

**The Highland Council**  
**Resources Committee - 27 May 2015**

Agenda Item	<b>6</b>
Report No	<b>RES/ 31/15</b>

**Corporate Capital Monitoring to 31 March 2015 (Near Final)**

**Report by Director of Finance**

**Summary**

The purpose of this report, as the accounts closedown process continues, is to present a near final capital programme expenditure position for the financial year 2014/15.

**1. Background**

- 1.1 The purpose of this report is to present the near final outturn position of the 2014/15 capital programmes. The figures presented are the net budget, net expenditure for the year and variance at the year end. The figures reported cannot be regarded as final until the accounts close down process is complete. The final position will be reported to the Council meeting on 25 June and detailed out-turn statements at Service level will be presented to the next round of Service Committees.
- 1.2 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 The attached report (Appendix 1) shows the General Fund net capital budget for 2014/15 of £116.589m, net expenditure in the year of £102.352m, resulting in an underspend of £14.237m on the programme for the year. Slippage on priority projects will be carried forward to future years allowing these projects to progress as planned albeit later than anticipated.
- 2.2 A revised funding envelope was agreed at the Council meeting in March which re-profiled the over-programming element of the budget and set revised spend targets for a 10 year programme from 2014/15 to 2023/24. Over-programming now only applies in financial years 2016/17 and 2017/18.
- 2.3 The Care and Learning capital programme is showing a year end outturn position of a £1.008m underspend. The largest element of this underspend is due to slippage in the primary schools programme, in particular in relation to Lundavra Primary School in Fort William. The special schools and health and social care elements of the budget are also underspent but some of this underspend is offset by spend ahead of schedule on the secondary schools and estate management budget headings
- 2.4 The Chief Executive's Service shows a year end underspend of £0.073m due mainly to the Inverness City Gateway project which will not commence until the new financial year.

- 2.5 In Community Services there is an underspend of £3.416m. The underlying reasons for the underspend is planned slippage, mainly in the replacement of vehicle and plant purchases, and several other projects in the programme, and a delay in purchasing land for the new burial ground extension in Nairn. As a consequence of a number of weather and storm events during the year road structural works were delayed increasing the underspend
- 2.6 The Corporate Development Service shows a year end underspend of £0.929m which is mainly caused by slippage in the Unified Communications Project caused by complex technical issues which have taken time to resolve and have delayed the project by 8 months. In addition there was slippage in the Chamber refurbishment project which was completed in April 2015.
- 2.7 In Development and Infrastructure there is an underspend of £6.761m. The main reasons for the underspend are slippage on the River Ness Flood Scheme, Seater Landfill Site, environmental and town regeneration projects, roads and bridges schemes; and delays to the office rationalisation projects in Fort William and Kingussie. Budgets allocated for National Housing Trust Advances and Private Sector Housing Grants were not fully utilised in the year. The underspends were offset by overspends on health & safety requirements, energy management and the purchase of Osprey House in Alness.
- 2.8 The Discretionary Fund has an underspend of £2.000m as no expenditure has been incurred in the year. Projects committed against this budget totalling £1.081m as shown below will be charged against future years. The balance of £0.919m is uncommitted.

	£m
Alexandra Bridge, Tain	0.050
Kirkmichael Heritage Centre Project	0.070
Improved Car Parking at Foyers	0.065
War Memorials	0.310
Inverness, Badenoch & Strathspey CAB	0.281
Redevelopment of Eden Court Theatre Orchestra Pit	0.040
Highland Hospice	0.200
Poolewe and District Swimming Pool Association	0.050
Merkinch Community Centre	0.015
	<u>1.081</u>

### 3. Housing Revenue Account (HRA) capital programme

- 3.1 There is an underspend of £8.294m on the Housing Revenue Account. The underspend comprises of an underspend on the mainstream programme of £12.715m, which is mainly due to slippage and delays in awarding heating contracts, and an overspend of £4.421m in the Council house building element of the HRA capital programme, which is due to projects progressing in advance of previously predictions.
- 3.2 The underspend on the gross budget in conjunction with additional capital receipts raised has allowed a reduction in borrowing for the HRA of £10.548m.

### 4. Implications

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

**Recommendation**

Members are invited to consider the Capital Expenditure Monitoring Statement as at 31 March 2015 which shows a near final position of £14.237m underspend; and note that the final position will be reported to the Council in June.

Designation: Director of Finance

Date: 20 May 2015

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

Background Papers: Service monitoring statements

<b>Capital Expenditure Monitoring Report - Service Summary</b>
--

<b>1 April 2014 - 31 March 2015</b>
-------------------------------------

	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	53,952	54,960	53,952	(1,008)
Chief Executive's Office	648	721	648	(73)
Community Services	8,985	12,401	8,985	(3,416)
Corporate Development	685	1,614	685	(929)
Development and Infrastructure	38,082	44,843	38,082	(6,761)
Carbon CLEVER	0	50	0	(50)
Discretionary Fund	0	2,000	0	(2,000)
Over Programming	0	0	0	0
<b>Total General Fund</b>	<b>102,352</b>	<b>116,589</b>	<b>102,352</b>	<b>(14,237)</b>
<b>Funding</b>				
General Capital Grant		40,132		
Flood Scheme Grant		13,691		
Capital Receipts		551		
Borrowing		62,215		
<b>Total General Fund</b>		<b>116,589</b>		
<b>Housing Revenue Account</b>				
Gross Expenditure Budget	43,240	51,534	43,240	(8,294)
<b>Funding</b>				
Sale of Council House Receipts	(2,627)	(1,279)	(2,627)	(1,348)
CFCR	(4,198)	(4,325)	(4,198)	127
Landbank Contribution	(2,050)	(1,980)	(2,050)	(70)
SSE REFUND	(5)	0	(5)	(5)
Borrowing	(24,808)	(35,356)	(24,808)	10,548
Government Grant	(9,552)	(8,594)	(9,552)	(958)
<b>Total Housing Revenue Account</b>	<b>(43,240)</b>	<b>(51,534)</b>	<b>(43,240)</b>	<b>8,294</b>