

Capital Outturn 2016/17**1.0 Overview**

- 1.1 The total capital outturn was £335.375m. This is £(130.079)m below the planned expenditure of £465.454m as follows:

	£m Previous Quarter 3	£m Qtr 4 Movements	£m Annual Total
2016/17 Original Budget	451.210		451.210
Change in budget	10.559	3.685	14.244
2016/17 Revised Budget	461.769	3.685	465.454
Less: Cumulative Slippage	(87.434)	(50.189)	(137.623)
Less: Forecast/actual (under) / overspends	(3.165)	10.709	7.544
Equals: Outturn	371.170	(35.795)	335.375

- 1.2 The City Council's capital monitoring analyses budget variations between:

- (1) Changes in the timing of budgeted expenditure, where the expenditure is still required but takes place later than planned (slippage) or earlier than planned (acceleration); and
- (2) Underspends or overspends, which represent a decrease or increase in the total capital cost of a project (which may be over several years).

Slippage of £(87.434)m and an underspend of £(3.165)m were reported previously at Quarters 2 & 3. Further slippage of £(50.189)m and a net overspend of £10.709m are now being reported at outturn 2016/17.

It is important to note that no resources will be lost as a result of the slippage. The resources and planned expenditure will be "rolled forward" into future years.

2. Reasons for variations

- 2.1 Annex 1 summarises actual capital expenditure for 2016/17 by Directorate. It also shows the further variations against the final budget over and above what has been reported previously.

Annex 2 describes the reasons for major variations in Quarter 4, by Directorate.

Annex 3 provides a full listing of the Capital Expenditure Programme outturn 2016/17.

The major variations in Annex 2 below report an overspend of £1.278m in the Revenue Reform Projects budget due to higher than budgeted redundancy and pension fund strain costs incurred in 2016/17. It is proposed to capitalise this cost and fund it from capital receipts using the Government's capital receipts flexibility, as the Council is already doing in relation to previously approved redundancy costs and pension fund strain. The additional costs will contribute to the delivery of future years' revenue savings plans.

3. Financing of Capital Expenditure

- 3.1 The proposed financing arrangements in respect of City Council capital expenditure in 2016/17 of £335.375m are summarised below:

Financing method	£m
Borrowing	151.109
Government Grants	102.529
Capital Receipts	32.016
Other Grants and Contributions	6.597
HRA use of Revenue Resources (incl. MRR)	36.390
Use of Revenue Resources	6.734
Total financing	335.375

- 3.2 The Budget 2016+ included a strategy to maximise the availability of capital receipts to fund equal pay liabilities, and to use the Government's capital receipts flexibility to meet the cost of eligible projects generating revenue savings in later years. Accordingly, borrowing has been used to finance the outturn capital programme in place of capital receipts where possible, in order to maximise the availability of receipts for equal pay and the capital receipts flexibility.
- 3.3 Actual prudential borrowing of £151.109m is less than the £171.5m originally planned in the City Council Business Plan and Budget 2016+. This is due largely to slippage in the capital programme described above in relation to projects funded from prudential borrowing. Monitoring of the full prudential indicators at outturn is set out in Annex 6 to the Treasury Management annual report (Appendix 3).

Capital Monitoring as at 31st March 2017								
Capital Expenditure 2016/17 by Directorate								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	2016/17	New	2016/17	Previously	Further	Previously	Over/	2016/17
	Quarter 3	Schemes	Quarter 4	Reported	Slippage	Reported	(under)	Outturn
	Approved	&	Revised	Slippage	Quarter 4	Over/	spend	
	Budget	Resources	Budget			(under)	Quarter 4	
			(a+b)			spend		(e+f+g)
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
People								
Adults & Communities	12,045	0	12,045	(5,633)	2,374	0	0	8,786
Children, Young People & Families	71,879	0	71,879	(20,285)	(8,864)	18	2,679	45,427
Place								
Non Housing Services	80,923	0	80,923	(17,970)	(2,749)	(153)	682	60,733
Housing Revenue Account	115,741	0	115,741	(5,804)	(11,499)	637	(3,404)	95,671
Housing Private Sector	9,284	0	9,284	(2,792)	(2,036)	0	8,155	12,611
Economy								
Planning & Regeneration	79,523	0	79,523	(23,929)	(3,349)	(403)	240	52,082
Transportation	41,805	97	41,902	(5,128)	(12,141)	102	838	25,573
Highways	5,916	0	5,916	(3,048)	(739)	0	55	2,184
Corporate Resources								
Corporate Resources	44,653	3,588	48,241	(2,845)	(11,186)	(3,366)	1,464	32,308
	461,769	3,685	465,454	(87,434)	(50,189)	(3,165)	10,709	335,375

