

This Report will be made
public on 4 September
2018



Report Number **C/18/28**

To: Cabinet
Date: 12 September 2018
Status: Non-Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Member: Councillor Malcolm Dearden, Finance

SUBJECT: GENERAL FUND CAPITAL BUDGET MONITORING 2018/19

SUMMARY: This monitoring report provides a projection of the current financial position for the General Fund capital programme, based on expenditure to 31 July 2018 and identifies variances compared to the latest approved budget.

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.

RECOMMENDATIONS:

1. To receive and note Report C/18/28.

1. INTRODUCTION AND BACKGROUND

- 1.1 As part of the council's normal budget monitoring process this report updates Cabinet on the current position for the General Fund capital programme in 2018/19, based on expenditure to 31 July 2018, compared to the latest approved budget. Specifically, this report;-
- i) identifies variances on planned capital expenditure for 2018/19 and explanations of these differences,
 - ii) considers the impact any changes to the overall capital programme will have on the financing resources required to fund it.
- 1.2 The latest approved budget includes £1.3m reprofiled from 2017/18 due to slippage on schemes and is consistent with the position previously reported to Cabinet on 13 June 2018 in the General Fund Capital Programme Outturn Report for 2017/18 (Report no C/18/09 refers).
- 1.3 The projections shown in the report are made at a relatively early stage in the financial year and will be subject to further change which will be reported to Cabinet as part of the regular budget monitoring process.

2. CAPITAL PROGRAMME 2018/19 – PROJECTED OUTTURN

- 2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2018/19 is £12,621,800, a decrease of £1,431,000 compared to the latest budget of £14,052,800. Full details are shown in Appendix 1 to this report and the following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme:

General Fund Programme 2018/19	Latest Budget 2018/19	Latest Projection 2018/19	Variance
Service Unit	£'000	£'000	£'000
Commercial & Technical Services	4,339	2,908	(1,431)
Democratic Services & Law	222	222	-
Finance	5,803	5,803	-
Human Resources	11	11	-
Planning Services	926	926	-
Strategic Development Projects	2,752	2,752	-
Total General Fund Capital Expenditure	14,053	12,622	(1,431)
Capital Funding			
Capital Grants	(2,789)	(1,358)	1,431
External Contributions	(1,002)	(1,002)	-
Capital Receipts	(1,451)	(1,451)	-
Revenue	(1,630)	(1,630)	-
Borrow	(7,181)	(7,181)	-
Total Funding	(14,053)	(12,622)	1,431

- 3.2 The reasons for this reduction are due to the following changes in planned expenditure on coastal defence schemes:

	£'000
i) Phase 2 Coronation Parade – Cost of delivering an engineering solution to protect the National Grid’s power supply cable which comes on shore at this location is likely to be significantly lower than original estimated. Scheme funded entirely by the Environment Agency and National Grid	(1,417)
ii) Greatstone Beach Management – Budget includes slippage of £14k from 2017/18. Now not required as only one cycle of works will take place during the year. Scheme funded by the Environment Agency	(14)
Total reduction	<u>(1,431)</u>

- 3.3 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 and the release of funding to Oportunitas Limited for its housing acquisitions programme.

4. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

- 4.1 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 latest forecast for the General Fund capital programme conforms to this key principle.
- 4.2 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 30 th June 2018	(7,949)
Less:	
Committed towards General Fund capital expenditure	1,851
Committed towards HRA capital expenditure	4,280
Ring-fenced for specific purposes	693
Contingency for urgent or unforeseen capital expenditure	500
Balance available to support new capital expenditure	(625)

5. CONCLUSIONS

- 5.1 The projected outturn shown for the General Fund capital programme for 2018/19 reflects the position based on actual expenditure and forecasts at 31 July 2018. The projected outturn will be reviewed, updated and reported to Cabinet as part of the regular budget monitoring process for 2018/19.

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 2018/19 Projection