

9 March 2016		ITEM: 21 (Decision 01104365)
Cabinet		
2015/2016 Capital Monitoring Report – Quarter 3		
Report of: Councillor John Kent, Portfolio Holder for Finance and Education		
Wards and communities affected: All	Key Decision: Key	
Accountable Head of Service: N/A		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is Public		

Executive Summary

Cabinet last considered the 2015/16 Capital Programme at its meeting on 9 December 2015 (General Fund and Housing Revenue Account).

Since the last reported position, additional funding has been added to the programme, funded from prudential borrowing and other grants. In addition, a number of budgets have been re-profiled to realign them with expected spend.

This report reflects these changes and sets out the latest forecasted outturn position.

1. Recommendation(s)

That Cabinet agrees:

- 1.1 To agree that the General Fund capital programme is projected to have available resources of £10.167m as at 31 March 2016. This funding will be carried forward to 2016/17 to fund schemes currently under development;**
- 1.2 To approve the virements within the Children’s service, totalling £0.252m, which will realign project budgets with expected spend;**
- 1.3 To note that the Housing Revenue Account capital programme is projected to have no unused resources in 2015/16.**

2. Introduction and Background

2.1 This report provides an update to Cabinet on the financial position of the capital programme and highlights significant variances. It is the second monitoring report for 2015/16 and is based on expenditure to the end of month 9 (the period 1st April 2015 to 31st December 2015) and projected expenditure for the remainder of the year.

2.2 Capital schemes and resources are identified in two specific categories:

- Mainstream schemes – capital expenditure that is funded by supported or unsupported (prudential) borrowing, by capital receipts, from the revenue budget or from earmarked capital reserves.
- Specific schemes – capital expenditure that is funded by external funding sources, for example, government grants and Section 106 monies that can only be spent on specific projects.

3. General Fund Schemes

3.1 Appendix 1 sets out the capital programme at month 9 showing the movement since the start of the financial year and the resources that are available to finance the programme.

3.2 The current position for General Fund schemes for 2015/16 is summarised in Table 1.

Table 1: Capital Programme – Projected Outturn as at Month 9

	Latest Agreed Budget	Projected Outturn to 31/03/2016	Variance against budget
	£000's	£000's	£000's
Expenditure:			
Children's Service*	12,148	10,153	(1,995)
Adult Social Care	128	128	0
Environment	3,767	2,881	(886)
Planning and Transportation	8,284	8,182	(102)
Housing General Fund	1,402	1,010	(392)
Commercial Services	452	243	(209)
Transformation	8,502	3,615	(4,887)
Chief Executive Delivery Unit	11,021	9,325	(1,696)
Total Expenditure	45,704	35,537	(10,167)
Resources:			
Mainstream	(26,768)	(18,570)	8,198
Specific	(18,936)	(16,967)	1,969

	Latest Agreed Budget	Projected Outturn to 31/03/2016	Variance against budget
	£000's	£000's	£000's
Total Resources	(45,704)	(35,537)	10,167
Forecast Deficit in Resources	0	0	0

* The schools capital budget is designed around academic years and officers are confident that this will be defrayed in full within the current academic year.

3.3 Table 1 is showing that the projected outturn for the year is £35.537m which is £10.167m less than the latest agreed budget for the year. The forecast variance is further analysed in Table 2

Table 2: – Analysis of forecast variance

	Re-profiling of expenditure at Month 9	Capital schemes requiring additional funding	Completed Projects	Forecast variance against budget at Month 9
Expenditure:	£'000	£'000	£'000	£'000
Children's Service	(1,850)	0	(145)	(1,995)
Adult Social Care	0	0	0	0
Environment	(893)	7	0	(886)
Planning and Transportation	(273)	171	0	(102)
Housing General Fund	(572)	180	0	(392)
Commercial Services	(209)	0	0	(209)
Transformation	(4,735)	0	(152)	(4,887)
Chief Executive Delivery Unit	(1,696)	0	0	(1,696)
Total	(10,228)	376	(315)	(10,167)

3.4 Table 2 shows that the forecast underspend is principally due to slippage/budget reprofiling on current schemes (£10.228m) and a number of schemes which are either expected to complete below the budgeted amount or are now not proceeding (£0.315m).

3.5 Table 2 also shows that additional funding of £0.376m will need to be added to the 2015/16 capital programme to allow existing schemes to complete. This relates to:

- a) The cost of repairing the Hogg Lane Sinkhole is anticipated to be £0.171m and will be funded from scheme underspends in the Planning and Transportation capital programme.
- b) The works at the Pilgrims Lane traveller's site required an extra £0.18m for electrical and smart meter works. This will be funded by an increase in the schemes prudential borrowing allocation.
- 3.6 A list of schemes where the variance is greater than £0.5m is shown in Table 3.

Table 3: General Fund Capital Programme – Scheme Variances over £0.5m

Scheme	Variance £'000	Explanation
Community Hubs	(1,794)	Works are about to commence at the Tilbury hub to install shelving and improve staff areas. The remainder of the budget is to be reprofiled into 2016/17 to fund further works at the various hubs.
Riverside Business Centre	(1,635)	The scheme is due to be assessed by planning in March, with the tendering exercise being undertaken in April or May 2016. The projected start date on-site is estimated for September 2016 with completion projected to be in the following September 2017. The budget requires re-profiling to reflect the anticipated spend.
Woodside Academy Expansion	(1,150)	Works were due to commence in February 2016. The budget needs to be reprofiled to reflect the anticipated spend.
Civic Offices Refurbishment	(1,078)	Works have completed. The remaining funding is earmarked for the planned works to the ground floor.
Vehicle and Fleet Replacement Programme	(805)	The replacement programme is demand led. No new major purchases are anticipated this financial year. The remaining

Scheme	Variance £'000	Explanation
		budget is to be reprofiled into 2016/17.

4. Housing Revenue Account Schemes

- 4.1 The current position for Housing Revenue Account schemes for 2015/16 is summarised in Table 4.

Table 4: HRA Capital Programme – Projected Outturn

	Latest Agreed Budget	Projected Outturn to 31/03/2016
	£000's	£000's
Expenditure:		
Transforming Homes	17,700	17,700
Housing New Build	19,129	19,129
Total Expenditure	36,829	36,829
Resources:		
Mainstream	(35,807)	(35,807)
Specific	(1,022)	(1,022)
Total Resources	(36,829)	(36,829)
Forecast Deficit in Resources	0	0

- 4.2 Table 4 shows that the capital programme for the Housing Revenue Account is estimated to be in balance in respect of financing expenditure in 2015/16.

5. Issues, Options and Analysis of Options

- 5.1 Table 5 shows for each service area the percentage spend against the current projected outturn.

Table 5: Capital Programme – Percentage Spend

	Projected Outturn at 31/03/2016	Actual Spend at Month 9	% of Forecast Spent
	£000's	£000's	%
Expenditure:			
Children's Service	10,153	5,886	58
Adult Social Care	128	56	43
Environment	2,881	1,381	48
Planning and Transportation	8,182	3,401	42
Housing General Fund	1,010	700	69
Commercial Services	243	90	37
Transformation	3,615	2,100	58
Chief Executive Delivery Unit	9,325	5,145	55
Housing Revenue Account	36,829	29,693	81
Total	72,366	48,452	67

Performance Indicator Target for Month 9: 65%

5.2 The performance indicator for month 9 is 67 per cent however with the Housing Revenue Account payments excluded, the General Fund indicator is only 53 per cent. This is based on the value of works carried out. The table above only reflects payments made and so when considering the outstanding payments for works completed but not yet billed, the percentage spent will actually be much closer to the target level.

5.3 Within the Children's Services directorate, additional temporary classrooms will be required at Stifford Clays, Thameside and Somers Heath primaries. It is therefore proposed that the following budget virement is undertaken to realign budgets with expected spend:

a) £252,000 from the unallocated schools capital programme to the temporary classrooms project code

6. Reasons for Recommendation

6.1 The recommendations are to ensure that Cabinet and Members are aware of the current status of the Capital Programme.

6.2 The Local Authority is required to discharge its statutory duty, under the Education Act 2006, to ensure that suitable and sufficient places are available in Thurrock for every child of school age whose parents wish them to have one.

7. Consultation (including Overview and Scrutiny, if applicable)

7.1 Officers and Directors' Board have been consulted on this report

8. Impact on corporate policies, priorities, performance and community impact

- 8.1 The budget provides the finance to support capital projects that meet the corporate priorities. Any changes to the budgets may impact, positively or negatively, on the delivery of these priorities and the Council's performance, with a corresponding impact on the community.

9. Implications

9.1 Financial

Implications verified by: **Sean Clark**
Director of Finance and IT

The General Fund Capital Programme is projected to have available resources of £10,167m at the end of the current financial year and these will be carried forward to fund schemes either in development or currently in progress.

Through the active management of the programme the Council continues to maximise the resources at its disposal.

9.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal & Deputy Monitoring Officer

There are no direct legal implications arising from this report. This report provides an update and allows Members to review the adequacy of existing budgets.

9.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development and Equalities Manager

The report provides an update and allows Members to review the adequacy of existing budgets.

11. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- There are various working papers within directorates and accountancy.

12. Appendices to the report

- Appendix 1 – General Fund Summary and Scheme Progress Detail

Report Author:

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