ANNEX 1

Cabinet – 14 March 2016
Agenda Item 6(a)

2015/16 Financial Management Report to 31 January 2016

Section 1.0
Executive Summary

Summary

1.1 This is the fifth report to Cabinet for 2015/16, setting out the Authority's financial position as at the 31 January 2016.

1.2 This report includes details of the forecast outturn position to the 31 March 2016, highlighting key strategic issues to be managed by the Authority during the year.

Strategic Management of the Authority's Budget

1.3 The budget for 2015/16 was approved by full Council at its meeting of 19 February 2015. The net General Fund revenue budget was set at £156.757m, this included CBF savings (Creating a Brighter Future Programme) of £14.158m to be achieved.

1.4 The Investment Plan for 2015-2019 was approved at £230.337m (£83.752m for 2015/16). Reprogramming into 2015/16 of £17.469m and variations of £2.603m were approved as part of Financial Management reports to Cabinet. This leaves a revised 2015-2019 Investment Plan of £250.409m (£80.576m for 2015/16).

1.5 The current forecast outturn for the General Fund revenue budget reflects a forecast under spend of £0.322m. This is an improvement of £0.872m since the position reported for November 2015. The Officer team continues to work to deliver 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 £0.736m for the year. An improvement of £0.227m compared to the forecast under spend of £0.509m reported for November 2015.

1.7 In the period to January 2016, the level of capital spend posted within the General Ledger was £50.454m, which represents 63.45% of the revised Investment Plan for the year. Details of project delivery are included in paragraph 5.1. As reported in November, the level of reprogramming identified means that the level of capital receipts required to finance the 2015/16 plan has already been met. All capital receipts received in the remainder of the year will be carried forward to meet this requirement in 2016/17 or used to reduce the in-year borrowing requirement in 2015/16.

1.8 Cabinet is recommended to approve variations of £0.713m and reprogramming of £1.150m to the 2015/16 Investment Plan.

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.

Creating a Brighter Future Programme (CBF Programme)

1.10 The budget for 2015/16 included savings of £14.158m, from the delivery of projects/actions included as part of the CBF 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 are required to be implemented during 2015/16. 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 CBF programme and by on-going management action. **Appendix P** details the status of each of the specific CBF savings included in this report.

1.13 Set out in Appendix P are indicators of delivery shown as Red, Amber or Green. Currently there are projects with a value of £13.430m with a green status and £0.728m 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 2016.

Implications for 2016/17 and Following Years

1.14 It is important that information within this report is taken into account as part of the financial planning process for 2016/17 and following years. Cabinet will be aware of any implications of the report for those future years' budgets. The main issues identified in 2015/16 that have been considered in forward financial planning are as follows:

- CBF Programme - as noted in the report (paragraphs 1.10 to 1.13), one of the significant pressures is the impact of any CBF saving not being achieved and actions required to secure savings into 2016/17;
- Implications of the summer budget announcements, in particular the impact on the Housing Revenue Account 30 year Business Plan;
- Demand led pressures - in areas such as Looked after Children and Adult Social Care remain for future years;
- Use of Reserves – currently the 2015/16 budget includes the planned use of reserves of £1.766m. This is in respect of the Business Rates Retention scheme and reflects the impact of the Office appeals. Consideration also needs to be given to the potential impact of a call on the Strategic Reserve; and,
- The final Local Government settlement was received on 8 February 2016. There were no further material changes to the assumptions made.

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 current forecast and reflects an in year under spend of £0.322m which is an improvement of £0.872m from the position reported to Cabinet for November 2015.

2.2 Budget monitoring is based on the recorded transactions in the General Ledger together with a forecast of movements over the remainder of the financial year, and is set out in Table 1 below. Table 1 is supplemented by a summary commentary below which covers the key variances.

Appendices (A - K) set out detailed variations by Service.

Table 1: 2015/16 General Fund Revenue Budget Forecast to 31 March 2016

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance Jan 2016	Forecast Outturn Variance Nov 2015
		£m	£m	£m	£m
Services					
Chief Executive's Office	Appendix A	0.513	0.527	0.014	0.018
Business and Economic Development	Appendix B	1.557	1.724	0.167	0.139
Commercial and Business Redesign	Appendix C	4.308	4.289	-0.019	0.006
Corporate Strategy	Appendix D	2.193	2.144	-0.049	-0.010
Finance	Appendix E	4.315	4.728	0.413	0.241
Human Resources and Organisational Development	Appendix F	2.095	2.175	0.080	0.116
Law and Governance	Appendix G	3.200	3.209	0.009	0.036
Health, Education, Care and Safeguarding	Appendix H	62.317	63.917	1.600	1.798
Commissioning and Investment	Appendix I	8.503	9.461	0.958	0.975
Environment, Housing and Leisure	Appendix J	30.771	30.179	-0.592	-0.382
Non-Controllable		9.328	9.328	0.000	0.000
Sub Total - Service-Approved Budget		**129.100**	**131.681**	**2.581**	**2.937**

Table 1 continued

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance Jan 2016	Forecast Outturn Variance Nov 2015
		£m	£m	£m	£m
Corporate and Democratic Core	Appendix K	11.376	10.886	-0.490	-0.490
Corporate Accounting	Appendix K	-2.676	-5.522	-2.846	-2.332
Contingency Budget	Appendix K	1.249	1.249	0.000	0.000
Levies	Appendix K	12.556	12.556	0.000	0.000
Utilities		0.000	0.433	0.433	0.435
Non-Controllable		5.152	5.152	0.000	0.000
Sub-Total- Non Delegated budgets		**27.657**	**24.754**	**-2.903**	**-2.387**
Exceptional item					
Redundancies provision		0.000	1.580	1.580	1.580
Total exceptional items		**0.000**	**1.580**	**1.580**	**1.580**
Transfer from reserves					
Transfer from Change reserve		0.000	-1.580	-1.580	-1.580
Total transfer from reserves		**0.000**	**-1.580**	**-1.580**	**-1.580**
Net forecast under spend/pressure		**156.757**	**156.435**	**-0.322**	**0.550**

Services

2.3 The main variations are set out in detail below.

2.4 **Business and Economic Development** is forecasting an overall pressure of £0.167m (£0.139m in November 2015). This relates to a continuing pressure at the Swan Hunter site mainly due to a reduction in expected income whilst the redevelopment work is underway. The full analysis is included as **Appendix B.**

2.5 **Finance** is reporting an overall forecast pressure of £0.413m which has worsened from £0.241m in November 2015. The main pressure is a Business Partnership Change Efficiency and Improvement target (£0.769m), which was originally included as a savings target within the 2014/15 budget. This is an additional target on top of the core savings already delivered by ENGIE (formerly Cofely) through the Partnership. Work continues to develop and agree proposals to deliver these savings.

This pressure is partially offset by a forecast net under spend in the Revenue and Benefits service relating to recovery of benefits overpayment income (£0.356). This under spend has reduced since the November 2015 report by £0.172m due to an increased bad debt provision, increased expenditure forecast on Discretionary Housing Payments and a reduced forecast for subsidy income. Full details are shown in **Appendix E.**

2.6 **Human Resources and Organisational Development** is showing a pressure of £0.080m which has improved from £0.116m in November 2015. The pressure arises from the transfer of staff back to the Authority from ENGIE (formerly Cofely). Details are shown in **Appendix F.**

2.7 **Health, Education, Care and Safeguarding** is reporting an overall pressure of £1.600m compared to £1.798m reported within the November 2015 report.

The main area of expenditure pressure, as previously reported, is Corporate Parenting and Placements which is forecasting a variance of £2.215m. This has improved by £0.021m since November 2015 due to savings in staff teams and legal fees. The underlying position within the placement budgets is a worsening of £0.087m since the November 2015 report.

The area of Corporate Parenting and Placements captures a spectrum of provision to meet each individual child's needs, covering adoption, foster care, our own North Tyneside residential provision and the most costly individual placements made out of borough. This area has been suffering from demand led pressure for a number of years. This is a national issue with a 13% rise across the country in numbers of Looked After Children (LAC) since 2009. Within North Tyneside there has been an increase of 45% in the same period with 89 more children currently in the service compared to 2009. The rate of LAC in North Tyneside however, remains lower than the regional average at 77.8 per 10,000 population compared to 82 across all North East authorities. The national rate is however lower, at 60 per 10,000 of population.

The table below shows the movements in numbers of LAC by type of placement. Although the overall number of LAC has fallen in January, the increased pressure since the November report is mainly due to additional external residential placements.

Table 2: Movement in numbers of LAC giving rise to increased costs.

Placement Type	No. of LAC at Apr 2015	No. of LAC at Sep 2015	No. of LAC at Nov 2015	No. of LAC at Jan 2016	Average Cost of Placement per annum £m	Increase / (Decrease) in Forecast Cost since November £m
External Residential	15	17	20	23	£0.18	£0.230
External Fostering Placement	19	26	25	24	£0.04	- £0.013
Internal Fostering	208	215	212	203	£0.02	-£0.055
Other*	58	62	59	50	various	-£0.075
Total	300	320	316	300		£0.087

*Other includes Placed for Adoption, Supported Residence and NTC Children's Residential Homes.

The service has also been looking to maximise opportunities for the Health Service to contribute to supporting children with a complex mixture of health and social care needs. The current financial deficit being managed by the North Tyneside Clinical Commissioning Group (CCG) has however presented additional challenges. The reported position for Corporate Parenting and Placements now assumes that only £0.167m of the originally anticipated £0.272m contribution from the CCG will be received.

The Service is committed to containing this expenditure as far as possible whilst ensuring the statutory Corporate Parenting responsibilities of the Authority are delivered but has struggled to contain demand led pressures. The Senior Management Team (SMT) is working to formulate an action plan to mitigate the forecast pressure and realise real savings that include:

- Controls over appointments;
- Senior Management challenge sessions;
- Weekly placement challenge, external review and scrutiny; and,
- Weekly budget monitoring updates to SMT.

The Service is also working on early intervention and prevention strategies to contain demand moving forwards but there is expected to be a significant time lag between successfully embedding an enhanced preventative approach and seeing a reduced number of children with complex issues presenting for support.

There is also continuing demand led pressure in relation to services for clients with a Learning Disability or Mental Health issue which is now showing an overspend of £1.242m. There has been an improvement since November 2015 of £0.294m due to reduced forecasts for overnight costs and in year growth.

This pressure is offset by an under spend in Older People and Physical Disability service areas where strong demand management has continued into 2015/16 and expenditure is, in the main, being contained effectively. There has however been an increase in costs relating to domiciliary care (net impact £0.300m) due to an increase in average hours provided per client and a small increase in the number of clients supported. This is consistent with patterns across the service as clients eligible for assessed services present with increasing levels of need.

There are continuing risks for adult care services associated with the financial position of the CCG. The service is in discussion with the CCG around a potential funding loss in relation to services supporting clients with a mental health need and clients in receipt of mental health aftercare services.

Full details are shown in **Appendix H.**

2.8 The **Commissioning and Investment** service is reporting a forecast pressure this year of £0.958m.

The main area of concern is property related pressures of £0.711m linked to the rentals of operational buildings with a smaller element linked to the Commercial

Estate. The Authority is currently in negotiation with Capita to determine how these risks will be managed moving forwards.

There is also a £0.240m pressure within Education Capital and Fair Access. This is in relation to Schools PFI contract (£0.093m) and recharges to capital where £0.029m is still to be finalised. In addition, Home to School Transport is showing a pressure of £0.118m. New contracts were established in September 2015 and work is ongoing to restructure routes to reduce costs in addition to exploring alternative ways to deliver these services.

The remaining pressure relates to a savings target in the Commissioning service which, at this stage in the year, is not certain of being achieved (net pressure £0.048m). However, work is underway to manage this pressure.

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

2.9 **Environment, Housing and Leisure** is reporting an under spend of £0.592m.

There are pressures of £0.089m in Libraries and Community Centres due to a range of PFI and building related cost pressures in addition to issues around income recovery for room hire and other miscellaneous income sources. The service is continuing to review its supplies and services expenditure plans to identify where any discretionary spend can be further reduced. In addition, a review of vacancies is being undertaken to establish if recruitment can be delayed to reduce forecasted costs whilst maintaining service delivery.

Waste Strategy is showing an over spend of £0.080m mainly due to a reduced income forecast in relation to recycling. This has been the subject of previous reports to Cabinet.

These pressures are offset by under spends in Fleet and Security (£0.219m), where the vehicle replacement programme is reducing the age profile of the fleet resulting in lower operating costs, and in Bereavement (£0.480m) where a strong income performance continues with a further improvement of £0.254m since November 2015. This is due partly to the closure of Blyth Crematorium where the reopening was delayed until December 2015.

The Capita managed services, of Consumer Protection and Building Control, Transport and Highways and Planning, within Environment, Housing and Leisure are under budget overall by £0.049m. There is an increased pressure in Consumer Protection and Building Control as a result of a legal case which is offset by overachieving income in Highways and Transport and in relation to Planning Fees.

The Street-lighting PFI scheme is showing a £0.156m pressure due mainly to contractual inflation costs linked to the Unitary Charge.

The full analysis for Environment, Housing and Leisure is included in **Appendix J.**

2.10 The following table shows the grant received from various organisations. Cabinet are requested to approve receipt of these grants. Further details are shown in **Appendix O.** Any new capital grants are included in the capital variations (Tables 4 and 5) of this annex.

Table 3: 2015/16 Revenue Grants awarded December 2015

Service	Amount £m
Environment, Housing and Leisure	0.028
Total	0.028

Non Delegated Budgets

2.11 The **Corporate and Democratic Core** is forecasting an under spend of £0.490m arising from lower than budgeted pension costs. This is unchanged since the November 2015 report. A full analysis is included as part of **Appendix K.**

2.12 **Corporate Accounting** is forecasting an under spend of £2.846m. This is mainly due to a forecasted under spend on interest charges of £2.798m reflecting 2014/15 reprogramming and the continued use of temporary and internal borrowing.

There are also the following items;

(a) An under spend of £0.321m on MRP due to the reprogramming of 2014/15 capital spend;
(b) Forecast Strain on the Fund savings of £0.234m based on current and future leavers;
(c) £0.500m pressure relating to provision for bad debts;
(d) A credit £0.677m for new grants in relation to the Independent Living Fund closure and new burdens property searches;
(e) £0.256m pressure relating to fees and contributions; and,
(f) £0.428m estimated pressure relating to Management Structure Savings. Savings will be allocated to services as they are confirmed.

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

Exceptional item

2.13 **Redundancies**

It is anticipated that there will be a requirement to set aside an additional amount of approximately £1.580m for redundancies arising from the Creating a Brighter Future programme. Accounting regulations require us to provide for the cost of redundancies once specific criteria are met, and so it is expected that the redundancy costs associated with the planned restructures will need to be accounted for in 2015/16. The estimated additional costs of £1.580m have been included in Table 1 above. At this stage it has been assumed that these costs will be funded by a contribution from the Change Reserve.

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 2016 is attached as **Appendix L** to this report.

3.2 On the 15 January 2015 Cabinet approved the HRA budget for 2015/16. This included an average increase in housing rents of 2.20% in line with the Government's rent policy at that time which based rent increases for the next 10 years on the Consumer Prices Index (CPI) as opposed to the Retail Prices Index (RPI) from 2015/16.

3.3 The HRA started the year with balances £0.422m higher than anticipated and the in-year position is now forecast to be £0.736m better than budgeted.

3.4 The main factors in the positive variance include:-

Rent and Service Charge Income – the shortfall of £0.098m is made up of range of factors including a reduction in dwelling rental income linked mainly to the rephrasing of the North Tyneside Living scheme, and hence increased numbers of void properties being held currently losing rental income (£0.277m). In addition, there is a reduction in forecast garage income (£0.025m), reduced sheltered housing officer service charge income (£0.031m), and an over-achievement from dispersed unit income (£0.003m) against budget. These shortfalls are partially off-set by an increase in general service charge income (£0.232m).

Capital Financing Charges and Depreciation – there are two elements to the savings being realised in this area: a small reduction in estimated Debt Management Expenses (DME) of £0.015m, and an estimated £0.441m of interest savings being achieved in-year by the continuation of the policy to take advantage of short-term interest rates. The increased depreciation charge (£0.058m) comes from an in-year rebasing of the depreciation estimate based on an approximation of the historic Major Repairs Allowance (MRA) which is used as a proxy for a true depreciation charge.

Contingency, Bad Debt Provision and Transitional Protection – combination of savings from transitional protection budget created for existing tenants who would otherwise be adversely impacted by new rents under the North Tyneside Living project due to delays (£0.080m), unallocated contingency (£0.170m), and lower than anticipated use of in-year Bad Debt Provision (£0.133m)

Section 4.0
Schools Finance

2015/16 School budgets

4.1. The budget monitoring has been undertaken with schools for the Autumn and Spring terms, with a particular focus on the six schools with approved deficits for the year. Additional monitoring visits have been agreed with most of these schools which have taken place this term to confirm that schools are managing within the approved budgets.

4.2. Overall monitoring of the maintained schools in the borough confirms that the vast majority of schools are broadly performing in line or better than their original budget plans. Where potential issues have been identified, with schools initially facing deficit balances that have not been approved by the Authority, additional monitoring meetings have been held. We can confirm that this only relates to a small number of schools.

4.3. There have been some notable improved forecasts, especially in relation to the schools with approved deficit budgets. The current forecast is that the six schools will have an outturn of £2.331m compared to the approved deficits of £2.461m.

4.4. A sub-group of Schools Forum is meeting later in March to consider how the allocation of headroom funding (support to the schools with approved deficit budgets) and falling rolls funding (support to school with exceptional pupil reductions) should be allocated.

4.5. The final allocations will be taken to the May Schools Forum meeting as the final headroom allocation will only be made once the year end position is known for each school. For information, it is expected that the headroom funding will improve the deficit schools forecast position, with a budget of circa £0.180m available for allocation. At present, seven schools meet the initial criteria for the falling rolls funding which has a budget of £0.250m from within the Dedicated Schools Grant (DSG).

2016/17 Dedicated Schools Grant

4.6. As outlined in the Authority's Financial Planning and Budget Process papers to Cabinet and Council recently, the estimated DSG for 2016/17 is £140.465m. In line with the delegations set out in the report to Cabinet on 9 November 2015, the allocation of the mainstream schools budget has been completed. Schools Forum met on 13 January 2016 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 21 January 2016, with schools receiving their draft Individual School Budget by the end of January which is a month earlier than required by the EFA.

4.7. 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 2016/17.

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

Investment Plan Delivery

5.1 This section of the report sets out some of the key highlights of the 2015/16 Investment Plan including delivery to date and planned delivery.

Affordable Homes New Build and Conversion Works:

There are currently 7 projects ongoing or completed during 2015/16:

- The conversion of Victoria Terrace Customer Service Centre into 5 new affordable homes. Works were completed as planned by end May 2015;
- The construction of 32 new affordable homes at Blandford Road, North Shields. Works were complete as planned in November 2015;
- The construction of 9 new units on the former Bude Court Sheltered site in Battlehill. Work was completed in January 2016;
- The demolition of Alexandra Street and the former Police Station to construct 41 new units in Wallsend Town Centre. Work is due to complete in March 2016;
- The construction of 7 x 2 bedroom homes and 2 bespoke respite units on the former Somervyl Court site in Longbenton. Work is due to complete in this financial year;
- Work is now complete on the conversion of a former ASC facility at Bamburgh Crescent, Shiremoor into 3 new affordable homes; and,
- The conversion of Bedford Avenue Shops into 5 new affordable homes. Work is due to commence February 2016 and complete in the new financial year.

Housing Investment Work:

The Housing Capital delivery programme will see the following works delivered across the borough during 2015/16:

- 439 replacement kitchens and bathrooms;
- 800 central heating upgrades;
- 295 replacement roof coverings;
- 618 replacement fencing / boundary walls;
- 154 properties to receive external brickwork repairs;
- 50 non-traditional properties to receive external structural and insulation works; and,
- 1,820 properties receiving external redecoration.

Education Investment Works:

- Delivery and completion of 33 condition related projects across the school estate;

- Completion of the new pedestrian ramp now installed at Whitfield Drive Longbenton to provide safe cycle route to the pupils attending St Stephen's and St Bartholomew's Primary Schools from south of the metro line;
- The Basic Need Investment works at Forest Hall Primary School completed August 2015 with the ongoing external landscaping being completed;
- Priority Schools Building programme (Off Balance Sheet):
  - Completion of Whitehouse Primary School new Build - Easter 2016;
  - Continue delivery of works at Longbenton College, John Spence and Marden High Schools;
  - Finalise solution and establish timescales for development works at Cullercoats Primary School. Information received in December 2015 has identified that the School will be subject to further feasibility studies to identify the extent and programme of works to be completed. It is likely that this work will be undertaken between June 2016 and February 2017. This exercise will determine if the investment will be in respect of full replacement or refurbishment of the accommodation. It is indicated that the procurement would follow with a view to commencing construction in October 2017.

Highways and Infrastructure Work:

- Ongoing delivery of the LTP Resurfacing programme and additional Highway Maintenance projects;
- Four Lane Ends /A188 Corridor Improvement Scheme was completed in September 2015;
- A1058 Coast Road Improvements – utility diversion work at Beach Road commenced on site November 2015 with main construction work to follow in early 2016; and,
- Phase 1 of Central Promenade Reconstruction (demolition) was completed in October 2015 with Phase 2 commencing April 2016.

Regeneration Works:

- Completion of all soft landscaping works at Northumberland Park;
- Completion of interim works to the Dome;
- Completion of new café and toilets at Long Sands North;
- Installation of new accessible toilet at Cullercoats Bay North;
- Installation of new kiosk at the Watts Slope site in Whitley Bay; and,
- Complete infrastructure works as part of Swan Hunter redevelopment works.

ICT Works:

BDUK:

- BT have now provided initial High Level delivery plan;
- 85 BT cabinets in scope affecting 9,000 premises;
- 62 of these in the first phase July-Dec 2016; and
- At the end of the roll out (2017/18), NTC will have 100% superfast broadband coverage. This will be the best in the North East Region.

EDRMS:

- EDRMS release 5 went 'live' week commencing 14 December 2015.

Variations to the 2015/16 Investment Plan

5.2 As part of the regular capital monitoring process during December 2015 and January 2016 variations of £0.713m and reprogramming of £1.150m have been identified.

Table 4 details the changes to the approved 4-year Investment Plan, as agreed at Council on 19 February 2015.

Table 4: 2015 - 2019 Investment Plan changes previously identified

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Approved Investment Plan – Council 19 February 2015	**83.752**	**63.922**	**47.302**	**35.361**	**230.337**
Previously Approved Reprogramming/Variations					
Cabinet 9 March 2015	8.310	0	0	0	8.310
Cabinet 8 June 2015	8.841	0	0	0	8.841
Cabinet 13 July 2015	0.407	0	0	0	0.407
Cabinet 14 September 2015	1.088	2.395	0.337	0	3.820
Cabinet 9 November 2015	-22.011	18.266	2.250	0	-1.495
Cabinet 11 January 2016	0.189	0	0	0	0.189
Total	-3.176	20.661	2.587	0	20.072
Approved Investment Plan – Cabinet 11 January 2016	**80.576**	**84.583**	**49.889**	**35.361**	**250.409**
December/January Reprogramming	-1.150	1.940	-0.790	0	0
December/January Variations	0.096	0.210	0.407	0	0.713
Revised Investment Plan	**79.522**	**86.733**	**49.506**	**35.361**	**251.122**

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

5.4 The main variations identified are as follows:

(a) **DV046 Wallsend North Bank of Tyne, £0.193m credit** – There are no further commitments against this budget and therefore it is to be transferred to contingencies to support the Investment plan;

(b) **GEN09 Local Area Agreement Grant, £0.078m credit** – There are no further commitments against this budget and therefore it is to be transferred to contingencies to support the Investment plan;

(c) **ED152 CYPL Local Area Agreement Grant, £0.052m credit** – There are no further commitments against this budget and therefore it is to be transferred to contingencies to support the Investment plan;

(d) **DV060 Rosehill Regeneration, £0.200m** – Contribution from contingencies to fund the additional cost of demolition of properties at Bamburgh Drive;

(e) **GEN03 Contingencies, £0.071m** – As reported above unused budgets from DV046 Wallsend North Bank of Tyne, GEN09 Local Area Agreement Grant, ED152 CYPL Local Area Agreement Grant have been transferred to contingencies. In addition, £0.003m has been transferred from ST013 Wallsend Joint Service Centre as there are no further commitments against the project. An allocation of £0.200m has been requested to support DV060 Rosehill Regeneration (as shown in 5.4(d) above);

(f) **EV072 Street Lighting, £0.035m** – Contribution from the Street lighting PFI reserve towards the installation of the night Mayflower units, as agreed by Cabinet ; and,

(g) **DV054 Coastal Regeneration, £0.061m** – A variation to the Heritage Lottery Grant of £0.061m to reflect the original grant awarded.

5.5 The following projects are being reprogrammed into 2016/17 and 2017/18 to match the North East Local Enterprise Partnership (NELEP) delivery plan and budget. The total reprogramming from 2015/16 is £1.150m. Funding has also been added to reflect additional Section 106 contributions to be projects. Full details of the changes are shown in **Appendix M**.

(a) **EV073 A1058 Coast Road Improvements to Junctions**, reprogramming of £1.140m Department for Transport Grant to 2016/17;

(b) **EV077 A1056/A189 Weetslade Junction Improvements.** The programming of this project has been brought forward from 2017/18 to 2015/16 and 2016/17;

(c) **EV078 A19 Employment Corridor Access Improvements.** Part of this project has been reprogrammed to 2017/18. An additional section 106 contribution of £0.407m has been added to 2017/18; and,

(d) **EV079 A191 Junction Improvements (Coach Lane and Tyneview Park)**, £0.180m has been reprogrammed to 2016/17 and an additional £0.200m Section 106 contribution added to 2016/17.

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

Table 5: Impact of variations on Capital financing

	2015/16 £m	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**Total £m**
Approved Investment Plan – Cabinet 11 January 2016	**80.576**	**84.583**	**49.889**	**35.361**	**250.409**
Council Contribution	0	0	0	0	0
Capital Receipts – General Fund	0	0	0	0	0
Capital Receipts – HRA	0	0	0	0	0
Revenue Contribution	0.035	0	0	0	0.035
House Building Fund	0	0	0	0	0
Grants and Contributions	-1.089	2.150	-0.383	0	0.678
Major Repairs Reserve	0	0	0	0	0
Total Financing Variations	**-1.054**	**2.150**	**-0.383**	**0**	**0.713**
Revised Investment Plan	**79.522**	**86.733**	**49.506**	**35.361**	**251.122**

Capital Receipts – General Fund

5.7 There were £0.842m ring-fenced General Fund Capital Receipts brought forward at 1 April 2015.

5.8 The capital receipts requirement approved by Council on 19 February 2015 to finance the 2015/16 Investment Plan was £3.869m. This increased to £4.044m following reprogramming and variations reported to Cabinet on 9 March 2015 and 8 June 2015. During August/September 2015 monitoring, £1.185m was reprogrammed to bring the total of receipts required for 2015/16 to £2.859m.

5.9 To date, £2.869m receipts have been received in 2015/16. Together with the balance brought forward, the revised requirement for the General Fund of £2.859m has been achieved for 2015/16. The additional receipts received in year will contribute to the 2016/17 requirement of £1.185m leaving a balance of £0.333m to be generated.

Table 6: Capital Receipt Requirement – General Fund

	General Fund 2015/16 £m	General Fund 2016/17 £m
Requirement reported to 19 February 2015 Council	3.869	0.000
Reprogramming and Variations to 9 March and 8 June 2015 Cabinet	0.175	0.000
Reprogramming and Variations to be approved at 9 November Cabinet 2015	-1.185	1.185
Revised Requirement	**2.859**	**1.185**
Useable Receipts Brought Forward	-0.842	-0.852
Useable Receipts Received	-2.869	0.000
Balance to be generated (Surplus)	**-0.852**	**0.333**

Capital receipts – Housing

5.10 Housing Capital Receipts brought forward at 1 April 2015 were £6.597m. The Housing receipts are committed against projects included in the 2015-2019 Investment Plan.

5.11 The approved Capital Receipt requirement for 2015/16 was £4.429m. This, together with the reprogramming reported to Cabinet on 9 March and 8 June 2015, gives a requirement for 2015/16 of £6.536m. During 2015/16 to date the requirement been reduced by £1.636m due to reprogramming and variations. The requirement for 2015/16 is now £4.900m. To date, £4,760m receipts have been received in 2015/16 of which £1.430m (Quarters 1, 2 and 3) has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £5.027m to be carried forward to fund future years.

Table 7: Capital Receipt Requirement 2015/16 - Housing

	Housing £m
Current Requirement	6.536
Reprogramming and variations - 2015/16 to date	-1.636
Revised Requirement	**4.900**
Receipts Brought Forward	-6.597
Receipts Received	-4.760
Receipts Pooled to Central Government	1.430
Surplus Balance to fund future years (subject to further pooling)	**-5.027**

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 2015/16.

Investment Plan Monitoring Position to 31 January 2016

5.13 Actual expenditure in the General Ledger was £50.454m (63.45%) of the total revised Investment Plan as at 31 January 2016.

Table 8: 2015/16 Total Investment Plan Budget and Expenditure to 31 January 2016

	2015/16 Revised Investment Plan £m	Actual Spend to 31 January 2016 £m	Spend as % of Total Revised Investment Plan Budget %
General Fund	51.564	30.633	59.41
Housing	27.958	19.821	70.90
TOTAL	**79.522**	**50.454**	**63.45**