



**AGENDA ITEM: 15**

**CABINET: 13 September 2011**

**EXECUTIVE OVERVIEW &  
SCRUTINY COMMITTEE:  
29 September 2011**

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**Report of: Director of People and Places**

**Relevant Head of Service: Borough Treasurer**

**Relevant Portfolio Holder: Councillor D Westley**

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**SUBJECT: CAPITAL PROGRAMME MONITORING 2011/2012**

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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 the progress on the Capital Programme as at the end of July, 2011 be noted.

2.2 That Call In is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 29<sup>th</sup> September 2011.

**3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE**

3.1 That the current progress on the Capital Programme be noted.

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**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 2011/2012 financial year.

## **5.0 CAPITAL PROGRAMME BUDGETS**

- 5.1 A Capital Programme totalling £8.014m was approved at Council on 23<sup>rd</sup> February 2011.
- 5.2 At Council in February, Members were advised that Government Grants for Flood Alleviation schemes were being considered by the Environment Agency. These grants have now been ratified and £0.107m has been added to the 2011/2012 Programme.
- 5.3 Slippage totalling £2.932m from the 2010/2011 Programme is included for consideration elsewhere on this Agenda and has been added to the 2011/2012 Programme.
- 5.4 Also included in the 2010/2011 Programme was section 106 funding for Parish Play Areas. This approval was to be phased over two financial years meaning that £0.139m has been added to the 2011/2012 Programme.
- 5.5 Taking account of these amendments means the total Capital Programme for 2011/2012 is now £11.192m. This is analysed by Service 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 and these schemes can only begin once their funding details have been finalised.
- 6.2 This pattern has been repeated in the current year with £1.653m of expenditure having been incurred by the end of July. This compares to £1.526m at the same point in 2010/2011 and £1.2m in the previous year. There is also currently around £0.406m 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.
- 6.3 A key scheme in the Programme is the refurbishment of the Derby Street Offices. This is now well underway and expected to be completed this year.

## **7.0 CAPITAL RESOURCES**

- 7.1 Total budgeted resources for the year are £11.192m. 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 £0.175m from 16 sales. At the beginning of August, however, 3 sales had been completed which is just below target for the quarter.
- 7.4 In addition to receipts from council house sales the Council has also has a programme to sell plots of its land. £0.05m is included in the 2011/2012 Capital Programme from this source although, to date, no income has been generated. The Asset Management Plan is discussed elsewhere on this agenda.
- 7.5 Budgeted capital receipts from in year asset sales (£0.225m), however, provide a relatively small proportion (2%) of the funding of £11.192m for the Programme. Consequently, no significant resourcing issues are expected during the year.

## **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 2011/2012 has a total budgeted expenditure of £11.192m, including slippage from the 2010/2011 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.
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## **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**

The decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders. Therefore, no Equality impact assessment is required.

## **Appendices**

A Service Capital Programme Budgets