



AGENDA ITEM:12

CABINET: 16 March 2010

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
31 March 2010**

Report of: Council Secretary and Solicitor

Relevant Portfolio Holder: Councillor D Westley

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SUBJECT: CAPITAL MONITORING 2009/2010

Wards Affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To update Members on the current position in respect of the 2009/2010 Capital Programme.

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the current position in respect of the 2009/2010 Capital Programme be noted.
- 2.2 That call in is not appropriate for this item as the report is being referred to the next meeting of the Executive Overview and Scrutiny Committee.

3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That Members note the current position in respect of the 2009/2010 Capital Programme.

4.0 BACKGROUND

4.1 The Capital Programme is set on a three-year rolling basis. This is updated regularly and Members are updated cyclically on the progress against it. The revised programme of £12.413m for 2009/2010 was presented to Members in November/December 2009. Council subsequently approved the new Medium Term Programme on 24th February 2010. This has not been incorporated into this report but Cabinet will be updated verbally at their meeting of the impact of this.

5.0 CAPITAL EXPENDITURE

- 5.1 Generally, capital schemes are profiled with relatively low spending compared to budget in the early part of the financial year with increased spending as the year progresses. This reflects the fact that many new schemes have considerable lead in times, for example, because of the need to undertake the tendering process and award contracts at the start of the scheme. Some schemes are dependant on external partner funding and schemes can only begin once their funding details have been finalised. Other schemes include contract retentions or contingencies that will only be spent some time after completion of the contract. Most schemes then progress and spend in line with their approval by the year-end.
- 5.2 This pattern has been repeated in the current year with £5.106m (41%) of expenditure having been incurred by the end of January. Although this is lower than at the same point in the previous two years, the programme for 2009/2010 is larger than both previous programmes as indicated in Table 1:

Year	Expenditure £m	Budget £m	% Spend against Budget
2009/2010	5.106	12.413	41%
2008/2009	5.470	10.502	52%
2007/2008	6.557	11.938	55%

- 5.3 Members are reminded that the 2009/2010 programme includes an additional £1m of MRA funding that has been brought forward from the 2010/2011 Programme and needs to be spent in the current financial year along with £0.407m of additional Regional Housing Allocation funding. Expenditure plans are in place for both and it is expected that this funding will be spent before the year end.
- 5.4 There is also currently around £1.159m of other committed expenditure due to take place over the coming months. Taking this into account would show an increase in the percentage spend against the revised programme to 50%.
- 5.5 Appendix B provides the Divisional Managers' comments on the progress of schemes against the Programme. Housing Public and Private Sector schemes represent 73% of the overall programme and consequently progress in these areas will largely determine the overall spending position at the year end.

6.0 CAPITAL RESOURCES

- 6.1 Sufficient resources have been identified to fund the Capital Programme as shown in Appendix A.
- 6.2 A proportion of the resources to fund capital expenditure are based on government allocations that have been confirmed. Other resources come from external funding and schemes that are heavily dependent on this source are not able to start until after the funding has been confirmed. A further source of funding is capital receipts.

- 6.3 Capital receipts are the main area of the capital resources budget that is subject to variation. They are the useable proceeds from the sale of Council assets (mainly houses under Right to Buy legislation) that are available to fund capital expenditure and can vary significantly depending on the number and value of assets sold.
- 6.4 The Mid Year Review report identified that, due to reasons beyond the control of the Council, only 2 sales had been achieved against the target of 30 for the year. This target was subsequently revised to 10 in the February Council report and to date 10 sales have been achieved.
- 6.5 This income position is being closely monitored and income variations will be managed over a medium term timescale.

7.0 SUSTAINABILITY AND COMMUNITY STRATEGY LINKS

- 7.1 The Capital Programme includes schemes that the Council plans to implement to enhance service delivery and assets. Individual project plans address sustainability and Community Strategy issues and links to Corporate Priorities. The Capital Programme also achieves the objectives of the Prudential Code for Capital Finance in Local Authorities by ensuring capital investment plans are affordable, prudent, and sustainable. This report provides an updated position and progress against project plans.

8.0 RISK ASSESSMENT

- 8.1 Capital assets shape the way services are delivered for the long term and, as a result, create financial commitments. The formal reporting of performance against the Capital Programme is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. Schemes within the Programme that are reliant on external contributions or decisions are not started until funding is secured and other resources that are subject to fluctuation are monitored closely to ensure availability. The capital receipts position is scrutinized on a regular basis and managed over the medium term to mitigate the risk of unfunded capital expenditure.

9.0 CONCLUSIONS

- 9.1 The Capital Programme for 2009/2010 totals £12.413m. Expenditure at the end of January is £5.106m which represents 41% of the Programme. It is expected that sufficient capital resources will be available to fund the current year's programme.

Background Documents:

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

Appendices:

- A Capital Programme Expenditure and Resource Budgets
- B Divisional Manager Comments
- C Minute of Cabinet – 16 March 2010 (Executive Overview & Scrutiny Committee only)