

This Report will be made public on 4 June 2018

Report Number **C/18/09**

To: Cabinet
Date: 13 June 2018
Status: Non-Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Member: Councillor Malcolm Dearden, Finance

SUBJECT: GENERAL FUND CAPITAL PROGRAMME OUTTURN 2017/18

SUMMARY: This report summarises the 2017/18 final outturn position (subject to audit) for the General Fund capital programme compared to the latest approved budget and the quarter 4 budget monitoring position reported to Cabinet on 28 March 2018. The report also summarises the outturn position for the approved prudential indicators for capital expenditure in 2017/18.

REASONS FOR RECOMMENDATIONS:

- a) 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.
- b) CIPFA's Prudential Code for Capital Finance requires the actual prudential indicators for the financial year to be reported.

RECOMMENDATIONS:

1. To receive and note Report C/18/09.

1. INTRODUCTION AND BACKGROUND

1.1 This report compares the 2017/18 outturn (subject to audit) for the capital programme to the latest approved budget and the projected position at quarter 4. The projected position at quarter 4 of 2017/18 was reported to Cabinet on 28 March 2018 (minute 93 refers). Specifically, this report;-

- i) provides explanations of the key variances for schemes within the programme between those projected at quarter 4 and the outturn position for 2017/18,
- ii) considers the impact the changes to the overall capital programme will have on the financing resources required to fund it,
- iii) summarises the 2017/18 outturn position for the approved prudential indicators for capital expenditure.

2. 2017/18 FINAL OUTTURN COMPARED TO THE LATEST APPROVED BUDGET AND QUARTER 4 PROJECTION

2.1 The total cost and funding of the General Fund capital programme for 2017/18 is £2,527,000, a reduction of £610,000 compared to the previously reported position at quarter 4 of £3,137,000. The following table provides a summary of the final outturn for the General Fund capital programme in 2017/18 compared to both the latest budget and the quarter 4 projected position. Full details are shown in Appendix 1 to this report. The final outturn figures are consistent with the draft Statement of Accounts and subject to the audit of the accounts.

General Fund Capital Programme 2017/18	Latest Budget 2017/18	Quarter 4 Projection 2017/18	Final Outturn 2017/18	Variance Q4 to Outturn	Variance Budget to Outturn
	£'000	£'000	£'000	£'000	£'000
Service Units					
Commercial & Technical Services	972	847	783	(64)	(189)
Democratic Services & Law	112	112	110	(2)	(2)
Finance	330	701	366	(335)	36
Human Resources	11	-	-	-	(11)
Communities	1,061	1,040	964	(76)	(97)
Strategic Development Projects	1,007	437	304	(133)	(703)
Total General Fund Capital Expenditure	3,493	3,137	2,527	(610)	(966)
Capital Funding					
Capital Grants	(1,120)	(1,067)	(875)	192	245

General Fund Capital Programme 2017/18	Latest Budget 2017/18	Quarter 4 Projection 2017/18	Final Outturn 2017/18	Variance Q4 to Outturn	Variance Budget to Outturn
External Contributions	(7)	(7)	(134)	(127)	(127)
Capital Receipts	(487)	(504)	(485)	19	2
Revenue	(1,490)	(1,460)	(971)	489	519
Borrowing	(389)	(99)	(62)	37	327
Total Funding	(3,493)	(3,137)	(2,527)	610	966

2.2 The following table summarises the reasons for the net reduction in the final outturn expenditure compared to the quarter 4 projection:

Variances – 2017/18 Q4 Projection to Outturn				
1		Slippage and Reprofiling to 2018/19	£'000	£'000
	i)	Oportunitas Ltd - funding drawdown deferred until after March 2018 due to a delay in the acquisition of an additional property	(330)	
	ii)	Princes Parade Planning Costs – planning application delayed until after March 2018	(94)	
	iii)	Empty Homes Initiative (joint initiative with Kent County Council) – balance reprofiled to 2018/19	(43)	
			(12)	
	iv)	Coronation Parade coastal defence scheme – phase 2	(48)	
	v)	Otterpool – acquisition of land options	(20)	
	vi)	Biggins Wood Commercial Development – site preparation costs partly reprofiled	(17)	
	vii)	General Fund Property Portfolio Health and Safety Enhancements	(10)	
	viii)	Net - other schemes	1	
				(573)
2		Other Changes		
	i)	Disabled Facilities Grants and Loans – saving	(19)	
	ii)	Lifeline Units – savings	(7)	
	ii)	Other net savings	(11)	
				(37)
		Total change in overall capital programme for 2017/18		(610)

3. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

- 3.1 One of the key principles underlying the council's Medium Term Financial Strategy is the capital programme is funded from available or realised capital resources. 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. Borrowing is only to be used to support schemes expected to generate a net revenue saving and/or future capital receipt. The 2017/18 outturn 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:

General Fund Capital Receipts Position Statement	£'000
Total receipts in hand at 31 March 2018	7,338
Less:	
Committed towards General Fund capital expenditure	(2,284)
Committed towards HRA capital expenditure	(3,796)
Ring-fenced for specific purposes	(78)
Contingency for urgent or unforeseen capital expenditure	(500)
Balance available to support new capital expenditure	680

- 3.3 Resources to fund the slippage and reprofiling of capital expenditure to 2018/19, outlined in section 2 of the report, have been ring-fenced to meet this.

4 PRUDENTIAL INDICATORS OUTTURN 2017/18

- 4.1 The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. Appendix 2 compares the approved indicators with the outturn position for 2017/18. The actual figures have been taken from or prepared on a consistent basis with the Authority's draft Statement of Accounts. The Authority has complied with all the limits set as part of the approved indicators for 2017/18.

5 CONCLUSIONS

- 5.1 The outturn position for 2017/18 is consistent with the draft Statement of Accounts.
- 5.2 The main reason for the reduction in expenditure compared to the quarter 4 projection is due to slippage and reprofiling of expenditure to 2018/19.

5.3 The outturn for the programme is funded mainly from existing available capital resources and only requires a small amount of borrowing to support it.

6 RISK MANAGEMENT ISSUES

6.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
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.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (DK)

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

7.2 Finance Officer's Comments (LW)

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

7.3 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.

8. 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

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

None

Appendices:

Appendix 1 – General Fund Capital Programme 2017/18 Outturn

Appendix 2 – Prudential Indicators Outturn Report 2017/18