

**Wiltshire Council**

**Cabinet**

**27 July 2010**

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**Subject: Capital Budget Monitoring: April to May 2010**

**Cabinet Member: Councillor Fleur de Rhe-Philippe  
Finance, Performance and Risk**

**Key Decision: No**

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**Executive Summary**

The report reflects the position of the 2010/11 capital programme after two months of the 2010/11 financial year.

The report details budget changes which are to be noted by Cabinet.

**Proposals**

- a) To note the current position of the 2010/11 capital programme.
- b) Note the budget changes in section 1 of Appendix B
- c) To consider how the cuts in grant funding from Central Government could be dealt with in the 2010/11 capital programme for recommendation, if required, to Council through the 3 options identified.

**Reasons for Proposals**

To inform cabinet of the current position of the 2010/11 capital programme and identify issues which need to be resolved as a result of cuts in funding from Central Government.

**Martin Donovan  
Chief Finance Officer**

## Wiltshire Council

### Cabinet

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### Purpose of Report

1. To update Cabinet on the position of the Capital Programme after two months (1<sup>st</sup> April 2010 to 31<sup>st</sup> May 2010) of the 2010/11 financial year.

### Background

2. Since the last Cabinet meeting the budget has been adjusted as follows;

	£m	Notes
<b>2010/11 Capital budget (approved at Cabinet 11<sup>th</sup> February 2010)</b>	<b>137.037</b>	
Schemes reprofiled from 2009/10 to 2010/11:		
DCE	5.636	Schemes that were reprofiled during the 2009/10 financial year through the Chief Finance Officer Delegations.
DCS	2.555	
DNP	4.329	
Budget adjustments awaiting Cabinet approval in February's meeting (CFO Delegations)	0.646	Net budget adjustments as detailed in Appendix B of this report.
Approved reprogramming of schemes from 2009/10 to 2010/11:		
DCE	11.773	Requested roll forwards approved by Cabinet in the 2009/10 Capital outturn report.
DOR	0.954	
DCS	0.140	
DNP	4.599	
<b>Total Capital budget 2010/11</b>	<b>167.669</b>	

## Summary of Current Position

4. The financial position of the 2010/11 capital budget is summarised below.

Department	Budget 2010/11 £m	Actual Spend as at end of Period 2 £m	Projected Outturn £m	Full Year Projected Variance* £m
Children & Education	73.331	5.533	73.331	-
Resources	36.664	2.622	36.664	-
Neighbourhood & Planning	54.191	5.472	54.191	-
Community Services	3.483	0.052	3.483	-
<b>Total</b>	<b>167.669</b>	<b>13.679</b>	<b>167.669</b>	<b>-</b>

\* A negative variance indicates an underspend

5. A breakdown of the position of schemes within the capital programme can be seen in appendix A.
6. The actual spend against the £167.669m capital budget after 2 months of the 2010/11 financial year was £13.679m; this accounts for 8% of the budget. At this early stage of the 2010/11 financial year, all schemes are forecast to spend in line with budgeted levels. As the financial year progresses budget monitoring will identify any variations in schemes and this will be reflected in the full year projected variance.
7. In early June, the new coalition Government announced reductions in capital grant funding for local government in the current 2010-11 financial year; these cuts focused primarily on highway funding. The impact of these reductions are summarised below;

Grant Description	Funding cut £m	Budget affected in the capital programme
Integrated Transport Block	1.100	LTP Integrated Transport
PRN Network Funding	0.070	Bridges & Structures
Road Safety Capital Grant	0.310	Major Integrated Tr. improvements
<b>Total</b>	<b>1.480</b>	

8. A decision on how the cut in grant funding is dealt within the capital programme needs to be made. There are 3 potential options available:

- I.) Reduce the budgets in the capital programme by the corresponding cut in funding from central Government. This will reduce the overall spending on highway maintenance in 2010/11.
- II.) Retain the highway budgets at the current level in the 2010/11 capital programme. This would mean a need to increase unsupported borrowing levels in 2010/11 to cover the loss in grant and would also attract ongoing annual revenue costs associated with borrowing. This option would keep spending on highway maintenance at planned levels in 2010/11.
- III.) Reprioritise schemes within the capital programme by reducing the budgets of other schemes to account for the cut in grant funding. This would also keep spending on highway maintenance at planned levels in 2010/11 but reduce the levels of other, as yet identified, budgets within the programme.

### **Main Considerations for the Council**

- a) To note the current financial position of the 2010/11 Capital Budget.
- b) To note the budget changes in section 1 of Appendix B.
- c) To consider how the cuts in grant funding from Central Government could be dealt with in the 2010/11 capital programme for recommendation, if required, to Council through the 3 options identified.

### **Environmental Impact of the Proposal**

9. Wiltshire Council is preparing for its mandatory inclusion to the Carbon Reduction Commitment (CRC). The CRC is the UK's mandatory climate change and energy saving scheme, due to commence in April 2010. The objectives of the scheme are to improve energy efficiency and reduce carbon dioxide emissions. It's calculated that 79% of the Council's carbon footprint comes from energy use in buildings. Capital schemes therefore have the potential to greatly increase or decrease carbon emissions, for example schemes making council buildings more energy efficient will reduce the Council's carbon footprint. The budget setting process for the 2010-11 is assessing the perceived impact of schemes on the Council's carbon footprint and using this as part of the basis to form a decision on the 2010-11 budget.

### **Equality and Diversity Impact of the Proposal**

10. No equality and diversity issues have been identified arising from this report

## **Risk Assessment**

11. The capital budget for 2010/11, as detailed in this report, is approximately £168 million and within this programme there are a number of potential risks from cost overruns or lower than expected levels of capital receipts. Such issues will be highlighted as soon as they establish themselves through the monthly reporting process. Members may wish to bear in mind that the capital programme has been set for three years and therefore risks will be appraised over the whole period (2010/11 through to 2012/13).

## **Financial Implications**

12. These have been examined and are implicit throughout the report.

## **Legal Implications**

13. There are no legal implications arising from this report.

**Martin Donovan**  
**Chief Finance Officer**

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Report Author: Lloyd Brown

Unpublished documents relied upon in the preparation of this report: NONE  
Environmental impact of the recommendations contained in this report: NONE

## **Appendices:**

- Appendix A - Position of schemes within the capital programme
- Appendix B - Net budget adjustments