programme MR 3	Year To Date Budget to 21-Jun-19	Cash Spent to 21-Jun-19	Variance to 21-Jun-19	% Variance	Cash to be Spent by 31-Mar-20	% Cash Spent	Total Programme to 31-Mar-22 £000	Total Cash Spent to 21-Jun-19 £000	Total Cash to be Spent to 31-Mar-22 £000
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>												
Education & Children's Services	58,604	9,195	11,001	461	458	3	1%	10,543	4%	107,348	59,062	48,286
<b>TOTAL</b>	<b>58,604</b>	<b>9,195</b>	<b>11,001</b>	<b>461</b>	<b>458</b>	<b>3</b>	<b>1%</b>	<b>10,543</b>	<b>4%</b>	<b>107,348</b>	<b>59,062</b>	<b>48,286</b>
<b>COMMUNITIES, HOUSING &amp; PLANNING</b>												
Housing(HRA)	9,300	26,291	26,291	4,445	4,442	3	0%	21,849	17%	95,929	13,742	82,187
Housing(PSHG)	0	1,315	1,501	130	130	0	0%	1,371	9%	2,751	130	2,621
Development & Housing(THI/LGAN)	597	1,342	1,342	45	47	-2	-4%	1,295	4%	4,309	644	3,665
<b>TOTAL</b>	<b>9,897</b>	<b>28,948</b>	<b>29,134</b>	<b>4,620</b>	<b>4,620</b>	<b>0</b>	<b>0%</b>	<b>24,514</b>	<b>16%</b>	<b>102,989</b>	<b>14,517</b>	<b>88,472</b>
<b>INFRASTRUCTURE, LAND &amp; ENVIRONMENT</b>												
Environment & Infrastructure	17,324	6,789	15,015	1,025	1,024	1	0%	13,991	7%	51,437	18,348	33,089
<b>TOTAL</b>	<b>17,324</b>	<b>6,789</b>	<b>15,015</b>	<b>1,025</b>	<b>1,024</b>	<b>1</b>	<b>0%</b>	<b>13,991</b>	<b>7%</b>	<b>51,437</b>	<b>18,348</b>	<b>33,089</b>
<b>FINANCE, RESOURCES &amp; CUSTOMER SERVICES</b>												
Corporate Projects	489	12,639	8,840	530	526	4	1%	8,314	6%	14,831	1,015	13,816
<b>TOTAL</b>	<b>489</b>	<b>12,639</b>	<b>8,840</b>	<b>530</b>	<b>526</b>	<b>4</b>	<b>1%</b>	<b>8,314</b>	<b>6%</b>	<b>14,831</b>	<b>1,015</b>	<b>13,816</b>
<b>LEADERSHIP</b>												
Leisure Services	55,455	392	2,055	245	244	1	0%	1,811	12%	59,404	55,699	3,705
Chief Executives	29,982	34,029	31,078	2,115	2,110	5	0%	28,968	7%	231,431	32,092	199,339
<b>TOTAL</b>	<b>85,437</b>	<b>34,421</b>	<b>33,133</b>	<b>2,360</b>	<b>2,354</b>	<b>6</b>	<b>0%</b>	<b>30,779</b>	<b>7%</b>	<b>290,835</b>	<b>87,791</b>	<b>203,044</b>
<b>TOTAL ALL BOARDS</b>	<b>171,751</b>	<b>91,992</b>	<b>97,123</b>	<b>8,996</b>	<b>8,981</b>	<b>15</b>	<b>0%</b>	<b>88,142</b>	<b>9%</b>	<b>567,440</b>	<b>180,732</b>	<b>386,708</b>
<b>MADE UP OF :-</b>												
Non-Housing Programme	162,451	64,386	69,331	4,421	4,409	12	0%	64,922	6%	468,760	166,860	301,900
Housing Programme(HRA)	9,300	26,291	26,291	4,445	4,442	3	0%	21,849	17%	95,929	13,742	82,187
Housing Programme(PSHG)	0	1,315	1,501	130	130	0	0%	1,371	9%	2,751	130	2,621
<b>PROGRAMME TOTAL</b>	<b>171,751</b>	<b>91,992</b>	<b>97,123</b>	<b>8,996</b>	<b>8,981</b>	<b>15</b>	<b>0%</b>	<b>88,142</b>	<b>9%</b>	<b>567,440</b>	<b>180,732</b>	<b>386,708</b>

\*Rolling programmes have a prior year year expenditure of £0 as the expenditure is not directly linked from one year to the next as a singular project.

**RENFREWSHIRE COUNCIL**  
**2019/20 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 21 JUNE 2019 (22% OF FINANCIAL YEAR 2019/20)**

	2019/20			
	Housing Services	Non Housing Services	PSHG Programme	Total
<b>A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME</b>	£'000	£'000	£'000	£'000
1. Prudential Borrowing	22,910	29,763		52,673
2a. General Capital Grant		16,891	500	17,391
2b. Specific Capital Grant	3,381	14,740		18,121
3. Usable Capital Receipts	0	1,687		1,687
4. Contribution From Current Revenue (CFCR)	0	6,250	1,001	7,251
5. Total Resource Availability	<b>26,291</b>	<b>69,331</b>	<b>1,501</b>	<b>97,123</b>
<b>B. CAPITAL PROGRAMME</b>				
6. Resources Available	26,291	69,331	1,501	97,123
7. Current Programme	26,291 100% 	69,331 100% 	1,501 100%	97,123 100%
<b>C. ACTUAL EXPENDITURE VS PROJECTED</b>				
8. Resource Availability	26,291	69,331	1,501	97,123
9. Cash Spent as at 21/06/2019	4,442 17% 	4,409 6% 	130 9%	8,981 9%
10. Cash to be Spent by 31/03/20	21,849	64,922	1,371	88,142
<b>D. ACTUAL RECEIPTS VS PROJECTED</b>				
11. Current Programme (total receipts expected)	3,381	33,318	500	37,199
12. Actual Cash Received to 21/06/2019	142	8,818	83	9,043
13. Receipts available to augment capital programme to 21/06/2019	142 4%	8,818 26%	83 17%	9,043 24%
14. Receipts to be received by 31/03/20	3,239	24,500	417	28,156