

To: FINANCE & RESOURCES POLICY BOARD

On: 11 MARCH 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 2 January 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*	23.218
Housing	34.365	21.739
TOTAL	84.794	44.957

*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	221
Housing	171	159
TOTAL	404	380

- 1.6. 68% of the available resources for Housing and 57% for Non Housing have been spent to 2 January 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 2 January 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 **£32.054m**, which is 100% of the current available resources of **£32.054m**. 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 £28.750m, or 90% of the available resources, have been made at 2 January 2015.
- 4.4 Capital expenditure at 2 January 2015 totals **£21.739m** compared to anticipated expenditure of £21.293m. The minor overspend 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	£0.446m over-spend	2% overspend	£0.065m under-spend	0% underspend

- 4.5 The actual capital expenditure of **£21.739m** is 68% of the available resources, and compares with 58% for the equivalent time in 2013/14.
- 4.6 Capital receipts of £1.842m have been generated in the period to 2 January 2015 representing 97% of the estimated usable capital receipts for the year. This compares with 92% 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 The programme currently stands at £40.510m and is a net decrease of £6.028m from the approved programme. This decrease mainly reflects the net effect of the following adjustments to the programme:-
- Commitments brought forward from 2013/14 of £5.983m relating to required re-profiling and slippage encountered after the capital investment programme was set.
 - In addition to the capital programme approved by Council on the 13 February 2014 the following additional funding has since been awarded and approved :
 - Early Years Programme (£1.222m) for extension of free childcare provision to eligible two year olds.
 - Increase to the New Assisted Support Needs School (£0.228m) to reflect the actual Scottish Futures Trust funding award as reported to the Education Policy Board on 6th March 2014.
 - Museum Ceramics Storage Facility, grant funded by Museums Scotland (£0.040m)
 - Additional funding as approved by Council on 26th June 2014 for the North Renfrew Flood Prevention programme (£0.500m)

- Strathclyde Partnership Transport programme (£1.225m) as approved by the Environment board on 14th May 2014, fully funded by SPT, revised to £0.550m to meet current expected level of expenditure and grant to 31 March 2015. It is anticipated that the work not carried out during this financial year will be carried out in future years and will be funded by SPT.
- Re-provision of shop units at Hallhill Road, Johnstone (£0.400m) as approved by Council on 1st May 2014.
- Russell Institute (£2.500m) as approved by the Planning and Property Policy board on 21st January 2014. This reflects the element being funded by Historic Scotland (£0.500m) and Regeneration Capital Grant Fund (£2.000m). The total project costs are currently being refined through detailed design and tendering and a report will be presented to Council on the full financial position.
- Adjustment in Paisley Town Hall budget totalling £0.108m reflecting the final Historic Scotland Funding award.
- Additional funding for the Free School Meals (Capital) programme (£0.450m) which is a grant provided by the Scottish Government for Primary 1-3 Free School Meals.
- Re-profiling of projects totalling £17.843m allocated across future years in relation to a number of programmes which are detailed in Appendix 3.

5.3 Resources available to fund the capital programme have been rephased to £40.510m, a decrease of £6.028m from the approved level. This reflects appropriate adjustments to the available resources associated with the adjustments to the programme outlined in paragraph 5.2. Full details are provided in Appendix 4.

5.4 Capital expenditure to 2 January 2015 totals **£23.218m** compared to anticipated expenditure of £23.850m, and therefore shows an under-spend of £0.632m, or 3%.

The main variances are outlined below:-

- An under-spend of £0.132m in Education Services primarily due to St James Primary School. A detailed review of the project is under way to finalise the likely spend to 31 March 2015. Phase 1 of the project is now complete and Phase 2 is expected to complete in Spring 2015.
- An under-spend of £0.720m in Leisure Services primarily due to the Johnstone Town Hall and Tweedie Halls programmes. It reflects a timing issue, with the projects progressing on programme and still expected to fully spend in line with their respective current programmes.
- An over-spend of £0.111m within Corporate Projects (Property) primarily relating to the Lifecycle Maintenance programme and reflects a timing issue.
- 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 £0.156m within 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	£0.632m u/spend	3% u/spend	£1.924m u/spend	10% u/spend

5.5 The actual cash spent to 2 January 2015 was **£23.218m**, or 57% of the available resources, and compares with a 56% spend for the equivalent time in 2013/14.

5.6 Capital receipts totalling £12.611m have been generated to 2 January 2015. This represents 59% to date of the total anticipated receipts, and compares with 50% 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 £0.990m, in line with the available resources of £0.990m which is funded from the General Capital Grant receipt. The decrease of £0.310m 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 2 January 2015 totals £0.636m compared to anticipated expenditure of £0.651m, and therefore shows an under-spend of £0.015m, as a result of timing. 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 2 January 2015 of £0.636m is 64% of the available resources. This compares with 63% 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 2 JANUARY 2015 (£000s)

POLICY BOARD	Department	Council Approved Programme	Current Programme	Share of Available Resources	Year to Date Budget to 2-Jan-15	Spent to 2-Jan-15	Variance to 2-Jan-15	% variance	Unspent Cash Flow For Year	% Cash Spent
Finance & Resources	Corporate Issues (Non Property) TOTAL	2,432	993	993	365	209	156	43%	783	21%
		2,432	993	993	365	209	156	43%	783	21%
Education	Education & Leisure Services (Education) TOTAL	8,158	8,396	8,396	4,194	4,062	132	3%	4,334	48%
		8,158	8,396	8,396	4,194	4,062	132	3%	4,334	48%
Social Work, Health & Well-Being	Social Work TOTAL	0	155	155	66	66	0	0%	89	43%
		0	155	155	66	66	0	0%	89	43%
Housing & Community Safety	Housing & Property (Housing - HRA) Housing & Property (Housing - non HRA) TOTAL	34,365	32,054	32,054	21,293	21,739	-446	-2%	10,315	68%
		1,300	990	990	651	636	15	2%	354	64%
		35,665	33,044	33,044	21,944	22,375	-431	-2%	10,669	68%
Environmental	Community Resources	11,247	10,650	10,650	5,013	5,279	-265	-5%	5,372	50%
		11,247	10,650	10,650	5,013	5,279	-265	-5%	5,372	50%
Planning & Property	Planning & Transport (THI / LGAN) Corporate Issues (Property) TOTAL	1,805	1,643	1,643	1,229	1,229	0	0%	414	75%
		6,354	6,416	6,416	3,505	3,616	-111	-3%	2,801	56%
		8,159	8,059	8,059	4,734	4,845	-110	-2%	3,215	60%
Sport, Leisure & Culture	Leisure Services Renfrew Common Good Fund TOTAL	16,323	11,852	11,852	9,147	8,427	720	8%	3,425	71%
		0	0	0	0	0	0	0%	0	0%
		16,323	11,852	11,852	9,147	8,427	720	8%	3,425	71%
Economy & Jobs	Housing & Development Services (Paisley Town Centre Regeneration) TOTAL	219	404	404	330	330	0	0%	75	81%
		219	404	404	330	330	0	0%	75	81%
TOTAL ALL BOARDS		82,203	73,554	73,554	45,794	45,594	201	0%	27,961	62%
<i>Made up Of:</i>										
	Renfrew Common Good Fund Programme	0	0	0	0	0	0		0	0%
	Housing Programme	34,365	32,054	32,054	21,293	21,739	-446	-2%	10,315	68%
	PSHG	1,300	990	990	651	636	15	2%	354	64%
	Non-Housing Programme	46,538	40,510	40,510	23,850	23,218	632	3%	17,292	57%
PROGRAMME TOTAL		82,203	73,554	73,554	45,794	45,594	201	0%	27,961	62%

APPENDIX 2

RENFREWSHIRE COUNCIL 2014/15 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO PERIOD 02 JANUARY 2015 (76% 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	28,063	18,101		46,164	30,656	13,161		43,817
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	1,907	5,441		7,348	2,233	10,905		13,138
3b. Usable Capital receipts b/fwd from 2013/14		0		0				0
3c. Usable Capital receipts c/fwd to 2015/16		0		0		-10,127		-10,127
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	820	3	2,907	1,693	16,898		18,591
5. Contribution From Current Revenue (CFCR)								
6. Total Resource Availability	32,054	40,510	990	73,553	35,296	43,582	856	79,733
B. CAPITAL PROGRAMME								
7. Resources Available	32,054	40,510	990	73,554	35,296	43,582	856	79,733
8. Current Programme	32,054 100%	40,510 100%	990 100%	73,554 100%	35,296 100%	43,582 100%	856 100%	79,734
9. Legally Committed at 02/01/15	28,750 90%	28,992 72%	677 68%	58,420 79%	31,231 88%	31,510 72%	606 71%	63,347
C. ACTUAL EXPENDITURE VS PROJECTED								
10. Resource Availability	32,054	40,510	990	73,555	35,296	43,582	856	79,733
11. Cash Spent as at 02/01/15	21,739 68%	23,218 57%	636 64%	45,594 62%	20,481 58%	24,598 56%	536 63%	45,614
12. Cash to be Spent by 31/03/15	10,315	17,292	354	27,961	14,815	18,984	320	34,119
D. ACTUAL RECEIPTS VS PROJECTED								
13. Current Programme (total receipts expected)	1,907	21,323	987	24,217	2,947	22,522	856	26,325
14. Actual Cash Received to 02/01/15	1,842	12,611	636	15,089	2,700	11,330	536	14,566
15. Receipts available to augment capital programme to 12/09/14	1,842 97%	12,611 59%	636 64%	15,089 62%	2,700 92%	11,330 50%	536 63%	14,566
16. Receipts to be received by 31/03/15	65	8,712	351	9,128	247	11,192	320	11,759

As outlined in paragraph 5.2 programme changes totalling £17.843m have arisen in the current financial year's capital programme. Programme changes of £19.679m were noted in the previous report. £1.836m 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;

- £0.007m in relation to the Bridge Assessment and Strengthening programme relating to phase 2 of the Lochwinnoch Bridge replacement scheme, based on programme timescales.
- £0.053m in relation to the Local Green Networks Project to 2015/16 based on programme delivery timescales.
- £0.064m in relation to the Townscape Heritage Initiative programme, reflecting the expected programme expenditure to the end of this financial year.
- £0.385m 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.
- £0.310m in relation to the Lighting Columns Replacement programme reflecting a revised programme start date.
- £0.436m in relation to the Improving Community Safety (Lighting) programme in line with revised project delivery timescales.
- £0.583m in relation to the Improving Community Safety (CCTV) programme in line with a revised contractor's cashflow profile.
- £0.030m in relation to a deceleration of programme from 2014/15 to 2015/16 for the Transforming Renfrewshire programme in line with current programme commitments.
- £0.520m in relation to the Anchor Centre Roof Replacement Programme (£0.400m) and St James Street Refurbishment Works (£0.120m).

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

- £0.088m in relation to the North Renfrew Flood Prevention programme to re-align the budget with the revised programme timescales.
- £0.076m in relation to the Russell Institute programme to re-profile the expenditure in line with expected programme timescales.
- £0.113m in relation to the acceleration of the ICT Infrastructure Maintenance and Renewal Programme.
- £0.085m in relation to the Non Domestic Rates System based on revised implementation requirements for the programme.
- £0.020m in relation to the re-profiling from 2014/15 to 2015/16 and future years for the Early years and Primary School Estate Investment Programme, reflecting the expected delivery timescales of the planned programme.
- £0.170m in relation to the Energy Efficiency Programme and the Lifecycle Capital Maintenance Programme reflecting the re-profiling associated with the redirection of resource to energy efficiency measures to achieve further efficiency savings in Council assets. As approved by Council on 9th October as part of the Better Council Change Programme – progress update report.

The movement of £6.028m in resources available to fund the capital programme as discussed in paragraph 5.3 are mainly due to the net effect of the following:

- Resources brought forward from 2013/14 of £5.983m;
- Carry forward to 2015/16 of £17.843 of resources to fund re-profiling of expenditure from 2014/15, consisting mainly of prudential borrowing and CFCR.
- Addition of grant funding for the Early Years Programme of £1.222m from the Scottish Government for extension of nursery provision to eligible two year olds.
- Increase to the Scottish Futures Trust award for the New Assisted Support Needs School (£0.228m) to reflect the actual grant award.
- Reflection of the 2014/15 Transport Capital programme (£1.225m) funded by Scottish Passenger Transport as reported to the Environment Policy Board on 14th May 2014, reduced to £0.550m based on current expected level of expenditure and grant to 31 March 2015.
- Additional of grant funding from Museums Scotland (£0.040m) for a new storage facility for Museum Ceramics.
- Additional funding from realised capital receipts (£0.500m) for the North Renfrew Flood Prevention programme as approved by Council on 26th June 2014.
- Addition of prudential borrowing to fund the re-provision of shop units at Hallhill Road (£0.400m) as approved by Council on 1st May 2014.
- Addition of Historic Scotland (£0.500m) and Regeneration Capital Grant (£2m) funding as reported to the Economy and Jobs policy board on 21st January 2014 to fund improvement works at the Russell Institute.
- Reduction in Historic Scotland funding for the Paisley Town Hall programme (£0.108m) based on final eligible costs.
- Additional funding for the Free School Meals (Capital) programme (£0.450m) which is a grant provided by the Scottish Government for Primary 1-3 Free School Meals.