ANNEX 1

Cabinet – 11 July 2016
Agenda Item 7(a)

2016/17 Financial Management Report to 31 May 2016

Section 1.0
Executive Summary

Summary

1.1 This is the first report to Cabinet for 2016/17, setting out the Authority's financial position as at the 31 May 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 Council's Budget

1.3 The budget for 2016/17 was approved by full Council at its meeting of 18 February 2016. The net General Fund revenue budget was set at £153.945m, this included CBF savings (Creating a Brighter Future Programme) of £15.757m to be achieved.

1.4 The Investment Plan for 2016-19 was approved at £188.432m (£91.871m for 2016/17). Reprogramming from 2015/16 of £13.634m was approved by Cabinet as part of the 2015/16 Provisional Finance Outturn report. This leaves a revised 2016-19 Investment Plan of £202.066m (£105.505m for 2016/17).

1.5 This is the first monitoring report for 2016/17 and reflects a prudent estimate of the forecast outturn at the end of the financial year, reporting an overall pressure of £5.577m after the potential use of £2.300m of reserves. This pressure is being driven by a number of factors the main being:

- Living Wage £2.300m (in excess of the contingency provision), this is the current estimate based on negotiations with Social Care providers and the forecast outturn assumes the use of reserves to support this in year pressure;
- Demand Pressures £3.653m (in excess of the contingency provision), this is largely as a result of high cost packages for Looked After Children and Adults with learning disability coming into the system late in 2015/16. Work is in progress to ensure that the assumptions driving the demand pressures is aligned to the actions/plans included in the Creating a Brighter future programme in order to manage down this pressure (further details are set out in section 2 paragraph 2.10);
- Efficiency savings not yet confirmed £1.298m: The scale of the financial challenge for the year meant that wide ranging efficiencies and service reconfiguration are required to be implemented during 2016/17. These savings are monitored as part of the overall financial position of the Authority so the bottom line financial position is known. It is important that these savings are only considered to be achieved once they are assessed as being realisable. There remain risks associated with some of the projects in the plan. The expectation is that the majority of the savings will delivered as plans are in place and will be closely monitored throughout the year. **Appendix P** sets out progress in delivery of the CBF programme; and,

- financial pressures within the North Tyneside Clinical Commissioning Group (NTCCG) are forecasted to have an impact on the position of the Authority. The NTCCG ended 2015/16 with a deficit of over £19m. The underlying causes have been identified as a combination of issues including an increased number of patients attending local hospitals and receiving care which is higher than other areas nationally, and a growing elderly population who need additional community-based care for complex health needs. The CCG has developed a financial recovery plan and aspects of this plan impact on the services delivered by the Authority. This has been evident in relation to complex clients where the Authority and the CCG jointly fund packages of care and in relation to Mental Health Aftercare services where the CCG have proposed alternatives to the historic 50/50 split of funding responsibility. The CCG have also been reviewing Intermediate Care services and funding to support the overall infrastructure of community based Mental Health services. The Authority is continuing to work closely with the CCG to ensure that services for vulnerable residents are maintained.

1.6 The Housing Revenue Account (HRA) is forecasting an under spend of £0.329m for the year.

1.7 In the period to 31 May 2016, the level of capital spend posted within the General Ledger was £4.482m, which represents 4.37% of the revised Investment Plan for the year. The estimated financing of the 2016/17 Investment Plan includes capital receipts of £0.523m for the General Fund. Of this £0.055m has already been secured leaving a balance of £0.468m still to be generated over the rest of the year.

1.8 Cabinet are recommended to approve variations of £0.358m and reprogramming of £3.240m within the 2016-19 Investment Plan.

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 an in year pressure of £5.577m.

2.2 Budget monitoring is based on the recorded transactions as at 31 May 2016 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 - K)** set out variations by Service Area within the Services.

Table 1: 2016/17 General Fund Revenue Budget Forecast to 31 March 2017

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance May 2016	Variance 2015/16
		£m	£m	£m	£m
Services					
Chief Executive Office	Appendix A	0.510	0.536	0.026	-0.026
Business and Economic Development	Appendix B	1.347	1.485	0.138	0.024
Commercial and Business Redesign	Appendix C	5.256	5.444	0.188	0.083
Corporate Strategy	Appendix D	1.888	2.057	0.169	-0.081
Finance	Appendix E	3.598	4.694	1.096	0.871
Human Resources and Organisational Development	Appendix F	2.245	2.437	0.192	0.052
Law and Governance	Appendix G	2.946	3.051	0.105	-0.152
Health, Education, Care and Safeguarding	Appendix H	59.562	65.700	6.138	0.844
Commissioning and Investment	Appendix I	8.175	8.696	0.521	0.179
Environment, Housing and Leisure	Appendix J	29.772	29.870	0.098	-0.915
Non-Controllable		20.756	20.756	0.000	0.000
Sub Total - Service- Approved Budget		**136.055**	**144.726**	**8.671**	**0.879**

Table 1 continued

		Full Year Budget	Forecast Outturn	Forecast Outturn Variance May 2016	Variance 2015/16
		£m	£m	£m	£m
Corporate and Democratic Core	Appendix K	11.452	11.433	-0.019	-0.379
Corporate Accounting	Appendix K	-15.731	-16.503	-0.772	-4.793
Contingency Budget	Appendix K	4.857	4.155	-0.702	0.000
Levies	Appendix K	12.160	12.160	0.000	0.000
Utilities		0.000	0.699	0.699	0.613
Non-Controllable		5.152	5.152	0.000	0.000
Sub-Total- Non Delegated budgets		**17.890**	**17.096**	**-0.794**	**-4.559**
Net forecast pressure/(surplus) before exceptional items and transfers to reserves		**153.945**	**161.822**	**7.877**	**-3.680**
Exceptional items					
Redundancies Provision		0.000	0.000	0.000	0.243
Total exceptional items		**0.000**	**0.000**	**0.000**	**0.243**
Transfer to/(from) Specific Reserves					
Total transfers to/(from) specific reserves		0.000	-2.300	-2.300	1.864
Total transfer from reserves		**0.000**	**-2.300**	**-2.300**	**1.864**
Net forecast pressure/(surplus) after exceptional items		**153.945**	**159.522**	**5.577**	**-1.573**

Services

2.3 The main variations are set out in detail below.

2.4 **Business and Economic Development** is forecasting an overall pressure of £0.138m. This includes a predicted continuing pressure at the Swan Hunter site of £0.115m mainly due to a reduction in expected income whilst the regeneration work is underway. The agreement remains that the Authority will manage the Swan Hunter site at least through the period of regeneration. The full analysis is included as **Appendix B.**

2.5 **Commercial and Business Redesign** has a forecast pressure of £0.188m. This is due to supplies and services costs with ICT mainly relating to the delivery of automated customer contacts and internet connectivity. The full analysis is included as **Appendix C.**

2.6 **Corporate Strategy** is forecasting an overall pressure of £0.169m in this Financial Monitoring report. This relates principally to Communications and Engagement around advertising income shortfalls (£0.079m) for which the management team is currently in negotiation with Capita. There is also a range of staffing pressures across this Service mainly as a result of vacancy factors. The full analysis is included as **Appendix D.**

2.7 The **Finance** Service is reporting a pressure of £1.096m. This is partly due to an unresolved CEI target from 2014/15 for additional Business Partnership savings of £0.547m. Work continues to agree and develop target savings.

There is also a pressure within Revenues and Benefits of £0.549m as a result of an assumed bad debt provision of £0.347m. A more detailed review of the benefit debtors bad debt provision is underway, the current position is a prudent estimate at this stage of the year. Further detail is shown in **Appendix E.**

2.8 There is a pressure of £0.192m within **Human Resources**. This results from costs of staff transferred back from ENGIE in 2015/16, vacancy factor and 3.3 whole time equivalent temporary posts supporting transformation projects. Further details are shown in **Appendix F.**

2.9 The **Law and Government** Service is showing a pressure of £0.105m arising from the retention of the courier service in addition to staffing pressures in Governance. Further detail is shown in **Appendix G.**

2.10 The most significant area of pressure across the Council is within **Health, Education, Care and Safeguarding** which is reporting a forecast over spend of £6.138m. The service has been hit with a combination of demand led pressures, cost increases resulting from the National Living Wage and reduced income from Health largely as a result of the ongoing deficit position of the North Tyneside Clinical Commissioning Group. A full breakdown of this pressure is shown in **Appendix H**

Services for adults with a Learning Disability or Mental Health need are showing a pressure of £4.294m in 2016/17. This area has been subject to historic demand led pressure and ended 2015/16 with external placement costs over budget by £1.204m. The Service Area is anticipating new placement growth in 2016/17 of £2.100m partially as a result of transition cases but partly due to 13 clients who are expected to be discharged from long stay hospitals under the Winterbourne guidelines. A contingency budget of £1.000m has been applied to partially offset this pressure. There are additional cost pressures of £1.900m anticipated as a result of care fee increases brought about by the new National Living Wage which came into affect in April 2016. A contingency budget of £0.500m has been applied to mitigate the impact of the National Living Wage increases. It has been assumed at this stage that the remaining £1.400m pressure relating to the National Living Wage will be met in-year by a transfer from reserves.

This Service Area is planning to deliver savings of £2.450m in 2016/17. Significant progress is being made to deliver against planned milestones and, it is anticipated all savings will be delivered in-year.

The Service is urgently reviewing all aspects of service delivery to identify areas where further savings can be delivered. Staff have been released from other duties to review the needs of individual clients to ensure needs are being met appropriately and in the most cost effective manner.

There continues to be a significant pressure of £1.646m in the area of Corporate Parenting and Placements. This Service Area 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 pressure of £1.646m is after applying a contingency budget of £2.000m. Savings targets of £0.886m have been applied to this Service Area. The Service is working hard to realise these savings and it is assumed that savings will be delivered in full.

The overall number of Looked After Children (LAC) has reduced compared to April 2015 however the number of external residential placements has increased significantly since the beginning of the last financial year. These are the mostly costly placements with average fees of £0.180m per annum. The Service has been continually reviewing these placements and has been working hard to reduce costs and find suitable alternatives however, many children are at critical stages in their education and it is not appropriate to disrupt settled arrangements.

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

Placement Type	No. LAC at Apr 2015	No. LAC at Mar 2016	No. LAC at May 2016	Average Cost of Placement £m	Pressure at May 2016 £m
External Residential	15	25	25	£0.18	£0.771
External Fostering Placement	19	27	25	£0.04	£0.468
Internal Fostering	208	195	200	£0.02	£0.377
Other*	58	45	45	various	£0.562
Total	**300**	**292**	**295**		**£2.178**
Assumed savings					£0.714
Net forecast					**£1.464**

*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility, Supported Residence and NTC Children's Homes.

The overall pressure of £1.646m, in addition to the placement overspend of £1.464m outlined above, includes a payment of £0.182m to support the Child and Adolescent Mental Health Service (CAMHS).

There are also pressures within the following service areas:-

- Services for Children with Disabilities or Additional Needs are showing a pressure of £0.368m comprised of a shortfall against Health contribution income targets in relation to children with disabilities of £0.200m, pressures relating to staffing of £0.168m and a forecast shortfall in other income of £0.043m;

- Employment and Skills is showing a pressure of £0.326m due to a shortfall of grant income to meet historic targets for contributions to service overheads and staffing pressures. Options are currently being explored around the renegotiations of service level agreements with schools and consequent staffing restructures;

- Services for older people and younger adults with a physical disability are showing a pressure of £0.170m. This Service Area has also been subject to significant care fee increases as a result of the National Living Wage with estimated additional costs of £1.400m. A contingency budget of £0.500m has been applied to partially mitigate the impact of the Nation Living Wage increases. It is anticipated that remaining pressure of £0.900m resulting from the National Living Wage will be met in-year by a transfer from reserves. There has also been a reduced forecast for Health income supporting these clients of £0.382m as the NTCCG implements its recovery plan. Pressures are partially offset by effective demand management continuing into 2016/17 with older people being supported to remain at home where possible. This Service Area is planning to deliver savings of £1.175m and is confident that these savings will be in place by the end of 2016/17; and,

- Integrated Services is showing a pressure of £0.116m. There are pressures within Loan Equipment and Adaptations totalling £0.483m and reduced Health income of £0.116m as a result of the NTCCG implementing its Financial Recovery Plan. Pressures are partially offset by staffing savings across the service. Discussions are continuing with the NTCCG around the future shape of Intermediate Care and services delivered under the Better Care Fund to prevent admissions and facilitate discharges from hospital.

2.9 The **Commissioning and Investment** Service is reporting a forecast pressure this year of £0.521m.

The main area of concern is property related pressures amounting to £0.299m. These are linked to operational buildings (rentals) with a smaller element linked to the Commercial Estate. The Council is currently in negotiation with Capita to determine how these risks will be managed moving forwards.

In addition, Home to School Transport is showing a pressure of £0.151m. Staff are working to restructure routes to reduce costs in addition to exploring alternative ways to deliver these services.

There is also a remaining savings target of £0.051m in the Commissioning service which, at this early stage in the year, is not certain of being achieved.

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

2.10 **Environment, Housing and Leisure** is reporting a pressure of £0.098m.

There are pressures totalling £0.275m relating to libraries and community centres where cleaning costs, shortfalls against rental income and Libraries ICT costs are the main concerns. The Service is actively reviewing its supplies and services expenditure plans to identify where any discretionary spend can be 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.

There is also a pressure within Streetlighting of £0.229m. This is due to inflationary increases built into the contract in addition to amounts currently in dispute with the PFI provider.

Pressures are offset by under spends within the Transport function of £0.302m as a result of lower running costs of a partially refreshed fleet and additional income within Bereavement of £0.101m. Budgets across the Technical Package are under spent by £0.173m

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

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 2016. The details of these grant changes are set out in **Appendix O.** Any new capital grants are included in the capital variations (Tables 4 and 5) of this report.

Table 3: 2016/17 Revenue Grants awarded during April and May 2016

Service	Amount £m
Health, Education, Care and Safeguarding Environment, Housing and Leisure	0.002 0.054
Total	0.056

Non Delegated Budgets

2.12 **Corporate Accounting** is forecasting an under spend of £0.772m including:

(a) A forecast saving in Minimum Revenue Provision (MRP) of £0.574m primarily as a result of re-programming during 2015/16;

(b) An anticipated saving of £2.538m in relation to interest charges reflecting 2015/16 reprogramming, the level of temporary borrowing currently held and the continuation of internal borrowing;

(c) £0.400m pressure relating to provision for bad debts; and,

(d) £1.940m pressure arising mainly with regard to a prudent view that the savings from the Customer Journey project will not be achieved in full during 2016/17. The project is moving forward however further work is required to confirm the savings that will be achieved during 2016/17.

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

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

3.2 On the 14 January 2016 Cabinet approved the HRA budget for 2016/17. This included a reduction in housing rents of 1%, in line with the Government's requirements contained in the Welfare Reform and Work Act 2016, that Local Authorities should reduce their rents by 1% per annum for the next four years. This replaces the previous policy introduced for 2015/16 which was to base the rent increase on the Consumer Prices Index (CPI) for the next 10 years.

3.3 The HRA started the year with what was £0.787m higher than anticipated opening balances i.e. £4.388m as opposed to the budgeted figure of £3.601m, and the in-year position is now forecast to be £0.329m better than budgeted.

3.4 The main forecast variations against budget are an overachievement in relation to rent and service charge income projections (£0.052m), which has been enhanced by increased commercial and other rental income (£0.018m), significant savings from continuation of the policy around debt to borrow short-term and re-finance long-term as late in the year as possible, to realise in-year savings (£0.400m), this is partially offset by increased management costs linked mainly to the North Tyneside Living PFI scheme where project delivery has led to higher than anticipated levels of Council Tax Void charges (£0.109m).

Rent and Service Charge Income – overall projecting £0.052m better than budget, made up of two main elements:- Dwelling rents projecting slightly below budget (£0.020m), this will reflect RTB sales in 2015/16 being slightly higher than anticipated, and may be exacerbated if 2016/17 sales increase; Service charge income – still forecasting strong performance particularly around furniture packs (£0.071m). This performance will need to be closely monitored pending proposed changes to benefits proposed by Government under recent legislation. Garage rent income appears to be performing in line with budget following rebasing as part of the budget.

Capital Financing Charges – we are continuing to pursue the policy of taking advantage of the current low trends in interest rates when looking at Treasury Management issues within the HRA. Hence upon maturity loans needing re-financing are taken out short-term, with a view to longer-term refinancing being undertaken as late in the financial year as possible. In addition due to the additional debt set aside realised in 2015/16 as a result of RTB sales, when added to budgeted debt set aside means that the first loan maturing in-year (HRA share £5.700m) will not need re-financing at all, saving the HRA over £0.100m per annum. It is estimated that the combination of these approaches will save the HRA circa £0.400m in interest charges in 2016/17, but this may change depending on movements in interest rates over the course of the year.

Management Costs – forecast variance due mainly to increase in anticipated level of in-year Council Tax Void payments, due to the revised delivery programme for the North Tyneside Living PFI project (£0.109m).

Section 4.0
Schools Finance

2016/17 School budgets

4.1 At the time of the report production, meetings are underway with those schools requesting approval to set a deficit budget. Nine schools requested approval for their 2016/17 budgets, which is an increase from six schools with approved deficit budgets for 2015/16. Once the initial meetings with schools have been completed, a Schools Forum sub-group will meet to add peer challenge to the approval process, with a report taken to the full Schools Forum on 13 July 2016. After this, formal approval will be confirmed by the relevant officers from the Authority.

Planning for 2017/18 schools funding

4.2 As noted in previous budget monitoring reports, the Department for Education (DfE) did not introduce any enforced changes to local funding formulas for 2016/17. However, a recent stage 1 consultation exercise has been completed by the DfE as part of its future plans to work towards a national funding formula for mainstream school funding. This has included the submission of additional baseline information by the Authority.

4.3 The Schools Forum is meeting on 13 July 2016 to begin the process of reviewing 2017/18 centrally retained budgets, with further meetings planned in the autumn term to discuss each element of the North Tyneside formula, subject to any further DfE guidance regarding the national funding formula. Updates will be provided to Cabinet as information becomes available from the DfE.

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.

Investment Plan Delivery

5.2 Some of the key highlights of the Investment Plan due to be delivered during 2016/17 are summarised below:

Affordable Homes New Build and Conversion Works:

There are currently 3 projects that will complete during 2016/17:

- The demolition of Alexandra Street and the former Police Station to construct 41 new units in Wallsend Town Centre. All work is due to complete in June 2016 (phased completion);
- The conversion of Bedford Avenue shops into 5 new affordable homes. Work commenced in February 2016 and will complete in July 2016; and,
- The conversion of a former respite facility at West Farm Road, Howdon into a facility that can be used for vulnerable clients. This is being developed in conjunction with Adult Social Care and will include 24 hour supported living care provision for 4 clients. The exact delivery timescale for the project is currently being finalised.

In addition to the above projects that will be complete in year there will be a number of other schemes progressed through the design, planning and procurement process with some physical starts on site during 2016/17 that will subsequently complete in future financial years.

Housing Investment Work:

The Housing Capital delivery programme will see the following works delivered across the borough during 2016/17:

- Kitchens and bathrooms to 566 homes;
- Heating upgrades to 800 homes;
- Boundary improvements to 714 homes;
- External refurbishment to 1,869 homes;
- Roof replacements to 336 homes;
- External works to 210 homes; and,
- Insulation / Structural works to 119 Non-traditional homes

Education Investment Works:

- Delivery of an initial 28 priority condition related projects across the school estate; and,
- Priority Schools Building Programme (Off Balance Sheet)
    - Completion of all external works for the new build Whitehouse Primary School and associated demolition of the former school building;

- Continue delivery of works at Longbenton College, John Spence and Marden High Schools; and,
- 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 Works

- Ongoing delivery of the Local Transport Plan resurfacing programme and additional Highway Maintenance projects;
- A1058 Coast Road Improvements – completion of Phase 1 (Beach Road widening) and commencement of Phase 2 (signalisation of Billy Mill roundabout) and Phase 3 (reconstruction of Norham Road bridge);
- Phase 1 of Central Promenade Reconstruction (demolition) was completed in October 2015. Phase 2 (main works) is currently undergoing a value for money exercise with a view to awarding a contract in July 2016 and starting work in late summer;
- Completion of the A191 Tyne View Park major highways scheme;
- Construction of the A1056 Weetslade / Indigo Park major highways scheme from May 2016; and,
- Construction of major drainage improvements at Monkseaton and Shiremoor.

Regeneration Works

- Commence work on Spanish City Dome;
- Commencement and completion of hotel adjacent to the Dome;
- Commencement of public realm work on Northern Promenade;
- Completion of phase 2 of dredging at the Swans site;
- Infrastructure works completed and further refurbishment of the Swans Quay;
- Commencement of work on one or more of the development plots at the Swans site; and,
- Facilitate development solution for Tyne Brand site at the Fish Quay.

ICT Works

BDUK (broadband)

- BT have now provided initial High Level delivery plan;
- 85 BT cabinets in scope affecting 9,000 premises, of which 62 are included in phase 1 taking place July to December 2016; and,
- Updated forecast is that by 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.

Variations to the 2016-19 Investment Plan

5.3 As part of the regular capital monitoring process during April and May 2016 there has been £0.358m variations (£0.191m in 2016/17 and £0.167m in 2017/18) and reprogramming of £3.240m reported.

Table 4 details the changes to the approved 3-year Investment Plan, as agreed at Council on 18 February 2016.

Table 4: 2016 - 19 Investment Plan changes identified

	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Approved Investment Plan – Council 18 February 2016	**91.871**	**56.027**	**40.534**	**188.432**
Previously Approved Reprogramming/Variations Cabinet 13 June 2016	13.634	0	0	13.634
Approved Investment Plan – Cabinet 13 June 2016	**105.505**	**56.027**	**40.534**	**202.066**
April/May Reprogramming	(3.240)	1.041	2.199	0
April/May Variations	0.191	0.167	0	0.358
Revised Investment Plan	**102.456**	**57.235**	**42.733**	**202.424**

5.4 The variations 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.

Details of changes to the 2016-19 Investment Plan

5.5 For 2016/17, total variations to the end of May 2016 of £0.191m have been identified. There have also been variations of £0.167m to 2017/18. The details of the main changes are shown below:

(a) **ED120 Basic Need, £0.167m 2017/18** – grant allocation received from the Department for Education; and,

(b) **EV034 Local Transport Plan, £0.188m** – this adjustment reflects additional funding awarded by the Department for Transport - £0.126m Incentive grant and £0.138m Pothole fund grant. Also there has been an adjustment to the Integrated Transport allowance to reflect the final allocations for 2016/17 of £0.079m credit.

5.6 Reprogramming of £3.240m has been identified. The details of the main changes are shown below:

(a) **ED166 Backworth Park Primary, £2.942m** – the project delivery has been revised to align more closely with the current expected build out programme for the associated residential developments, the resulting requirements for increased capacity and the timing of section 106 contribution funding; and,

(b) **DV061 Northumberland Square Townscape, £0.298m 2016/17, £0.200m £2017/18** – following the unsuccessful Heritage Lottery bid. The scheme is to be worked up to ensure it is in line with a wider strategy for North Shields. The whole budget has been reprogrammed to 2018/19.

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

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

Table 5: Impact of variations on Capital financing

	2016/17 £m	**2017/18 £m**	**2018/19 £m**	**Total £m**
Approved Investment Plan – Cabinet 13 June 2016	**105.505**	**56.027**	**40.534**	**202.066**
Council Contribution	(1.612)	1.330	0.282	0.000
Grants and Contributions	(1.437)	(0.122)	1.917	0.358
Total Financing Variations	**(3.049)**	**1.208**	**2.199**	**0.358**
Revised Investment Plan	**102.456**	**57.235**	**42.733**	**202.424**

Capital Receipts – General Fund

5.7 There were no General Fund Capital Receipts brought forward at 1 April 2016. All receipts received in 2015/16 were applied to finance capital expenditure. This included additional receipts received of £0.892m, that were over and above the revised figure for receipts required during 2015/16. This effectively meant that unsupported borrowing could be deferred until 2016/17 as the extra receipts were, temporarily, used in it's place.

5.8 The capital receipts requirement for 2016/17 approved by Council on 18 February 2016 was £1.415m (£1.795m for 2016-19). This has been reduced by £0.892m receipts received in 2015/16, described in paragraph 5.7 above, to give a revised capital receipts requirement for 2016/17 of £0.523m.

5.9 To date, £0.055m receipts have been received in 2016/17. This leaves a balance of receipts to be generated for the General Fund of £0.468m as shown in table 6 below.

Table 6: Capital Receipt Requirement – General Fund

	General Fund 2016/17 £m
Requirement reported to 18 February 2016 Council	1.415
Variation to reflect additional receipts received in 2015/16	(0.892)
Revised Requirement	**0.523**
Useable Receipts Brought Forward	0
Useable Receipts Received	(0.055)
Balance to be generated	**0.468**

Capital receipts – Housing

5.10 Housing Capital Receipts brought forward at 1 April 2016 were £4.475m. The Housing receipts are committed against projects included in the 2016-19 Investment Plan.

5.11 The approved Capital Receipt requirement for 2016/17 was £0.132m. This, together with the reprogramming reported to 13 June 2016 Cabinet gives a requirement at the end of May 2016 of £1.004m. To date, £1.013m receipts have been received in 2016/17 of which an element will be pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £4.484m to be carried forward to fund future years.

Table 7: Capital Receipt Requirement 2016/17 - Housing

	Housing £m
Current Requirement	1.004
Receipts Brought Forward	(4.475)
Receipts Received	(1.013)
Receipts Pooled to Central Government	0.000
Surplus Balance to fund future years (subject to further pooling)	**(4.484)**

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 2016/17.

Investment Plan Monitoring Position to 31 May 2016

5.14 Actual expenditure in the General Ledger was £4.482m (4.37%) of the total revised Investment Plan as at 31 May 2016.

Table 8: 2016/17 Total Investment Plan Budget and Expenditure to 31 May 2016

	2016/17 Revised Investment Plan £m	Actual Spend to 31 May 2016 £m	Spend as % of Total Revised Capital Budget %
General Fund	76.701	3.750	4.89
Housing	25.755	0.732	2.84
TOTAL	**102.456**	**4.482**	**4.37**