

Wiltshire Council

Cabinet

22 June 2010

Subject : Capital Outturn Report 2009-10

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

Key Decision: No

Executive Summary

The report reflects the final position of the 2009/10 Capital Budget.

There is a final variation of £17.408m against the full year budget for 2009/10.

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

Proposal

That Cabinet:

- a) notes the final outturn position of the 2009/10 Capital programme;
- b) notes the budget changes in section 1 and 2 of Appendix B and
- c) approve the reprogramming of schemes as detailed in Appendix C.

Reasons for Proposals

To inform cabinet of the final outturn financial position of the 2009/10 capital budget and to identify schemes within the programme where budgets are required to be re-profiled into 2010/11.

**Martin Donovan
Chief Finance Officer**

Wiltshire Council

Cabinet

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Subject : Capital Outturn Report 2009-10

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

Key Decision: No

Purpose of Report

1. To update Cabinet on the final outturn position of the 2009/10 Capital Programme.

Background

2. Between the last capital budget monitoring report presented to Cabinet and the end of the 2009/10 financial year, the budget has been adjusted as follows;

	£m	Notes
Capital budget (as reported at 20 April 2010)	121.783	
<i>Budget amendments;</i>		
Budget adjustments awaiting Cabinet approval (CFO Delegations).	2.838	Net budget adjustments as detailed in Appendix B of this report.
Final Capital budget 2009/10	124.621	

3. Appendix B to the report contains budget adjustments which Cabinet are asked to note (Section 1 and 2).

Summary of 2009/10 Capital Budget

4. The final capital outturn position for the 2009/10 capital budget is summarised below;

Department	Budget 2009/10 £m	Final Expenditure 2009/10 £m	Variance 2009/10 £m
Children & Education	64.228	52.408	-11.820
Resources	14.029	13.075	-0.954
Transport, Environment and Leisure	33.216	30.085	-3.131
Economic Development, Planning and Housing	11.530	10.167	-1.363
Community Services	1.618	1.478	-0.140
Total:	124.621	107.213	-17.408
Leasing Capital Payments		0.111	
Total Expenditure:		107.324	

* A negative variance indicates a underspend

5. The 2009/10 capital programme is showing a net underspend of £17.408m against the approved budget. This can be broken down as follows

	£
Reprofiling of schemes into 2010/11	-17.466
Net overspend on Project Costs	<u>0.058</u>
Total Net Underspend	-17.408

6. A full breakdown of the final position of schemes within the capital programme can be seen in Appendix A. This Appendix also details the treatment of any year end variance against each scheme.
7. Appendix C identifies a full list of schemes requiring reprogramming of expenditure (slippage into 2010/11) and explains the main drivers behind the need to reprofile. Members are asked to approve the reprogramming of expenditure; meaning the budget in 2010/11 will be increased by £17.466m. By

approving the reprogramming, schemes are continued to be seen as a priority for the organisation.

Leasing Costs

- 8.1 Costs associated with leasing were charged through the capital programme in order to ensure that all fixed assets are recorded accurately on the Council's Asset register. There are two separate leasing elements included in the programme;
- 1.) External Finance Leases - These are leases arranged with external leasing companies. Under accounting guidelines, the structure of the lease arrangement requires the Council to show the assets within its own accounts. The inclusion of costs within the programme is a necessary step to ensure assets are recorded on the asset register.
 - 2.) Schools Internal Leasing – This is the continuation of the internal leasing scheme which Wiltshire County Council administered for a number of years. It takes advantage of the prudential borrowing available to the Council in order to achieve value for money. Rather than Schools entering into costly lease arrangements, the Council utilises its borrowing abilities to purchase the assets for Schools and then receives annual payments from Schools to recover the cost of the assets. To ensure the assets are included within the Council's asset register, the costs need to be charged to the capital programme.
- 8.2 For completeness, the costs associated with each element of leasing are highlighted at the bottom of Appendix A.

Financing of 2009/10 Capital Expenditure

9. The Capital expenditure in 2009/10 (£107.324) was financed by the following sources;

Funding Stream	Capital Funding £m
Capital Grants	48.632
Capital Receipts	23.217
Developers' Contributions	4.576
Revenue Contributions	0.084
Major Repairs Allowance (Funding Housing Revenue Account)	4.432
Capital Reserve (Earmarked Reserve)	4.663
Supported Borrowing	19.835
Unsupported Borrowing	1.885
Total:	107.324

- 9.1 The financing of the 2009/10 capital expenditure was structured to take into account the annual revenue payments the Council is required to make each year in terms of debt repayment (Minimum Revenue Provision). The above financing structure ensures debt repayment is kept at a manageable level and represents the best value for money option for the Council.

Main Considerations for the Council

10. a) To note the final outturn position of the 2009/10 Capital Programme.
b) Note the budget changes in section 1 and 2 of Appendix B.
c) Approve the reprogramming of schemes as detailed in Appendix C.

Environmental Impact of the Proposal

11. 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 assessed the perceived impact of schemes on the Council's carbon footprint and built this into the mechanism for setting the 2010/11 budget.

Equality and Diversity Impact of the Proposal

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

Risk Assessment

13. The capital budget for 2009/10, as detailed in this report, is approximately £124 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 (2009/10 through to 2011/12).

Financial Implications

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

Legal Implications

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

Martin Donovan
Chief Finance Officer

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 - Detail of net budget adjustments
- Appendix C - Schemes Reprogramming