

**The Highland Council**  
**Resources Committee – 26 November 2014**

Agenda Item	5
Report No	RES/58 /14

**Corporate Capital Monitoring Report to 30 September 2014**

**Report by Director of Finance**

**Summary**

This report provides an overview of expenditure on the General Fund and HRA capital programmes for the period from 1 April 2014 to 30 September 2014 and the projected year end position for the 2014/15 financial year.

**1. Background**

1.1 This report provides an overview as at 30 September 2014 of the position on the General Fund and Housing Revenue Account (HRA) Capital Programmes. Appendix 1 shows the net budget and estimated outturn for the year with expenditure to date.

**2. General Fund Capital Programme**

2.1 The General Fund statement in Appendix 1 shows a total net programme budget of £112.941m. Expenditure to date is £37.542m and the estimated year end position is an overspend of £3.423m.

2.2 The budget has increased by £1.467m from £111.474m at 30 June 2014 to £112.941m at 30 September 2014 due to additional government funding in the Care and Learning service for Early Learning and Childcare costs.

2.3 The agreed budget includes £10.000m of over-programming in 2014/15 representing the difference between the capital programme agreed and the funding in place. This reflects the fact that some degree of slippage is expected in each year which will bring expenditure down to the funded level.

2.4 The current budget total assumes full carry forward of last year's underspend. Over programming on an annual basis requires some elements of slippage to be captured in the year that they occur. Therefore a review of all balances carried forward from 2013/14 into 2014/15 will be undertaken in the near future to avoid a cumulative funding shortfall. This will result in an adjustment to the over-programming line in future reports.

**3. General Fund – variances**

3.1 An underspend of £5.000m is currently being forecast in the Care and

Learning service. This underspend is due to slippage on a number of projects across the Care and Learning programme. Significant areas of slippage include the Caol joint campus primary school, Cromarty primary school, Portree hostel and the leisure and health and social care elements of the budget. Some acceleration in a number of life cycle investment projects are mitigating part of the overall effect. Clarification on the projected expenditure profiles for the new Inverness Royal Academy and Wick schools projects may result in further slippage.

- 3.2 The Chief Executive's Service predicts a small year end underspend of £0.005m due mainly to the regeneration of Cameron Square, Fort William project which is due to be completed in 2014/15 with a retention falling due in 2015/16.
- 3.3 The Community Services budget is currently forecast to underspend by £0.575m due to slippage in a number of areas including the Kinlochbervie Sea Tanker Berth project (£0.500m) which will not be progressed during this financial year. This project is wholly dependent on third party funding and is included in the Harbours Business Plan which is currently under development.
- 3.4 The Corporate Development Service anticipates a year end underspend of £0.187m which is mainly due to the alignment of the Video Conferencing project with the Unified Communications project in order to provide a fully integrated solution. Procurement is now underway but the expenditure is not expected to occur until the next financial year.
- 3.5 The Development and Infrastructure service is predicting a net year end underspend of £0.066m after taking into account various over and under spends on individual projects across the programme.

#### **4. Housing Revenue Account (HRA) Capital Programme**

- 4.1 The gross budget for the HRA Capital Programme for the year is £51.534m.
- 4.2 It is anticipated that the Council House building element of the HRA capital programme will be overspent by £1.955m at the year end due to projects progressing in advance of previously predicted timetables. The overspend will initially be met by increased borrowing and Government Grant with a subsequent reduction in the need to borrow in future years arising from the earlier than anticipated expenditure.

#### **5. Capital Discretionary Fund**

- 5.1 The balance on the capital discretionary fund is £2.085m. Commitments of £1.341m have been approved but not yet drawn down by services leaving an estimated year end underspend of £0.744m.

#### **6. Implications**

- 6.1 Resource implications are noted in this report.

6.2 There are no legal, equalities, climate change/Carbon Clever, risk, Gaelic or rural 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 September 2014.

Designation: Director of Finance

Date: 14 November 2014

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

Background Papers: Service capital budget monitoring statements

<b>Capital Expenditure Monitoring Report - Service Summary</b>
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1 April - 30 September 2014
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	Actual Net Year to Date £000	Annual Net Budget £000	Year End Estimated Net Outturn £000	Year End Net Variance £000
<b>General Fund</b>				
Care and Learning	18,798	64,137	59,137	(5,000)
Chief Executive's Office	270	386	381	(5)
Community Services	4,143	12,451	11,876	(575)
Corporate Development	130	1,614	1,427	(187)
Development and Infrastructure	14,201	41,268	41,202	(66)
Carbon CLEVER	0	1,000	1,000	0
Discretionary Fund	0	2,085	1,341	(744)
Over Programming	0	(10,000)	0	10,000
<b>Total General Fund</b>	<b>37,542</b>	<b>112,941</b>	<b>116,364</b>	<b>3,423</b>

	Actual Year to Date £000	Annual Budget £000	Year End Outturn £000	Year End Variance £000
<b>Housing Revenue Account</b>				
Gross Expenditure Budget	19,297	51,534	53,489	1,955
Sale of Council House Receipts	(1,208)	(1,279)	(1,500)	(221)
CFCR	0	(4,325)	(4,325)	0
Contribution from other services	0	0	0	0
Landbank Contribution	(75)	(1,980)	(1,980)	0
Borrowing	(12,220)	(35,356)	(36,654)	(1,298)
Government Grant	(5,794)	(8,594)	(9,030)	(436)
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>