

CAPITAL OUTTURN REPORT – 2018/19

Report of the Head of Finance

1. Issue

To inform Members of the actual levels of:-

- 1.1. Capital spending incurred and financing resources used in 2018/19.
- 1.2. Capital financing resources carried forward into 2019/20: and
- 1.3. To provide a comparison with the forecast levels of capital spending and financing as previously reported.

2. Need for a decision

- 2.1. Under the Council's Financial Procedure Rules, a report covering the final outturn position must be presented to Cabinet each year for formal approval. This report is also presented for information and consideration.

3. Recommendation

Members are recommended:-

- 3.1. To note the report
- 3.2. Refer this report to Strategy and Performance Scrutiny Board to request that where appropriate updates on individual capital schemes are requested.

4. Background and/or details

4.1. Summary:

- 4.1.1. The Council spent £45.3m on its capital programme in 2018/19. This is £6.2m less than forecast earlier in the year (£5.0m excluding schools) but still within approved levels. This is mainly due to the difficulties in forecasting accurately the spending pattern on some of the larger, more complex projects such as major school schemes, street lighting, Northgate House redevelopment and that school return information is not received until after year end. In all these cases the un-used resources will be carried forward into 2019/20. This does not necessarily reflect the full cost of the scheme as the outturn position shows only the cost incurred in that particular year.
- 4.1.2. The Council has an ambitious and wide-ranging Capital Programme. The increasing complexity of schemes coupled with revenue budget pressures are presenting challenges in terms of the capacity and skills to deliver them. The vast majority of capital schemes within the programme are being delivered to budget and within time and the purpose of this report is to highlight the few exceptions where there are delays or cost implications.
- 4.1.3. The Capital programme is funded through a combination of grants, borrowing, revenue and capital receipts. Of the £45.3m about three quarters has been funded from Government Grant which has no impact on council tax payers. The majority of the remaining quarter was funded through prudential borrowing most of which is self-financing and also has no impact on council tax payers.
- 4.1.4. The report recognises that there is available £2,246k in pooled resources and these are earmarked for potential use on the Council's major projects until these are completed.

4.2. Detail

- 4.2.1. Total capital programme expenditure in 2018/19 amounted to £45.3m. The analysis of expenditure by directorate is: -

	£'000
Public Services	2,621
Adult Health and Wellbeing	3,532
Regeneration & Strategy	27,333
Children and Young Peoples' Services	11,840
Total Scheme Spend	<u>45,326</u>
Less Revenue Expenditure	613
Total Capital Expenditure	<u>44,713</u>

This was financed as follows: -

	£'000
Borrowing	10,726
Grants and Contributions	32,878
Revenue and Reserves	1,064
Pooled Resources	658
Total Scheme Financing	<u>45,326</u>
Less Revenue Expenditure Funding	613
Total Capital Expenditure Funding	<u>44,713</u>

4.2.2. The £613k that is included within the tables above as revenue is expenditure which does not meet the criteria to be classed as capital expenditure. It is included against schemes so it can be measured against the resources approved as part of the Capital Programme and demonstrates the full cost of the projects. It relates principally to feasibility work around a new leisure facility and work on the Clifton Enterprise Zone.

4.2.3. Members are recommended to request that the outturn report be presented to the Strategy and Performance Scrutiny Board.

5. Options considered

5.1. None.

6. Financial implications

6.1 Expenditure

6.1.1 The main elements of capital expenditure in 2018/19 were: -

	£'000
Health & Social Care Schemes	195
Disabled Facilities Grants	2,529
Schools and Education	11,874
Libraries, Museums and Theatres	120
Parks and Amenities	451
Cemeteries and Crematorium	335
The Piece Hall	1,835
Roads / Infrastructure / Parking	5,865
Urban/ Housing Regeneration Schemes	3,319
Private Housing Grants & Loans	90
Property Investment & Rationalisation	5,766
Halifax Leisure Facility	117
West Yorkshire Transport Plan	5,809
Flood Repairs and Investment	1,675
Street Lighting LED Projects	4,537
Transport Fleet	809
Total Spend	<u>45,326</u>
Total Forecast Capital Expenditure	<u>51,509</u>
Variance	<u>-6,184</u>
Variance due to schools year end returns	1,174
Variance on all other schemes in capital programme	<u>-5,010</u>

6.1.2 Spending from schools is not known until year end returns are submitted by schools at the end of April. The forecast is based on known allocations but due to the flexibility which schools have, spending often differs markedly from this. All schools' spend is covered by grant or schools' own funding, so does not affect the Councils own funding capability. Expenditure on other capital schemes is £5.0m less than forecast. This is due mainly to:-

- Northgate Sixth Form (-£2,039k) – There was a slight delay in awarding some of the contract packages for the works due to exercises being undertaken to value engineer the scheme. This scheme is still anticipated to be completed within the required time scales to ensure a smooth transition for new students attending the site.
- Disabled Facilities Grant (£856k) – There was an increase in the amount of works carried out leading to a reduced backlog. There was also an additional funding amount of £308k received after the last monitor, which, as part of its conditions, needed to be spent before the end of the financial year which was achieved.

- Calder Primary (-£2,273k) – The original date for starting on site was postponed following some concerns in November/December 2018, surrounding the future of contractor. The impact of this decision resulted in a delaying the programme until such time as the Council was sufficiently satisfied to award the contact. However, it wasn't until January 2019 that the contractor was appointed, with a start on site date being achieved in February.
- Ferney Lee (-£593k) – The main build on this school is now complete with the outstanding sums in relation to demolition which will be completed by June 2019.
- Capital Maintenance (-£786k) – This resource is for both planned and reactive maintenance and as such part of the allocation is retained to deal with any urgent maintenance requirements.
- Street Lighting LED Replacement (£937k) – Efforts were made in the last quarter to increase delivery resulting a slightly higher than forecast expenditure level.
- West Yorkshire Transport Fund Scheme (-£662k) – Although spend is slightly lower than expected, work is progressing well on this scheme which is evident around the Halifax area, with the next phase of the scheme ready to commence within this financial year.

6.2 Financing

- 6.2.1 For the small number of projects where there has been slippage against the forecast profile of expenditure, funding will be carried forward into the subsequent year. Members are aware that, particularly for the larger and more complex projects, the spend profiles are best estimates reviewed at each monitor.
- 6.2.2 Of the total capital expenditure of £45.3m in 2018/19 nearly three quarters of this (73%) was funded by external grants and contributions i.e. without any cost to the Calderdale council taxpayer. Less than a quarter (23%) was funded by borrowing for schemes such as the street lighting LED contract on an invest to save basis. Although there is a cost involved in this borrowing, which has been built into the revenue budget, a significant part of this will be funded by savings which would not otherwise have been realised.

6.3 Overall Position

- 6.3.1 The closure of the capital accounts has not resulted in any scheme overspendings being identified at this stage. Available capital funding of £2.2m is being carried forward. As previously agreed, these resources are being earmarked towards Major Town Centre schemes until these are completed, at which point any surplus will be released.

7 Legal Implications

7.1 None specifically arising from this report.

8 Consultation

8.1 The outturn exercise is carried out with full co-operation and the involvement of all relevant service departments.

9 Environment, Health and Economic Implications

9.1 None specifically arising from this report.

10 Equality and Diversity

10.1 All issues surrounding equality and diversity are considered as part of the development of schemes within the Capital Programme.

11 Summary and Recommendations

11.1 The report identifies the capital outturn position, comparing that position with the latest monitor. It recommends that identified available capital resources be retained at this stage pending resolution of the Piece Hall and Central Library and TCOS scheme final accounts.

For further information on this report contact:

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