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**To: FINANCE & RESOURCES POLICY BOARD**

**On: 24 AUGUST 2016**

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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 24<sup>th</sup> June 2016.
- 1.2 The Council Approved Programme figures reflect the Capital Investment Strategy which was approved by Council on 3<sup>rd</sup> March 2016 for both Housing Services and Non Housing Services. The Private Sector Housing programme was approved by the Housing and Community Safety Policy Board on 15<sup>th</sup> March 2016. The Current Programme figures reflect adjustments to the approved Capital Programme since approval.
- 1.3 Members will be aware that from 1<sup>st</sup> 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 2016-17 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 Limit £m</b>	<b>Actual Expenditure £m</b>
Non Housing	97.898	4.353
Housing	15.396	1.143
<b>Total</b>	<b>113.294</b>	<b>5.496</b>

- 1.5 The CFR which the Council has set for 2016-17 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 2017 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 2017 £m</b>	<b>Projected CFR to 31 March 2017 £m</b>
Non Housing	228	225
Housing	150	151
<b>Total</b>	<b>378</b>	<b>376</b>

- 1.6 7% of the available resources for Housing and 4% for Non Housing have been spent to 24<sup>th</sup> June 2016. 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 24<sup>th</sup> June 2016 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 3<sup>rd</sup> March 2016 totalled £14.230m. The programme currently stands at **£15.396m**, reflecting resources brought forward from 2015/16.

4.2 Capital expenditure at 24<sup>th</sup> June 2016 totals **£1.143m** compared to anticipated expenditure of £1.180m. The minor under-spend mainly relates to a timing issue with the programme still expected to remain within budget.

The table below summarises the position:

Division	Current Reported Position	% Variance	Previously Reported Position	% Variance
Housing Programme	£0.037m u/spend	3% u/spend	<i>n/a</i>	<i>n/a</i>

4.3 The actual capital expenditure of **£1.143m** is 7% of the available resources, and compares with 13% for the equivalent time in 2015/16.

4.4 Capital income of £1.288m has been received in the period to 24<sup>th</sup> June 2016 representing 90% of the estimated capital income for the year. This compares with 12% in 2015/16. The higher percentage is due to the closing date for the Right To Buy Scheme being 29<sup>th</sup> July and therefore a higher level of the income for sales was received early in this financial year as opposed to being spread evenly as in 2015/16.

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## 5. Non Housing Services Programme

5.1 The programme approved by Council on the 3<sup>rd</sup> March 2016 totalled £78.417m. The current programme totals **£97.898m**, an increase of £19.481m, being the net effect of projects re-profiled from 2015/16 to 2016/17 of £15.758m, projects re-profiled from 2016/17 to 2017/18 of £0.085m and new funding in 2016/17 of £3.808m which primarily relates to grant funding anticipated to be received in 2016/17 for the Strathclyde Partnership for Transport programme and Renfrewshire Parks Improvements programme.

5.2 Capital expenditure to 24<sup>th</sup> June 2016 totals **£4.353m** compared to anticipated expenditure of £5.355m, and therefore shows an under-spend of £1.002m which primarily relates to the City Deal programme and reflects a timing issue with the current year budget still expected to spend by 31<sup>st</sup> March 2017.

The table below summarises the position:

Division	Current Reported Position	% Variance	Previously Reported Position	% Variance
Non Housing Programme	£0.309m u/spend	7% u/spend	<i>n/a</i>	<i>n/a</i>

5.3 The actual cash spent to 24<sup>th</sup> June 2016 was **£4.353m**, or 4% of the available resources, and compares with a 9% spend for the equivalent time in 2015/16. It is anticipated that the available resources will be fully utilised by the 31 March 2017.

5.4 Capital income totalling £4.397m has been received to 24<sup>th</sup> June 2016. This represents 18% to date of the total anticipated income, and compares with 18% for the equivalent period in 2015/16. The outstanding income mainly relates to the balance of grant funding.

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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 the Housing and Community Safety Policy Board on 10<sup>th</sup> March 2015 was £1.200m. The programme currently stands at **£2.936m**; the increase of £1.736m relates to the carry forward of budget from 2015/16.
- 6.3 Expenditure to 24<sup>th</sup> June 2016 totals **£0.232m** compared to anticipated expenditure of £0.241m, and therefore shows an under-spend of £0.009m. The remaining programme is expected to spend by 31 March 2017, 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** –  
**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.

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## **List of Background Papers**

- (a). Capital Investment Programme 2016/17 & 2017/18 – Council, 3<sup>rd</sup> March 2016.
- (b). Housing Revenue Account Budget and Rent Levels 2016/17 and Housing Capital Investment Plan 2016/17 to 2018/19 – Council, 25<sup>th</sup> February 2016.

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# Appendix 1

## CAPITAL PROGRAMME 2016/17 - BUDGET MONITORING REPORT TO 24 JUNE 2016 (£000s)

POLICY BOARD	Department	Council Approved Programme	Current Programme	Share of Available Resources	Year to Date Budget to 24-Jun-16	Spent to 24-Jun-16	Variance to 24-Jun-16	% variance	Unspent Cash Flow For Year	% Cash Spent
<b>Finance &amp; Resources</b>	Corporate Projects (Non Property)	8,681	16,548	16,548	176	178	-2	-1%	16,370	1%
	<b>TOTAL</b>	<b>8,681</b>	<b>16,548</b>	<b>16,548</b>	<b>176</b>	<b>178</b>	<b>-2</b>	<b>-1%</b>	<b>16,370</b>	<b>1%</b>
<b>Education</b>	Education & Children Services	29,030	29,261	29,261	2,201	2,208	-7	0%	27,052	8%
	<b>TOTAL</b>	<b>29,030</b>	<b>29,261</b>	<b>29,261</b>	<b>2,201</b>	<b>2,208</b>	<b>-7</b>	<b>0%</b>	<b>27,052</b>	<b>8%</b>
<b>Social Work, Health &amp; Well-Being</b>	Social Work, Health & Well Being	0	400	400	0	0	0	0%	400	0%
	<b>TOTAL</b>	<b>0</b>	<b>400</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>400</b>	<b>0%</b>
<b>Housing &amp; Community Safety</b>	Housing & Property (Housing - HRA)	14,230	15,396	15,396	1,180	1,143	37	3%	14,253	7%
	Housing & Property (Housing - non HRA)	1,200	2,936	2,936	241	232	9	4%	2,704	8%
	<b>TOTAL</b>	<b>15,430</b>	<b>18,332</b>	<b>18,332</b>	<b>1,421</b>	<b>1,375</b>	<b>46</b>	<b>3%</b>	<b>16,957</b>	<b>8%</b>
<b>Environmental</b>	Community Resources	20,091	23,710	23,710	696	689	7	1%	23,021	3%
	<b>TOTAL</b>	<b>20,091</b>	<b>23,710</b>	<b>23,710</b>	<b>696</b>	<b>689</b>	<b>7</b>	<b>1%</b>	<b>23,021</b>	<b>3%</b>
<b>Planning &amp; Property</b>	Development & Housing (THI/LGAN)	1,512	2,038	2,038	193	213	-20	-10%	1,825	10%
	Corporate Projects (Property)	4,000	6,095	6,095	341	316	25	7%	5,779	5%
	<b>TOTAL</b>	<b>5,512</b>	<b>8,133</b>	<b>8,133</b>	<b>534</b>	<b>529</b>	<b>5</b>	<b>1%</b>	<b>7,604</b>	<b>7%</b>
<b>Sport, Leisure &amp; Culture</b>	Leisure Services	2,250	5,668	5,668	0	-309	309	100%	5,976	-5%
	<b>TOTAL</b>	<b>2,250</b>	<b>5,668</b>	<b>5,668</b>	<b>0</b>	<b>-309</b>	<b>309</b>	<b>100%</b>	<b>5,976</b>	<b>-5%</b>
<b>Economy &amp; Jobs</b>	Development & Housing Services	5,781	7,459	7,459	781	783	-2	0%	6,676	11%
	<b>TOTAL</b>	<b>5,781</b>	<b>7,459</b>	<b>7,459</b>	<b>781</b>	<b>783</b>	<b>-2</b>	<b>0%</b>	<b>6,676</b>	<b>11%</b>
<b>Leadership</b>	City Deal	7,072	6,719	6,719	968	275	694	72%	6,444	4%
	<b>TOTAL</b>	<b>7,072</b>	<b>6,719</b>	<b>6,719</b>	<b>968</b>	<b>275</b>	<b>694</b>	<b>72%</b>	<b>6,444</b>	<b>4%</b>
<b>TOTAL ALL BOARDS</b>		<b>93,847</b>	<b>116,229</b>	<b>116,229</b>	<b>6,776</b>	<b>5,728</b>	<b>1,048</b>	<b>15%</b>	<b>110,501</b>	<b>5%</b>
<i>Made up Of:</i>										
Housing Programme		<b>14,230</b>	15,396	15,396	1,180	1,143	37	3%	14,253	7%
PSHG		<b>1,200</b>	2,936	2,936	241	232	9	4%	2,704	8%
Non-Housing Programme		<b>78,417</b>	97,898	97,898	5,355	4,353	1,002	19%	93,545	4%
<b>PROGRAMME TOTAL</b>		<b>93,847</b>	<b>116,229</b>	<b>116,229</b>	<b>6,776</b>	<b>5,728</b>	<b>1,048</b>	<b>15%</b>	<b>110,501</b>	<b>5%</b>

