

**Wiltshire Council**

**Cabinet Capital Asset Committee**

**10 September 2012**

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**Subject: Capital Monitoring Month 4 Report 2012/2013**

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

**Key Decision: No**

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**Executive Summary**

The report reflects the position of the 2012/2013 Capital Programme as at 31 July 2012.

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

**Proposal**

- a. Note the budget movements undertaken to the capital programme in Appendix A, including reprogramming of expenditure into 2013/2014.
- b. Note total budget increases of £3.203 million as shown in Appendix B.
- c. Note the current spend against the budget to date in Appendix A.

**Reasons for Proposals**

To inform Cabinet of the current position of the 2012/2013 capital programme and highlight changes and note budget reprogramming into 2013/2014.

**Michael Hudson** Director of Finance

**Wiltshire Council**

**Cabinet Capital Asset Committee**

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**Subject: Capital Monitoring Month 4 Report 2012/2013**

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Finance, Performance and Risk**

**Key Decision: No**

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**Purpose of Report**

1. To update Cabinet on the position of the 2012/2013 Capital Programme as at 31 July 2012, note budget changes and note reprogramming of expenditure into 2013/2014.

**Budget movements**

2. The original capital programme budget was set at the Council meeting on 28 February 2012; further budget changes to 2012/2013 were made as a result of reflecting the month 10 2011/2012 position as presented to the Cabinet Capital Assets committee (CCAC) at the meeting on 21 March 2012. Additional amendments were made to the 2012/2013 budget following the outturn report reprogramming which was taken to CCAC on 24 July 2012. Finally there have been amendments to the budget undertaken in preparation for this month 4 2012/2013 report (for example adding in new budgets for grant funded schemes). The breakdown for all the budget changes made since the original budget set in February is detailed in the table below. A fuller breakdown of the changes made at a scheme by scheme level is attached as Appendix A.

### Breakdown of Budget amendments from Original to Month 4 Budget

	£m	Notes
<b>Original Capital programme budget as per budget setting (Council 28 February 2012)</b>	<b>123.214</b>	
<b>Additions/amendments to the capital programme 2012/2013 since Original Capital programme setting</b>		
<b>Reprogramming undertaken as part of month 10 monitoring statement (CCAC 21 March 2012)</b>	<b>13.277</b>	See appendix A for further details
<b>Reprogramming undertaken as part of outturn monitoring statement (CCAC 24 July 2012)</b>	<b>7.990</b>	See appendix A for further details
<b>Month 4 2012/2013 Budget additions</b>	<b>3.203</b>	See appendix A and B for further details
<b>Budgets returned to the Central Funding</b>	<b>(2.060)</b>	See appendix A for further details
<b>Budgets reprogrammed into 2013/2014</b>	<b>(17.390)</b>	See appendix A for further details
<b>Current Capital budget 2012/2013</b>	<b>128.234</b>	

3. The month 4 budget additions shown above largely reflect increases in funding being available and brought into the programme under the Chief Financial Officer delegated authority. They largely comprise additional Section 106 deposits being used to finance capital spend or additional grants being received to be used within the capital programme, plus any revenue contributions made.

#### **Summary of Current Position as at 31 July 2012**

4. The current budget for the year 2012/2013 is £128.234 million. As at 31 July 2012 the actual spend plus the commitments raised to date was £31.682 million (25% spend compared to current budget). A full breakdown of these figures is attached in Appendix A.
5. Further information on the current progress of some of the larger or more risky schemes is set out below. During the next monitoring report as at

Month 6, further information will be provided on some of the other smaller schemes in addition to the larger ones covered in this report.

### **Education schemes**

6. The Sarum Academy scheme is progressing well, with an expected handover date in July 2013 with practical completion due in February 2014. There are no indications of any issues with the planned budget, and the first tranche of grant from Department of Education has been received to fund the costs incurred to date.
7. Additional accommodation schemes comprise a number of individual extension schemes. Budget has been allocated to projects including work at Pembroke Park and Downton Trafalgar. There are further schemes in the pipeline on a number of the schemes in this area which have accommodation shortfalls, and budget will be allocated shortly. Any reprogramming required due to the phasing of the schemes in the pipeline will be actioned in the next monitoring reports.
8. New Deals for Schools (NDS) schemes are many individual projects across the schools in the county to fund high priority condition works such as roof replacements, rewiring and window replacements. There are a number of large value projects within this area including work at Sambourne and Warminster St Johns, plus a number of other schemes in the pipeline.
9. DCSF Targeted Capital 14-19 SEN schemes. The majority of this budget relates to a large extension and refurbishment of Exeter House Special School. This scheme is well advanced now having been carried forward from the previous financial year, so this scheme is currently expected to complete during 2012/2013.

### **Highways schemes**

10. Highways schemes are currently on budget with no expected variation against the budget of £19.601 million. Project budgets have been allocated into the numerous individual schemes within these budget headings. Schemes under way in this area include a number of major local transport improvement cycle schemes within the integrated transport area, along with the major surface dressing, micro asphaltting and bridges and junction repairs within the Structural Maintenance and Bridges areas.

### **Campus and Operational Delivery (CAOD) schemes**

11. The County Hall remodelling phase 1 scheme is nearing completion, staff are moving into the new building and the library is opening in early September 2012. Final payments to settle this account will need to be arranged but the scheme is now moving to phase 2, the old County Hall building. This project is due to commence on site in October, and the

budget has been phased to meet this schedule, any reprogramming if necessary will be actioned as part of future monitoring reports.

12. Following the report to CCAC of 24 July 2012, £5m for the Depot and Office Strategy has been reprogrammed into 2013/2014. A revised business case for the Depots Facilities Strategy will be presented to the Capital Assets Committee towards the end of the year which will reflect any operational redesign requirements within a long term depot strategy. Therefore, only a minimal allocation will be required in 2012-13 to develop the proposals.
13. Progress has been made on the three approved campus schemes. Corsham Campus had planning permission granted in May 2012 and since that date the detailed design process has been taking place. A main contractor has been secured from the South West framework after a tendering exercise and the tendering of works (construction) packages is being undertaken. A contract will be entered into in October 2012 so the work on site will start in late October 2012 with completion due in the spring of 2014.
14. Melksham and Salisbury Campus schemes will both be applying for planning permission in early 2013, therefore little or no expenditure on these sites is anticipated during 2012/2013. To reflect the phasing of works on these sites £10 million has been reprogrammed into 2013/2014.
15. The entire COAD programme has been reviewed and a progress update report was presented to CCAC on 24 July 2012. This report released £2 million surplus from the COAD programme back to central funding. This was in addition to the £2.5 million returned to the central funding following the decision to close Browfort which was actioned in the original budget setting report in February 2012.

### **Other Property Schemes**

16. The Other Property schemes are the planned maintenance works at properties across the council's portfolio (outside of the Campus and operational delivery schemes). Projects underway in this area include new boilers and building maintenance upgrades in leisure centres and schools in addition to the council offices. It is currently expected that the budget allocated in this area will be fully spent by outturn.

### **Housing schemes**

17. Disabled Facilities Grants are the small grant payments paid to individual households to enable improvements such as ramps, kitchen and bathroom adaptations amongst other improvements to enable people to remain in their home. This area is generally heavily subscribed so it is currently assumed the budget allocation will be fully spent before outturn, however rephrasing of the payment of grants is not unknown

and so any reprogramming of budget into 2012/2013 will be factored into later budget monitoring reports

18. Housing Revenue Account. This area is focussed on delivering improvements in Council housing properties under the new Self Financing regime. The budget allocated into this area is substantially higher than in previous years which reflects the increased resources now available to deliver the improvements. There is currently an exercise to retender contracts for the new works in addition to the current planned improvements, therefore it is currently planned that much of the planned work will not begin until later in the financial year or will begin in 2013/2014. Therefore it is planned that a substantial amount of the budget will need to be reprogramming into 2013/2014 to reflect the revised phasing of the works. This will be actioned in the next monitoring reports.

### **Other schemes**

19. Carbon Reduction schemes include an allocation in the budget of £2.7m to undertake the replacement of Oil and Gas boilers in schools and in other buildings with Biomass boilers.

### **Funding of Capital Programme**

20. The capital programme is funded by 3 principal sources; grants and contributions, capital receipts and borrowing.
21. Grants and contributions fund the largest proportion of the programme, it is expected that at least £60 million of grants and contributions will be available either received in 2012/2013 or received in previous years and held over to fund expenditure in 2012/2013. Some smaller grants and contributions are often not announced in advance of the year and so are added to the programme through the monitoring reports under the Director of Finance delegated authority.
22. Capital receipts received from the proceeds of asset sales are managed and monitored closely by the Strategic Property team in conjunction with Finance. So far during 2012/2013 a total of around £3.7 million of income from asset disposals has been achieved, against the target for the year of £10 million. The amounts received so far include receipts for the disposal of the Sarum centre in Salisbury, along with 3 other office sales in Salisbury and sums for land at Broomcroft road in Pewsey, amongst a number of other smaller receipts, including receipts for sale of Council houses under the right to buy scheme.
23. Currently it is expected that the target of receipts of £10 million for the year will be met. This target will be kept under close review with a view to increasing the target during the year as negotiations develop on a number of sites.

24. 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. 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**

25. To note the general budget additions for grants and revenue contributions of £3.203 million per Appendix B and note the Month 4 position of the Capital Programme in Appendix A. Also note the reprogramming of £17.390 million between 2012/2013 and 2013/2014.

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

26. 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**

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

### **Risk Assessment**

28. The capital budget for 2012/2013, as detailed in this report, has been revised to approximately £128 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**

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

## **Legal Implications**

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

**Michael Hudson**  
Director of Finance

Report Author: Stephen MacDonald, Principal Accountant (Capital).

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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