



AGENDA ITEM: 15

CABINET: 14 September 2010

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
30 September 2010**

Report of: Council Secretary and Solicitor

Relevant Portfolio Holder: Councillor D Westley

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SUBJECT: CAPITAL PROGRAMME MONITORING 2010/2011

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To provide an overview of the current progress on the Capital Programme.

2.0 RECOMMENDATIONS TO CABINET

2.1 That Members note the progress on the Capital Programme as at the end of July, 2010.

2.2 That the call in procedure is not appropriate for this item as it is being referred to the next meeting of the Executive Overview and Scrutiny Committee.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That Members note the current progress on the Capital Programme.

4.0 BACKGROUND

4.1 It is an agreed policy and best practice that monitoring reports are produced on a regular basis to ensure that Members are kept informed of the financial position of the Capital Programme. This is the first such report for the 2010/2011 financial year.

5.0 CAPITAL PROGRAMME BUDGETS

- 5.1 A Capital Programme totalling £11.742m was approved at Council on 24th February 2010.
- 5.2 Since the Council meeting in February, the Government have confirmed the Disabled Facility Grant at £0.429m which has meant a further £0.114m has been added to the 2010/2011 Programme. The Government also confirmed the Regional Housing Allocation as £0.301m which will provide a further £0.05m for the Capital Programme. The utilisation of this additional funding will be considered during the mid-year review. The Environment Agency, however, are still assessing the award of the potential capital grant for flood alleviation schemes and nothing has been included in the Programme for this to date.
- 5.3 Slippage totalling £3.673m from the 2009/2010 Programme is included for consideration elsewhere on this Agenda and has been added to the 2010/2011 Programme.
- 5.4 During the year end process, two adjustments impacting on the 2010/2011 Programme were identified and have been added to the Programme: £0.046m grant repayment has been added back to the Housing Renewal Grants and £0.02m funding has been brought forward for the Housing Software.
- 5.5 In July, Council agreed not to proceed with the Abbotsford Regeneration scheme and that alternative costed schemes for refurbishment of 52 Derby Street would be put to Members for approval later in the year. The balance on this scheme and its funding have, therefore, been deleted from the Programme meaning a reduction of £3.736m in 2010/2011.
- 5.6 Taking account of these amendments means the total Capital Programme for 2010/2011 is now £11.859m. This is analysed by Division in Appendix A.

6.0 CAPITAL EXPENDITURE

- 6.1 Normally, new 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. Other schemes are dependant on external partner funding. Here, 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.
- 6.2 This pattern has been repeated in the current year with £1.526m of expenditure having been incurred by the end of July. This compares to £1.2m

at the same point in 2009/2010 and is the same as the preceding two years. There is also currently around £0.231m of committed expenditure. It is anticipated that most schemes will progress and use their approval for the year. All schemes, however, will be reviewed over the coming months and a Revised Medium Term Programme will be reported to Members in the autumn.

7.0 CAPITAL RESOURCES

- 7.1 Total budgeted resources for the year are £11.859m. This is analysed in Appendix A and includes funding for the slippage and the other adjustments discussed in section 5.
- 7.2 The main area of the capital resources budget that is subject to variation is in relation to capital receipts. These are the useable proceeds from the sale of Council assets (mainly houses under Right to Buy legislation) that are available to fund capital expenditure. These receipts can vary significantly depending on the number and value of assets sold.
- 7.3 In recent years, receipts from this source have fallen dramatically and the budget for usable capital receipts to be generated from Council House sales in the year is £0.1m from 10 sales. This represents only 0.8% of the total programme of £11.859m. At the beginning of August, however, 7 sales had been completed. Consequently, it looks likely that this budget target will be achieved or even exceeded. This is in addition to the sales above the target for 2009/2010 that are discussed elsewhere on this agenda.
- 7.4 In addition to receipts from council house sales, the Council has also sold a plot of land that has generated a further £0.077m of capital receipts.
- 7.5 In accordance with Council's resolution in February, a full review of expenditure plans and funding availability is in progress. This will take account of additional council house sales along with land sale receipts that have not been utilised in the Programme and will be considered as part of the Budget process.

8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 8.1 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 monitors progress against the plans.

9.0 RISK ASSESSMENT

- 9.1 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.

10.0 CONCLUSIONS

10.1 The capital programme for 2010/2011 has a total budgeted expenditure of £11.859m, including slippage from the 2009/2010 Programme. While a relatively small amount of capital expenditure has been incurred to date, it is expected that most schemes will spend in line with their approvals during the course of the year.

10.2 The level of capital receipts being generated from Council House sales is being monitored closely a full review of expenditure plans and funding availability is in progress.

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 Divisional Capital Programme Budgets