

The Highland Council

Resources Committee – 25 February 2015

Agenda Item	6
Report No	RES/03/15

Corporate Capital Monitoring Report to 31 December 2014

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 31 December 2014 and the projected year end position for the 2014/15 financial year.

1. Background

- 1.1 This report provides an overview as at 31 December 2014 of the position on the General Fund and 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 £102.960m. Expenditure to date is £65.554m and the estimated year end position is an overspend of £7.040m.
- 2.2 The budget has reduced by £9.981m following a revision of the over-programming budget to include £10.000m in respect of balances carried forward from 2013/14 into 2014/15. Where there is a full carry forward of underspends from one financial year to the next then the over programming relating to that financial year must also be carried forward, as that element of the programme remains unfunded. Only when elements of slippage result in the removal of future expenditure commitments can the over-programming figure be reduced or eliminated. In addition £0.019m has been added to the budget from developers' contributions.
- 2.3 The agreed budget includes £20.000m of over-programming (as explained above) 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. An exercise will be required in future financial years to identify non recurring slippage

3. General Fund – variances

- 3.1 An underspend of £9.481m 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, Noss primary school, Portree hostel and the leisure and health and social care elements of the budget. Following financial close on the Wick Campus project the updated expenditure profile is showing further underspend against the approved capital budget. Some acceleration in a number of life cycle investment projects is mitigating part of the overall effect.
- 3.2 The Chief Executive's Service predicts a year end underspend of £0.069m due mainly to the Inverness City Gateway project which is not now expected to commence until financial year 2015/16.
- 3.3 The Community Services budget is currently forecast to underspend by £2.155m due to planned slippage in the replacement of vehicle and plant purchases, delays in purchasing land for the new burial ground extension in Nairn, and the non-progression of the Kinlochbervie Sea Tanker Berth scheme. The underspends in respect of vehicle and plant purchases and the Nairn burial ground extension are committed expenditure and will be carried forward to the 2015/16 capital programme. The Kinlochbervie project is wholly dependent on third party funding, and is now part of the Harbours Business Plan currently under development.
- 3.4 The Corporate Development Service anticipates a year end underspend of £0.918m which is mainly due to slippage in the Unified Communications and Chamber refurbishment project caused by complex technical issues which have taken time to resolve and have delayed the project by 6 months.
- 3.5 The Development and Infrastructure service is predicting a net year end overspend of £0.607m 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 The HRA capital programme is currently forecast to underspend by £5.584m. The estimated underspend comprises an underspend on the mainstream programme of £8.987m, which is mainly due to slippage and delays in awarding heating contracts, and an overspend of £3.403m in the Council house building element of the HRA capital programme, which is due to projects progressing in advance of previously indicated

5 Capital Discretionary Fund

- 5.1. The balance on the capital discretionary fund is £2.000m. Commitments of £1.056m have been approved but not yet drawn down by services leaving an estimated year end underspend of £0.944m.

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 31 December 2014

Designation: Director of Finance

Date: 05 February 2015

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Background Papers: Service capital budget monitoring statements

Attachments: Appendix 1 - Corporate Capital Monitoring Report to 31 December 2014

Capital Expenditure Monitoring Report - Service Summary

1 April - 31 December 2014

	Actual Net Year to Date £000	Annual Net Budget £000	Year End Estimated Net Outturn £000	Year End Net Variance £000
General Fund				
Care and Learning	32,197	64,137	54,656	(9,481)
Chief Executive's Office	272	471	402	(69)
Community Services	6,448	12,695	10,540	(2,155)
Corporate Development	286	1,614	696	(918)
Development and Infrastructure	26,351	41,268	41,875	607
Carbon CLEVER	0	775	775	0
Discretionary Fund	0	2,000	1,056	(944)
Over Programming	0	(20,000)	0	20,000
Total General Fund	65,554	102,960	110,000	7,040

Funding

General Capital Grant	32,599
Flood Scheme Grant	7,381
Capital Receipts	750
Developer Contributions	704
Borrowing	61,526
Total General Fund	102,960

	Actual Year to Date £000	Annual Budget £000	Year End Outturn £000	Year End Variance £000
Housing Revenue Account				
Gross Expenditure Budget	30,546	51,534	45,950	(5,584)
Sale of Council House Receipts	(2,392)	(1,279)	(2,432)	(1,153)
CFCR	0	(4,325)	(4,325)	0
	0	0	0	0
Landbank Contribution	(1,710)	(1,980)	(2,030)	(50)
Borrowing	(19,196)	(35,356)	(27,884)	7,472
Government Grant	(7,248)	(8,594)	(9,279)	(685)
Total Housing Revenue Account	0	0	0	0