



North Tyneside Council



# 2011/12 Financial Management Report to 31 January 2012

widening  
horizons

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## Section 1.0 Executive Summary

- 1.1 This is the fifth report to Cabinet for 2011/12, setting out the Council's financial position as at the end of January 2012.
- 1.2 This report includes details of the forecast outturn position to the 31 March 2012, highlighting key strategic issues to be managed by the Council during the year.

### **Strategic Management of the Council's Budget**

- 1.3 The budget for 2011/12 was approved by Council at its meeting of 3 March 2011. The net General Fund revenue budget was set at £175.768m, which represented an increase of £3.165m (1.83%) over 2010/11 spending levels. Pay and cost pressures of £6.563m plus committed and mandatory pressures of £10.041m were offset by savings, including the Change, Efficiency and Improvement Programme, of £24.267m.
- 1.4 The Capital Plan level of expenditure for 2011/12 was approved at £46.532m. Further reprogramming and variations were approved by Cabinet through the budget monitoring and outturn reports (£7.020m on 7 March 2011, £9.518m on 13 June 2011 and £3.633m on 11 July 2011, £0.604m credit on 14 November 2011 and £8.456m credit on 16 January 2012) taking the total approved capital plan for 2011/12 to £57.643m.
- 1.5 The current forecast outturn for the General Fund revenue budget reflects in-year pressures of £0.989m. The position has improved slightly from £1.064m at the end of November 2011, and reflects the impact of previously agreed actions being taken. Service areas and Finance teams will continue to embed plans to ensure these pressures are managed and that the budget is brought in on or near target at the end of the year. Any further corrective action identified will be taken into account when forecasting the year end position once it is prudently assessed as being realisable.
- 1.6 The Housing Revenue Account (HRA) is forecasting spend on budget for the year.
- 1.7 In the period to 31 January 2012, the level of capital spend recorded in the General Ledger was £30.966m, which represents 59.0% of the revised Capital Plan for the year, slightly below the comparative spend for 2010/11. After taking account of the required changes in funding arising from the proposed amendments to the Capital Plan and the level of capital receipts received to date, £2.497m of general fund capital receipts still need to be generated in the year
- 1.8 Cabinet are recommended to approve variations to the 2011/12 Capital Plan which sees an increase of £0.395m funded by grant, with reprogramming into 2012/13 of £5.592m as set out in Section 5 paragraph 5.6.

## Strategic Issues

- 1.11 As in previous years, over and above the management of the Council's core budget, there are issues that need to be addressed in year or that give rise to implications which extend beyond the one-year timescale of the annual budget. These issues are summarised below.

### Change, Efficiency and Improvement Programme

- 1.12 The budget for 2011/12 included savings of £16.194m from the delivery of projects/actions included as part of the Change, Efficiency and Improvement (CEI) programme. The savings are embedded within service budgets and are therefore included within the overall budget monitoring.
- 1.13 The scale of the financial challenge for the year meant that wide ranging efficiencies and service reconfiguration were required to be implemented during 2011/12. It is important that these CEI savings are monitored as part of the overall financial position of the Council, so the bottom line financial position is known.
- 1.14 It is also important that savings are only considered to be achieved once they are assessed as being realisable. To that end, this report has been prepared on a prudent basis. However, Cabinet should note the level of budget savings that have been made to date through both the CEI programme and by on-going management action.
- 1.15 As previously reported planned the saving of £1.300m from Terms and Conditions is not expected to be delivered this year. The action taken to manage this risk has been to accelerate work in relation to the delivery of some services in preparation for alternative delivery models being considered/implemented to ensure that savings are maximised by the Council.
- 1.16 Cabinet will recall that the Council issued an HR1 notice which indicated a reduction in the workforce of up to 300 jobs by 31 March 2013, savings from the implementation of this redundancy policy are an integral part of the Council's CEI Programme and are built into the monitoring figures for that programme. For redundancy payments it is anticipated that the statutory costs will, as in previous years, be capitalised, with the revenue (non statutory) costs and associated strain on the fund costs being met from the Strategic Reserve.
- 1.17 The business plans developed as part of the 2012-15 Council Strategic Plan and Budget Setting Process include an estimated reduction in the number of posts as 245 over the period to 31 March 2015. The estimated redundancy cost for this is £2.100m which is in line with the minimum target required to make use of the current capitalisation approval. The estimated strain on the fund cost to be incurred in 2011/12 is £0.250m. The strain on the fund cost is reflected in **Table 1** with a corresponding use of the Strategic Reserve.
- 1.18 Services continue to closely manage expenditure to mitigate the impact of the timing of the delivery of the CEI savings; however, failure to achieve savings will result in the need to use the Strategic Reserve to manage this in-year budget pressure.

### Equal Pay and Equal Value

- 1.19 The 2010/11 Statement of Accounts included a provision of £9.999m for equal pay claims. This was the estimated value of the known claims at the year-end that should be included in the Accounts. The Accounts also disclosed further potential costs of equal pay, but as the timing and amount of any such claims was not known, it was included as a contingent liability.
- 1.20 Of the provision, £3.255m was carried forward into 2011/12 in the “Equal Pay Back Pay account” on the balance sheet as they had not been capitalised or physically paid. The capitalisation approval for 2011/12 means that the funding of this provision will no longer fall on reserves.
- 1.21 The unused balance on the 2011/12 capitalisation is available to use to finance further claims received during 2011/12. We will continue to monitor the level of potential and known claims and update Cabinet as appropriate. At present a figure cannot be put on those potential cases.
- 1.22 The cost of borrowing to fund these capitalisation approvals (part year in 2011/12 and full year in 2012/13) has been built into the revenue projections for the relevant years. As noted previously, should the capitalisation approval figure fall below the total amount paid out in equal pay settlements, the shortfall would necessarily be met from the Council's Strategic Reserve in the first instance, although this would be accounted for in future years.

### Financing of the Capital Plan

- 1.23 As is set out in Section 5 of this Annex, there remains a balance of £2.497m to be generated from capital receipts if the budget for financing this year's capital programme is to be met in line with the budget. Actions are being taken to minimise the impact of any shortfall.

### Use of Reserves

- 1.24 The Council ended the financial year 2010/11 with £52.371m of useable reserves and balances. The greater part of that figure is held as General Fund, Schools and HRA balances, or in the form of earmarked reserves, i.e. reserves built up and held for specific and sometimes statutory purposes. The only reserve generally available to help the Council manage its finances over the medium term is the Strategic Reserve. At the end of 2010/11, this reserve stood at £7.370m which was £2.500m higher than planned due to the prudent treatment of the 2010/11 General Fund underspend.
- 1.25 The 2011/12 budget approved at Council on the 3 March 2011 included the use of £1.382m of the reserve as a contribution to the General Fund revenue budget.
- 1.26 The main purpose of the Strategic Reserve is to manage major financial pressures which can arise in year or over financial years. In previous reports to Cabinet the forecast outturn included pressures anticipated to arise in respect of any non-capitalisable element of any equal pay settlement and additional Strain on the Fund costs expected to be incurred in 2011/12. Table 1 has been updated to include

£0.250m for Strain on the fund costs. The capitalisation approval received for Equal Pay payments has removed the potential known call on reserves for the existing equal pay provision.

#### Actions to mitigate current outturn pressures

- 1.29 All Services continue to work to improve this position. The current forecast over-commitment is £0.989m. Actions continue with the aim to bring in the budget on target. Those actions include:
- no further non-essential commitments being entered into; and,
  - new limits to the approval of spend to require sign-off at a much lower level of expenditure.
- 1.30 Reports of the volume and average value of orders being approved are being used to monitor the application and impact of the revised approval limits with some success. This will continue up to the year end.

#### Implications for 2012/13 and Following Years

- 1.31 Whilst the in-year position continues to improve it is important to note that included in the forecast outturn is a saving of £0.215m which is a one-off saving on staff costs as a result of industrial action in October 2011.
- 1.32 Some of the financial pressures that are currently being experienced would remain with the Council unless action is taken to correct them. The budget setting process for 2012/13 has taken these into consideration and includes:
- Energy costs - plans are being implemented to reduce consumption in order to mitigate increasing rates, together with increased budget being provided for 2012/13;
  - Demand led pressures - in areas such as Looked after Children and Adult Social Care pressures remain for future years so growth has been included in the 2012/13 budget;
  - Non-achievement of CEI savings – these pressures exist in the current year, for example around Terms and Conditions, corrective action has been taken in the budget proposals; and,
  - Use of Reserves – in order to conform with the Council's Reserves and Balances policy, namely to have balances at the end of the Financial Plan period of £5.000m, the current draft budget proposals take account of the need to replenish reserves used within the current financial year.

## Section 2.0 General Fund Income and Expenditure

- 2.1 This section of the report details the current budget pressures identified by Directorates and the expected year-end outturn following mitigating actions taken to reduce those pressures. **Table 1** summarises the position and reflects in-year pressures of £0.989m.
- 2.2 The budget monitoring is based on the recorded transactions as at 31 January 2012 and is set out in **Table 1** below. **Table 1** is supplemented by a summary commentary below, covering the key variances by Directorate. The detailed appendices (A- E) set out variations by Service Area.

**Table 1: 2011/12 General Fund Revenue Budget Forecast to 31 March 2012**

	Full Year Budget	Forecast Outturn (including energy & rates)	Energy & Rates pressure	Forecast Outturn (energy & rates adjusted)	Forecast Outturn variance
	£m	£m	£m	£m	£m
<b>Net Expenditure</b>					
1 Children, Young People & Learning:					
Controllable	24.702	25.010	-0.082	24.928	0.226
Non-Controllable	13.287	13.287	0.000	13.287	0.000
	<b>37.989</b>	<b>38.297</b>	<b>-0.082</b>	<b>38.215</b>	<b>0.226</b>
2 Community Services :					
Controllable	84.287	85.244	-0.890	84.354	0.067
Non-Controllable	10.385	10.385	0.000	10.385	0.000
	<b>94.672</b>	<b>95.629</b>	<b>-0.890</b>	<b>94.739</b>	<b>0.067</b>
3 Finance and Resources					
Controllable	13.122	13.272	-0.140	13.132	0.009
Non-Controllable	-12.288	-12.288	0.000	-12.288	0.000
	<b>0.834</b>	<b>0.984</b>	<b>-0.140</b>	<b>0.844</b>	<b>0.009</b>
4 Chief Executive's Office:					
Controllable	16.225	17.342	-0.527	16.815	0.590
Non-Controllable	-1.540	-1.540	0.000	-1.540	0.000
	<b>14.685</b>	<b>15.802</b>	<b>-0.527</b>	<b>15.275</b>	<b>0.590</b>
5 Delegated Budgets- Non Controllable					
Energy	0.000	0.000	1.092	1.092	1.092
Rates	0.000	0.000	0.447	0.447	0.447
	<b>0.000</b>	<b>0.000</b>	<b>1.539</b>	<b>1.539</b>	<b>1.539</b>
<b>Sub Total - Service- Approved Budget</b>	<b>148.180</b>	<b>150.712</b>	<b>-0.100</b>	<b>150.612</b>	<b>2.432</b>

Table 1 continued:

		Full Year Budget	Forecast Outturn (including energy & rates)	Energy & Rates pressure	Forecast Outturn (energy adjusted)	Forecast Outturn variance
	<b>Net Expenditure</b>	£m	£m	£m	£m	£m
<b>Non Delegated budgets</b>						
6	Central items :					
	Corporate and Democratic Core	8.542	8.542	0.000	8.542	0.000
	Controllable	5.681	5.681	0.000	5.681	0.000
	Non-controllable	14.223	14.223	0.000	14.223	0.000
7	Corporate Accounting	-2.799	-1.293	0.000	-1.293	1.506
8	Contingency Budget	2.734	0.000	0.000	0.000	-2.734
9	Levies	13.430	13.430	0.000	13.430	0.000
		<b>27.588</b>	<b>26.360</b>	<b>0.000</b>	<b>26.360</b>	<b>-1.228</b>
11	Revenue Cost of Redundancy	0.000	0.250	0.000	0.250	0.250
12	Industrial Action	0.000	-0.215	0.000	-0.215	-0.215
<b>Sub-total- non delegated budgets</b>		<b>27.588</b>	<b>26.395</b>	<b>0.000</b>	<b>26.395</b>	<b>1.193</b>
<b>Net current forecast deficit/(surplus) before use of reserves</b>		<b>175.768</b>	<b>177.107</b>	<b>-0.100</b>	<b>177.008</b>	<b>1.239</b>
13	Potential use of Reserves					
	Cost of Redundancy	0.000	-0.250	0.000	-0.250	-0.250
<b>Net Forecast deficit/(surplus) after application of reserves</b>		<b>175.768</b>	<b>176.858</b>	<b>-0.100</b>	<b>176.758</b>	<b>0.989</b>

## Directorates

- 2.3 There has been a further improvement in the overall position for the **Children, Young People and Learning (CYPL)** since the November budget monitoring report. The CYPL Directorate are now reporting a projected pressure at year end of £0.226m, compared to £0.356m at November (after the rates adjustment see paragraph 2.18).
- 2.4 The forecast over-commitment in relation to Looked After Children service area has been reported since the start of this year. This area overspent in 2010/11 by £1.564m but was supported with £0.200m contingency allocation and offset by savings elsewhere in the CYPL budget. The number of Looked After Children was thought to have peaked in 2010/11 and was anticipated to fall in 2011/12. Having forecast the number of placements at an individual young person level, including the cost of individual placement, growth of £0.300m was added to this budget for



2011/12. Given that the numbers of children entering and leaving the Looked After Children system is by nature demand led and volatile, they will always be difficult to predict with accuracy.

- 2.5 Acknowledging this risk, amongst others, the Council's overall Contingency Budget for demand led pressures was increased for 2011/12. Since 2010/11 the numbers of looked after children have fallen slightly and actions have been taken to make efficiencies in placement costs through contractual reviews. There continues to be weekly placement panel meetings with Head of Service input to ensure the placements of every vulnerable young person is appropriate both in terms of effectiveness and value for money. This area of financial pressure is reflective of the national position that continues in respect of Looked After Children.
- 2.6 These actions and continued scrutiny have curbed the increase in levels of looked after children with the forecast pressure reducing from £0.773m at November to a current forecast of £0.477m.
- 2.7 The CYPL Directorate Leadership Team remains committed in trying to manage within its 2011/12 budget and continues to meet regularly to identify mitigating actions that might allow them to meet the budget for the year. This includes ensuring all unnecessary expenditure is avoided and all opportunities to make savings, or secure additional income, are achieved. It is in this respect that the overall Directorate position has improved, with improvement seen most specifically across Education, Enterprise & Economy and in catering income levels.
- 2.8 Overall the **Community Services Directorate** is required to deliver just under £7.100m of efficiencies as part of the budget agreed for 2011/12. All of these savings are planned and understood, and work continues to progress delivery of these savings. There remain pressures within the Directorate; however the management team remains confident that it will manage spend across all areas to budget level, except for the facilities management budget. In this area there are issues around actual usage and charges in Transport and Security that mean that we are currently forecasting net in-year pressures in Environmental Services of £0.205m.
- 2.9 Overall, Adult Social Care continues to forecast spend on budget to reflect the predicted outcomes of a number of actions which include:
- in-year capital grants being used to support larger capital purchases;
  - ensuring the full recovery of all potential fees and charges;
  - increasing income from the Primary Care Trust (PCT) for Continuing Healthcare cases and for the administration of Funded Nursing Care payments to care homes on behalf of the PCT;
  - continuing discussions with the PCT around obtaining additional funding for reablement and carers' services and around inflation funding for Learning Disabilities which remains the key pressure area for this service;
  - progressing staffing restructures around the in-house reablement service and within in-house Learning Disabilities services;
  - reviewing agency spending within staffing teams; and,
  - working with the domiciliary care providers around the time bandings.

- 2.10 Cultural and Customer Services continues to forecast to spend on budget to reflect the predicted outcomes of a number of actions which include:
- the review of building cleaning costs as part of the in-year efficiency plan;
  - plans to generate income above that currently profiled from sales at the Rising Sun Country Park Café;
  - increased retail sales at Tourist Information Centres;
  - increased income from the reprogramming of exercise and learn to swim classes within Sport and Leisure to meet demand; and,
  - continuing to apply the principles of essential spend only and challenge all recruitment as part of the financial management arrangements in place.
- 2.11 Within Environmental Services, savings anticipated from further reductions on waste contract costs due to decreasing waste volume due to successful recycling initiatives are offsetting some of the pressure on transport costs. Work continues as part of the CEI programme to develop sustainable options for the management of these cost pressures beyond 2011/12.
- 2.12 The **Finance and Resources Directorate** is currently forecasting to be at an overall balanced position at outturn. This is an improvement from the forecast is now a £0.009m over-commitment at November. Whilst the Directorate position overall is balanced there are some service areas with a variance against budget. These areas are detailed in Appendix C but include most specifically a forecast under-recovery of income in Strategic Property, offset by savings elsewhere across the Directorate.
- 2.13 The **Chief Executive's Office** is currently reporting in-year pressures of £0.590m. The majority of the pressures arise in Regeneration, Development and Regulatory services where current forecasts indicate some income targets may not be achieved.
- 2.14 Frontline (Engineering) services are reporting a potential £0.524 pressure mainly due to income shortfall. Our review of delivery of the Local Transport Plan and other capital schemes to ensure appropriate assumptions were being made in respect of the use of internal/external service providers for the delivery of projects.
- 2.15 Strategic Services are reporting in-year pressures of £0.073m. Of this £0.061m is in respect of publications reflecting, in part, a fall in the demand for advertising space in council publications, and £0.055m in respect of Performance and Scrutiny where CEI savings plans have not yet delivered the estimated level of saving. Within Legal Services and the Chief Executives office we are forecasting overall savings above budget (£0.218m and £0.061m respectively) due to reduced staffing costs and an improved charge to Kier North Tyneside Ltd.
- 2.16 Since the last report to Cabinet on 16 January 2012 the Council has received an additional grant of £0.099m from the Department For Communities and Local Government. This grant is to be used to prevent homelessness through the provision of interest free loans or grants to those homeowners at risk of becoming homeless.

**Non Delegated Budgets**

- 2.17 There is a small improvement in relation to the non-delegated **Corporate Accounting** budgets of £0.030m. The forecast pressure of £1.505m remains in respect of CEI the targets currently identified as red risk in respect of their delivery status. This is largely due to Terms and Conditions savings (£1.300m) not being delivered as planned.
- 2.18 This section also includes the release of the **Contingency** budget of £2.734m. This shows as an underspend, as this budget has not been allocated to any specific budgets. However, the purpose of the contingency was to cover the spending pressures, such as those included in the directorate analysis above and the energy pressure referred to below.
- 2.19 **Energy** costs remain a significant issue for the Council in respect of potential pressures being faced during 2011/12. Projects are in place to support services as they take action to reduce consumption of both gas and electricity, but rising unit costs continue to negate the impact of those actions. Of the total potential pressure of £1.090m, in the region of £0.500m is in respect of costs associated with the PFI Street Lighting project. In addition services are managing pressures in respect of **National Non-Domestic Rates (NDR)**, where inflationary increases are not being met through additional income. These are now reported corporately whereas in previous budget monitoring reports they were held within directorate.

## Section 3.0

### Housing Revenue Account Income and Expenditure

- 3.1 This section of the report provides an update on the financial position and projections for the Council's Housing Revenue Account (HRA). The projected year-end position and variance analysis for November 2011 are attached as **Appendix F** to this report.
- 3.2 On the 3 February 2011 the Council approved the HRA budget for 2011/12. This included an average increase in housing rents of 8.12% in line with the guideline rent increase figures.
- 3.3 The HRA has started the year with what was £0.239m higher than anticipated on opening balances, and the current expectation is that the in-year position will be £0.015m better than budget.
- 3.4 Variations arise from the impact of the consolidated rate of interest on capital charges. Capital charges are forecast to be lower but this saving is then offset by an increased subsidy charge to the HRA. Savings arising across a range of management costs total £0.531m including vacancy savings and anticipated savings on the energy costs of the communal areas of sheltered schemes. These savings have been used to deliver additional repairs to properties in 2011/12 including guttering works.

## Section 4.0 Schools Finance

### 2011/12 school deficit agreements

- 4.1 3 year budget plans (starting 2011/12) have been agreed with all schools in North Tyneside, including those schools forecasting they will be in deficit at 31 March 2012. The Finance team, supported by the School Improvement Team and the North Tyneside Schools Forum, work with these deficit schools, providing both challenge and support to each of their budget plans before granting a deficit budget. There are 9 schools with deficit approval for 2011/12.
- 4.2 This continues the improvement shown in recent years and is a significant improvement in both the number of schools with deficit approval and the overall value of the deficits approved.
- 4.3 Schools were required to submit their second 2011/12 budget monitoring report to the local authority by 22<sup>nd</sup> February 2012, with particular attention given to deficit schools. These have been analysed and it is pleasing to be able to continue to report no material deterioration in any school's position. Furthermore all schools with deficit approval in 2011-12 are forecasting to be within their agreed deficit at year end, if not in surplus.
- 4.4 This position will be reported to the next Schools Forum on 28<sup>th</sup> March 2012, including a more detailed discussion of the application of the retained funds within the Dedicated schools grant of £0.251m to support schools with deficits

## Section 5.0

### Capital Plan Expenditure and Financing

#### Review of Capital Plan - Position Statement

5.1 The Council's Capital Plan represents the capital investment in projects across all service areas. This report summarises activities up to 31 January 2012.

#### Capital Plan Delivery

5.2 Some of the key progress areas to note to 31 January 2012 are as follows:

- The formal procurement process has commenced for the new build Longbenton Voluntary Aided school project (ED166);
- The 2011/12 LA Schools Capital Maintenance Programme has been completed (ED132);
- There are 18 major projects being delivered as part of the Housing Investment Programme focussed on maintaining our properties to the Decent Homes Standard. Of the 18 major projects due to be completed this financial year we have completed 13 have been completed to date with the remainder due to be completed by the end March 2012;
- Conversion works at George Square are currently going through planning approvals with works not due to commence until the new financial year;
- Further design proposals are being developed for the external hanging tiles and walkways at Hedley Place. Further consultation will be required once the final designs and outline costs have been completed;
- Tynemouth Station – this project will be completed on time in the middle of March within budget. The project will secure a significant improvement in this grade II\* listed building and secure its long term future;
- Coastal Development – this project has been focused on Cullercoats during 2011/12 and works completed or started to date include;
  - repairs and improvements to stairs and paths;
  - a new play site;
  - measures to reduce the speed of vehicles and provide additional safe pedestrian crossing points along Beverley Terrace and Victoria Terrace;
  - increased parking along Grand Parade;
  - Design work has progressed on improved public toilets; beach showers;
  - Conversion of Bank Top Cottages into a Heritage Centre;
  - New showers installed on Long Sands South beach;
- Retail Centres/Transport Corridor – new seats have been installed in Bedford Street, North Shields;
- Fish Quay – this long term regeneration project has been further supported in 2011/12 through the area being identified as a National Neighbourhood Planning pathfinder, bringing together residents, landowners and businesses to plan the future development. The last remaining fish processor in the Cliffords Fort area was successfully relocated to Prospect Terrace during 2011/12 and demolition of the building will commence as soon as the utilities

are disconnected. This major opportunity to improve the Scheduled Ancient Monument has required the Heritage Lottery funded Townscape Heritage Initiative scheme to be extended into a 6<sup>th</sup> year with the agreement of the Heritage Lottery Fund;

- Wallsend North Bank of the Tyne – various projects have been underway during 2011/12 including;
  - the demolition of the former Borough Bingo was completed during 2011/12 and planning permission has been granted for 33 apartments and houses to rent;
  - The relocation of the Customer Service office into the Forum Shopping Centre is underway;
  - works to the Boulevard along Atkinson Street are underway;
  - and, relocating residents from Hedley Place is proceeding well;
- Forest Hall Shopping Centre – an extensive local consultation exercise has been undertaken resulting in a list of priorities being agreed. Work has commenced on implementing the Council led projects. The refurbishment of the public toilet will not be completed until next financial year as a scheme redesign was required to fit the available budget.

#### Variations to the 2011/12 Capital Plan

- 5.3 The 2011-2021 Capital Plan was approved by Council on 3 March 2011. The total approved budget was £237.364m (£100.078m General Fund and £137.286m Housing).
- 5.4 Variations and reprogramming of £7.020m that were identified as part of December 2010/January 2011 budget monitoring were approved by Cabinet on 7 March 2011 and reprogramming of £9.518m was approved as part of the 2010/11 outturn report to Cabinet on 13 June 2011.
- 5.5 Further variations and reprogramming of £5.427m (reduction/credit) were approved by Cabinet in July and November 2011 and January 2012.
- 5.6 Variations of £0.395m and reprogramming of £5.592m have been identified during December and January's monitoring. **Table 2** details the changes previously approved to the 10-year Capital Plan, as agreed at Council on 3 March 2011.

**Table 2: 2011 - 2021 Capital Plan changes identified**

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2014/21 £m	Total £m
<b>Approved Capital Plan – Council 3 March 2011</b>	<b>46.532</b>	<b>27.896</b>	<b>29.158</b>	<b>21.553</b>	<b>112.225</b>	<b>237.364</b>
Reprogramming and other variations previously approved by Cabinet	11.111	8.396	0	0	0	19.507

<b>Approved Capital Plan – Cabinet 16 January 2012</b>	<b>57.643</b>	<b>36.292</b>	<b>29.158</b>	<b>21.553</b>	<b>112.225</b>	<b>256.871</b>
December/January Variations	-5.197	5.592	0	0	0	0.395
<b>Revised Capital Plan</b>	<b>52.446</b>	<b>41.884</b>	<b>29.158</b>	<b>21.553</b>	<b>112.225</b>	<b>257.266</b>

5.7 The variations on the individual schemes are shown in **Appendix G**.

Details of changes to the 2011/12 Capital Plan

5.8 The total variations of £0.395m and reprogramming of £5.592m to the end of January 2012 for 2011/12 have been identified during the regular budget monitoring process. The details of the main changes for 2011/12 are shown below:

- (a) **ED132 Capital Maintenance Programme, £0.193m** – Contribution to modernisation programme from City Learning Centre (ED172);
- (b) **ED172 Marden & Longbenton City Learning Centre, £0.193m credit –**; as (a)
- (c) **ED177 Youth Facilities/Skills and Enterprise Centres, £0.600m credit –**; Reprogramming due to review of investment strategy for Youth Provision in the NE Locality linked to Whitley Bay Dome.
- (d) **CI008 Improve Adult Social Care, £0.400m credit –**; accelerated expenditure in respect of improvements of Adult Social Care system.
- (e) **CO061 Excellent Parks, £2.979m credit –**; the main contribution to this is a delay on site at Wallsend Park due to the negotiations on the Tender not being concluded.
- (f) **CO064 Community Capacity , £0.100m –**; Grant funding received for the installation of assistive technology into client's homes
- (g) **DV055 Growth Point Fund, £0.376m –**; Additional contribution being received from Homes and Communities Agency for Bamburgh & Helmsley project
- (h) **HS002 Timber Window Replacement, £0.108m credit variation –** Seatonville window scheme estimated final account coming in under target;
- (i) **HS002 Gas Central Heating Replacement, £0.260m variation –**; revision of estimates for committed works, PFI works, rewires and breakdowns
- (j) **HS002 Refurbishment, £0.387m credit variation –**; Reprogramming of works on Recreation Rooms, Hedley Place Homeloss payments and Knotts Flats



- (k) **HS002 Integrated Housing Computer System, £0.150m credit variation** – delay in the delivery of the Document scanning system
- (l) **HS002 PFI Home loss & Land issues, £1.650m credit variation**; homeless payments linked to the PFI scheme reprogrammed to 2012/13.

5.9 **Appendix H** details the approved Capital Plan by individual scheme.

5.10 The impact of these changes on Capital Financing is shown in **Table 3** below.

**Table 3: Impact of variations on Capital Financing 2011-2021**

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/21 £m	Total £m
<b>Approved Capital Plan – Cabinet 16 Jan 2012</b>	<b>57.643</b>	<b>36.292</b>	<b>29.158</b>	<b>21.553</b>	<b>112.225</b>	<b>256.871</b>
Grants and Contributions	-0.229	0.624	0	0	0	0.395
Unsupported Borrowing	-2.586	2.586	0	0	0	0
Capital Receipts – General Fund	-0.345	0.345	0	0	0	0
Capital Receipts - Housing	-2.037	2.037	0	0	0	0
<b>Total Financing Variations</b>	<b>-5.197</b>	<b>5.592</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.395</b>
<b>Revised Capital Plan</b>	<b>52.446</b>	<b>41.884</b>	<b>29.158</b>	<b>21.553</b>	<b>112.225</b>	<b>257.266</b>

#### Capital receipts

- 5.11 Capital Receipts brought forward at 1 April 2011 were £4.890m (General Fund £1.737m and Housing £3.153m). These receipts are committed against projects in the 2011-2021 Capital Plan.
- 5.12 To finance the 2011/12 revised Capital Plan the capital receipts required are £10.122m (£8.212m General Fund and £1.910m Housing).
- 5.13 To date £6.020m (£4.008m General Fund and £2.012m Housing) of receipts have been received in 2011/12, of which £1.038m of the Housing receipts will be pooled and £0.030m of the Langley First school receipt is to be ring fenced to fund future schools expenditure. This gives total net useable receipts to 13 February 2012 of £4.952m.
- 5.14 Taking the General Fund and Housing receipts together a net balance of £0.280m remains to be generated as set out in Table 4 below. To meet the receipts target, a number of transactions are being progressed. The transactions are at various stages of completion and continue to be regularly monitored. These actions will continue to ensure the General Fund receipts requirement of £2.497m is met, however consideration will be given to any shortfall in general fund receipts being

met through temporary “borrowing” of Housing receipts as part of the final accounts process which is legitimate and in line with normal practice.

**Table 4: Capital Receipt Requirement 2011/12**

	General Fund £m	Housing £m
Current Requirement	8.212	1.910
Receipts Brought Forward	-1.737	-3.153
Usable Receipts Received	-3.978	-0.974
<b>Balance to be generated/(Surplus)</b>	<b>2.497</b>	<b>-2.217</b>

Capital Plan Monitoring Position to 31 January 2012

- 5.15 Actual expenditure in the General Ledger was £30.966m (59.0%) of the total revised Capital Plan as at 31 January 2012.

**Table 5: 2011/12 Total Capital Plan Budget and Expenditure to 31 January 2012**

	2011/12 Revised Capital Plan £m	Actual Spend to 31 January 2012 £m	Spend as % of Total Revised Capital Budget %
General Fund	36.783	20.651	56.1
Housing	15.663	10.315	65.9
<b>TOTAL</b>	<b>52.446</b>	<b>30.966</b>	<b>59.0</b>

- 5.16 Comparative figures for 2010/11 to the end of January 2012 were 61.16% (General Fund 58.64% and Housing 64.09%).

