

The Highland Council

Resources Committee – 25 November 2015

Agenda Item	5
Report No	RES/92/15

Corporate Capital Monitoring to 30 September 2015

Report by Director of Finance

Summary

This report provides an overview of expenditure on the General Fund and Housing Revenue Account (HRA) capital programmes for the period from 1 April to 30 September 2015 and the estimated position for the 2015/16 financial year.

1. Background

- 1.1 The purpose of this report is to present an overview of the position of the 2015/16 capital programmes as at 30 September 2015.
- 1.2 The format of the report has been revised to take account of recent audit recommendations on the lifetime reporting of projects over £4m (**Annex 3**). A further change has been made to the report format to distinguish between genuine underspends and project slippage and to carry forward slippage identified at the earliest opportunity and allocate it to the most appropriate financial year.
- 1.3 This report is produced in support of the Council's corporate governance process, which in turn is designed to support the Council's corporate delivery of its obligations in terms of the Single Outcome Agreement.

2. General Fund Capital Programme

- 2.1 **Annex 1** Table A shows net year to date expenditure of £48.280m against the 2015/16 General Fund capital budget total of £133.484m. At the year end the estimated outturn is £120.211m. Slippage on projects amounting to £14.304m will be carried forward to match the expenditure in future years. The remaining amount of £1.031m is the anticipated overspend on the capital programme for the financial year, the funding of which will be considered in future reports.
- 2.2 Consultation on the Capital Plan for financial years 2015/16 to 2023/24 is ongoing, however the budget figures presented are as per the 10 year funding envelope agreed by the Council on 12 March 2015 adjusted for underspends carried forward from 2014/15 as shown in **annex 2**.
- 2.3 The funding of the capital plan and adjustments for project slippage or acceleration for a 3 year period are detailed on **Annex 2**. This annex tracks movement between financial years and makes the required adjustments to the programmes funding arrangements
- 2.4 **Annex 3** provides Members with whole of life project information for individual projects with a budget of greater than £4m. At this stage, other than a couple of minor changes to planned completion dates, no financial variance is anticipated to the current total approved budgets. This will be subject to ongoing review.

3. **General Fund Variances**

- 3.1 The Care and Learning capital budget is forecasting overall net slippage in the year of £1.538m. Spend ahead of programme on some major projects broadly offsets slippage on others. Slippage has also been identified in the generic capital budgets including those relating to the early education for eligible two year olds, free school meals, adult services, community and leisure facilities and avoiding out of area children's placements. This slippage more than offsets acceleration of spend against the life cycle investment

All Care and Learning major capital projects are currently showing as being delivered on time and on budget. Work is underway to review the programme for the delivery of the Tain 3-18 campus as well as clarifying potential overspends on the special schools projects. The impact of any change in the timescale for completion or total cost of those projects will be reported to the next ECAS committee.

- 3.2 The Chief Executive's Service is anticipating a balanced outturn position at the year end.
- 3.3 Community Services is currently forecast to deliver a balanced budget. Overspends in respect of burial grounds and replacement cremators at the Crematorium in Inverness will be funded by underspends principally from vehicles and plant purchases.
- 3.4 The Corporate Development Service anticipates a year end underspend of £5.667m due mainly to a revised timescale for delivery of the ICT Re-provision and Unified Communications projects. Procurement is underway but the expenditure is not expected to occur until financial year 2016/17 and therefore the budget will be carried forward
- 3.5 Development and Infrastructure is predicting a net variance of £4.187m. The net variance is represented by slippage of £7.441m; accelerated expenditure of £2.223m; and a net overspend on projects of £1.031m. The major overspends are at Stromeferry (£0.526m) for ongoing stabilisation works to the rockface; additional works to the retaining wall at Achnasheen (£0.165m); and an anticipated compensation payment due on the South West Inverness Storm Relief Channel. The overall Service capital programme will have to be adjusted to take account of these net overspends, and will be reported as part of the capital outturn report for 2015/16.
- 3.6 Slippage on CarbonCLEVER projects due to the time required to identify suitable projects and gain the necessary approvals will be carried forward to 2016/17.
- 3.7 The Discretionary Fund budget of £2.169m has projects of £0.800m committed against it as follows:

	£000
War Memorials	310
Highland Hospice	200
Kirkmichael Heritage Centre Project	70
Foyers car parking	65
Poolewe and District Swimming Pool	50
Eden Court Theatre Orchestra Pit	40
Archie Foundation	50
Merkinch Community Centre	15
	<u>800</u>
Uncommitted balance	<u>1,369</u>
Total budget	<u><u>2,169</u></u>

At the Council Meeting on 29 October the Lochaber Sports Association was awarded a grant of £0.2m to be met from the uncommitted balance above, leaving £1.169m available.

4. Housing Revenue Account (HRA) capital programme

4.1 A summary of the HRA Capital Programme is shown at **Annex 1** Table B.

4.2 The projected outturn for net expenditure is £61.091m leading to a net variance of £3.935m. The net variance is represented by slippage of £1.367m; accelerated expenditure of £0.483m; and a net underspend of £3.051m. The net variance comprises an underspend on the Scottish Housing Quality Standard of £3.616m and an overspend in the Council house building element of the HRA capital programme. Unutilised contingency sums in Scape contracts are the principal reason for the underspend. As projects progress the underspend may vary between now and the end of the financial year. The Scape framework is an alternative procurement route.

5. Implications

5.1 Resource implications are noted in this report.

5.2 There are no risk, legal, equality, climate change/Carbon Clever, Gaelic or rural implications arising as a direct result of this report.

Recommendation

Members are invited to consider the financial position of the General Fund and HRA Capital Programmes as at 30 September 2015.

Designation: Director of Finance

Date: 13 November 2015

Author: Fiona Wood, Finance Manager (Accounts & Central Services)

Background Papers: Service monitoring statements

Capital Expenditure Monitoring Report - Service Summary**1 April - 30 September 2015****Table A: General Fund**

	Actual Net Year to Date £000	Annual Net Budget £000	Year End Estimated Net Outturn £000	Year End Net Variance £000	Carry Forward Amount £000	Anticipated Year End Under/Over £000
Care and Learning	32,667	67,035	65,497	(1,538)	(1,538)	0
Chief Executive's Office	412	604	604	0	0	0
Community Services	4,092	15,231	15,231	0	0	0
Corporate Development	57	6,529	862	(5,667)	(5,667)	0
Development and Infrastructure	10,714	41,066	36,879	(4,187)	(5,218)	1,031
Carbon CLEVER	338	850	338	(512)	(512)	0
Discretionary Fund	0	2,169	800	(1,369)	(1,369)	0
Total General Fund	48,280	133,484	120,211	(13,273)	(14,304)	1,031

Funding

General Capital Grant	18,847	37,694	37,694	0	0	0
Capital Receipts	127	750	750	0	0	0
Self -Financing Projects	207	0	0	0	0	0
Borrowing	29,099	95,040	81,767	(13,273)	(14,304)	1,031
Total General Fund	48,280	133,484	120,211	(13,273)	(14,304)	1,031

Table B: Housing Revenue Account

	Actual Year to Date £000	Annual Budget £000	Year End Outturn £000	Year End Variance £000
Gross Expenditure Budget	17,939	65,026	61,091	(3,935)
Total HRA	17,939	65,026	61,091	(3,935)
Funding				
Sale of Council House Receipts	801	1,279	1,279	0
CFCR	0	4,000	4,000	0
Landbank Contribution	840	1,260	1,260	0
Sale of LIFT properties	555	690	690	0
Borrowing	13,369	47,757	43,822	(3,935)
Government Grant	2,374	10,040	10,040	0
Total HRA	17,939	65,026	61,091	(3,935)

Capital Expenditure Monitoring Report - Funding Statement
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1 April - 30 September 2015

General Fund	2015/16				
	Approved Plan £000	Brought Forward £000	Re-allocations £000	Carried Forward £000	Revised Plan £000
Care and Learning	66,027	1,008	0	(1,538)	65,497
Chief Executive's Office	0	73	531	0	604
Community Services	11,815	3,416	0	0	15,231
Corporate Development	5,600	929	0	(5,667)	862
Development and Infrastructure	34,305	6,761	0	(5,218)	35,848
Carbon CLEVER	1,000	50	(200)	(512)	338
Discretionary Fund	500	2,000	(331)	(1,369)	800
Total General Fund	119,247	14,237	0	(14,304)	119,180
Funding					
General Capital Grant	37,694	0	0	0	37,694
Capital Receipts	750	0	0	0	750
Self-Financing Projects	2,000	0	0	0	2,000
Borrowing	78,803	14,237	0	(14,304)	78,736
Over-Programming	0	0	0	0	0
Total General Fund	119,247	14,237	0	(14,304)	119,180

	2016/17			
	Approved Plan £000	Brought Forward £000	Carried Forward £000	Revised Plan £000
	44,905	1,538	0	46,443
	0	0	0	0
	13,240	0	0	13,240
	9,800	5,667	0	15,467
	45,566	5,218	0	50,784
	1,000	512	0	1,512
	500	1,369	0	1,869
	115,011	14,304	0	129,315
	28,509	0	0	28,509
	1,750	0	0	1,750
	5,850	0	0	5,850
	58,902	14,304	0	73,206
	20,000	0	0	20,000
	115,011	14,304	0	129,315

	2017/18			
	Approved Plan £000	Brought Forward £000	Carried Forward £000	Revised Plan £000
	55,635	0	0	55,635
	0	0	0	0
	13,040	0	0	13,040
	6,800	0	0	6,800
	43,584	0	0	43,584
	1,000	0	0	1,000
	500	0	0	500
	120,559	0	0	120,559
	28,509	0	0	28,509
	750	0	0	750
	5,865	0	0	5,865
	65,435	0	0	65,435
	20,000	0	0	20,000
	120,559	0	0	120,559

Capital Expenditure Monitoring Report - Projects over £4m
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1 April - 30 September 2015

	Approved Budget March 2015 £000	Current Approved Budget £000	Total Project Spend to Date £000	Forecast Total Project Spend £000	Forecast End of Project Variance £000	Project Completion Dates Planned at March 2015	Current Estimate
CARE AND LEARNING							
COMMUNITY AND LEISURE FACILITIES							
Inverness Leisure	6,500	6,500	3,576	6,500	0	Jul-15	Jul-15
SECONDARY SCHOOLS PROGRAMME							
Inverness High School	10,000	10,000	163	10,000	0	Aug-18	Aug-18
Inverness Royal Academy	39,010	39,010	21,417	39,010	0	Jun-17	Jun-17
Lochaber High Phase 3 & 4	15,885	16,135	14,732	16,135	0	Sep-15	Oct-15
Portree HS Hostel	4,020	4,020	1,711	4,020	0	Dec-15	Jan-16
Wick Joint Campus	5,350	5,350	2,453	5,350	0	Apr-17	Apr-17
PRIMARY SCHOOLS PROGRAMME							
Beauly Primary School	10,000	10,000	0	10,000	0	Aug-19	Aug-19
Fort William - Caol/RC Joint Campus	15,690	15,690	7,894	15,690	0	Dec-16	Dec-16
Greater Fort William Primaries incl Gaelic	8,000	7,750	7,342	7,750	0	Jun-15	Jun-15
Fort William - New School at Lundavra	12,000	12,000	10,339	12,000	0	Oct-15	Oct-15
Portree Gaelic Primary School	9,285	9,285	691	9,285	0	Jul-17	Jul-17
Wick - New Noss Primary	16,650	16,650	8,998	16,650	0	Oct-16	Oct-16
SPECIAL SCHOOLS PROGRAMME							
St Clements St Duthus Schools	4,580	4,580	4,783	4,580	0	Aug-15	Aug-15
ESTATE MANAGEMENT							
SSER - Tain 3-18 Campus	45,000	45,000	0	45,000	0	Aug-18	TBC
SSER - North West Skye	10,000	10,000	0	10,000	0	Aug-18	Aug-18
CORPORATE DEVELOPMENT							
ICT Reprovision	12,200	12,200	0	12,200	0	Mar 18	Mar 19
DEVELOPMENT & INFRASTRUCTURE							
ROADS AND BRIDGES							
Major Road Improvements							
The Inverness West Link	43,352	43,352	1,314	43,352	0	2020/21	2020/21
Inshes Roundabout	6,975	6,975	206	6,975	0	2019/20	2019/20
Kinnairdie Link Road, Dingwall	7,258	7,258	162	7,258	0	2018/19	2018/19
A862 Muir of Ord Railway Bridge	5,360	5,360	256	5,360	0	2017/18	2017/18
LEISURE FACILITIES							
Torvean Golf Course	8,227	8,227	406	8,227	0	2018/19	2018/19
Canal Parks Enhancement	4,144	4,144	354	4,144	0	2017/18	2017/18
FLOOD PREVENTION							
River Ness Flood Prevention	34,708	34,708	32,509	34,708	0	2016/17	2016/17
STRATEGIC ASSET MANAGEMENT							
Wick Office	8,500	8,500	8,245	8,500	0	2015/16	2015/16
Fort William Office Rationalisation	5,801	5,801	170	5,801	0	2016/17	2017/18

Capital Expenditure Monitoring Report - Plan Update**1 April - 30 September 2015**

Capital Plan	2015/16 £000
Approved plan 2015/16	119,247
Slippage brought forward from 2014/15	14,237
Current Plan total	133,484