

The Highland Council
Finance, Housing and Resources Committee
- 22 January 2014

Agenda Item	6
Report No	FHR/03/14

Corporate Capital Monitoring to 30 November 2013

Report by Director of Finance

Summary

This report provides an overview of expenditure on the General Fund and HRA capital programmes for the period to 30 November 2013 and the projected year end position for 2013/14.

1. Background

- 1.1 This report provides an overview of the progress to 30 November 2013 of the General Fund and HRA Capital programmes. The figures presented at appendix 1 are the expenditure to date, the net budget, the estimated outturn and variance at the year end.

2. General Fund Capital Programme – Summary

- 2.1 The General Fund statement in the attached report shows a total net programme budget of £87.254m. The expenditure to date on the programme is £51.725m and the year end estimated outturn is £91.624m. The estimated year end position is an over spend of £4.370m.
- 2.2 The budget figures presented include carry forward budget amounts from 2012/13 and the impact of the capital programme agreed at the June meeting of the Council.
- 2.3 The budget total presented in the attached monitoring reflects £10m of over-programming, as agreed by the Council when the capital programme was set. Over-programming represents the difference between the capital programme agreed, and the funding in place. It reflects a plan to set a higher level of programme, on the basis that some degree of slippage in year is to be expected, which would bring the programme down to the funded level.
- 2.4 Over-programming has been introduced to avoid issues experienced in past years where slippage resulted in the Council underspending on its capital programme. If the final position for the year 2013/14 is an overspend then future years' programmes will be adjusted to accommodate this.

3. Variances

- 3.1 There is a projected underspend of £0.898m on the ECS capital programme. This is mainly due to delays on the Invergordon Leisure Centre, Thurso Swimming Pool, Central Primary, Cromarty Primary, Black Isle Education Centre and Wick Joint Campus projects. This has been offset to some extent by good progress on the Inverness Royal Academy and Lochaber High Phase 3 projects and additional expenditure from the Roll Pressures budget due to the increased number of projects relating to provision for pupils with Additional Support Needs that have been required this year.
- 3.2 The Planning and Development capital programme has a predicted year end underspend of £0.286m due to staff resource limitations. The demands of managing the Service portfolio of nearly 250 countryside assets impacts significantly on the capacity of the Projects & Facilities Team and the Service is also initiating the preparation of a Planning and Development Service Facilities Management Strategy, with a view to rationalising and prioritising Service delivery in this regard. The Council is on track to achieve legal commitment of the VDLF grant by 31 March 2014.
- 3.3 There is a projected underspend of £0.060m on the Health and Social Care capital programme. This is mainly due to delays in progressing projects from the adult services allocation.
- 3.4 As previously reported to the TECS Committee the Service expected to deliver a balanced capital programme for the year to 31 March 2014. However, due to contractual delays on the first Phase of the River Ness Flood Prevention Scheme and major works on the B851/B862 South Loch Ness Road Improvements being delayed until 2014/15 the Service is now anticipating an underspend of £0.991m.
- 3.5 There is a projected underspend of £0.100m in the Strategic Property Management line of the programme as discussions with Historic Scotland re DDA works to Wick Town Hall have delayed programme expenditure. This has been offset by some projects progressing better than previously expected.
- 3.6 A year end under spend of £0.650m is expected on the Accommodation Rationalisation budget. Included in this figure is an expected under spend of £0.900m on the Wick Office project due to delays in obtaining statutory consents. Some of the impact of the delays has been offset by additional costs for unexpected stabilisation work required on the project. To compensate for this under spend position work on the Starter Business Units project has been brought forward and an over spend of £0.250m is expected on that project this financial year.
- 3.7 As previously indicated, the Chief Executive's service capital programme is projecting a year end underspend of £2.581m which is mainly attributable to 2 projects. The Kingussie Office Rationalisation project is predicting a year end underspend of £1.774m due to delays in the completion of the land purchase

and planning application process. The construction phase is now expected to commence in June 2014. Secondly, an underspend of £0.799m is predicted as the Modern Telephony Project with Fujitsu has been withdrawn and is being replaced by a new Unified Communications project. In addition, the Curriculum Rolling Refresh has not advanced as expected, but is scheduled to complete in financial year 2014/15.

- 3.8 The monitoring statement reflects a payment of £10.925m to Highlands and Islands Enterprise (HIE) for Digital Broadband infrastructure. Additional grant to this value was received in financial year 2012/13 from The Scottish Government.
- 3.9 There are currently no commitments against the unallocated budget of £0.064m, which is a contingency for “shovel ready” projects being funded by Government grants.
- 3.10 The balance on the Capital Discretionary Fund (CDF) is £1.859m. The following commitments are set against this balance: £0.200m for Halkirk sports facility; £0.040m for Alexandra Bridge; £0.030m for Dingwall Town House Tollbooths; £0.070m for the Kirkmichael Heritage Centre Project and £0.015m for North Coast Leisure Centre Bettyhill. The remaining uncommitted balance of £1.504m will be carried forward if unspent at the year end.

4. Housing Revenue Account (HRA) Capital Programme

- 4.1 Following a review of the new build programme the gross budget for HRA is now £41.000m for 2013/14. The current funding for the programme is expected to be: sale of council houses (£2.131m); HRA revenue contribution (£4.325m); Landbank contributions (£1.190m); Government grant income (£6.030m) and borrowing (£27.324m).

5. Implications

- 5.1 Resource implications are noted in this report.
- 5.2 There are no risk, legal, equality or climate change/Carbon Clever implications arising as a direct result of this report.

Recommendation

The Committee is asked to approve the financial position of the General Fund and HRA capital programmes as at 30 November 2013.

Designation: Director of Finance

Date: 13 January 2014

Author: Margaret Grigor

Background Papers: Service Capital Monitoring statements

1 April 2013 - 30 November 2013

	£000 Actual Net Year to Date	£000 Annual Net Budget	£000 Year End Estimated Net Outturn	£000 Year End Net Variance
GENERAL FUND				
Education Culture & Sport	14,165	30,897	29,999	(898)
Planning & Development	(1,166)	619	333	(286)
Health and Social Care	1,897	3,914	3,854	(60)
Transport Environmental & Community Services	14,892	24,728	23,737	(991)
Non HRA	1,844	4,786	4,786	0
Strategic Property Management	3,435	5,060	4,960	(100)
Accommodation Rationalisation	1,866	5,946	5,296	(650)
Energy Management	3,652	3,796	3,796	0
Chief Executive's Office	214	4,660	2,079	(2,581)
Discretionary Fund	0	1,859	1,859	0
Digital Broadband	10,925	10,925	10,925	0
Unallocated Budget	0	64	0	(64)
Over Programming	0	(10,000)	0	10,000
Total General Fund	51,725	87,254	91,624	4,370

	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Outturn	£000 Year End Variance
Housing Revenue Account				
Gross Expenditure Budget	25,596	41,000	40,464	(536)
Sale of Council House Receipts	(1,061)	(2,131)	(2,261)	(130)
CFCR	0	(4,325)	(4,348)	(23)
Contribution from Other Services	0	0	0	0
Land bank contribution	(160)	(1,190)	(1,190)	0
Borrowing	(21,785)	(27,324)	(26,635)	689
Government Grants	(2,590)	(6,030)	(6,030)	0
	0	0	0	0