North Tyneside Council

2012/13 Financial Management Report to 31 July 2012

widening horizons

www.northtyneside.gov.uk

Section 1.0
Executive Summary

1.1 This is the second report to Cabinet for 2012/13, setting out the Council's financial position as at the end of July 2012.

1.2 This report includes details of the forecast outturn position to the 31 March 2013, 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 2012/13 was approved by Council at its meeting of 1 March 2012. The net General Fund revenue budget was set at £169.974m, which represented a reduction of £5.794m (3.3%) over 2011/12 spending levels.

1.4 The Capital Plan level of expenditure for 2012/13 was approved at £43.734m. Further reprogramming and variations were approved by Cabinet through the budget monitoring and outturn reports (£5.592m on 12 March 2012, £8.869m on 11 June 2012 and £3.341m on 9 July 2012) taking the total approved capital plan for 2012/13 to £61.536m.

1.5 The current forecast outturn for the General Fund revenue budget reflects in-year pressures of £5.144m before general contingencies are released. The Directorate and Central teams are working to embed plans that will ensure these pressures are managed and that the budget is brought in on target at the end of the year. This corrective action will be taken into account when forecasting the year end position once it is prudently assessed as being realisable.

1.6 The contingency budget for the year has been partially applied for specific instances, however £2.719m of the general contingency remains unapplied at this time to specific schemes. This is accounted for within the non-delegated budgets and reduces the forecast pressure to £2.425m (£0.524m pressure reported at 31 May 2012). The increase in forecast pressure is due to various pressures becoming apparent since the last report, not least a forecast £1.000m for flooding damage.

1.7 The Housing Revenue Account (HRA) is forecasting a small underspend of £0.030m for the year.

1.8 In the period to 31 July 2012, the level of capital spend posted within the General Ledger was £8.666m, which represents 13.7% of the revised Capital Plan for the year, a slight decrease on the comparative spend for 2011/12. 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, £11.418m of general fund capital receipts still need to be generated in the year.

1.9 Cabinet are recommended to approve variations of £0.157m to the 2012/13 Capital Plan to take advantage of the additional grant available in some project areas.

Strategic Issues

1.10 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 Improvement and Efficiency Programme

1.11 The budget for 2012/13 included savings of £16.739m, from the delivery of projects/actions included as part of the Change, Improvement and Efficiency programme (CEI). The savings are embedded within service budgets and are therefore included within the budget monitoring. Good progress has been made to date in delivering these savings, with work still to do in some areas as highlighted in section 2.

1.12 The scale of the financial challenge for the year meant that wide ranging efficiencies and service reconfiguration were required to be implemented during 2012/13. 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.

1.13 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 challenges that have been addressed to date through both the CEI programme and by on-going management action.

1.14 The Council is making good progress with the procurement process for the Technical and Business Packages. The preferred bidders have been appointed and the contract proposals include the delivery of the required savings in 2012/13 (£0.984m and £0.904m respectively). The Technical bidder is also taking responsibility for the additional advertising income target of £0.065m.

Cabinet Implementation Plan

1.15 Each Cabinet meeting this financial year has received a report detailing progress with the Implementation Plan for the Council Strategic Plan and Budget. The report to the 13 August 2012 confirmed that the decisions taken to date remained within the overall financial envelope of the budget, with additional resources of £0.302m. **Appendix I** provides a breakdown of this figure.

Equal Pay and Equal Value

1.16 The draft 2011/12 Annual Financial Report included a provision of £15.128m 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.

1.17 We will continue to monitor the level of potential and known claims and update Cabinet as appropriate.

1.18 The method of funding these claims is also important. In 2011/12, £6.542m of the provision was capitalised after permission was granted by the Secretary of State. This means that the costs did not impact immediately on the Council's reserves and balances, but were financed as if they were an element of capital expenditure. The remaining £2.265m was carried forward into 2012/13 through the "Unequal Pay Back Pay Account" on the balance sheet; this is an accounting transaction so that the costs are recognised in the accounts when they are physically paid.

1.19 Currently no decision has been made by Central Government regarding options to capitalise equal pay costs in 2012/13 and therefore the risk remains that any settlements made during 2012/13 will be required to be funded from reserves. For purposes of transparency, we have included in Table 1 on page 7 an indication of the current estimate of equal pay payments we anticipate making during 2012/13 for which we do not have capitalisation approval, together with a corresponding adjustment from reserves to fund that expenditure.

<u>Financing of the Capital Plan</u>

1.20 As is set out in Section 5 of this Annex, there remains a balance of £11.418m to be generated from capital receipts if the original budget for financing this year's capital programme is to be met.

1.21 During 2011/12 the total capital receipts received was £6.504m (£4.386m General Fund and £2.118m Housing), which highlights the challenge in generating £11.418m in the remainder of the 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 £2.425m.

2.2 The budget monitoring is based on the recorded transactions as at 31 July 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: 2012/13 General Fund Revenue Budget Forecast to 31 March 2013

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance	Forecast Outturn Variance May 12
	Net Expenditure	£m	£m	£m	£m
1	Children, Young People & Learning				
	Controllable	22.183	23.001	0.818	0.617
	Non-Controllable	10.331	10.331	0.000	0.000
		32.514	**33.332**	**0.818**	**0.617**
2	Community Services				
	Controllable	78.548	81.437	2.889	3.025
	Non-Controllable	8.492	8.492	0.000	0.000
		87.040	**89.929**	**2.889**	**3.025**
3	Finance and Resources				
	Controllable	12.367	12.699	0.332	0.332
	Non-Controllable	-11.603	-11.603	0.000	0.000
		0.764	**1.096**	**0.332**	**0.332**
4	Chief Executive's Office:				
	Controllable	14.221	15.222	1.001	1.011
	Non-Controllable	-0.706	-0.706	0.000	0.000
		13.515	**14.516**	**1.001**	**1.001**
Sub Total - Service- Approved Budget		**133.833**	**138.873**	**5.040**	**4.985**

Table 1 Continued

		Full Year Budget	Forecast Outturn	Forecast Outturn variance	Forecast Outturn Variance May 12
	Non-delegated budgets:	£m	£m	£m	£m
5	Corporate and Democratic Core	8.952	8.952	0.000	0.000
6	Corporate Accounting	5.388	3.878	-1.510	-2.302
7	Contingency Budget	3.699	0.980	-2.719	-2.719
8	Equal Pay	0.000	2.265	2.265	2.265
9	Levies	12.728	12.728	0.000	0.000
10	Utilities	0.000	0.614	0.614	0.560
11	Flooding Estimate	0.000	1.000	1.000	0.000
12	Non-controllable	5.374	5.374	0.000	0.000
Sub-total- non delegated budgets		**36.141**	**35.791**	**-0.350**	**-2.196**
Net current forecast pressure/(surplus) before use of reserves		**169.974**	**174.664**	**4.690**	**2.789**
12	Potential use of Reserves	**0.000**	**-2.265**	**-2.265**	**-2.265**
Net Forecast pressure/(surplus) after application of reserves		**169.974**	**172.399**	**2.425**	**0.524**

Directorates

2.3 **Children, Young People and Learning** (CYPL) are currently projecting a pressure at year end of £0.818m. The areas of variance are outlined in **Appendix A**.

2.4 The demand-led area of looked after children remains a key area of management focus. This area overspent in 2010/11 by £1.564m and again by £0.702m in 2011/12. In setting the budget for 2012/13, there were targets to reduce the number of children placed in out of borough settings to approximately 26 children (from 30). Unfortunately since March 2012 is was necessary to place more children out of borough for a short period of time, resulting in a temporary increase to 34 children. This was temporary and the numbers of children out of borough reduced to 27 as at July.

2.5 As a result of these changes in circumstances, the expenditure in support of looked after children is currently forecast to give a pressure of £0.690m. The placement of all looked after children is managed carefully and all placements continue to be reviewed regularly both in terms of effectiveness and value for money.

2.6 Since the last report in May the School PFI scheme has been reviewed and is now estimated to be over budget by approximately £0.279m. This is primarily due to inflationary pressure on the unitary charge payment and a re-estimate of the value of the reserve.

2.7 The CYPL Directorate Leadership Team is committed to trying to manage within its 2012/13 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.

2.8 Overall the **Community Services Directorate** is required to deliver just under £8.700m of savings in 2012/13 and has additional pressures of around £6.500m, mainly, but not exclusively, in Adult Social Care. Of the £8.700m savings we are confident that we have the processes in place to deliver £7.200m of these and the remaining £1.500m should be achievable but are, at least in part, dependent on external influences such as customer demand. The teams are working through the £6.500m of pressures and have already identified contingency plans which should deal with around £3.600m. The teams continue to develop plans to reduce and contain the remaining pressures.

2.9 The majority of these pressures fall in Adult Social Care and therefore the service is currently forecasting a pressure of £2.262m. While all of the action has been taken to realise planned savings, the service continues to experience demand-led costs, particularly in Learning Disabilities and Mental Health services. Although there has been growth in the budget of £1.500m to reflect the demand on this service as more and more clients present with more complex needs, we forecast that this will only cover the new pressures we expect in year.

2.10 Staffing restructures are progressing around the whole service to reflect the new operating model introduced to work with the Personalisation agenda and to focus resources where they have the most impact. The geographical split of services has been removed to allow the teams to be split into those managing more routine care cases and those with complex needs. The new structure also allows for a clearer distinction between commissioning and provider services. The budget changes reflect only a change to management structure and there has been no adjustment to the type of budget spend e.g. payroll budget and supplier budgets have only been reallocated and the total available for each has not altered.

2.11 Cultural and Customer Services area forecasting a pressure of £0.203m, which includes the impact of budget changes within the Implementation Plan. Work continues to identify additional contingency plans to bring this pressure down.

2.12 Within Environmental Services we are forecasting a pressure of £0.446m, which represent transport cost pressures mitigated in part by bereavement income and some reductions in supplier spend where this is possible.

2.13 The **Finance and Resources Directorate** is currently reporting a forecast pressure at year end of £0.332m.

2.14 Strategic property services are currently forecasting an under recovery of £0.218m of rental income in respect of commercial properties given the continued depressed economic climate. In addition to this the service is faced with managing inflationary increases on its properties, including increased lease charges associated with the Quadrant buildings.

2.15 The Finance and Resources Directorate continues to scrutinise all budgets at its disposal and all means of managing within its overall budget. Since setting the budget a saving in respect of external fees in the Finance service of £0.120m has been identified and included in the overall Directorate's forecast.

2.16 The **Chief Executive's Office** is currently reporting in-year pressures of £1.001m. The majority (£0.704m) of the pressures arise in Regeneration, Development and Regulatory services where current forecasts indicate some income targets may not be achieved. In addition, the expected cost of employing external consultants for planning appeals where the Planning Committee have refused planning permission against officer advice is predicted to be around £0.404m. (This forecast does not include the Scaffold Hill Planning decision taken in 21 August 2012).

2.17 Legal Governance and Commercial have pressures of £0.021m which reflects the impact of budget changes within the Implementation Plan, compensated for in part by small savings. Chief Executive has pressures of £0.138m as a result of the changes within the Implementation Plan.

2.18 Strategic Services are reporting in-year pressures of £0.138m. Of this £0.051m relates to Communications mainly around advertising income shortfalls, £0.040m to a pressure in Performance & Scrutiny regarding a savings target for centralisation which is not yet achieved and £0.077m to a shortfall on Service Level Agreement income from schools in Human Resources which is partly compensated for by small savings elsewhere in Human Resources.

2.19 The following table sets out a list of revenue grants that have been awarded since the 1 June 2012 which Cabinet are requested to approve. All new capital grants are shown in the capital variations section (paragraph 5.6) of this report.

Table 2: 2012/13 Revenue Grants awarded since 1 June 2012

Grant	**Amount** £m	**Grantor**	**Directorate**	**Council contribution required**
Friendship Games	0.020	Europe for Citizen's Programme	Community Services	nil
Total	**0.020**			

Non Delegated Budgets

2.20 After the first four months of 2012/13 there are limited budget variations in relation to the non-delegated budgets with the exception of **Corporate Accounting**. The forecast underspend of £1.510m is in respect of a saving in Minimum Revenue Provision (MRP) of £0.319m following a review of asset lives and an expected saving of £0.377m credit in Strain on the Fund costs based on current reorganisations. It also includes an anticipated saving in interest costs (£1.064m) as a result of the timing of current borrowing requirements, due to the overall cash flow of the Council associated with our Capital Plan, and lower interest rates in the market than were anticipated at budget setting time. Included in corporate accounting are costs of £0.250m which reflects the costs of the payment of the £250 to school based staff.

2.21 This section also includes the **Contingency** budget of £3.699m. The expected usage of this is shown in Table 3 below. This leaves a balance of £2.719m currently unallocated to specific Services.

Table 3: 2012/13 Contingency Budget

	General £m	0-2 year olds £m	Total £m
Budget	**3.469**	**0.230**	**3.699**
Expected usage:			
0-2 year olds	0	(0.230)	(0.230)
36 hour week	(0.730)	0	(0.730)
Over £50k voluntary reduction	(0.020)	0	(0.020)
Balance not allocated to specific Services	**2.719**	**0**	**2.719**

2.22 **Energy Costs** remain a significant issue for the council in respect of potential pressures being faced during 2012/13. 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. Action was taken in the 2012/13 budget to address the forecast energy pressures, which broadly provided the required budget for general utility costs, however did not fully address the on-going PFI streetlighting electricity bill. This will continue to be closely monitored during the year.

2.23 **Flood damage:** The current estimate of the costs associated with the flooding caused on 28 June 2012 is £1.000m. This is the estimate of general fund costs which are not covered by insurance. Work is on-going to determine if the Bellwin Scheme will apply, but this is only for certain categories of spend and only for costs above a threshold (£0.603m for North Tyneside).

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 July 2012 are attached as **Appendix F** to this report.

3.2 On the 15 February 2012 the Council approved the HRA budget for 2012/13. This included an average increase in housing rents of 9% in line with the requirements of rent restructuring, which aims for rent convergence by 2015/16.

3.3 The HRA has started the year with what was £0.837m higher than anticipated on opening balances i.e. £4.298m as opposed to the budgeted figure of £3.461m, and the current expectation is that the in-year position will be £0.030m better than budget.

3.4 The only major variations anticipated at this stage arise from the impact of the introduction of the HRA self-financing regime from 1 April 2012, and the impact of the changes to the Council's debt portfolio. There are two elements to this, namely:

(a) Self-financing loans – the Council borrowed £128.193m on the 28 March 2012 from the Public Works Loan Board to effectively "buy-out" its place in the national housing subsidy system. The original self-financing report estimated that the cost of these loans, depending on their profiling, prevailing market conditions etc would come in at an interest rate of 3.5% – 4%. The budgeted figure used was 4% to provide a hedge against uncertainty. The final deal saw 26 loans taken out with an overall average interest rate of 3.49% and a loan profile of between 24 and 50 years. This means that the HRA will realise savings against budget in 2012/13 estimated at around £0.652m, incurring costs of approximately £4.476m against a budget of £5.128m for the new debt.

(b) Existing debt portfolio – as part of the transition to self-financing the Council had to decide on the approach it wished to take in relation to its existing debt portfolio. As recommended by the Chartered Institute of Public Finance & Accountancy(CIPFA), Council agreed to recognise the "split" between the HRA and the General Fund, by having two debt pools – one containing the General Fund share, the other the above self-financing loans, and the HRA's share of the existing long-term loans i.e. £162.631m. The fairest way to do this was deemed to be to split every loan proportionately. When the budget report was prepared it was estimated that the overall average rate attached to these loans for 2012/13 would be just over 5.5%. However, because of the continued availability of loans at low interest rates, it is anticipated that the re-financing of existing loans due in 2012, will be at lower than anticipated rates, realising a further saving to the HRA in 2012/13 of at least £0.128m.

3.5 House-building Fund
As agreed by Council on 15 February 2012 a new House-building Fund has been set up, to fund the cost of new build and environmental works. The initial contribution to this fund will come from the £0.065m budget, created as a result of

estimated interest savings from the final self-financing settlement figure, which dropped from £129.834m to £128.193m. It was also agreed that any savings from the overall debt portfolio against budget would be added to the fund once the final accounts for the year had been audited. For 2012/13 as outlined above this should result in total additional contributions to the fund for 2012/13 of approximately £0.780m.

Section 4.0
Schools Finance

Schools with deficit budgets 2012/13

4.1 As reported in the May Financial Management report, 7 schools requested deficit approval for 2012/13 budgets. The Finance team, supported by School Improvement and the North Tyneside Schools Forum, met with these schools, providing both challenge and support to each of their budget plans, in order to determine if they may be granted a deficit budget for 2012/13. Deficit approval does not constitute a commitment to provide additional funding over the schools individual budget share, only a recognition that the school needs to temporarily enter into deficit, whilst continuing to balance its financial position over the longer period.

4.2 As a result of this work 7 schools have been granted deficit approval for 2012/13 totalling approximately £0.355m. This compares favourably with £0.748m approved in 2011/12.

4.3 The schools with deficit approval for 2012/13 are:

Table 4: Schools with deficit approval for 2012/13

School	Deficit approved 2012/13 £m
Norham	-0.130
St Mary's Forest Hall	-0.067
Sir James Knott	-0.040
King Edward	-0.040
Preston Grange	-0.029
Benton Dene	-0.027
Monkhouse	-0.022
TOTAL	-0.355

4.4 It is important to recognise that the deficit approval figure is only one aspect of the deficit agreement. Perhaps the more significant part is to ensure the underlying reasons behind the deficit are identified and addressed. This requires work from both the school and support from the local authority over the year. As the overall number of schools in North Tyneside with a deficit balance has reduced significantly over the last few years the Authority can now focus more attention and support to those schools remaining in deficit. There is also an increased scrutiny from all stakeholders, including the Schools Forum, in the longer term financial health of the school. The next report on this will go before North Tyneside's Schools Forum on 26th September.

School Funding reform

4.5 On a wider school funding basis, officers from both Finance and CYPL directorates continue to work through the implications of the national school funding reform**.** We reported in the May Financial Management report that since April 2011 the DfE have engaged in a series of consultations on national school funding reform that have now resulted in significant changes to all aspects of education and schools funding including in summary:

(a) A change in the way Local Authorities (LAs) receive their funding for education in 2013/14, including:
- Splitting the Dedicated Schools Grant (DSG) into 3 new blocks: Schools, Early years & high needs; and,
- Proposals to transfer funding from Department for Communities and Local Government (DCLG) Local Authority Formula grant allocations to the DfE to allow them to introduce a new specific grant that would be payable to LAs and academies for these functions. (Thereby removing the need for the current complex funding calculations associated with Academy funding.) This is currently part of DCLG consultation that runs until 24 September 2012;

(b) A requirement for all LA's to delegate more funds from within the DSG to schools and to significantly simplify their local funding formula using prescribed criteria for 2013/14. (To help minimise turbulence to schools and academies, the Minimum Funding Guarantee will continue to be set at minus 1.5% for 2013/14 and 2014/15);

(c) A significant change in the way high need Special Educational Needs (SEN) provision, across all settings are funded from 2013/14 (e.g. maintained mainstream and special, additionally resourced provisions, commissioned services, Pupil Referral Units, alternative providers, academies, independent, pre 16 and post 16);

(d) A requirement for all LA's to review and simplify their funding formula for early years for 2013/14 so these can be more easily understood and benchmarked nationally; and,

(e) Strengthened local governance arrangements and transparency, including changes to schools forums' composition and operation and a role for the Education Funding Agency in ensuring fairness within the new system.

4.6 Work has begun with the Schools Forum on the above areas, with working sub groups of school representatives and officers dedicated to considering:
- The new mainstream formula
- High needs SEN
- Early years funding
- Centrally retained budgets

4.7 The main events in the future timeline are now outlined as follows:

26 Sept 2012	• Schools Forum Meeting – Recommendations from working groups
28 Sept – 12 Oct 2012	• Wider consultation on proposed local changes in response to School Funding Reform
24 Oct 2012	• Schools Forum Meeting – Final agreement on proposals
By end of Oct 2012	• Finalise funding arrangements for 2013/14 with the Education Funding Agency (EFA)
12 Nov 2012	• Report to Cabinet on the 2013/14 School funding arrangements
Mid/late Jan 2013	• 2013/14 Budget allocations issued to North Tyneside schools

Other School Forum work in September and October

4.8 In addition to the above items the North Tyneside Schools Forum will also be considering:

- Improving the transparency and effectiveness of the Schools Forum
- Revisions required to the Scheme for Financing Schools
- Implementing the excess surplus balances policy for balances held in schools at 31st March 2012.

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 July 2012.

Capital Plan Delivery

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

- Planning permission has been granted for building extensions to both Whitley Bay High School and Whitley Lodge First School;
- Council approved the funding and transfer of Foxhunters Sports Pavilion and playing fields scheme from the reserve list onto the main Capital Plan at it's meeting on 26 July 2012;
- Stage 2 bid approved by Heritage Lottery Fund for Northumberland Park and accepted by Cabinet on 13 August;
- Planning permission granted for Spanish City Island; and,
- Tynemouth Station formally opened by Princess Anne and shortlisted for the Regeneration and Renewal Award and the English Heritage Angels Award.

Variations to the 2012/13 Capital Plan

5.3 The 2012-2022 Capital Plan was approved by Council on 1 March 2012. The total approved budget was £346.186m (£97.669m General Fund and £248.517m Housing). Reprogramming of £5.592m that were identified as part of December/January 2012 budget monitoring were approved by Cabinet on 12 March 2012 and reprogramming of £8.869m was approved as part of the 2011/12 Provisional Outturn report to Cabinet on 11 June 2012. The capital monitoring process during April and May 2012, identified reprogramming of £0.696m and variations of £0.937m approved by Cabinet on 9 July 2012.

5.4 As part of the regular capital monitoring process during June and July 2012, budget variations of £0.157m to the 2012/13 plan have been identified. Table 4 details the changes to the approved 10-year Capital Plan, as agreed at Council on 1 March 2012.

Table 5: 2012 - 2022 Capital Plan changes identified

	2012/13 £m	2013/14 £m	2014/15 £m	2015/22 £m	Total £m
Approved Capital Plan – Council 1 March 2012	**43.734**	**35.142**	**32.401**	**234.909**	**346.186**
Reprogramming and other variations previously approved by Cabinet	17.802	-2.404	0	0	15.398
Approved Capital Plan – Cabinet 9 July 2012	**61.536**	**32.728**	**32.401**	**234.909**	**361.584**
Variations Approved by Council 26 July 2012	1.487	0	0	0	1.487
Sub Total	**63.023**	**32.728**	**32.401**	**234.909**	**363.071**
Jun/Jul Reprogramming	0	0	0	0	0
Jun/Jul Variations	0.157	0	0	0	0.157
Revised Capital Plan	**63.180**	**32.738**	**32.401**	**234.909**	**363.228**

5.5 **CO066 Foxhunters Sports Pavilion and Playing Fields, £1.487m –** The variation is to reflect the decision made by Council on 26 July 2012 to approve additional funding in the capital plan to support the construction of a new pavilion and playing fields. Funding of the scheme is from unsupported borrowing £1.087m, Football Foundation Grant, £0.350m and a contribution from Whitley Bay Football Club of £0.050m. This scheme was included on the capital plan reserve list.

5.6 The variations and reprogramming have been identified as part of the regular capital monitoring process and it is these variations that Cabinet is recommended to approve at this meeting. The variations on the individual schemes are shown in **Appendix G. Appendix H** details the whole of the revised capital plan, taking into account the reported changes.

Details of changes to the 2012/13 Capital Plan

5.7 The total variations to the end of July 2012 for 2012/13 of £0.157m have been identified during the regular budget monitoring process. The details of the main changes for 2012/13 are shown below:

(a) **CO065 Green NT Partnership, £0.026m** – Allocation of Local Area Agreement (LAA) reward grant to fund green initiatives across the borough;

(b) **GEN09 LAA Grant, £0.131m** – To reflect the full amount of the LAA grant as the majority of the funding has now been allocated to specific projects; and,

(c) **GEN03 Contingencies** –Allocation of £0.088m to the Excellent Parks project (CO061) to match fund additional funding provided for archaeological works at Northumberland Park following the success of the work to date. This was reported to Cabinet on 13 August 2012.

Full details of the variations are shown in **Appendix G**

5.8 The impact of these changes on Capital Financing is shown in Table 6 below.

Table 6: Impact of variations on Capital financing 2012-22

	2012/13 £m	**2013/14 £m**	**2014/15 £m**	**2015/22 £m**	**Total £m**
Approved Capital Plan – Council 26 July 2012	**63.023**	**32.728**	**32.401**	**234.909**	**363.071**
Grants and Contributions	0.157	0	0	0	0.157
Unsupported Borrowing	0	0	0	0	0
Capital Receipts – General Fund	0	0	0	0	0
Capital Receipts – Housing	0	0	0	0	0
Ring fenced Receipts	0	0	0	0	0
Contribution from Strategic Reserve	0	0	0	0	0
Major Repairs Reserve	0	0	0	0	0
Total Financing Variations	**0.157**	**0**	**0**	**0**	**0.157**
Revised 2012/13 Capital Plan	**63.180**	**32.738**	**32.401**	**234.909**	**363.228**

Capital receipts – General Fund

5.9 General Fund Capital Receipts brought forward at 1 April 2012 were £0.030m. The £0.030m general fund receipt is ring-fenced to fund schools expenditure and is not yet committed against projects in the capital plan.

5.10 To finance the 2012/13 Capital Plan the capital receipts required are £11.493m. To date, £0.075m has been received in 2012/13, this leaves a balance of receipts to be generated for the General Fund of £11.418m.

Table 7: Capital Receipt Requirement 2012/13 – General Fund

	General Fund £m
Current Requirement	11.493
Useable Receipts Brought Forward	0
Useable Receipts Received	-0.075
Balance to be generated	**11.418**

Capital receipts – Housing

5.11 Housing Capital Receipts brought forward at 1 April 2012 were £4.180m. The Housing receipts are committed against projects in the 2012-2022 Capital Plan.

5.12 To finance the 2012/13 Capital Plan the capital receipts required are £3.031m. To date, £0.454m of receipts have been received in 2012/13, of which £0.259m has been pooled, giving a useable balance of £0.195m. This leaves a surplus balance of £1.344m to be carried forward to fund 2013/14 projects.

Table 8: Capital Receipt Requirement 2012/13 - Housing

	Housing £m
Current Requirement	3.031
Receipts Brought Forward	-4.180
Useable Receipts Received	-0.195
Surplus Balance to fund future years	**-1.344**

Capital Plan Monitoring Position to 31 July 2012

5.13 Actual expenditure in the General Ledger was £8.666m (13.7%) of the total revised Capital Plan as at 31 July 2012.

Table 9: 2012/13 Total Capital Plan Budget and Expenditure to 31 July 2012

	2012/13 Revised Capital Plan £m	Actual Spend to 31 July 2012 £m	Spend as % of Total Revised Capital Budget %
General Fund	43.852	5.150	11.7
Housing	19.328	3.516	18.2
TOTAL	**63.180**	**8.666**	**13.7**

5.14 Comparative figures for 2011/12 to the end of July 2011 were 14.6% (General Fund 13.2% and Housing 18.6%).