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## **NORTH AYRSHIRE COUNCIL**

**20 March 2018**

### **Cabinet**

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**Title:** **Capital Programme Performance to 31 January 2018**

**Purpose:** To advise Cabinet of progress in delivering the Capital Investment Programme as at 31 January 2018.

**Recommendation:** Agree to (a) approve the revisions to budgets outlined in the report; and (b) note (i) the General Services and HRA expenditure and revised budgets to 31 January 2018; and (ii) the forecast of expenditure to 31 March 2018.

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### **1. Executive Summary**

- 1.1 The General Services and Housing Revenue Account (HRA) capital budgets were approved at a special meeting of the Council on 1 March 2017. The General Services capital programme approval covered a revised capital investment programme to 2025/26. The HRA approved capital budget for 2017/18 sits within the 30 years Housing Business Plan.
- 1.2 This report identifies the current programme for 2017/18, taking account of adjustments made to the initial budgets. The report advises of actual expenditure to 31 January 2018 and forecast expenditure to 31 March 2018.
- 1.3 At Period 10 the General Fund is forecasting a projected outturn of £39.766m against a budget of £44.662m, a reduction of £5.820m from that reported at Period 8. HRA is forecasting a projected outturn of £26.146m against a budget of £27.630m, a reduction of £1.100m from that reported at Period 8. The movements relate to the latest programme information from services and are reflected in proposed revisions to the budgets for increased carry forwards.

## 2. Background

### General Fund

2.1 The table below outlines the movements in the 2017/18 General Services budget:-

	2017/18 £m
<i>Budget approved as at 30 November 2017</i>	<i>45.856</i>
a) Additional Funding	(0.756)
<b>Revised Programme Budget</b>	<b>45.100</b>
a) Alterations to phasing of projects:- 2017/18 to 2018/19 2018/19 to 2017/18	 (0.612) 0.240
c) Revisions to the Programme	(0.066)
<b>Budget as at 31 January 2018</b>	<b>44.662</b>

#### 2.2 (a) **Additional Funding**

The capital programme has been updated to reflect a reduction in the funding for the Access Paths Programme of £0.706m from Sustrans and £0.050m for the Bus Route Congestion. Further Feasibility, consultation and design work needs to be progressed and final designs signed off on a number of projects before full grant funding is available.

#### (b) **Alterations to the Phasing of Projects**

Projects have been reprofiled into future years to reflect the revisions to budgets approved by Cabinet on 23 January 2018. In addition, a number of projects have been reprofiled into future years to reflect current programme plans including;

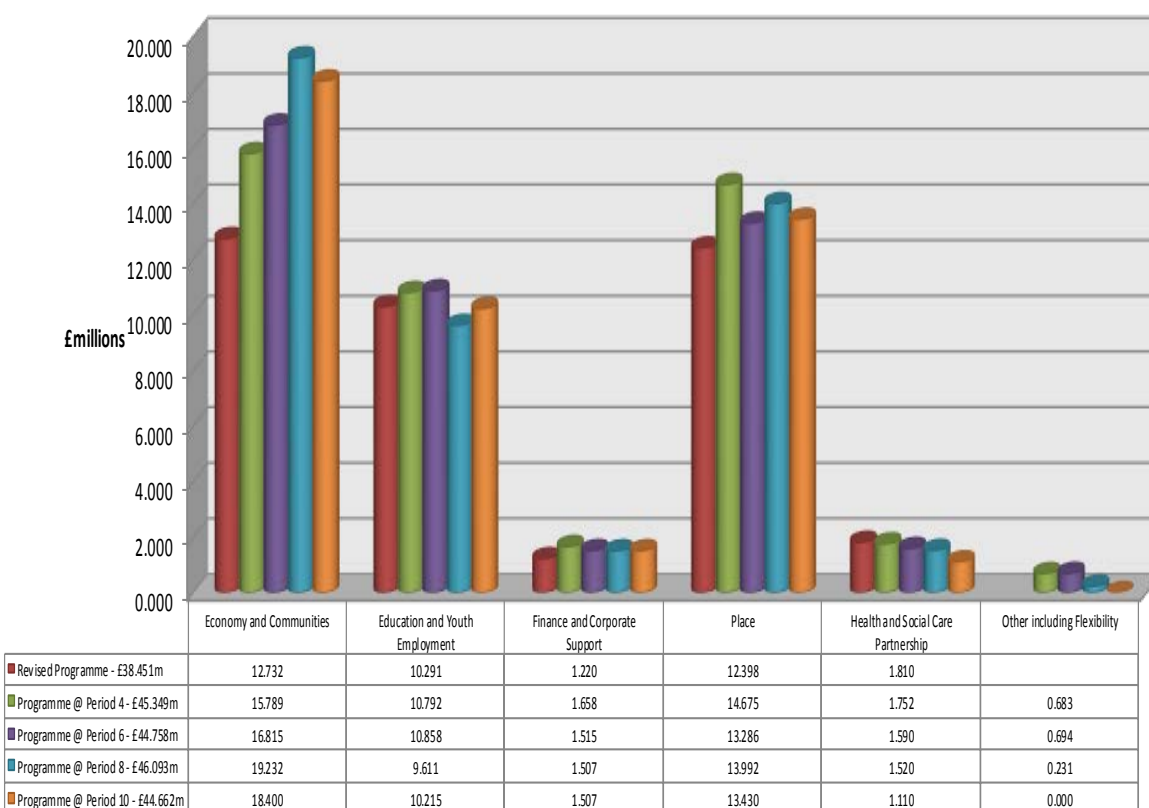
- £0.264m for Property Lifecycle Investment,
- £0.142m for Irvine Royal College Adaptations and,
- £0.067m for Saltcoats Public Realm.

These have been partly offset by accelerated expenditure which has been reprofiled from 2018/19 mainly in relation to £0.223m for Auchenhavie Secondary Estate Learning Environment.

(c) **Revisions to the Programme**

The capital programme has been updated to reflect adjustments to planned capital funded from current revenue, including £0.130m at St Bridget's Primary School. £0.230m from the flexibility budget has been used as part funding for temporary accommodation at Annick Primary.

2.3 The graph below illustrates the movement in each programme on a service basis compared to the original programme.



Net adjustments of £6.211m have been made to the revised Capital Investment Programme, including:-

- Additional Funding, £4.280m;
- Projects carried forward from 2016/17, £6.133m;
- Net reprofiling of projects to future years, (£4.700m); and
- Net revisions to the programme, £0.497m.

## 2.4 Capital Expenditure to 31 January 2018

Actual expenditure to 31 January 2018 (Period 10) amounted to £23.026m or 51.6% (compared to anticipated expenditure of £23.507m or 52.6%) of the revised annual budget for 2017/18 of £44.662m.

The projections are summarised by service in the table below:

	Revised Budget 2017/18	Projected Expenditure / Income to 31 March 2018	Projected Variance Over / (Under)	True Over / (Under) Spend	Net Carry Forward to 2018/19
<u>Service</u>	£000's	£000's	£000's	£000's	£000's
<u>Expenditure</u>					
Economy and Communities	18,400	14,145	(4,255)	-	(4,255)
Education and Youth Employment	10,215	10,129	(86)	3	(89)
Finance and Corporate Support	1,507	1,510	3	-	3
Place	13,430	12,806	(624)	(4)	(620)
Health and Social Care Partnership	1,110	1,176	66	-	66
		-	-		
Total Expenditure	44,662	39,766	(4,896)	(1)	(4,895)
<u>Income</u>					
General Capital Grant	(31,189)	(31,189)	-	-	-
Specific Capital Grant	(2,927)	(2,264)	663	-	663
Use of Reserve Funds	(1,147)	-	1,147	-	1,147
Capital Funded from Current Revenue	(952)	(822)	130	-	130
Capital Receipts	(1,892)	-	1,892	-	1,892
Other Grants & Contributions	(6,555)	(5,491)	1,064	1	1,063
Prudential Borrowing	-	-	-	-	-
Total Income	(44,662)	(39,766)	4,896	1	4,895

2.5 A variance of £4.896m is projected within the programme of which £4.895m is required to be carried forward to 2018/19. This reflects the latest programme information from services. The approved budget will be updated to reflect these changes. The projected variances are mainly related to:-

- Economy and Communities – a projected underspend on the Irvine Enterprise Area project of £0.751m. A reprofiling of budget at Quarry Road Phase 2 to reflect the current work plan (£0.790m) and a carryforward of budget for Community Investment Funds (£2.162m);

- Education and Youth Employment – reprofiling of work at Elderbank Primary into the Easter Holidays of £0.075m and at St Bridget's Primary into 18/19 of £0.130m, partly offset by an acceleration of work at Auchenhavie Secondary School of £0.270m ; and
- Place – reprofiling of budget for the cemetery extensions, walls and infrastructure budget into 18/19 of £0.478m for work on the extension at Knadgerhill Cemetery.

2.6 Information on the progress of all projects and explanations for the carry forwards can be found in Appendix 1.

2.7 The current projections on funding, elements of which are related to the profile of expenditure reported above, is summarised below;

- Prudential Borrowing reduced to nil and ;
- Transfer of £2.194 m of capital receipts to the capital fund.

### **Housing Revenue Account**

2.8 There have been no movements in the 2017/18 HRA Capital budget of £27.630m since period 8.

## Capital Expenditure

- 2.9 Actual expenditure to 31 January (Period 10) amounted to £17.706m or 64.1% (compared to anticipated expenditure of £18.420m or 66.7%) of the revised annual budget for 2017/18 of £27.630m.

	Revised Budget 2017/18	Projected Expenditure / Income to 31 March 2018	Projected Variance Over / (Under)	True Over / (Under) Spend	Net Carry Forward to 2018/19
	£000's	£000's	£000's	£000's	£000's
<u>Service</u>					
Expenditure					
Housing Revenue Account	27,630	26,146	(1,484)	(484)	(1,000)
Total Expenditure	27,630	26,146	(1,484)	(484)	(1,000)
<u>Income</u>					
Sale of Council Houses	-	(899)	(899)	(899)	-
Sale of Assets	-	(5)	(5)	(5)	-
CFCR	(15,080)	(15,080)	-	-	-
Capital Grants	(4,150)	(5,218)	(1,068)	(1,068)	-
Contribution from House Build Fund	(494)	(494)	-	-	-
Other Income - House Building	(160)	-	160	-	160
Affordable Housing Contribution	(838)	(976)	(138)	(138)	-
Prudential Borrowing	(6,908)	(3,474)	3,434	2,594	840
Total Income	(27,630)	(26,146)	1,484	484	1,000

- 2.10 Current projections are forecasting a reduction to expenditure of £1.484m at 31 March 2018 of which £1.000m is required to be carried forward to 2018/19. The projected variances are mainly related to:

- Underspends on the new build programme at Fencedyke and the refurbishment of Robert W Service Court;
- Slippage in the new build programmes at Canal Court;
- Inability to access properties to enable work to be progressed within the Central Heating and Electrical Re-wiring programmes.

These are partly offset by additional expenditure on the kitchen and bathroom programme following an increase in uptake by tenants.

A true underspend of £0.484m is currently forecast within the programme and is available to support other projects within the HRA Capital Investment Programme. These movements result in a revised capital programme at 31 January 2018 of £26.146m for 2017/18.

2.11 The current projections on funding, elements of which are related to the profile of expenditure reported above, is summarised below;

- Additional Capital Receipts from the sale of Council Houses, (£0.899m);
- Additional Scottish Government Grants in relation to House Building (£0.861m) and Energy efficiency (£0.206m); and
- Reduced Prudential Borrowing of £3.434m with £0.840m being deferred to future years.

### 3. Proposals

3.1 It is proposed that:-

*In General Services -*

The Cabinet is invited to (a) approve the further revisions to budgets outlined at Section 2.1, 2.2 and 2.5 and Appendix 1; and (b) note (i) the actual expenditure and revised budget to 31 January 2018 and (ii) the forecast of expenditure to 31 March 2018.

*In the H.R.A. -*

The Cabinet is invited to (a) approve the further revisions to the budget outlined at Section 2.9, 2.10 and Appendix 2; and (b) note the actual expenditure and revised budget to 31 January 2018 and (ii) the forecast of expenditure to 31 March 2018.

### 4. Implications

<b>Financial:</b>	The financial implications are as outlined in the report. Expenditure will continue to be closely monitored to ensure early action is taken regarding any projected underspends or overspends.
<b>Human Resources:</b>	None
<b>Legal:</b>	None
<b>Equality:</b>	None
<b>Environmental &amp; Sustainability:</b>	None
<b>Key Priorities:</b>	A delay in completion of projects could affect the delivery of services and have implications for revenue budgets and service planning.
<b>Community Benefits:</b>	

## **5. Consultation**

5.1 Progress as outlined in this report has been approved by Executive Directors.



LAURA FRIEL  
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For further information please contact Angus Grossart, Team Manager (Financial Services) on (01294) 324455.

### **Background Papers**

Capital Programme Performance to 31 January 2018 - Cabinet 20 March 2018