

This Report will be made public on 11 October 2016

**Folkestone**

Hythe & Romney Marsh  
Shepway District Council



Report Number **C/16/62**

**To:** Cabinet  
**Date:** 19 October 2016  
**Status:** Non-Key Decision  
**Head of Service:** Pat Main, Interim Head of Finance  
**Cabinet Member:** Councillor Susan Carey, Finance

**SUBJECT: GENERAL FUND CAPITAL BUDGET MONITORING – 2nd QUARTER 2016/17**

**SUMMARY:** This monitoring report provides a projection of the latest financial position for the General Fund capital programme, based on expenditure to 31 August 2016. The report identifies variances on planned capital expenditure for the General Fund in 2016/17.

**REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to agree the recommendations set out below because it needs to be kept informed of the General Fund capital programme position and take appropriate action to deal with any variance from the approved budget.

**RECOMMENDATIONS:**

1. To receive and note Report C/16/62.

## 1. INTRODUCTION AND BACKGROUND

1.1 This report updates Cabinet on the latest position for the General Fund capital programme at the 2nd quarter of 2016/17, based on expenditure to 31 August 2016, compared to the latest overall approved budget for the Medium Term Capital Programme, including reprofiling of expenditure between 2015/16 and 2016/17. The report also includes the impact any changes to the overall capital programme will have on the financing resources required to fund it.

## 2. CAPITAL PROGRAMME 2016/17 – PROJECTED OUTTURN

2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2016/17 is £9,150,600, an reduction of £2,031,000 compared to the latest budget of £11,181,600. Full details are shown in the appendix to this report. The following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme:

<b>General Fund Programme 2016/17</b>	<b>Latest Budget 2016/17</b>	<b>Quarter 2 Projection 2016/17</b>	<b>Variance</b>
<b>Service Unit</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commercial & Technical Services	3,701.6	3,697.6	(4.0)
Democratic Services & Law	100.5	100.5	-
Economic Development	40.0	40.0	-
Finance	3,347.0	1,347.0	(2,000.0)
Human Resources	20.5	20.5	-
Communities	1,433.0	1,406.0	(27.0)
Strategic Development Projects	2,539.0	2,539.0	-
<b>Total General Fund Capital Expenditure</b>	<b>11,181.6</b>	<b>9,150.6</b>	<b>(2,031.0)</b>
<b>Capital Funding</b>			
Grants and Contributions	(3,431.0)	(3,439.0)	(8.0)
Capital Receipts	(1,494.0)	(1,459.0)	35.0
Revenue	(6,256.6)	(4,252.6)	2,004.0
<b>Total Funding</b>	<b>(11,181.6)</b>	<b>(9,150.6)</b>	<b>2,031.0</b>

2.2 The following table analyses the reasons for the net reduction in the planned capital expenditure in 2016/17. Full details of the variances for the individual schemes are also shown in the appendix to this report:

## **Analysis of Variances – 2016/17 Latest Budget to Projected Outturn**

	£'000
1 Anticipated delay in the need for Oportunitas Ltd to draw down funding for phase 2 of its housing acquisitions programme until 2017/18	(2,000)
2 Saving on Home Safe Loans due to a reduction in demand	(45)
3 An increase in Warm Home Loans granted met from KCC grant held over from 2015/16	18
4 Other minor net changes	(4)
<b>Total movement</b>	<b>(2,031)</b>

- 2.3 The projections contained in this report are based on the most accurate information at the current time and every effort is made to ensure the capital programme is delivered on time and in budget. Some capital schemes are more difficult to project accurately in terms of both the timing of expenditure and the final cost. In particular it is difficult to accurately project the timing of expenditure for the Disabled Facilities Grants and Loans, the Private Sector Empty Homes Initiative and the release of funding to Oportunitas Limited for its housing acquisitions programme.

### **3. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES**

- 3.1 One of the key principles underlying the council's Medium Term Financial Strategy is the current approved capital programme is funded from available or realised capital resources and that no new borrowing is used. The only exception to this is where a scheme is subject to grant funding or external contributions in which case no commitment is made against these until the funding is confirmed. The latest forecast for the General Fund capital programme conforms to this key principle.
- 3.2 The latest position regarding the council's available capital receipts to fund capital expenditure is shown in the following table:

<b>Capital Receipts Position Statement</b>	<b>£'000</b>
Receipts in hand at 31 August 2016	(7,452)
Less:	
Committed towards General Fund capital expenditure	1,859
Committed towards HRA capital expenditure	3,011
Ring-fenced for specific purposes	1,694
Contingency for urgent or unforeseen capital expenditure	500
<b>Balance available to support new capital expenditure</b>	<b>(388)</b>

#### 4. CONCLUSIONS

- 4.1 The projected outturn shown for the General Fund capital programme for 2016/17 reflects the position based on actual expenditure and forecasts at 31 August 2016.
- 4.2 The projected outturn for the programme is funded from existing available capital resources and does not require any borrowing to support it.
- 4.3 The General Fund capital programme for 2016/17 does not require changes to the approved budget at this stage and, therefore, Cabinet is requested to note this report.

#### 5. RISK MANAGEMENT ISSUES

- 5.1 A summary of the perceived risks follows:

<b>Perceived risk</b>	<b>Seriousness</b>	<b>Likelihood</b>	<b>Preventative action</b>
Capital resources not available to meet the cost of the new projects.	High	Medium	Capital receipts required have already been realised for the majority of the programme. Schemes subject to future capital resources will only commence once these are realised. Schemes supported by grant funding will only commence once fully approved and committed by the relevant body.
Cost of new projects may exceed the estimate.	High	Medium	Capital monitoring procedures in place allowing prompt early action to be taken to manage the risk effectively.

## **6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **6.1 Legal Officer's Comments (DK)**

There are no legal implications arising directly out of this report.

### **6.2 Finance Officer's Comments (LW)**

This report has been prepared by Financial Services. There are no further comments to add.

### **6.3 Diversities and Equalities Implications**

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

## **7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

*Lee Walker, Group Accountant*

*Tel: 01303 853593. e-mail :[lee.walker@shepway.gov.uk](mailto:lee.walker@shepway.gov.uk)*

The following background documents have been relied upon in the preparation of this report:

None

Appendices:

Appendix 1: General Fund Capital Programme 2016/17 Q2 Projection