

Money Matters - Capital Monitoring and Financing Position as at 30th November 2016

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Money Matters – Capital Monitoring and Financing Position as at 30th November 2016

1. Executive Summary

Cabinet on 8th December 2016 approved a report entitled "Capital Monitoring and Financing Position" as at 30th September 2016. The Quarter 2 capital monitoring position presented in that report showed forecast spend for 2016/17 of £150.264m against a re-profiled budget of £151.510m, a forecast spend less than budget of £1.246m, equating to a variance of 0.8%. This means that 99.2% of the budget is forecast to be spent.

This report sets out the capital monitoring position at the end of November 2016 against the re-profiled capital programme 2016/17 budget approved by Cabinet on 6th October 2016. It does not include any additions to the capital programme in October and November 2016, which were immaterial.

Table 1 shows that the forecast spend for 2016/17 is unchanged from the 8th December report.

Table 1 also shows the cumulative spend to 30 November 2016 and compares it with the equivalent position in 2015/16 in order to give an understanding of the progress being made to date with regard to overall spend level.

In addition, Table 2 contains an analysis of spend between spend on actual project delivery, as distinguished from spend on purely financial matters e.g. passporting of a grant or payment of a final invoice.

Details of progress on some of the larger projects within the programme are provided (Table 3). The full delivery schedule of projects was presented within the 6th October Cabinet report appendices.

2. Quarter 3 Monitoring (as at November 2016)

Table 1 below shows capital expenditure up to the end of November 2016 on the major blocks of the capital programme, with the equivalent 2015/16 figures for comparison.

Table 1	2016/17 full year re-profiled approved budget	2016/17 full year Forecast out turn	Forecast Variance (under budget)/ over budget	Forecast Variance as a percentage of budget	2015/16 NOV ACTUALS		2016/17 NOV ACTUALS	
	£m	£m	£m		2015/16 spend to end Nov £m	% of budget spent at Nov %	2016/17 spend to end Nov £m	% of budget spent at Nov %
Schools (excluding Devolved Formula Capital DFC)	27.318	27.407	0.089	0.33%	13.850	67.8%	20.001	73.2%
Schools DFC	2.545	2.545	0.000	0.00%	1.913	60.3%	1.189	46.7%
Children and Young People	1.491	1.491	0.000	0.0%	3.594	78.7%	0.217	14.5%
Waste and Other	6.091	6.091	0.000	0.00%	0.409	46.5%	1.635	26.8%
Adult Social Care	12.537	12.537	0.000	0.00%	1.137	14.3%	11.500	91.7%
Corporate	13.251	13.251	0.000	0.00%	8.511	46.2%	7.874	59.4%
Vehicle Replacement	1.934	1.884	-0.050	-2.59%	2.347	53.1%	0.063	3.2%
Transport	35.280	35.125	-0.155	-0.44%	32.094	63.4%	23.444	66.4%
Highways	51.063	50.093	-0.970	-1.89%	23.122	57.1%	16.928	33.2%
Total	151.510	150.424	-1.086	-0.72%	86.977	57.6%	82.851	54.6%

Direct comparison between one year and another is difficult given that capital projects and their profiles of expenditure will vary to some degree from year to year. Spend in the year to date is comparable with the same point last year and 2015/16 outturn was very similar in scale to the size of the 2016/17 programme.

Forecast variances in excess of £0.1m are analysed below:

- Transport block forecast spend less than budget £0.155m mainly due to delay in Ormskirk Town Centre scheme now to be slipped into 2017/18.
- Highways block forecast spend less than budget £0.970m due to 3 schemes potential underspend, 2 schemes retention monies re-profiled, 2 schemes slippage due to bad weather, 5 s106 schemes slippage due to resource issues, 1 scheme delay due to ongoing cost negotiations.

3. Analysis of Quarter 3 (as at November 2016) spend total between project delivery and financial transactions only

Table 2 below shows the analysis of spend in each block between project delivery and financial transactions such as grants passported to third parties, or payment of final invoices:

Table 2	2016/17 spend to end Nov 16	Passported grant	Non –delivery costs eg. final invoice payments	Project delivery as at November 2016
	£m	£m	£m	£m
Schools (excluding Devolved Formula Capital DFC)	20.001	0.000	0.000	20.001
Schools DFC (Bank account schools only- other schools reimbursed at year end)	1.189	1.189	0.000	0.000
Children and Young People	0.217	0.000	0.000	0.217
Waste and Other	1.635	0.000	0.000	1.635
Adult Social Care	11.500	11.477	0.000	0.023
Corporate	7.874	0.000	0.000	7.874
Vehicle Replacement	0.063	0.000	0.000	0.063
Transport	23.444	0.000	0.610	22.834
Highways	16.928	0.000	1.662	15.266
Total	82.851	12.666	2.272	67.913

At the end of November 2016, the percentage of spend comprised of project delivery was 82%.

4. Delivery of Outputs on larger projects

Table 3 below illustrates progress on some of the larger projects within the re-profiled 2016/17 capital programme.

*Figures for the budget are simply 66% of the full year budget, (representing eight months to 30th November 2016 out of twelve months) which in some cases may not be a relevant comparator.

Table 3	Projects	Full Year Budget 2016/17	Budget 2016/17*	Spend to end of Nov 2016	Actual physical delivery
		£m	£m	£m	
Schools (excluding DFC)	15/16 Condition	8.297	5.531	5.291	88 projects of which 41 are complete, 25 are on site and 22 are in design/ tender stage.
	15/16 Basic Need	9.981	6.654	4.390	21 projects of which 12 are operationally complete, 4 are on site and 5 are in design.
	Pre-15/16 Basic Need	9.486	6.324	9.481	16 projects of which 13 are complete, 1 is on site, and 2 are partial possession and are phased.
Schools DFC	15/16 DFC	2.545	1.696	1.189	
Children and Young People	Chorley Youth Zone	1.000	n/a	0.000	Contribution agreed in principle but not paid by end of Nov due to Cabinet report decision due Jan 2017.
	Overnight short breaks Lynhurst	0.065	0.043	0.033	The re-profiled budget for 2017/18 and 2018/19 contains £2.242m and £0.560m respectively to provide 2 further facilities.
	The Bungalow, Fulwood	0.000	0.000	0.000	Cabinet Member report being prepared to approve use of £0.105m of unallocated CYP budget to provide residential placements for young people with complex needs.
Waste and Other	Fire suppression upgrade	2.268	1.512	0.000	Works due to commence late November 2016.
	Asset preservation	3.492	2.328	1.351	Waste company has profiled full budget to be spent by 31.3.17.
Adult Social Care	16/17 Disabled Facilities Grant	11.477	n/a	11.477	Passported to Districts in full in April 2016.
	Chorley Extra Care	1.000	n/a	0.000	Contribution agreed but not paid by end of November. (Cabinet report approved 13/9/16.)
Corporate	Superfast Broadband	3.470	2.313	0.469	BT delivery on track but delay in BT evidencing claims for payment.
	Brierfield Mill / (Northlight)	1.280	0.853	0.094	New programme.
	Core Systems	2.078	1.385	0.719	Delay in Highways Asset Management system

	Customer Access Systems Core	1.419	0.946	0.936	implementation.
	County Hall refurb	3.000	2.000	1.969	
Vehicle Replacement	Ongoing vehicle replacement	1.934	1.289	0.063	A new procurement framework has resulted in vehicle orders being placed in the latter part of the year. Projected 16/17 spend is £1.884m.
Transport	Heysham to M6 Link	20.800	13.800	18.500	Road opening took place on 31 October 2016, with outstanding work on landscaping and motorway communications scheduled for completion by Mar 17.
	Blackpool Tramway	2.681	1.787	0.610	Final Invoice expected in 16/17.
	Burnley Pendle Growth Corridor	3.166	2.111	1.932	Substantive programme to be completed by Mar 2018, but one project has been delayed due land acquisition issues, so this may not complete until Mar 2019.
	Pennine Reach	1.327	0.885	0.762	Majority of work completed. A bus lane, off road parking and Statutory Quality Bus Partnership to be completed.
	Burnley Town Centre	1.522	1.015	0.770	Scheme delivery on programme. Manchester Road complete. The Mall and Curzon Street south substantially complete and St James's Street started. Advanced preparation work ahead of programme.
	East Lancs Strategic Cycle Network	2.668	1.779	0.160	<p>Delivery has been delayed due to five factors:</p> <ul style="list-style-type: none"> • Objection to tarmac surfacing. • Negotiations with land owners re: route. • Objections to upgrade from PROW to Bridleways. • Resolution of issues raised by flooding last December. • Awaiting decision re Highways England potential delivery of 4

	Contribution to City Deal	2.500	0.000	0.000	sections. Annual contribution at year end
	Asset maintenance several years starts excluding Bridges and Local Priorities Response Fund(LPRF)	23.574	15.716	9.172	WIP not included
	LPRF	2.500	1.666	0.325	
	Bridges	2.000	1.333	1.136	
	Rawtenstall Bus Station	3.910	2.606	0.000	Planning permission secured. Commuted sum approved to fund future maintenance. A legal agreement is being drawn up which will enable a transfer of monies to Rossendale Borough Council in 16/17.
Highways	DfT grant funded Flood projects	3.796	2.530	1.316	The total DfT grant received in 15/16 was £5m, of which £0.293m was spent in 15/16, £3.796m is forecast to be spent in 16/17 and £0.911 is phased to be spent in 17/18. 65 projects have been completed to date and 27 are due to be completed in 17/18 due to issues re site investigation, land access and underwater surveys. Nb. In their capacity as Risk Management Authorities, Districts are able to submit business cases for submission to EA / DEFRA re further flood related schemes.
	DfT Street Lighting Challenge Fund	6.750	4.500	4.247	To ensure the optimum balance between reduction in revenue energy cost and minimum contractor price, procurement was delayed in order to secure a 25% procurement saving.