

Wiltshire Council

Cabinet Capital Asset Committee

24 July 2012

Subject: Capital Monitoring Outturn Report 2011/2012

**Cabinet member: Councillor John Brady
Finance, Performance and Risk**

Key Decision: No

Executive Summary

The report reflects the position of the 2011/2012 Capital Programme as at 31 March 2012, which shows a £7.277 million underspend against the final budget.

The report also details changes to the budget made since the previous monitoring report, which are to be noted by Cabinet.

Proposal

- a. Note the Final outturn position of the capital programme in Appendix A.
- b. Note total budget increases of £0.685 million as shown in Appendix B.
- c. Note the final reprogramming of budgets of £7.990 million into 2012/2013.

Reasons for Proposals

To inform Cabinet of the final position of the 2011/2012 capital programme and highlight changes and note budget reprogramming into 2012/2013.

Michael Hudson Director of Finance

Wiltshire Council

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Purpose of Report

1. To update Cabinet on the position of the 2011/2012 Capital Programme as at 31 March 2012 and note budget changes and note reprogramming of expenditure into 2012/2013.

Budget movements

2. Between the Period 10 monitoring report presented to the Cabinet Capital Assets committee (CCAC) at the meeting on 21 March 2012 and this Outturn monitoring report, the budget is proposed to be adjusted as detailed in the table below.

	£m	Notes
Capital budget as per CCAC Period 10 monitoring report (21 March 2012)	102.416	
Additions/amendments to the capital programme 2011/2012 since Period 10 monitoring report		
Additional Highways contributions	0.679	See below for further explanation.
Other contributions	0.006	See Appendix B for further information.
Total movements in Period	0.685	
Final Capital budget 2011/2012	103.101	

3. Additional contributions for highways schemes were received and added to the programme in March 2012. These contributions largely comprised

of developers contributions to fund integrated transport schemes undertaken in 2011/2012.

Summary of Current Position as at 31 March 2012

4. The final budget for the year 2011/2012 is £103.101 million. As at 31 March 2012 the actual spend was £95.824 million (93% of spend to final budget). A full breakdown of these figures is attached in Appendix A.
5. As this is the outturn monitoring report the only adjustments to the reported budget are for minor additions, further details are in Appendix B.
6. Further reprogramming of expenditure of £7.990 million from 2011/2012 is being actioned in 2012/2013 as part of this report and is also broken down in Appendix A.
7. Further details on the larger variances from outturn are shown below.

Education schemes

8. The outturn variance on Wellington Academy is showing an overspend of £0.199 million. As with any major project of this size, the final account is being finalised and some further sums are likely to be recoverable from the Academy upon settlement. However at present £0.199 million is the current estimated overspend on the entire £33 million project. There is further work to do to ensure this is the correct position and any sums that are recoverable will be able to be used as financing on other Academy schemes. The Sarum Academy scheme has had some slight delays due to signing of the contract so the expenditure incurred in 2011/2012 is lower than planned. The £0.482 million underspend on this scheme will be reprogrammed into 2012/2013.
9. Additional accommodation schemes which comprise 26 individual extension schemes are showing a £0.215 million variance. This variation is from a number of the schemes in this area having slight variances between final year budget and spend. The £0.215 million reflects the work progressing quicker than expected, therefore the budget has been reprogrammed between years accordingly. The two largest schemes requiring reprogramming are at Westbury Matravers and Tidworth Clarendon Infants.
10. New Deals for Schools (NDS) schemes are to fund high priority condition works including roof replacements, rewiring and window replacements. NDS maintenance is showing a £0.404 million variance. The work this budget is earmarked for has now been scheduled to take place in August 2012. The £0.404 million budget will be reprogrammed into 2012/2013 to cover this work.

11. DCSF Primary Capital Programme is showing a £0.226 million variance. All projects (with one exception) are now complete including large schemes at Purton St Mary's and Lydiard Millicent schools. The only amounts outstanding are retention payments which will all be payable during 2012/2013. The budget will therefore be reprogrammed into 2012/2013 to cover the retention payments.
12. DCSF Targeted Capital 14-19 SEN is showing a £1.373 million variance. The majority of this variance on final budget relates to a large extension and refurbishment at Exeter House Special School. This project has been flagged up as an underspending scheme throughout the year. This project began on site later than expected due to land acquisition issues so work has not progressed as quickly as expected. The budget will be moved into 2012/2013 as reprogramming. The total budget for the scheme will be spent but in later financial years than initially assumed.
13. Other Education schemes includes the settlement of the final account and retention amounts of Melksham Oak School. As reported in the previous monitoring report, there is an overspend on the final account at this school. The revised overspend is £0.089 million, a reduction on the previous estimate of £0.149 million.

Highways schemes

14. Highways schemes are broadly on line to final budget with a variation across the different projects of only £0.285 million against the budget of £19.944 million. This variation reflects the timing differences between anticipated works and the actual work undertaken across the many individual projects. Therefore the entire £0.285 million has been reprogrammed into 2012/2013 to match the planned expenditure.

Campus and Operational Delivery (CAOD) schemes

15. The County Hall remodelling phase 1 scheme is progressing well and the site is still due to open during September 2012. Payments to the contractors are running slightly behind schedule reflecting the stage of work completed. Overall the project is on line therefore the variance of £1.356 million will all be reprogrammed into 2012/2013.
16. The Hub Programme ICT has seen accelerated spend on the network infrastructure and equipment to support the development of the new hubs and the wider COAD schemes. Additional budget has already been allocated into 2012/2013 to cover the additional spend in this area which will be used to cover the additional £0.561 million spent during 2011/2012 when this amount is reprogrammed into 2012/2013.
17. The Operational Estate workstream going forward has been merged with the Campus workstream so the expenditure in this area is tied up with the development of the Campuses. As the initial 3 campuses are still in the development stage this has had a knock on effect onto this area.

Therefore the variance of £0.600 million has been reprogrammed into 2012/2013 and will be merged into the Campus workstream during 2012/2013.

18. The variance on the campuses of £0.662 million is also because work on site is only just beginning on campuses in Corsham, and awaiting planning decisions in Salisbury and Melksham. Therefore the whole variance is being reprogrammed into 2012/2013 to match the planned expenditure.

Waste Schemes

19. Waste Transformation schemes as detailed in the previous reports are well advanced however there is a large commitment remaining to purchase additional wheelie bins which has been raised but delivery of this batch will now occur during 2012/2013 rather than in 2011/2012. Therefore £1.229 million is being reprogrammed into 2012/2013.

Other schemes

20. Carbon Reduction schemes are allocated to many individual projects. The remaining budget from 2011/2012 has been reprogrammed into 2012/2013 to finish the committed schemes.
21. Area Boards grants are the funds allocated to the Area Boards to support small local schemes such as Speedwatch and Road Safety schemes, Skate Parks, Scout Huts and other community activities. The budget has been allocated to schemes following approval by the Area Boards. More payments were made in the last period of 2011/2012 than assumed in the Month 10 monitoring report, therefore the variance of £0.185 million is being reprogrammed into 2012/2013.
22. Street Scene Vehicles budget as previously reported is over spent due to the purchase of street scene vehicles required to maintain effective service delivery, which is part of the annual replacement programme. Additional funding of £0.167 million from the Department for Transport was allocated into this area to partially offset the extra costs, however there is an overspend in this area of £0.418 million.

Funding of Capital Programme

23. The capital programme is funded by 3 principal sources; grants and contributions, capital receipts and borrowing. The financing of the spend in 2011/2012 was made in the following way;

Source of Finance	Amount £m
Grants and contributions	56.227
Capital Receipts	5.596
Borrowing	34.001

Total	95.824
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24. As shown in the table above Grants and contributions fund the largest proportion of the programme, the £56 million includes grants from government, contributions including developer (S106) and other contributions including from revenue. The amounts received are largely as expected - grants from central government to fund areas such as the Highways schemes and the large education projects are announced well in advance of the financial year. Other smaller grants and contributions are often not announced in advance of the year but have been added to the programme through the monitoring reports under the Director of Finance delegated authority.
25. Capital receipts received from the proceeds of asset sales are managed and monitored closely by the Strategic Property team in conjunction with Finance. Sales of assets are managed and marketed dependant on market conditions. During 2011/2012 a total of £7.2 million of income from asset disposals was achieved, which included significant receipts from the sale of land at Wootton Bassett Stoneover Lane and from Fisherton Manor/Highbury Avenue School. The figure achieved for 2011/2012 is on line overall to the expected amount for the year which was set during the 2011/2012 budget setting process. Of the £7.2 million received during the year, £5.6 million was used in 2011/2012 on capital expenditure with the remainder being held back to spend on 2012/2013 expenditure.
26. The planned receipts to fund the programme in 2012/2013 as per the budget setting report for 2012/2013 are around £10 million. Currently it is expected that this target will be met. This target will be kept under close review with a view to increasing the target during the year as negotiations develop. A number of sales have already been received during the first quarter of 2012/2013, which will be reported during the monitoring reports for 2012/2013.
27. Borrowing is the final source of funding for the capital programme. The revenue costs involved in borrowing on repaying the principal and the interest charges amount to approximately 10% of the amount of borrowing undertaken. All other sources of funding are utilised before borrowing is undertaken. The optimal mix of using receipts, grants and other sources to fund schemes is undertaken before borrowing is considered to minimise the revenue costs of borrowing.

Proposals

28. To note the general budget additions that are largely grant funded of £0.685 million per Appendix B and note the outturn position of the Capital Programme in Appendix A. Note the reprogramming of £7.990 million between 2011/2012 and 2012/2013.

Environmental Impact of the Proposal

29. Wiltshire Council is preparing for its mandatory inclusion in the Carbon Reduction Commitment (CRC); the UK's mandatory climate change and energy saving scheme. The objectives of the scheme are to improve energy efficiency and reduce carbon dioxide emissions. It is 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 2011/2012 assessed the perceived impact of schemes on the Council's carbon footprint and built this into the mechanism for setting the 2012/2013 budget.

Equality and Diversity Impact of the Proposal

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

Risk Assessment

31. The capital budget for 2011/2012, as detailed in this report, has been revised to approximately £103 million. Within this programme there are a number of potential risks such as 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.

Financial Implications

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

Legal Implications

33. None have been identified as arising directly from this report.

Michael Hudson
Director of Finance

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