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

**On: 7 JUNE 2017**

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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 3<sup>rd</sup> March 2017.
- 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	63.728	42.542
Housing	8.288	5.355
<b>Total</b>	<b>72.016</b>	<b>47.897</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	240	222*
Housing	143	139
<b>Total</b>	<b>383</b>	<b>361</b>

\*The projected CFR does not include the effect of any potential debt smoothing made as part of the agreed Treasury Strategy for 2016-17.

- 1.6 68% of the available resources for Housing and 76% for Non Housing have been spent to 3<sup>rd</sup> March 2017. 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 3<sup>rd</sup> March 2017 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 **£7.838m**, a decrease of £6.392m, being the net effect of resources brought forward from 2015/16 of £1.165m and projects re-profiled from 2016/17 to 2017/18 of £7.557m.

4.2 Capital expenditure at 3<sup>rd</sup> March 2017 totals **£5.355m** compared to anticipated expenditure of £5.440m. The under-spend mainly relates to a timing issue with the programme still expected to remain within budget.

The table below summarises the position:

<b>Division</b>	<b>Current Reported Position</b>	<b>% Variance</b>	<b>Previously Reported Position</b>	<b>% Variance</b>
Housing Programme	£0.085m u/spend	2% u/spend	£0.203m o/spend	4% o/spend

4.3 The actual capital expenditure of **£5.355m** is 68% of the available resources, and compares with 81% for the equivalent time in 2015/16.

4.4 Capital income of £6.446m has been received in the period to 3<sup>rd</sup> March 2017 representing 107% of the estimated capital income for the year. This compares with 90% in 2015/16. The higher income is a result of an increased number of Council House sales prior to the end of the Right To Buy scheme.

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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 **£55.624m**, a decrease of £22.793m, being the net effect of resources brought forward from 2015/16 of £14.615m, projects re-profiled from 2016/17 to 2017/18 of £43.988m and new funding in 2016/17 of £6.580m 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 3rd March 2017 totals **£42.542m** compared to anticipated expenditure of £43.084m, and therefore shows an under-spend of £0.542m. The table below summarises the position:

Division	Current Reported Position	% Variance	Previously Reported Position	% Variance
Non Housing Programme	£0.542m u/spend	1% u/spend	£0.138m u/spend	0% u/spend

5.3 The actual cash expenditure of **£42.542m** is 76% of the available resources, and compares with a 76% 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 £18.158m has been received to 3rd March 2017. This represents 79% to date of the total anticipated income, and compares with 88% for the equivalent period in 2015/16. The outstanding income mainly relates to the balance of grant funding.

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## 5 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 15<sup>th</sup> March 2016 was £1.200m. The programme currently stands at **£1.641m**; the increase of £0.441m relates to the net effect of resources brought forward from 2015/16 of £1.736m, projects re-profiled from 2016/17 to 2017/18 of £1.583m and an additional contribution funded from revenue of £0.288m.
- 6.3 Expenditure to 3rd March 2017 totals **£1.374m** compared to anticipated expenditure of £1.351m, and therefore shows an over-spend of £0.023m. 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.
- (c). A Prudential Framework for Capital Finance in Renfrewshire Progress Report – Council, 15<sup>th</sup> December 2016.

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# Appendix 1

## CAPITAL PROGRAMME 2016/17 - BUDGET MONITORING REPORT TO 03 MARCH 2017 (£000s)

POLICY BOARD	Department	Council Approved Programme	Current Programme	Year to Date Budget to 3-Mar-17	Spent to 3-Mar-17	Variance to 3-Mar-17	% variance	Unspent Cash Flow For Year	% Cash Spent
<b>Education &amp; Children's Services</b>	Education Services	29,030	19,766	15,269	15,071	198	1%	4,694	76%
	<b>TOTAL</b>	<b>29,030</b>	<b>19,766</b>	<b>15,269</b>	<b>15,071</b>	<b>198</b>	<b>1%</b>	<b>4,694</b>	<b>76%</b>
<b>Communities, Housing &amp; Planning</b>	Housing(HRA)	14,230	7,838	5,440	5,355	85	2%	2,484	68%
	Housing(PSHG)	1,200	1,641	1,351	1,374	-23	-2%	266	84%
	Development & Housing(THI/LGAN)	1,512	526	490	488	2	0%	37	93%
	<b>TOTAL</b>	<b>16,942</b>	<b>10,004</b>	<b>7,281</b>	<b>7,218</b>	<b>63</b>	<b>1%</b>	<b>2,787</b>	<b>72%</b>
<b>Infrastructure, Land &amp; Environment</b>	Community Resources	20,091	15,009	10,563	10,528	35	0%	4,481	70%
		<b>20,091</b>	<b>15,009</b>	<b>10,563</b>	<b>10,528</b>	<b>35</b>	<b>0%</b>	<b>4,481</b>	<b>70%</b>
<b>Finance, Resources &amp; Customer Services</b>	Corporate Projects	12,681	7,193	6,265	6,219	46	1%	974	86%
	<b>TOTAL</b>	<b>12,681</b>	<b>7,193</b>	<b>6,265</b>	<b>6,219</b>	<b>46</b>	<b>1%</b>	<b>974</b>	<b>86%</b>
<b>Leadership</b>	Leisure Services	2,250	1,222	1,226	1,196	30	2%	26	98%
	Development & Housing Services	12,853	11,599	9,044	8,779	265	3%	2,820	76%
	Social Work Services(Adult Social Care)	0	309	227	261	-34	-15%	49	84%
	<b>TOTAL</b>	<b>15,103</b>	<b>13,130</b>	<b>10,497</b>	<b>10,236</b>	<b>261</b>	<b>2%</b>	<b>2,895</b>	<b>78%</b>
<b>TOTAL ALL BOARDS</b>									
		<b>93,847</b>	<b>65,102</b>	<b>49,875</b>	<b>49,272</b>	<b>603</b>	<b>1%</b>	<b>15,831</b>	<b>76%</b>
<i>Made up Of:</i> <b>Housing Programme</b> <b>PSHG</b> <b>Non-Housing Programme</b>		<b>14,230</b>	<b>7,838</b>	<b>5,440</b>	<b>5,355</b>	<b>85</b>	<b>2%</b>	<b>2,484</b>	<b>68%</b>
		<b>1,200</b>	<b>1,641</b>	<b>1,351</b>	<b>1,374</b>	<b>-23</b>	<b>-2%</b>	<b>266</b>	<b>84%</b>
		<b>78,417</b>	<b>55,623</b>	<b>43,084</b>	<b>42,542</b>	<b>542</b>	<b>1%</b>	<b>13,082</b>	<b>76%</b>
	<b>PROGRAMME TOTAL</b>	<b>93,847</b>	<b>65,102</b>	<b>49,875</b>	<b>49,272</b>	<b>603</b>	<b>1%</b>	<b>15,831</b>	<b>76%</b>

## Appendix 2

### RENFREWSHIRE COUNCIL 2016/17 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO PERIOD 03 MARCH 2017 (92% OF FINANCIAL YEAR 2016/17)

2016/17				
	Housing Services	Non Housing Services	PSHG Programme	Total
<b>A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME</b>	£'000	£'000	£'000	£'000
1a. Supported Borrowing	0	20,090		0
1b. Prudential Borrowing		12,555	1,180	20,090
2a. General Capital Grant	892	180		13,735
2b. Specific Capital Grant	6,036	10,344		1,072
3a. Usable Capital Receipts				16,379
3b. Usable Capital receipts b/fwd from 2014/15				0
3c. Usable Capital receipts c/fwd to 2016/17				0
3d. Resources c/fwd to 2016/17				0
3e. Capital Receipts to be used to repay debt				0
4a. Contribution from Developer/Owners	910	12,455	461	0
5. Contribution From Current Revenue (CFCR)				13,826
6. Total Resource Availability	<b>7,838</b>	<b>55,624</b>	<b>1,641</b>	<b>65,102</b>
<b>B. CAPITAL PROGRAMME</b>				
7. Resources Available	7,838	55,624	1,641	65,102
8. Current Programme	7,838	55,624	1,641	65,102
		100%	100%	100%
<b>C. ACTUAL EXPENDITURE VS PROJECTED</b>				
10. Resource Availability	7,838	55,624	1,641	65,102
11. Cash Spent as at 03/03/2017	5,355	42,542	1,374	49,272
12. Cash to be Spent by 31/03/17	2,483	13,081	266	15,831
<b>D. ACTUAL RECEIPTS VS PROJECTED</b>				
13. Current Programme (total receipts expected)	6,036	22,899	1,180	30,114
14. Actual Cash Received to 03/03/2017	6,446	18,158	1,374	25,978
15. Receipts available to augment capital programme to 03/03/2017	6,446	18,158	1,374	25,978
16. Receipts to be received by 31/03/17	-411	4,741	-194	4,136