



To: FINANCE & RESOURCES POLICY BOARD

On: 13 MAY 2015

Report by: DIRECTOR OF FINANCE AND RESOURCES

Heading: CAPITAL BUDGET MONITORING - OVERVIEW

1. Summary

- 1.1. This report provides an overview of the performance of the Housing and Non-Housing Capital Programmes for the period to 27th February 2015.
- 1.2. The Council Approved Programme figures reflect the Capital Investment Strategy which was approved by Council on 13 February 2014 for both Housing Services and Non Housing Services. The Private Sector Housing programme was approved by the Housing and Community Safety Policy Board on 11 March 2014. The Current Programme figures reflect adjustments to the approved Capital Programme since approval.
- 1.3. Members will be aware that from 1st April 2004, it is the duty of the Council, under s35 (1) of the Local Government (Scotland) Act 2003, to 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 2014-15 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.

	Approved Limit £m	Actual Expenditure £m
Non Housing	50.429*	27.584
Housing	34.365	26.976
TOTAL	84.794	54.560

*Includes approved Council decisions and subsequent policy board approved funding.

- 1.5. The CFR which the Council has set for 2014-15 is shown in the table below, and is split between Housing & Non Housing Services. In addition, the projected out-turn at 31st March 2015 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.

	Approved CFR to 31 March 2015 £m	Projected CFR to 31 March 2015 £m
Non Housing	233	212
Housing	171	159
TOTAL	404	371

- 1.6. 85% of the available resources for Housing and 77% for Non Housing have been spent to 27th February 2015. Monitoring procedures are in place to ensure the programmes are managed flexibly and spending is contained within the approved limits.

2. Recommendations

- 2.1 It is recommended that Members note the 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 27th February 2015 is summarised for both the Housing & Non-Housing programmes on Appendix 2.

4. HOUSING SERVICES PROGRAMME

- 4.1 The programme approved by Council on 13 February 2014 was estimated at £34.365m which represented 100% of the estimated available resources of £34.365m.

- 4.2 The programme currently stands at **£31.748m**, which is 100% of the current available resources of **£31.748m**. The current programme reflects resources brought forward from 2013/14 and subsequent re-profiling of programme into 2015/16 based on planned expenditure timescales.
- 4.3 Legal commitments of £30.004m, or 95% of the available resources, have been made at 27th February 2015.
- 4.4 Capital expenditure at 27th February 2015 totals **£26.976m** compared to anticipated expenditure of £27.276m. The minor under-spend relates to a number of rolling programmes and reflects a timing issue, with the programme still expected to fully spend to budget.

The table below summarises the position.

Division	Current Reported Variance	%Variance	Previously Reported Variance	% Variance
Housing Programme	£0.300m under-spend	1% under-spend	£0.446m over-spend	2% over-spend

- 4.5 The actual capital expenditure of **£26.976m** is 85% of the available resources, and compares with 77% for the equivalent time in 2013/14.
- 4.6 Capital receipts of £2.212m have been generated in the period to 27th February 2015 representing 91% of the estimated usable capital receipts for the year. This compares with 99% in 2013/14.

5. NON HOUSING SERVICES PROGRAMME

- 5.1 The programme approved by Council on the 13 February 2014 was estimated at £46.538m, which represented 100% of the available resources of £46.538m.
- 5.2 Resources available to fund the capital programme in 2014/15 have been re-phased to £35.813m, a decrease of £10.725m from the approved level. Full details are provided in Appendix 4.
- 5.3 Capital expenditure to 27th February 2015 totals **£27.584m** compared to anticipated expenditure of £27.751m, and therefore shows an under-spend of £0.167m, or 1%.

The main variances are outlined below:-

- An under-spend of £0.095m in Planning Services primarily relating to the Townscape Heritage Initiative Programme and reflects the accumulation of small timing issues in the individual programmes included in the overall scheme. Expenditure is expected to be contained in the revised full year budget.
- An over-spend of £0.265m within Community Resources which is the net effect of a number of programme variances, however all are expected to spend in line with their respective full year budget.
- An under-spend of £0.065m within the TR and ICT programmes which relates to a number of programmes and reflects timing issues with programmes which are still expected to fully spend this financial year.

The table below summarises the position:-

Division	Current Reported Variance	% Variance	Previously Reported Position	% Variance
Non Housing Programme	£0.166m u/spend	1% u/spend	£0.632m u/spend	3% u/spend

5.5 The actual cash spent to 27th February 2015 was **£27.584m**, or 77% of the available resources, and compares with a 71% spend for the equivalent time in 2013/14.

5.6 Capital receipts totalling £22.034m have been generated to 27th February 2015. This represents 85% to date of the total anticipated receipts, and compares with 74% for the equivalent period in 2013/14. The outstanding receipts mainly relate to the balance of the general capital grant from the Scottish Government and grants from other bodies.

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 the Housing and Community Safety Policy Board on 11 March was estimated at £1.300m which represented 100% of the estimated available resources of £1.300m.

6.3 The programme currently stands at £0.779m, in line with the available resources of £0.779m which is funded from the General Capital Grant receipt. The decrease of £0.211m primarily relates to re-profiling of the Owners in Council House scheme based on the revised assessment of grant payable in the current financial year.

6.4 Expenditure to 27th February 2015 totals £0.714m compared to anticipated expenditure of £0.711m, and therefore shows an over-spend of £0.003m. The remaining programme is expected to spend by 31 March 2015, and expenditure will be contained within the overall resources.

6.5 The actual cash spent to 27th February 2015 of £0.714m is 92% of the available resources. This compares with 71% for the equivalent period for 2013/14.

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 –**

Children and Young People – none
Community Care, Health & Well-being - none
Empowering our Communities - none
Greener - Capital investment will make property assets more energy efficient
Jobs and the Economy - none
Safer and Stronger - none
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** - none
7. **Equality & Human Rights** - none
8. **Health & Safety** - none
9. **Procurement** – none
10. **Risk** - none
11. **Privacy Impact** - *none*

List of Background Papers

- (a) Capital Investment Programme 2014/15 & 2015/16 – Council, 13th February 2014.
- (b) Housing Revenue Account Budget and Rent Levels 2014/15 and Housing Capital Investment Plan 2014/15 to 2016/17 – Council, 13th February 2014.

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APPENDIX 1

CAPITAL PROGRAMME 2014/15 - BUDGET MONITORING REPORT TO 27 FEBRUARY 2015 (£000s)

POLICY BOARD	Department	Council Approved Programme	Current Programme	Share of Available Resources	Year to Date Budget to 27-Feb-15	Spent to 27-Feb-15	Variance to 27-Feb-15	% variance	Unspent Cash Flow For Year	% Cash Spent
Finance & Resources	Corporate Issues (Non Property)	2,432	759	759	329	263	65	20%	496	35%
		2,432	759	759	329	263	65	20%	496	35%
Education	Education & Leisure Services (Education)	8,158	7,009	7,009	5,214	5,223	-9	0%	1,786	75%
		8,158	7,009	7,009	5,214	5,223	-9	0%	1,786	75%
Social Work, Health & Well-Being	Social Work	0	153	153	69	69	0	0%	84	45%
		0	153	153	69	69	0	0%	84	45%
Housing & Community Safety	Housing & Property (Housing - HRA)	34,365	31,748	31,748	27,276	26,976	300	1%	4,772	85%
		1,300	779	779	711	714	-3	0%	65	92%
	TOTAL	35,665	32,527	32,527	27,987	27,690	298	1%	4,837	85%
Environmental	Community Resources	11,247	9,417	9,417	7,123	7,096	26	0%	2,320	75%
		11,247	9,417	9,417	7,123	7,096	26	0%	2,320	75%
Planning & Property	Planning & Transport (THI / LGAN)	1,805	1,643	1,643	1,448	1,353	96	7%	290	82%
		6,354	6,475	6,475	4,339	4,344	-5	0%	2,132	67%
	TOTAL	8,159	8,118	8,118	5,787	5,697	91	2%	2,422	70%
Sport, Leisure & Culture	Leisure Services	16,323	9,952	9,952	8,848	8,855	-7	0%	1,097	89%
		0	0	0	0	0	0	0%	0	0%
	TOTAL	16,323	9,952	9,952	8,848	8,855	-7	0%	1,097	89%
Economy & Jobs	Housing & Development Services (Paisley Town Centre Regeneration)	219	404	404	380	380	0	0%	24	94%
		219	404	404	380	380	0	0%	24	94%
TOTAL ALL BOARDS		82,203	68,340	68,340	55,738	55,274	464	1%	13,066	81%
<i>Made up Of:</i>										
	Renfrew Common Good Fund Programme	0	0	0	0	0	0		0	0%
	Housing Programme	34,365	31,748	31,748	27,276	26,976	300	1%	4,772	85%
	PSHG	1,300	779	779	711	714	-3	0%	65	92%
	Non-Housing Programme	46,538	35,813	35,813	27,751	27,584	166	1%	8,229	77%
PROGRAMME TOTAL		82,203	68,340	68,340	55,738	55,274	464	1%	13,066	81%

APPENDIX 2

RENFREWSHIRE COUNCIL 2014/15 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO PERIOD 27 FEBRUARY 2015 (91% OF FINANCIAL YEAR 2014/15)

	2014/15					2013/14				
	Housing Services	Non Housing Services	PSHG Programme	Total		Housing Services	Non Housing Services	PSHG Programme	Total	
A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAM	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
1a. Supported Borrowing		0		0			0		0	
1b. Prudential Borrowing	27,243	8,856		36,098		26,976	13,880		40,856	
2a. General Capital Grant		15,882	987	16,869			11,617	856	12,473	
2b. Specific Capital Grant		267		267		714	182		896	
3a. Usable Capital Receipts	2,422	10,153		12,575		2,233	10,113		12,346	
3b. Usable Capital receipts b/fwd from 2013/14		0		0					0	
3c. Usable Capital receipts c/fwd to 2015/16		0		0			-9,798		-9,798	
3d. Resources c/fwd to 2015/16				0					0	
3e. Capital Receipts to be used to repay debt	0	0		0			946		946	
4a. Contribution from Developer/Owners	2,084	444	3	2,531		1,693	15,611		17,304	
5. Contribution From Current Revenue (CFCR)										
6. Total Resource Availability	31,748	35,602	990	68,339		31,616	42,551	856	75,022	
B. CAPITAL PROGRAMME										
7. Resources Available	31,748	35,602	990	68,340		31,616	42,551	856	75,022	
8. Current Programme	31,748	35,812	779	68,339	100%	31,790	42,551	856	75,197	100%
9. Legally Committed at 27/02/15	30,004	28,849	755	59,608	87%	30,050	35,455	679	66,184	79%
C. ACTUAL EXPENDITURE VS PROJECTED										
10. Resource Availability	31,748	35,602	990	68,341		31,616	42,551	856	75,022	
11. Cash Spent as at 27/02/15	26,976	27,584	714	55,274	81%	24,592	30,376	608	55,577	71%
12. Cash to be Spent by 31/03/15	4,773	8,018	277	13,067		7,023	12,174	248	19,445	
D. ACTUAL RECEIPTS VS PROJECTED										
13. Current Programme (total receipts expected)	2,422	26,035	987	29,444		2,947	21,730	856	25,533	
14. Actual Cash Received to 27/02/15	2,212	22,034	714	24,959		2,911	16,040	608	19,559	
15. Receipts available to augment capital programme to 27/02/15	2,212	22,034	714	24,959	85%	2,911	16,040	608	19,559	71%
16. Receipts to be received by 31/03/15	210	4,001	274	4,485		36	5,690	248	5,974	

Programme changes totalling £22.722m have arisen in the current financial year's capital programme. Programme changes of £17.843m were noted in the previous report. £4.879m of programme changes have occurred in the intervening period and are the net effect of the following movements:-

Programme re-profiled from 2014-15 to 2015-16;

- The following projects are all expected to under-spend with funds being released back to the SAMF for future investment. The projects are close to completion and therefore the remaining balance has been re-profiled to 15/16 until completion is secured.
 - £0.148m in relation to Trinity High - External Sport/Social Space Improvements programme reflecting a revised completion date of early 2015/16. An element of this reprofiling consists of an anticipated underspend to be confirmed on completion of the project, and which will be redirected to the Strategic Asset Management Fund.
 - £0.232m in relation to Paisley Community Sports Hub, reflecting the timescales of ongoing post-occupancy works. Following completion of these works any under-spend will be redirected to the Strategic Asset Management Fund.
 - £0.076m in relation to Johnstone Community Sports Hub, following settlement of the retention on car park works it is anticipated that the majority of this balance will be an under-spend which will be redirected to the Strategic Asset Management Fund.
 - £0.512m in relation to Linwood Community Sports Hub, following settlement of the final account and post occupancy works it is anticipated that a significant proportion of this balance will be redirected to the Strategic Asset Management Fund.
 - £0.911m in relation to Johnstone Town Hall, reflecting the revised delivery timescales of the programme. It is anticipated that a significant element of this balance is an under-spend on the programme, which will be redirected to the Strategic Asset Management Fund upon project completion.
- £0.632m in relation to the Early years and Primary School Estate Investment Programme, reflecting the expected delivery timescales of the planned programme.
- £0.526m in relation to the New Linwood School, reflecting the expected expenditure profile. Works have commenced on site and the project remains in line with the expected delivery programme.
- £0.053m in relation to Tweedie Hall, reflecting the deceleration of programme due to a delay in the receipt of the final account, settlement of which is anticipated early in 2015/16.
- £0.046m in relation to the Leisure ICT Investment Programme, reflecting the revised delivery timescales of the programme.
- £0.053m in relation to Grass Pitches & Changing Facilities, reflecting the revised delivery timescales of the programme, with the majority of the programme occurring in 2015/16
- £0.019m in relation to the Energy Efficiency Programme based on programme delivery timescales.
- £0.657m in relation to the Vehicle Replacement programme which reflects a small number of large vehicles.
- £0.077m in relation to the Bridge Assessment/Strengthening programme in line with revised project delivery timescales.
- £0.066m in relation to the Lighting Columns Replacement programme reflecting a revised programme start date.
- £0.274m in relation to the Improving Community Safety (CCTV) programme in line with revised timescales for equipment installation and building works.
- £0.347m in relation to the Free School Meals Capital programme in line with revised project delivery timescales.

- £0.107m in relation to the Transforming Renfrewshire and ICT Programmes, following a detailed review of the programme a lower outturn is expected in the financial year.
- £0.045m in relation to the Corporate Asset Management Information System Programme based on programme delivery timescales.
- £0.017m in relation to the Renfrewshire Valuation Joint Board which reflects the rolling IT Development Programme and is expected to fully spend in 2015/16.
- £0.065m in relation to the New Non Domestic Rates System programme (£0.065m). This reflects the small amount of initial expenditure that is expected to take place in the programme before 31st March 2015 with the rest expected to fully spend in 2015/16.

Programme re-profiled forward from 2015-16 into 2014-15;

- £0.034m in relation to the Schools Investment Programme, reflecting the expected delivery timescales of the programme.

The movement of £10.725m in resources available to fund the capital programme as discussed in paragraph 5.2 is mainly due to the net effect of the following:

- Resources brought forward from 2013/14 of £5.983m;
- Net additional funding of as reported to previous meetings of £5.998m
- Carry forward to 2015/16 of £22.722 of resources (detailed in Appendix 3) to fund re-profiling of expenditure from 2014/15, consisting mainly of prudential borrowing and CFCR.
- Electric Vehicle Grant Funding (£0.038m) for vehicles which were purchased as part of the VRP Programme.