

WILTSHIRE COUNCIL

CABINET

14 December 2010

Subject: Capital Budget Monitoring 2010-11

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

Key Decision: No

Executive Summary

The report reflects the position of the 2010-11 capital programme as at 31 October 2010.

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

Proposal

- 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 decide on how the cut in education funding from central government is dealt with in the 2010-11 capital programme 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.

Michael Hudson
Interim Chief Finance Officer

WILTSHIRE COUNCIL

CABINET

14 December 2010

Subject: Capital Budget Monitoring 2010-11

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

Key Decision: No

Purpose of Report

1. To update Cabinet on the position of the Capital Programme as at 31 October 2010.

Background

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

	£m	Notes
2010-11 Capital budget (as per Cabinet 19 October 2010)	167.472	
Budget adjustments awaiting Cabinet approval since Octobers meeting (CFO Delegations)	0.004	Net budget adjustments as detailed in Appendix B of this report.
Revised Capital budget 2010-11	167.476	

3. A review of the capital programme is currently being undertaken by officers under the instruction from, and reporting to, the newly formed Cabinet Capital Assets Committee (CCAC).
4. This review will look at all approved schemes in the three year capital programme and proposals are expected from the Committees formal meeting in January. Any outcomes from the review will be reported through the regular capital monitoring and, if needed, the budget setting report to Cabinet later in the financial year.

Summary of Current Position

5. The financial position of the 2010-11 capital budget is summarised below.

Department	2010-11 Budget £m	Actual Spend as at 31 October 2010 £m	Forecast Outturn £m	Full Year Projected Variance* £m
Children & Education	70.476	23.570	52.799	(17.597)
Resources	39.909	8.316	20.088	(19.821)
Neighbourhood & Planning	53.529	22.065	48.400	(5.130)
Community Services	3.563	0.392	2.515	(1.048)
Total	167.476	54.343	123.802	(43.675)

* Underspends are shown in brackets

6. A breakdown of the position of schemes within the capital programme can be seen in appendix A.
7. The variance on the full year projection is £43.675 underspend, of which all relates to re-profiling of expenditure.

Central Government Grant Cuts

8. Since the last Cabinet meeting the government have confirmed further reductions in capital grant funding for local government in the current 2010-11 financial year; the impact of these cuts are summarised below.

Grant Description	Funding cut £m	Project affected in the capital programme
Aiming High for Disabled Children	0.161	Aiming High for Disabled Children
Playbuilder Capital Grant	0.223	Sure Start Early Years
Total	0.384	

9. A decision on how the cut in grant funding is dealt with in the capital programme needs to be made. There are 3 potential options available:
- I.) Reduce the affected projects in the capital programme by the corresponding cut in funding from central government. This will reduce the overall spending on education schemes in 2010-11.
 - II.) Retain the affected projects 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 education schemes 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 education schemes at planned levels in 2010-11 but reduce the levels of other, as yet identified, budgets within the programme.
8. Budget managers affected by the cut in central government grants have been working on the assumption that funding levels will be reduced in 2010-11 and therefore have planned to manage schemes within the reduced budget levels (option I).

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 decide on how the cut in education funding from central government is dealt with in the 2010-11 capital programme through the 3 options identified.

Environmental Impact of the Proposal

8. 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.

Equality and Diversity Impact of the Proposal

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

Risk Assessment

10. The capital budget for 2010-11 has a number of potential risks arising 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

11. These have been examined and are contained within the report.

Legal Implications

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

Michael Hudson

Interim 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