

Report To:	CABINET	Date:	13TH JULY 2017
Heading:	CAPITAL OUTTURN 2016-17		
Portfolio Holder:	CLLR JACKIE JAMES - CORPORATE SERVICES		
Ward/s:			
Key Decision:	YES		
Subject To Call-In:	YES		

Purpose Of Report

The Capital Outturn details Capital Expenditure incurred in 2016/17, how this expenditure has been funded and provides explanations for major budget variances.

The overall Capital Expenditure was £13.037m and under spent to budget by £1.962m. The main reason for the under spend related to General Fund and Housing Revenue Account (HRA) projects which had not commenced or progressed as planned during the year. This underspend is referred to as 'slippage'.

As a result of the above slippage and the use of £0.007m of Capital Receipts received in the year which were not included in the funding budget, the Council has utilised less borrowing (£0.254m) and less of its grant funding and other funding (£1.715m).

Recommendation(s)

Members are requested:

- (i) Note the outturn position of the 2016/17 Capital Programme.
- (ii) Note the slippage on the 2016/17 Capital Programme and allow this to be carried forward to 2017/18 Capital Programme and recommended to Council.

Reasons For Recommendation(s)

To report to those charged with Governance the financial position for the end of 2016/17 and comply with the Council's Financial Regulations.

Alternative Options Considered (With Reasons Why Not Adopted)

None

Detailed Information

1. Introduction

Cabinet approved the Capital Programme for 2016/17 to 2019/20 on 20th February 2017. This is a report back to Cabinet on the financial out-turn of the capital expenditure against that Capital Programme.

2. Outturn 2016/17

The outturn position for 2016/17 can be summarised as follows:

Scheme	Capital programme £000's	Actual Expenditure £000's	Variance £000's
Housing Revenue Account			
Management Fee	638	641	3
Catch up and Major Repairs	5,801	5,527	(274)
Service Improvements	256	162	(94)
Contingent Major Repairs	84	68	(16)
Exceptional Extensive Works	1,036	1,014	(22)
Disabled adaptations - Treated as Revenue Expenditure From Capital Under Statute (REFCUS)	445	414	(31)
Empty Homes	108	82	(26)
Darlison Court (New Builds)	366	370	4
Warwick Close	430	430	0
Other Housing Revenue Account Schemes (less than £100k each)	253	109	(144)
Total Housing Revenue Account	9,417	8,817	(600)
General Fund			
Ada Lovelace Business Centre Development	288	198	(90)
Idlewells Market Hall Asbestos Removal and Refurbishment - Allocation still subject to option appraisal	575	691	116
Titchfield Park and Hucknall Cemetery: implementation of park masterplan	118	89	(29)
Kirkby Regeneration and Civic Centre	145	143	(2)
Green Deal Communities Project	222	225	3
Acacia Avenue Rec - General Improvements	150	21	(129)
Improvement Grants 1996 Act Disabled Facility Grant	641	684	43
Better Care Grants	169	7	(162)
Office Accommodation Works	472	373	(99)
Vehicle Tracking Scheme	135	0	(135)
Garden Waste Bins	462	342	(120)
Purchase of Vehicles	706	570	(136)
Other General Fund Schemes (less than £100k each)	1,499	877	(622)
Total General Fund	5,582	4,220	(1,362)
Total Expenditure	14,999	13,037	(1,962)
Funding			
Major Repairs Reserve	8,114	6,625	(1,489)
Borrowing	1,341	1,088	(253)
Government Grants and Other Contributions	3,925	2,897	(1,028)
Revenue Contributions	241	1,042	801
Capital Receipts	1,378	1,385	7
Total Funding	14,999	13,037	(1,962)

The outturn shows an under spend of £1.962m compared to the approved programme.

A summary of the main variances are as follows:-

Housing Revenue Account (HRA)

- Catch Up and Major Repairs – A significant reason for this underspend is the rejection by some customers in the Council Dwellings for the works to be completed,
- Service Improvements – There have been delays in receipt of Design Drawings; these works will be completed in 2017/18.

General Fund

- Better Care Fund Schemes - underspent due to the funding of these schemes not being received until late in the financial year,
- Vehicles – the vehicles are being kept longer than anticipated therefore several of the planned replacements will go through in 2017/18,
- Vehicle Tracking Scheme – the scheme is currently being tested and once satisfactory testing has been completed payment will be made,
- Garden Waste Bins – the unit costs of the bins were lower than estimated,
- Acacia Avenue Rec – scheme delayed due to slippage,
- Other General Fund Schemes (less than £100k each) are underspent due mainly to delays on completion to Hucknall Car Parks caused by delays to the Inner Relief Road and delays to Kingsmill Reservoir Desilting, Annesley Traffic Lights, delays to Solar Panels – Northern Depot and delays to the majority of Area Committee projects.

3. Capital Resources 2016/17

3.1 Prudential Borrowing

Under the Prudential Code, any borrowing undertaken by local authorities must be both prudent and affordable in terms of funding the resultant principal and interest payments.

General Fund schemes part funded by borrowing of £1,088k include Idlewells Market Hall Asbestos Removal and Refurbishment, Vehicle Purchases and Office Accommodation Works.

3.2 Revenue and Reserves Financing – General Fund

Revenue and Reserves financing refers to the financing of capital expenditure from revenue and earmarked reserves. Revenue and Reserves contributions of £173k have been used to fund or part fund several schemes including Local Broadband Plan, Broomhill Shop Refurbishment and Demolition of Hucknall Toilets.

3.3 Direct Revenue Financing and Major Repairs Reserve - HRA

A contribution from the Major Repairs Reserve totalling £6.625m and a HRA contribution of £0.869m was used to fund HRA expenditure in 2016/17. Transfers to the Major Repairs Reserve are lower than forecast as a result of both reduced capital expenditure and an increase in the depreciation charge which is used to fund expenditure in the major repairs reserve.

3.4 Capital Receipts

Capital Receipts for the General Fund with sale proceeds of greater than or equal to £10k can be used to fund or part fund capital expenditure. A proportion of the HRA total capital receipt can be used to fund HRA expenditure. In 2016-17 the Council received net HRA receipts of £1,323k and General Fund capital receipts of £62k.

HRA capital receipts of £1,323k have been applied during the year. These have been used to part fund new build expenditure for the Darlison Court Development and Catch Up and Major Repairs.

The General Fund 2016/17 capital receipts of £63k have all been applied to part fund the purchase of vehicles.

3.5 Government Grant and Contributions

Capital projects part funded or fully funded through Government Grants and Contributions include:

- Area Committee schemes part funded by S106 contributions - £591k
- Green Deal Community Project funded by the Department of Energy and Climate Change (DECC)- £106k
- Nottinghamshire County Council funding for Garden Waste Bins - £342k
- Communities and Local Government (CLG) funding for Disabled Facilities Grants - £691k
- Department of Work and Pensions (DWP) funding for Office Accommodation Works to Accommodate DWP at Central Offices - £150k
- Nottinghamshire Police Commissioner funding for Office Accommodation Works to Accommodate Police at Central Offices - £138k
- D2N2 Local Enterprise Partnership (LEP) funding for Ada Lovelace Business Centre Development - £144k and Idlewells Market Hall Asbestos Removal and Refurbishment - £375k
- Other Grants for various other smaller capital scheme - £360k

Fewer of the planned grants and contributions were utilised due to slippage in the programme.

Implications

Corporate Plan:

The Capital Programme reflects the priorities in the Corporate Plan.

Legal:

The report ensures the Council complies with its approved Financial Regulations.

Finance:

This report is effective from 13/07/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	
General Fund – Capital Programme	Increase 2017/18 Capital Programme by £1.362m for schemes underspent in 2016/17.
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	Increase 2017/18 Capital Programme by £0.6m for schemes underspent in 2016/17.

Human Resources / Equality and Diversity:

No adverse Human Resources / Equality and Diversity implications could be identified.

Other Implications:**Reason(s) for Urgency (if applicable):****Exempt Report:****Background Papers**

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CHIEF EXECUTIVE