ANNEX 1

2014/15 Financial Management Report to 31 May 2014

North Tyneside Council

Section 1.0
Executive Summary

Summary

1.1 This is the first report to Cabinet for 2014/15, setting out the Authority's financial position as at the 31 May 2014.

1.2 This report includes details of the forecast outturn position to the 31 March 2015, highlighting key strategic issues to be managed by the Authority during the year.

Strategic Management of the Council's Budget

1.3 The budget for 2014/15 was approved by full Council at its meeting of 20 February 2014. The net General Fund revenue budget was set at £168.395m, this included CEI savings (Change Programme) of £16.552m to be achieved.

1.4 The Investment Plan for 2014-18 was approved at £202.644m (£79.419m for 2014/15). Further reprogramming and variations were approved by Cabinet through the budget monitoring and outturn reports (£0.700m on 10 March 2014 and £12.877m on 9 June 2014), taking the total approved Investment Plan for 2014-18 to £216.221m (£92.996m for 2014/15).

1.5 The current forecast outturn for the General Fund revenue budget reflects in-year pressures of £0.282m. The Service 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.

1.6 The Housing Revenue Account (HRA) is forecasting a small underspend of £0.020m for the year.

1.7 In the period to 31 May 2014, the level of capital spend posted within the General Ledger was £2.813m, which represents 3.1% of the revised Investment Plan for the year, a slight fall on the comparative spend for 2013/14. After taking account of the required changes in funding arising from the proposed amendments to the Investment Plan and the level of capital receipts received to date, £3.992m of General Fund capital receipts are required to be generated in the year.

1.8 Cabinet are recommended to approve variations of £2.427m credit to the 2014-18 Investment Plan (£2.330m credit in 2014/15 and £0.097m credit in 2015/16).

Strategic Issues

1.9 As in previous years, over and above the management of the Authority'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 (Change Programme

1.10 The budget for 2014/15 included savings of £16.552m, from the delivery of projects/actions included as part of the Change, Improvement and Efficiency programme (CEI)(Change Programme). The savings are embedded within service budgets and are therefore included within the budget monitoring.

1.11 The scale of the financial challenge for the year meant that wide ranging efficiencies and service reconfiguration were required to be implemented during 2014/15. It is important that these savings are monitored as part of the overall financial position of the Authority so the bottom line financial position is known.

1.12 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. **Appendix O** details the status of each of the specific CEI savings included in this report.

1.13 Set out in Appendix O are indicators of delivery shown as Red, Amber or Green. Currently there are projects with a value of £7.822m with a Green Status, £3.490m with an Amber status and £5.240m with a red status. The status of the projects is reflected in the budget monitoring position as at 31 May 2014.

Financing of the Investment Plan

1.17 As is set out in Section 5 of this Annex, there remains a funding requirement of £3.992m to be generated by General Fund capital receipts if the original budget for financing this year’s investment programme is to be met. There are currently a number of items being progressed to deliver this target.

Section 2.0
General Fund Income and Expenditure

2.1 This section of the report details the current budget pressures identified by Services 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 £0.282m.

2.2 The budget monitoring is based on the recorded transactions as at 31 May 2014 and is set out in Table 1 below. Table 1 is supplemented by a summary commentary below, covering the key variances by Service. The detailed **Appendices (A - J)** set out variations by Service Area within the Services.

Table 1: 2014/15 General Fund Revenue provisional outturn summary to 31 March 2015

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance May 2014	2013/14 Variance
		£m	£m	£m	£m
Services					
Business and Economy	Appendix A	1.577	1.562	-0.015	-0.009
Chief Executive's Office	Appendix B	3.214	3.290	0.076	-0.049
Finance and Commercial Services	Appendix C	12.397	13.210	0.813	-1.435
Law and Governance	Appendix D	3.128	3.128	0.000	-0.115
Public Health	Appendix E	0.000	0.000	0.000	0.000
Adult Social Care	Appendix F	50.979	46.529	-4.450	-0.848
Children, Young People and Learning	Appendix G	15.550	17.609	2.059	0.117
Commissioning and Fair Access	Appendix H	7.359	7.714	0.355	0.351
Environment and Leisure	Appendix I	30.628	31.831	1.203	0.828
Housing General Fund	Appendix I	1.268	1.267	-0.001	-0.038
Deputy Chief Executive Central Costs	Appendix I	0.283	0.255	-0.028	-0.073
Non-Controllable		7.297	7.297	0.000	0.000
Sub Total - Service-Approved Budget		**133.680**	**133.692**	**0.012**	**-1.271**

Table 1 continued

			Full Year Budget	Forecast Outturn	Forecast Outturn Variance May 2014	2013/14 Variance
			£m	£m	£m	£m
3	Corporate and Democratic Core	Appendix J	11.520	11.520	0.000	0.306
4	Corporate Accounting	Appendix J	3.334	3.334	0.000	-5.998
5	Contingency Budget	Appendix J	1.955	1.955	0.000	-4.324
6	Levies	Appendix J	12.754	12.754	0.000	0.000
7	Utilities		0.000	0.170	0.170	0.432
8	Staff Capitalisation		0.000	0.000	0.000	0.400
9	Non-Controllable		5.152	5.152	0.000	0.000
Sub-total- non delegated budgets			**34.715**	**34.885**	**0.170**	**-9.184**
Net forecast pressure/(surplus) before exceptional items and transfers to reserves			**168.395**	**168.577**	**0.182**	**-10.455**
Exceptional items						
10	Redundancies provision		0.000	0.000	0.000	1.130
11	Land Charges Search Fees Settlement		0.000	0.100	0.100	0.000
Total exceptional items			**0.000**	**0.100**	**0.100**	**1.130**
Net forecast pressure/(surplus) after exceptional items			**168.395**	**168.677**	**0.282**	**-9.325**
12	Transfers to reserves		0.000	0.000	0.000	6.675
Net forecast pressure/(surplus) after exceptional items and transfers to reserves			**168.395**	**168.677**	**0.282**	**-2.650**

Services

2.3 The main variations are set out in detail below.

2.4 The **Chief Executive's Office** is forecasting an overall overspend of £0.076m in this first Budget Monitoring report. This relates principally to Communications around advertising income shortfalls (£0.093m). This pressure was compensated for in 2013/14 by savings within engagement which were offered as permanent savings as part of the budget setting process for 2014/15. The full analysis is included as **Appendix B**

2.5 The year end position for **Finance and Commercial Services** is currently forecast as an overall pressure of £0.813m. This is further detailed in **Appendix C**.

The main factor that gives rise to this is a forecast pressure on Business Partnership CEI target (£0.960m). The proposal was to explore the potential in the further extension of current services provided by Cofely GDF Suez but it was acknowledged it could also require reduction in some service standards (where acceptable). For clarity areas under consideration include the Contact Centre, ICT, Finance, Procurement, Financial Assessment and cashless payment. This work has been commenced and options are emerging however, since no plans have been been fully agreed yet the current forecast assumes no savings will be achieved in year. It is envisaged this position will improve as we progress through the year.

Other pressures and savings in this Service are detailed in Appendix C but are primarily:

- A forecast shortfall on the income expectation associated with the Trading Company of £0.130m which at present there are no firm plans to meet;
- A forecast pressure in relation to Street Lighting account of £0.134m due to a delay in delivering contract savings and the impact of energy inflation;
- Savings of £0.162m anticipated on the External Audit fee budget (in line with 2013/14); and,
- A net under spend forecast in relation to Housing benefit subsidy of (£0.123m)

2.6 The **Public Health** Service within the Local Authority came into existence for the first time in 2013/14 following the transfer of responsibilities from the National Health Service on the dissolution of the Primary Care Trust. The budget is currently ring-fenced and at present has no predicted over or under spends against any of the individual services. The analysis of the position is attached as **Appendix E** to this report.

2.7 **Adult Social Care** (ASC) is reporting a forecast under spend of £4.450m. As part of the 2014/15 budget setting process was a decision to include £3.225m of the 2013/14 contingency budget as a permanent adjustment to the base budget for Adult Social Care. Cabinet will recall that the service ended 2013/14 with a surplus reflecting the success of the gateway process and on-going reviews of placements to manage costs down. This has continued into the early part of 2014/15 and as such the service does not currently expect to spend the adjusted gross budget. All of the necessary actions have been taken to realise planned savings and, although the service is always at risk to demand-led pressures particularly in Learning Disabilities and Older People Services, we continue to see an underlying improvement in the position following detailed placement reviews. Service redesign is going well and delivering savings in advance of greater pressures anticipated with the implementation of the Care Act. The position for Learning Disabilities and Mental Health Commissioning includes significantly more Mental Health Aftercare income and Resettlement income compared to 2013/14 income in line with s256 agreements signed with the North Tyneside Clinical Commissioning Group. Of this £1.640m is one off income in 2014/15 only. Within Older People Commissioned services there is also a one-off £0.600m of additional s117 aftercare income. The full analysis is included as **Appendix F.**

2.8 **Children Young People and Learning** is currently forecasting a budget pressure of £2.059m at year end. A full breakdown of this projection is included in **Appendix G**.

The main underlying cause for the budget pressure in this service is almost entirely Corporate Parenting and Placements which forecasts a budget pressure of £1.733m.

The area of Corporate Parenting and Placements has historically over spent. The over spends were £1.564m in 2010/11, £0.702m in 2011/12, £0.646m in 2012/13 and £0.673 in 2013/2014. In setting the 2014/15 budget the budget was reduced by £0.500m associated largely with expected reduced placements.

The area of Corporate Parenting and Placements captures a spectrum of provision to meet each individual child's needs, ranging from adoption, foster care, our own North Tyneside residential provision to the most costly individual placements made out of borough. The current forecast pressure is further broken down to: External Placements £1.388m (including £0.580m potential pressure in relation to 5 complex cases awaiting placement), in-house fostering £0.411m, Independent Fostering £0.153m, in-house residential homes £0.068m, Care Leavers Teams (£0.065m), offset by saving on Adoption/ Custodianship £0.153m.

Each individual's needs are considered when a placement is required, with a multi agency panel meeting on a weekly basis to ensure the most appropriate placement is made and current placements periodically reviewed. Whilst the vast majority of Looked After Children can be supported through adoption and foster care this is not always suitable for every child given their specific needs or circumstances. Although overall Looked After Children numbers continue to grow (which is placing a pressure on budgets across the service), the number of expensive Out of Borough Placements continues to be kept to a minimum. Having said this, the number of Out of Borough Placements remains higher than originally forecast at 21, and there are a further 5 complex cases pending which are included in the forecast. We had originally envisaged approximately 16 Out of Borough Placements on average over the year which would have allowed this element of the service to operate on budget.

The service is committed to containing this pressure as much as possible whilst ensuring the Corporate Parenting responsibilities of the Authority are delivered, however it is necessary to raise this pressure now as it is unlikely it can be reduced in the short term. A senior officer team are currently working together to tackle this issue by seeking to further understand the interdependencies of this service with others both in terms of how individual children come to require this support and how the Authority's services are connected together to deliver appropriate support.

Whilst most of the 2014/15 CEI savings targets are expected to deliver the full budgeted saving in 2014/15 small delays to the staff restructures project "Development of a Modern Young People's Service" have resulted in a likely budget pressure in 2014/15. This is seen in the service areas for Employment & skills and the Youth support Service in Appendix G.

2.9 **Commissioning and Fair Access** service is reporting a forecast pressure this year of £0.355m.

There is a forecast pressure of £0.200m in relation to the delay in confirming the increased income expectations from Health added in the 2014/15 CEI programme. A further £0.069m is forecast in relation to delayed implementation of CEI associated with staff restructures and increased charges for disability respite services.

There is a forecast pressure of £0.150m in relation to Home to School Transport (pressure in line with 2013/14) which is offset by the use of contingency of £0.088m.

A full analysis is included as part of **Appendix H.**

2.10 **Environment and Leisure** is reporting a pressure of £1.203m. The major pressure (£0.789m) within this position relates to Property. This includes a predicted continuing pressure at the Swan Hunter site mainly due to the reduction in expected income whilst the regeneration work is underway. In addition there are pressures associated with the properties managed by Capita. These include policy choices made by the Authority that have altered their planning assumptions and historic shortfalls associated with our property budgets. Significant work is underway to resolve these matters.

Transport Planning and Highways are also forecast to overspend by circa £0.313m, where there are some historical pressures associated with the engineering budgets managed by Capita. Again significant work is underway to resolve these matters.

The rates charged through the Transport Account have been realigned to reflect that "sweating the assets" does allow the authority in the short term to reduce its internal recharge rates. As such the large transport overspends in the services and underspends in the Transport account itself are not forecast for 2014/15.

The full analysis is included as part of **Appendix I**

2.11 The following table sets out a summary of revenue grants, which Cabinet are requested to approve, that have been awarded during April and May 2014. The details of these grant changes are set out in **Appendix N.** All new capital grants are included in the capital variations (Tables 4 and 5) of this report.

Table 2: 2014/15 Revenue Grants awarded during April and May 2014

Service	Amount £m
Finance and Commercial Services	2
Environment and Leisure	46
Adult Social Care	231
Total	279

Non Delegated Budgets

2.12 The **Corporate and Democratic Core** is forecasting an under commitment of £0.570m arising from lower than budgeted pension fund contributions. It has been assumed, at this stage, this surplus will be used to help meet the capital receipts requirement for the Investment Plan.

2.13 **Corporate Accounting** is forecasting an under commitment of £2.421m arising from:

(a) A forecast saving in Minimum Revenue Provision (MRP) of £1.064m primarily as a result of re-programming during 2013/14;
(b) Forecast savings in external interest of £1.016m as a result of lower interest rates than anticipated at budget setting time (due to temporary borrowing), the continued level of internal borrowing and reprogramming;
(c) Forecast Strain on the Fund savings of(£0.645m) based on current and future leavers; and,
(d) £0.300m pressure relating to provision for bad debts, in particular benefits overpayment debtors.

As with the Corporate and Democratic Core above it has been assumed, at this stage, that this under commitment will be used to meet the capital receipts requirement.

2.14 It has been assumed that the **Contingency** budget will be fully allocated by year end.

2.15 **Utility Costs** continue to be an issue for the Authority with a forecast pressure of £0.170m for 2014/15. Projects are continuing to help 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.

2.16 **Exceptional item –** A proposed settlement has recently been agreed in respect of the Land Charges Search fees case. The costs are expected to be in the region of £0.134m, £0.034m of which can be drawn down from a provision held on the Balance Sheet. The impact of the additional £0.100m costs is reflected in Table 1 above. If any subsequent claims are raised and settled these will be reported through Budget Monitoring as appropriate.

Section 3.0
Housing Revenue Account Income and Expenditure

3.1 This section of the report provides an update on the financial position for the Authority's Housing Revenue Account (HRA). The forecast year-end position and variance analysis for May 2014 is attached as **Appendix K** to this report.

3.2 On the 15 January 2014 the Cabinet approved the HRA budget for 2014/15. This included an average increase in housing rents of 6.31% in line with the requirements of rent restructuring, which aimed for rent convergence by 2015/16. This target has of course now been superseded by the Government's plans to change the basis of rent increases for the next 10 years, from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) after 2014/15.

3.3 The HRA started the year with what was £0.359m higher than anticipated opening balances i.e. £2.854m as opposed to the budgeted figure of £2.495m, and the in-year position is forecast to be £0.020m better than budgeted.

3.4 The main variations against budget were a shortfall in relation to rent and service charge income projections (£0.355m), which has been offset by savings across Management Cost Centres (£0.182m), and allocation of contingency and under spends on transitional protection to cover the loss of rental income (£0.142m).

Rent and Service Charge Income – shortfall of £0.355m made up of range of factors: Rebasing due to actual opening stock being lower than forecast because of additional RTBs in 2013/14 (£0.120m); Slightly higher than anticipated level of voids being carried currently (£0.060m); RTB projections for 2014/15 revised to higher than projected (£0.160m); Reduction in Temporary Accommodation income due to Housing Benefit caps and impending closure of Alexandra Street (£0.080m); Reduction in garage rent projections due to higher void levels (£0.025m). These reductions have been partially offset by increased service charge income.

Management Costs – a range of variances against budget are projected across various areas: Treatment of Disturbance Costs as part of the North Tyneside Living project will place an estimated £0.190m pressure on revenue costs, but this will be more than offset by additional water rate commission, reduced council tax void costs for properties now demolished eg Hedley Place, and vacancies within the service, which overall accumulates to a £0.182m projected under spend.

Contingency and Transitional Protection – a small contingency was created in 2014/15 from savings realised on insurance premium costs (£0.116m), and transitional protection created for those existing tenants who would otherwise be adversely impacted by the new rents to be set within the North Tyneside Living project will not all be needed because of timing issues, both of these under spends will help cover the overall projected shortfall on rental income.

3.5 **Impact of Welfare Reform**

The main changes introduced under the Government's Welfare Reforms in 2012/13 related to what became known as the "bedroom tax". This policy currently affects around 2,125 of our tenants on Housing Benefit, of whom 1,211 are in arrears totalling £0.320m. This is a slight increase of approximately £0.030m from the start of the year, and overall current arrears have increased by around £0.158m to just over £1.540m. There has also been an increase in the amount of former arrears, which have increased in-year by £0.041m. These changes to-date should be more than mitigated for by the increased bad debt provision made in the budget for this year, which will be closely monitored as we progress through the year. We will continue to monitor the national position in relation to the delayed introduction of Universal Credit (UC) and the direct payment of benefits to tenants, which is expected to have a much more significant impact on rent arrears. Implementation of UC is starting to be rolled out in more areas of the country, but on a very controlled and phased basis, hence we may not see the full impact in North Tyneside for some time.

3.6 **House-building Fund**

On 15 February 2012 Council agreed the creation of a House-building Fund, to help fund the cost of new council housing and environmental works. Initial contributions came from interest savings on a reduction in the final self-financing settlement figure, which dropped from £129.834m to £128.193m. It was also agreed that savings from the overall debt portfolio against budget would be added to the fund once the final accounts for each year had been audited, these were converted into a permanent additional budget contribution of £0.650m per annum, plus any ad hoc savings such as the £0.100m saving on insurance premiums, and savings realised in-year as a result of the PFI scheme delays increased contributions in 2013/14. In 2013/14 £0.994m of this funding was drawn down to fund actual new build expenditure. Hence, the opening balance for 2014/15 is £1.717m (subject to audit), of this sum, £1.050m is committed towards HRA new build spend in 2014/15 as part of phase 1 and 2 of the Affordable Homes project. The remainder will be available to help fund further new build spend, and a further budgeted contribution of £1.071m is due at the end of the 2014/15 financial year, which would leave an estimated balance at year-end of £1.738m.

Section 4.0
Schools Finance

The Forward plan for Schools Forum

4.1 North Tyneside Schools Forum has agreed their forward plan for 2014/15 and whilst this remains subject to change during the year their outline plan is shown below for information.

Table 3: Schools Forum Forward plan 2014/15

Date	Item
9 July 2014	• 2013/14 Outturn – schools and the DSG • 2014/15 Section 251 Budget Statement • North Tyneside Learning Trust – update on activity • Funding Alternative education provision settings • Mainstream & Early years school funding formula 2015/16 – initial considerations
17 Sept 2014	• School Balances at 31st March 2014 – excess surplus balances policy • 2014/15 school budgets, including deficit agreements • Mainstream School funding formula proposals 2015/16 • Early years funding proposals 2015/16 • Summary of planned High need SEN provision 2015/16 • Update on the School Review • Update from HR working groups
15 Oct 2014	• Implementation of excess surplus balances policy • Benchmarking of Children's Services planned expenditure 2014/15 • Mainstream School funding formula 2015/16 – decision on formula elements • Early years funding formula 2015/16 – decision on formula elements • Proposed centrally retained DSG items 2015/16
19 Nov 2014	• Proposals for £0.250m funds for extraordinary pupil reductions • Education Psychology core offer, SLA and capacity • Financial implications of education, health and care plans
10 Dec 2014	• Briefing on draft Council Plan • Annual update from the Schools Procurement officer • Update on the School Review • Update from HR working groups
14 Jan 2015	• Capital & Investment plan update
11 Mar 2015	• DSG and Schools Revenue Monitoring (to Dec) inc indicative Headroom allocations for 2014/15 • Exceptional SEN allocations 2014/15 • Update on the scheme for financing schools/ school regs
13 May 2015	• Provisional school outturns (inc Headroom allocations) 2014/15 • Agree Deficit meeting timetable and scrutiny arrangements • Update on High Borrans • Central Government plans for 2016/17 funding • Update from HR working groups

2014/15 School budgets

4.2 In keeping with the Council Plan budget papers North Tyneside's maintained mainstream schools received their individual budget share (delegated budget) from the Local Authority by 30th January 2014. Using these delegations all schools prepared and submitted 3 year revenue budget plans (starting 2014/15) by the deadline of 31st May 2014.

4.3 4 schools have requested deficit approval for 2014/15 budgets. This is the same number as 2013/14. These schools are:

School	2014/15 Deficit budget request £
Longbenton Community College	-890,811
Marden High	-320,362
Norham High	-232,787
St Bartholomews RC Primary	-40,731

4.4 The Finance team, supported by School Improvement and the North Tyneside Schools Forum, are currently working with these schools, providing both challenge and support to each of their budget plans, in order to determine if they may granted a deficit budget for 2014/15.

4.5 Schools Forum agreed for mainstream maintained schools to de-delegate a sum of money from their 2014/15 budgets in order to support schools in financial difficulty. The size of this de-delegated budget and the process we will follow will continue to be in keeping with that applied over the recent years.

Planning for 2015/16 schools funding

4.6 On 23 April North Tyneside's Schools Forum considered Government consultation on "Fairer school funding in 2015/16" that was launched 13 March 2014. This restated the Government's intention to move to a national formula for mainstream school funding in the future, however, it did not propose any enforced change to local funding formulas for 2015/16.

4.7 In the consultation the DFE created minimum funding levels for some formula elements (the values of which remain subject to confirmation) as a means of distributing the additional £350m. The DfE made clear there is no requirement for Authorities to adopt these minimum funding levels in their local formula for 2015/16. Although the outcome of this consultation is still awaited, it is likely to be limited to the distribution of £350m nationally.

4.8 We will consult with North Tyneside Schools Forum and wider stakeholders regarding any potential changes to 2015/16 funding in line with Government deadlines and the Forward Plan provided earlier in Table 3.

Section 5.0
Investment Plan Expenditure and Financing

Review of Investment Plan - Position Statement

5.1 The Authority's Investment Plan represents the capital investment in projects across all service areas. This report summarises activities up to 31 May 2014.

Investment Plan Delivery

5.2 Some of the key progress areas to note to 31 May 2014 are as follows:

- The new accommodation at Southlands School has recently been completed and the building has now been officially handed over to the school;
- The new build accommodation at St Bernadette's R C Primary School has also been recently completed;
- Internal partitions and walls at Longbenton Voluntary Aided School have been completed. All new ceiling grids are in place. Windows and doors are 90% installed and 50% of the timber cladding has been completed;
- Key projects have been identified relating to the Universal Infant Free School Meals Project, to be delivered across First and Primary Schools in consultation with Catering Services;
- Two specialist recycling vehicles have been procured and delivery is expected November 2014 depending on supplier production schedules. On street bin covers to be installed in phases from June to December. Refuse and recycling bins for additional properties have also been procured;
- Cabinet approval to accept the Football Foundation Grant for the new artificial grass pitches at Lockey Park Wide Open was granted on 9 June 2014;
- Spanish City Plaza has opened to the public;
- Stage 2 Heritage Lottery Fund bid for Tynemouth Volunteer Life Brigade has recently been awarded;
- Coastal Communities Fund bid for the 2014/15 fund has been submitted towards the refurbishment of the Spanish City Dome;
- Demolition of Hedley Place and York Drive in Wallsend has been completed;
- First phase of refurbishment of The Forum Shopping Centre is complete;
- The improvement works to the eastern access of the Swan Hunter Site have been completed; and
- Procurement of a contractor to undertake the Quay Edge works and dredging is underway.

Variations to the 2014/15 Investment Plan

5.3 As part of the regular capital monitoring process during April and May 2014 there have been £2.330m credit variations to the 2014/15 Investment Plan (with £0.097m credit variation to the 2015/16 Investment Plan).

Table 4 details the changes to the approved 4-year Investment Plan, as agreed at Council on 20 February 2014.

Table 4: 2014 - 2018 Investment Plan changes identified

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Approved Investment Plan – Council 20 February 2014	**79.419**	**46.113**	**42.223**	**34.889**	**202.644**
Previously Approved Reprogramming					
Cabinet 10 March 2014	0.700	0	0	0	0.700
Cabinet 9 June 2014	12.877	0	0	0	12.877
Total Reprogramming	13.577	0	0	0	13.577
Approved Investment Plan – Cabinet 9 June 2014	**92.996**	**46.113**	**42.223**	**34.889**	**216.221**
April/May Reprogramming	0	0	0	0	0
April/May Variations	-2.330	-0.097	0	0	-2.427
Revised Capital Plan	**90.666**	**46.016**	**42.223**	**34.889**	**213.794**

5.4 The variations on the individual schemes are shown in **Appendix L. Appendix M** details the whole of the revised Investment Plan, taking into account the reported changes.

Details of changes to the 2014/15 Investment Plan

5.5 For 2014/15, total variations to the end of May 2014 of £2.330m credit have been identified (£0.097m credit in 2015/16). The details of the main changes are shown below:

(a) **DV019 Whitley Bay Regeneration, £1.850m credit** (£0.150m credit in 2015/16) – The variation is to remove the council contribution element of the Seafront Properties acquisition which was included in the 2014/15 base but due to timings and Cabinet approval, the transactions were actually completed in 2013/14;

(b) **CO061 Excellent Parks, £0.744m credit** –adjustment to reflect the actual Heritage Lottery grant available; and

(c) **Lockey Park, £0.320m 2014/15** (£0.053m 2015/16) – On 9 June 2014, Cabinet gave approval to accept Football Foundation Grant of £0.099m to contribute towards the provision of a new Artificial Grass Pitch, improved car parking and grass pitch improvements at Lockey Park in Wide Open. The project is also to be funded from a Section 106 Agreement of £0.210m and a contribution from Bellway Homes Ltd of £0.064m.

Details of all the variations are shown in **Appendix L**

5.6 The impact of these changes on Capital Financing is shown in Table 5 below.

Table 5: Impact of variations on Capital financing 2014-2018

	2014/15 £m	**2015/16 £m**	**2016/17 £m**	**2017/18 £m**	**Total £m**
Approved Investment Plan – Cabinet 9 June 2014	**92.996**	**46.113**	**42.223**	**34.889**	**216.221**
Unsupported Borrowing – General Fund	0	-0.150	0	0	-0.150
Capital Receipts – General Fund	-1.850	0	0	0	-1.850
Grants and Contributions	-0.450	0.053	0	0	-0.397
Contribution from Revenue	-0.030	0	0	0	-0.030
Total Financing Variations	**-2.330**	**-0.097**	**0**	**0**	**-2.427**
Revised 2014/15 Investment Plan	**90.666**	**46.016**	**42.223**	**34.889**	**213.794**

Capital Receipts – General Fund

5.7 There were no General Fund Capital Receipts brought forward at 1 April 2014. As reported in the 2013/14 Provisional Finance Outturn report, following reprogramming, surplus receipts of £2.751m were used to reduce 2013/14 borrowing. This was a temporary adjustment and will be reversed in 2014/15 thereby reducing the capital receipts required.

5.8 The capital receipts approved by Council on 20 February 2014 to finance the 2014/15 Investment Plan were £5.540m. The reprogramming reported to 10 March 2014 Cabinet and 9 June 2014 Cabinet, and the use of 2013/14 surplus receipts identified in paragraph 5.7 above, together with a reduction of £1.850m to reflect the adjustment for the acquisition of seafront properties identified in paragraph 5.5(a) leaves a revised General Fund requirement of £4.046m.

5.9 To date, £0.054m receipts have been received in 2014/15. This leaves a balance of receipts to be generated for the General Fund of £3.992m.

Table 6: Capital Receipt Requirement 2014/15 – General Fund

	General Fund £m
Requirement reported to 9 June 2014 Cabinet	5.896
Reprogramming and Variations	-1.850
Revised Requirement	**4.046**
Useable Receipts Brought Forward	0.000
Useable Receipts Received	-0.054
Balance to be generated	**3.992**

Capital receipts – Housing

5.10 Housing Capital Receipts brought forward at 1 April 2014 were £6.500m. The Housing receipts are committed against projects in the 2014-2018 Investment Plan.

5.11 To finance the 2014/15 Housing Investment Plan the capital receipts required are £4.107m. To date, £0.332m of receipts have been received in 2014/15 of which an element will be pooled as part of the quarterly returns to Central Government. In total, subject to pooling, this leaves a surplus balance of £2.725m to be carried forward to fund future years.

Table 7: Capital Receipt Requirement 2014/15 - Housing

	Housing £m
Current Requirement	4.107
Receipts Brought Forward	-6.500
Receipts Received	-0.332
Receipts Pooled to Central Government	0.000
Surplus Balance to fund future years (subject to further pooling)	**-2.725**

5.12 The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2014/15.

Investment Plan Monitoring Position to 31 May 2014

5.13 Actual expenditure in the General Ledger was £2.813m (3.1%) of the total revised Investment Plan as at 31 May 2014.

Table 8: 2014/15 Total Investment Plan Budget and Expenditure to 31 May 2014

	2014/15 Revised Investment Plan £m	Actual Spend to 31 May 2014 £m	Spend as % of Total Revised Capital Budget %
General Fund	65.197	1.578	2.4
Housing	25.469	1.234	4.8
TOTAL	**90.666**	**2.813**	**3.1**

5.14 Comparative figures for 2013/14 to the end of May 2013 were 4.1% (General Fund 4.0% and Housing 4.4%).