ANNEX 1

Cabinet – 9 March 2015
Agenda Item 6

2014/15 Financial Management Report to 31 January 2015

Section 1.0
Executive Summary

Summary

1.1 This is the fifth report to Cabinet for 2014/15, setting out the Authority's financial position as at the 31st January 2015.

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, £12.877m on 9 June 2014, £2.427m credit on 14 July 2014, £1.273m on 8 September, £0.175m on 10 November 2014 and £1.259m on 12 January 2015), taking the total approved Investment Plan for 2014-18 to £216.501m (£80.575m for 2014/15).

1.5 The current forecast outturn for the General Fund revenue budget reflects in-year surplus of £3.005m. The Service teams continue to work to embed plans that will ensure all pressures identified are managed and that the budget remains on target at the end of the year.

1.6 The Housing Revenue Account (HRA) is forecasting an under spend of £0.462m for the year.

1.7 In the period to 30 November 2014, the level of capital spend posted within the General Ledger was £44.401m, which represents 61.4% of the revised Investment Plan for the year, a slight increase on the comparative spend for 2013/14. As reported in the September financial monitoring report, the level of reprogramming reported in 2014/15 and the capital receipts received to date mean there is no longer a requirement to generate additional capital receipts in 2014/15. As a result of the reprogramming £3.500m of capital receipts will now be required in 2015/16 to fund the reprogrammed spend.

1.8 Cabinet are recommended to approve reprogramming of £8.628m and variations of £0.380m to the 2014/15 Investment Plan (also £0.218m for 2015/16 and £0.174m for 2016/17).

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 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 R** details the status of each of the specific CEI savings included in this report.

1.13 Set out in Appendix S are indicators of delivery shown as Red, Amber or Green. Currently there are projects with a value of £15.342m with a green status and £1.210m with an amber status. There are no projects with a red status. The status of the projects is reflected in the budget monitoring position as at 31 January 2015.

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 surplus of £3.005m.

2.2 Budget monitoring is based on the recorded transactions as at 31 January 2015 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 - M)** set out variations by Service Area within the Services. Table 1 and the associated appendices have been adjusted to reflect the structure of Council services following the senior management restructure.

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

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance Jan 2015	Forecast Outturn Variance Nov 2014
		£m	£m	£m	£m
Services					
Chief Executive's Office	Appendix A	4.565	4.906	0.341	0.379
Business and Economic Development	Appendix B	1.600	1.970	0.370	0.301
Commercial and Business Redesign	Appendix C	3.747	4.017	0.270	0.296
Corporate Strategy	Appendix D	1.896	1.931	0.035	0.085
Digital Strategy	Appendix E	3.619	3.658	0.039	0.029
Human Resources and Organisational Development	Appendix F	1.625	1.594	-0.031	0.000
Law and Governance	Appendix G	3.823	3.741	-0.082	-0.079
Public Health	Appendix H	0.002	0.002	0.000	0.000
Adult Social Care	Appendix I	51.094	46.312	-4.782	-4.777
Children, Young People and Learning	Appendix J	15.636	16.634	0.998	1.250
Commissioning and Investment	Appendix K	7.275	7.581	0.306	0.291
Environment and Leisure	Appendix L	30.825	31.927	1.102	1.147
Housing General Fund	Appendix L	1.276	1.267	-0.009	-0.006
Deputy Chief Executive Central Costs	Appendix L	0.270	0.231	-0.039	-0.028
Non-Controllable		7.297	7.297	0.000	0.000
Sub Total - Service-Approved Budget		**134.550**	**133.068**	**-1.482**	**-1.112**

Table 1 continued

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance Jan 2015	Forecast Outturn Variance Nov 2014
		£m	£m	£m	£m
Corporate and Democratic Core	Appendix M	11.520	11.520	0.000	0.000
Corporate Accounting	Appendix M	3.437	1.208	-2.229	-1.960
Contingency Budget	Appendix M	0.982	0.232	-0.750	-0.750
Levies	Appendix M	12.754	12.754	0.000	0.000
Utilities		0.000	0.256	0.256	0.272
Non-Controllable		5.152	5.152	0.000	0.000
Sub-Total- Non Delegated budgets		**33.845**	**31.122**	**-2.723**	**-2.438**
Net forecast pressure/(surplus) before exceptional items and transfers to reserves		**168.395**	**164.190**	**-4.205**	**-3.550**
Exceptional items					
Land Charges Search Fees Settlement		0.000	0.100	0.100	0.100
Remediation Works		0.000	0.100	0.100	0.100
Industrial Action		0.000	0.000	0.000	-0.100
Redundancies		0.000	1.000	1.000	1.000
Total exceptional items		**0.000**	**1.200**	**1.200**	**1.100**
Net forecast pressure/(surplus) after exceptional items		**168.395**	**165.390**	**-3.005**	**-2.450**

Services

2.3 The main variations are set out in detail below.

2.4 The year end position for **Chief Executive Office** is currently forecast as an overall pressure of £0.341m. This is further detailed in **Appendix A**. The main factor that gives rise to this is a forecast pressure on Business Partnership CEI target (£0.769m). 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). Areas under consideration include the Contact Centre, ICT, Finance, Procurement, Financial Assessment and cashless payment. This work has commenced and options are emerging. It is envisaged this position will improve as we progress through the year.

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

- Savings of £0.130m anticipated on the External Audit fee budget; and,
- A net under spend forecast in relation to Revenue & Benefits relating to improved Housing benefit subsidy offset by pressures in discretionary housing payments and bad debt (£0.214m).

2.5 **Business and Economic Development** is forecasting an overall pressure of £0.370m. This includes a predicted continuing pressure at the Swan Hunter site of £0.378m mainly due to the reduction in expected income whilst the regeneration work is underway. This was previously reported within Environment and Leisure service as part of the Technical package property portfolio. It has been agreed, however, that the Authority will manage the Swan Hunter site at least through the period of regeneration. It is anticipated that £0.272m of the budget for Business and Enterprise will not be spent in year although £0.200m of this has been pledged to investors and will be paid to them at the point they can demonstrate that they have created new jobs. At this stage we are assuming that £0.200m of this under spend will be carried forward to fund these pledges in 2015/16. The full analysis is included as **Appendix B.**

2.6 **Commercial and Business Redesign** has a forecast pressure of £0.270m. This includes a continuing pressure on the street lighting PFI contract of £0.221m and street lighting energy pressures of £0.045m. A shortfall in income from Trading Activities is being broadly offset by staff savings and internal interest received. The full analysis is included as **Appendix C.**

2.7 **Corporate Strategy** is forecasting an overall pressure of £0.035m in this Financial Monitoring report. This relates principally to Communications around advertising income shortfalls (£0.077m). 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 D.**

2.8 **Law and Governance** has a forecast under spend of £0.082m mainly due to savings on holding a joint election (£0.045m) together with a saving on the Internal Audit and Risk service (£0.061m), offset by a pressure in Procurement in relation to the revised NEPO contract (£0.030m). The full analysis is included as **Appendix G.**

2.9 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 the £0.009m predicted pressure reported in **Appendix H,** mainly as a result of a 12 month extension to the Northumbria Healthcare Foundation Trust contract, will be funded from £0.406m grant brought forward from 2013/14 leaving £0.397m available to carry forward into 2015/16.

2.10 **Adult Social Care** (ASC) is reporting a forecast under spend of £4.782m. As part of the 2014/15 budget setting process there 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 continues to go well and is 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 Section 256 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 £0.300m of additional Section 117 aftercare income. There has been little overall change since November with an increased forecast in Learning Disabilities as a result of additional residential placements being offset by a reduced forecast in Older People's services as anticipated growth has not fully materialised. The full analysis is included as **Appendix I.**

2.11 **Children Young People and Learning** is currently forecasting a budget pressure of £0.998m at year end. A full breakdown of this projection is included in **Appendix J**.

The main underlying cause for the budget pressure in this service is almost entirely Corporate Parenting and Placements which forecasts a budget pressure of £1.514m (£1.504m at November 2014).

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 of £1.514m after the application of £0.200m contingency budget is further broken down to: External Placements £1.168m, in-house fostering £0.271m, Independent Fostering £0.142m, in-house residential homes £0.044m, Care Leavers Teams (£0.210m), offset by saving on Adoption/ Custodianship £0.322m (see Appendix J).

The service is committed to continuing to reduce this pressure as far as possible whilst ensuring the Corporate Parenting responsibilities of the Authority are delivered. A senior officer team is currently working to tackle this issue by seeking to further understand the interdependencies of this and other services 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. The risk of this on-going pressure has been recognised as part of the budget and financial planning process for 2015/16, and £1.000m has been included within the contingency budget specifically for this.

2.12 The **Commissioning and Investment** service is reporting a forecast pressure this year of £0.306m.

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. The £0.103m pressure within Education Capital and Fair Access relates to both staffing and the Home to School Transport position after the application of contingency.

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

2.13 **Environment and Leisure** is reporting a pressure of £1.102m. The major pressure (£0.922m) within this position relates to Property. This includes a predicted continuing pressure relating to the premises costs of Quadrant. 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. Detailed work is in progress to realign property budgets and this budget pressure has been recognised as part of the 2015/16 budget and financial planning process.

Transport and Highways are also forecast to overspend by circa £0.247m, mainly due to the forecast non-achievement of the £0.154m of the additional savings target for the Technical Partnership. Forecasts for Planning suggest that there will be a £0.153m pressure mainly from reduced income levels. Again 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 under spends in the Transport accounts itself are not forecast for 2014/15.

The full analysis is included as part of **Appendix L.**

2.14 The following table sets out a summary of revenue grants, which Cabinet are requested to approve, that have been awarded during December 2014 and January 2015. The details of these grant changes are set out in **Appendix Q.** 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 December 2014 and January 2015

Service	Amount £m
Children Young People and Learning	0.376
Adult Social Care	0.147
Environment and Leisure	0.360
Law and Governance	0.014
Total	0.897

Non Delegated Budgets

2.15 The **Corporate and Democratic Core** is forecasting an under commitment of £0.839m 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 2014-18 Investment Plan.

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

2.16 **Corporate Accounting** is forecasting an under commitment of £4.609m including:

(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 £2.380m 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 (£0.641m) based on current and future leavers;
(d) £0.400m pressure relating to provision for bad debts, in particular benefits overpayment debtors;
(e) £0.200m credit on Service Developments; and,
(f) £0.443m NNDR refunds in respect of Quadrant East and West following the revaluation of office accommodation.

It has been assumed, at this stage, that the forecast savings on external interest of £2.380m will be used to meet the capital receipts requirement for the 2014-18 Investment Plan. This leaves a reported under commitment of £2.229m for Corporate Accounting.

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

2.17 It has been assumed that an under spend of £0.750m will occur as the **Contingency** budget will not be required for Adult Social Care.

2.18 **Utility Costs** continue to be an issue for the Authority with a forecast pressure of £0.256m 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.

2.19 **Exceptional items**

(a) A proposed settlement has 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. Any subsequent claims raised and settled will be reported through Budget Monitoring as appropriate;
(b) The actual saving as a result of the Industrial Action taken in July 2014 was £0.110m and is included within individual services;
(c) Following further investigation work at the Killingworth site the costs of remediation work required have been estimated at £0.100m; and,
(d) It is anticipated that there will be a requirement to set aside a provision of £1.000m for redundancies arising from the Creating a Brighter Future

programme. Accounting regulations require us to provide for the cost of redundancies once the costs of reorganisation are understood, and so the redundancy costs associated with the planned restructures will fall into 2014/15. This is included in Table 1 above.

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 January 2015 is attached as **Appendix N** 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 now forecast to be £0.462m better than budgeted.

3.4 The main variations against budget were a shortfall in relation to rent and service charge income projections (£0.288m), which has been offset by savings across Management Cost Centres (£0.313m) and unallocated contingency and under spends on transitional protection and bad debt provision (£0.188m), which more than cover the loss of rental income.

Rent and Service Charge Income – shortfall of £0.288m made up of range of factors: Rebasing due to actual opening stock being lower than forecast because of additional Right to Buy's (RTB) in 2013/14, slightly higher than anticipated level of voids being carried currently mainly due to the sheltered housing decants, RTB projections for 2014/15 higher than budget, reduction in Temporary Accommodation income due to Housing Benefit caps and impending closure of Alexandra Street, reduction in garage rent projections due to higher void levels and a reduction in Sheltered Officer Service Charge Income. These reductions have been partially offset by increased service charge income.

Capital Financing Charges – A decrease in estimated Debt Management Expenses (DME) of £0.025m for re-financing of the current loan portfolio and external debt advice. An estimated £0.156m of interest savings being achieved in-year by continuation of policy to take advantage of short-term interest rates.

Management Costs – a range of variances against budget are projected across various areas: removal of pressure re Disturbance Costs as part of the North Tyneside Living project improves the position by an estimated £0.105m, there are some additional costs for Technical Consultants, but this will be more than offset by additional water rate commission, reduced council tax void costs for properties now demolished e.g. Hedley Place, and vacancies within the service, which gives a combined projected under spend of £0.313m.

North Tyneside Living (PFI) – Due to a timing issue we have received more PFI credits up-front than anticipated (£0.179m), which offsets the reduction to credits received as a result of a 50:50 sharing of savings on the final deal agreed with Government (£0.046m). The net effect in year of £0.129m will be transferred to the PFI reserve and will have a marginal interest benefit to the project over its 28 year life.

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 contribute to the overall projected under spend on the account in-year (£0.142m).

Section 4.0
Schools Finance

2014/15 School budgets

4.1 The budget monitoring has been undertaken with schools for the Autumn and Spring terms, with a particular focus on the four schools with approved deficits for the year.

4.2 Current forecasts show that all schools are broadly performing in line or better than their original budget plans. There have been some notable improved forecasts, especially in relation to the secondary schools with approved deficit budgets. The current forecast is that the four schools will have an outturn of £1.119m compared to the approved deficits of £1.477m.

4.3 A sub-group of Schools Forum has met recently to consider how the allocation of headroom funding (support to the schools with approved deficit budgets) and falling rolls funding (support to school with exception pupil reductions) should be allocated. The proposals will be taken to the March Schools Forum meeting and the final headroom allocation will be made once the year-end position is known for each school. For information, the draft allocation improves the deficit schools forecast position to £0.871m.

2015/16 Dedicated Schools Grant (DSG)

4.4 As outlined in the Authority's Financial Planning and Budget Process papers to Cabinet and Council recently, the estimated DSG for 2015/16 is £137.823m. In line with the delegations set out in the report to Cabinet on 10 November 2014, the allocation of the mainstream schools budget has been completed. Schools Forum met on 14 January 2015 to agree the allocation of this Schools Block budget, resulting in the submission to the Education Funding Agency (EFA) of the overall schools formula on 16 January 2015, with schools receiving their Individual School Budget on 30 January 2015.

4.5 The Schools Forum also agreed the formula to be used for the Early Years Block and the High Needs Block, which included some transfers between Blocks to address forecast pressures in High Needs provision for 2015/16. The budgets for Special Schools are under review at present and when the final information is received from the EFA in March, the Schools will be notified of their budgets for next financial year.

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 January 2015.

Investment Plan Delivery

5.2 Some of the key progress areas to note to 31 January 2015 are as follows:

- Forest Hall Primary School – A block and beam floor, the installation of damp coarse and installation of a new build steel frame have been completed;
- All planned LEA capital maintenance relating to Schools have been completed;
- Formal announcement from the Department for Education / Education Funding Authority confirming that North Tyneside had been unsuccessful in securing additional capital for Universal Infant Free School Meals;
- Housing Private Landlord Refurbishment Scheme – Four properties have been refurbished;
- Fire Alarm Installation has been completed at Parks Leisure Centre;
- Construction in the core area of Northumberland Park is now complete and the majority of the park will be reopened to the public in February;
- Cremator and building works, Tynemouth – All roofing and significant internal and external construction works complete and all mechanical, heating and electrical works have been completed;
- Voltage Optimisation equipment is now installed at Riverside Children's Centre and North Shields Joint Service Centre;
- 7 refuse vehicles and 2 second hand small sweepers have been delivered and are operational;
- The Warm Zones scheme has delivered almost £1.600m in capital investment with additional benefits and annual fuel bill savings to residents of North Tyneside;
- Wallsend Town Centre - Second phase planning application has been approved for new drive through and supermarket and planning permission has been granted for demolition of a former refuge and police station and new residential development; and,
- Vacant possession of all flats in Helmsley Drive Rosehill is complete.

Variations to the 2014/15 Investment Plan

5.3 As part of the regular capital monitoring process during December 2014 and January 2015 there have been £0.380m of variations and £8.628m reprogramming to the 2014/15 Investment Plan reported.

Table 3 details the changes to the approved 4-year Investment Plan, as agreed at Council on 20 February 2014.

Table 3: 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/Variations					
Cabinet 10 March 2014	0.700	0	0	0	0.700
Cabinet 9 June 2014	12.877	0	0	0	12.877
Cabinet 14 July 2014	-2.330	-0.097	0	0	-2.427
Cabinet 8 September 2014	1.273	0	0	0	1.273
Cabinet 10 November 2014	-11.370	11.545	0	0	0.175
Cabinet 12 January 2015	0.006	1.253	0	0	1.259
Total	1.156	12.701	0	0	13.857
Approved Investment Plan – Cabinet 12 January 2015	**80.575**	**58.814**	**42.223**	**34.889**	**216.501**
December/January Reprogramming	-8.628	9.267	1.881	-2.520	0
December/January Variations	0.380	0.218	0.174	0	0.772
Revised Capital Plan	**72.327**	**68.299**	**44.278**	**32.369**	**217.273**

5.4 The variations on the individual schemes are shown in **Appendix O. Appendix P** 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 January 2015 of £0.380m have been identified. The details of the main changes are shown below:

(a) **CO061 Excellent Parks (Churchill & Souter), £0.108m credit (£0.720m credit 2015/16, £0.900m credit 2016/17)** – This overall reduction (£1.728m) reflects the removal of the Heritage Lottery Fund bid that did not progress to stage 2 of the approval process;

(b) **DV019 Whitley Bay Regeneration, £0.053m (£1.337m future years)** – As well as reprogramming, see section 5.6(f), variations have been included to show additional Coastal Communities Fund Grant £2.000m that has recently been announced and also to adjust the Heritage Lottery Funding by £0.053m to reflected the actual amount awarded. Additionally £0.663m has been transferred to DV054 Coastal Regeneration to fund the Coastal Master plan;

(c) **DV054 Coastal Regeneration, Future Years £0.663m** – Transfer of Council Contribution funding towards the Coastal Master Plan;

(d) **HS044 HRA New Build, £1.000m / CO064 Community Capacity, £1.000m credit** – This reflects the previously approved decision to transfer £1.000m of Community Capacity grant to the Affordable Homes programme. This transfer show the transfer to the HRA Budget from the General Fund Budget;

(e) **HS015 HRA Major Refurbishment, £0.361m** - Due to a reduced requirement in Disabled Adaptations in 2014/15, funds have been transferred to HS015 Major Refurbishment to assist in bringing forward three 2015/16 schemes;

(f) **EV034 Local Transport Plan, £0.303m** – To reflect the Public Transport funding available to the Local Transport Plan; and,

(g) **EV069 Vehicle Replacement, £0.097m** - Funding of £0.097m to be transferred from revenue to fund the buy out leases relating to five gritting vehicles which were not originally included on the replacement schedule;

5.6 For 2014/15, reprogramming to the end of January 2015 of £8.628m has been identified. The details of the main changes are shown below:

a) **HS044 HRA New Build**, **£0.320m** – Ongoing design works for the new build scheme at the site of the former Somervyl Sheltered Accommodation have resulted in a delayed potential start on site;

b) **HS015 HRA Major Refurbishment, £0.643m** – Due to inclement weather, the ongoing wall and roofing works in Howdon will now not be fully complete until early 2015/16, so funds have been re-programmed to reflect this;

c) **DV058 Swan Hunter Redevelopment, £6.430m** - Reprogramming due to delay in start on dredging and quay edge works due to issues around the dredging tender;

d) **EV054 Central Promenade Reconstruction, £0.193m reverse reprogramming** – A request to reverse previous reprogramming to cover 2014/15 actual costs;

e) **HS046 Housing Private Landlord Refurbishment, £0.147m** - Agreement of legalities with owners has delayed the start date of five property refurbishments;

f) **DV019 Whitley Bay Regeneration, £0.119m** – All sources of financing has been assessed for reprogramming with £0.375m Coastal Communities Grant being moved to 2015/16. The Council Contribution element has been re-profiled across the 4 year plan, with the majority of the funding to be expended in 2015/16 and 2016/17; and,

g) **DV054 Coastal Regeneration, £0.468m** – An expected under spend on the Coastal Regeneration Scheme has been requested to be carried forward to 2015/16 to fund the Coastal Master Plan.

Details of all the variations and reprogramming are shown in **Appendix O**

5.7 The impact of these changes on Capital Financing is shown in Table 4 below.

Table 4: Impact of variations on Capital financing

	2014/15 £m	**2015/16 £m**	**2016/17 £m**	**2017/18 £m**	**Total £m**
Approved Investment Plan – Cabinet 12 January 2015	**80.575**	**58.814**	**42.223**	**34.889**	**216.501**
Council Contribution	-0.212	0.851	1.881	-2.520	0
Capital Receipts – General Fund	0	0.005	0	0	0.005
Capital Receipts – Housing Revenue Account	-1.463	1.463	0	0	0
Grants and Contributions	-6.573	7.166	0.174	0	0.767
Total Financing Variations	**-8.248**	**9.485**	**2.055**	**-2.520**	**0.772**
Revised 2014/15 Investment Plan	**72.327**	**68.299**	**44.278**	**32.369**	**217.273**

Capital Receipts – General Fund

5.8 There were no General Fund Capital Receipts brought forward at 1 April 2014.

5.9 The capital receipts requirement approved by Council on 20 February 2014 to finance the 2014/15 Investment Plan were £5.540m. There has been no change to the capital receipt requirement for 2014/15 after accounting for reprogramming and variations reported to 10 March 2014 Cabinet, 9 June 2014 Cabinet, 8 September 2014 Cabinet, 10 November 2014 Cabinet and 12 January 2015 Cabinet. The 2014/15 General Fund requirement is £1.434m.

5.10 To date, £1.961m receipts have been received in 2014/15. The capital receipts requirement has been met for 2014/15 therefore any additional receipts generated will be allocated to the 2015/16 requirement of £3.347m.

Table 5: Capital Receipt Requirement – General Fund

	General Fund 2014/15 £m	General Fund 2015/16 £m
Requirement reported to 12 January 2015 Cabinet	1.434	3.869
Variation – Industrial Estate Strategy	0	0.005
Revised Requirement	**1.434**	**3.874**
Useable Receipts Brought Forward	0.000	-0.527
Useable Receipts Received	-1.961	0
Balance to be generated	**-0.527**	**3.347**

Capital receipts – Housing

5.11 Housing Capital Receipts brought forward at 1 April 2014 were £6.500m. The Housing receipts are committed against projects included in the 2014-18 Investment Plan.

5.12 Reprogramming of £1.463m has been identified in the 2014/15 Housing Investment Plan leaving capital receipts required of £0.274m. To date, £3.065m of receipts have been received in 2014/15 of which £1.250m has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £8.041m to be carried forward to fund future years.

Table 6: Capital Receipt Requirement 2014/15 - Housing

	Housing £m
Current Requirement	0.274
Receipts Brought Forward	-6.500
Receipts Received	-3.065
Receipts Pooled to Central Government	1.250
Surplus Balance to fund future years (subject to further pooling)	**-8.041**

5.13 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 January 2015

5.14 Actual expenditure in the General Ledger was £44.401m (61.4%) of the total revised Investment Plan as at 31 January 2015.

Table 7: 2014/15 Total Investment Plan Budget and Expenditure to 31 January 2015

	2014/15 Revised Investment Plan £m	Actual Spend to 31 January 2015 £m	Spend as % of Total Revised Capital Budget %
General Fund	50.014	31.751	63.5
Housing	22.313	12.650	56.7
TOTAL	**72.327**	**44.401**	**61.4**

5.15 Comparative figures for 2013/14 to the end of November 2014 were 57.9% (General Fund 51.5% and Housing 73.0%).