

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

7 FEBRUARY 2011

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 December 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 recommend to council the addition of £1.462m in the 2010-11 Capital Programme for capitalisation of redundancy costs as approved by the secretary of state.
- d) To note the budget virements detailed in paragraphs 8 to 10 of the report.
- e) To note the requirement of reintroducing the £1.025m Hubs Strategy contribution back into the Workplace Transformation Project for the 2011-12 Capital Programme.

Reasons for Proposals

To inform Cabinet Capital Assets Committee of the current position of the 2010-11 capital programme.

Michael Hudson
Chief Finance Officer

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

7 FEBRUARY 2011

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 December 2010.

Background

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

	£m	Notes
2010-11 Capital budget (as per Cabinet 14th December 2010)	167.476	
Budget adjustments awaiting Cabinet approval since December's meeting (CFO Delegations)	0.422	Net budget adjustments as detailed in Appendix B of this report.
Cut in Education grants from central Government	(0.384)	Cut in central government grant as highlighted in December cabinet paper. Cabinet approved reduction in budget to match loss of funding.
Budget allocation no longer required on new IT system	(0.200)	As outlined in proposed revisions to Capital Programme report to Cabinet Capital Assets Committee on 10/01/2011.
Revised Capital budget 2010-11	167.314	

Summary of Current Position

3. The financial position of the 2010-11 capital programme is summarised below. For future monitoring reports the summary will show spend by type e.g. Highways as opposed to Departmental.

Department	2010-11 Budget	Actual Spend as at 31 December 2010	Forecast Outturn	Full Year Projected Variance*
	£m	£m	£m	£m
Children & Education	70.111	31.783	51.685	(18.426)
Resources	43.859	13.721	23.559	(20.300)
Neighbourhood & Planning	50.969	27.513	44.494	(6.475)
Community Services	2.375	0.169	1.691	(0.684)
Total	167.314	73.186	121.429	(45.885)

* Underspends are shown in brackets

4. A breakdown of the position of schemes within the capital programme can be seen in appendix A.
5. The variance on the full year projection is £45.885 underspend, of which the majority relates to re-profiling of expenditure.
6. There is a minor overspend of £0.009m forecast on the Waste Vehicles budget line as a result of the procurement of new vehicles being slightly higher than originally expected.
7. The Road Maintenance budget line is also currently forecasting costs of £0.130m in excess of its budget. Budget Managers expect to cover the higher than anticipated costs with virements from other highways budgets to ensure no overspend is realised at year end. The virement will be actioned in future reports.

Budget Virements

8. A virement between the New Deals for Schools (NDS) Modernisation and NDS Maintenance budget headings has been actioned; moving £0.793m from NDS Modernisation to NDS Maintenance. New Deals for Schools grant can be used for modernisation and maintenance projects and historically Wiltshire Council has allocated 50% to each. However in light of the significant maintenance backlog and the recent Government guidance to prioritise maintenance works it was prudent to move £0.793m of the grant originally allocated as modernisation into urgent maintenance works to enable several schools to remain open.

This has no effect on the overall budget or financing of the capital programme and has been reflected in appendix A.

9. In the Proposed Revisions to Capital programme report that went to Cabinet Capital Assets Committee on 10 January 2011, it was highlighted that certain current approved schemes now fall under the remit of WTP and this should be reflected in the programme. As a result, the schemes below have now been moved to the WTP budget line and reconciliation is provided to show the change in WTP budget line from the last report to cabinet;

Budget Heading	Budget 2010-11 £m
WTP (as per Cabinet report 14 December)	35.101
Highways Depot and Office Strategy	3.060
DDA Works	0.198
Libraries, Heritage & Arts	1.188
WTP (as per current report)	39.547

10. The review of the capital programme has also adjusted the budgets for the two ICT systems within the programme. As the tender process for the new Revenues and Benefits revealed, costs will total £0.500m less than originally budgeted. As a result £0.300m was agreed to be vired to the Consolidated Planning IT system budget heading in 2010-11 as the original project budget is forecast to be insufficient. The remaining £0.200m has been returned to the general capital pot. The adjustments have been reflected in this report and appendix A.

Additions to Capital Programme

11. As part of its management delayering exercise the Council faces significant redundancy costs in 2010-11. In order to relieve pressure on the Council's 2010-11 revenue budget an application to capitalise these costs was sought from the Secretary of State for Communities and Local Government Department (CLG). Approval was granted by the Secretary of State in December for just over £1.4m of costs to be capitalised, however this fell some way short of the original application.
12. It is therefore requested that the Capital Programme be increased by £1.462m in 2010-11 (the approved level of capitalisation of redundancy costs by CLG) to accommodate some of the redundancy costs. The financing of the £1.462m will be configured to ensure the revenue costs of borrowing will be minimised. There is potential for further capitalisation of redundancy costs in future years, but approval has to be obtained from the Secretary of State for CLG following submission.
13. In the capital monitoring report to Cabinet on 23 February 2010, the capital programme was adjusted to remove £1.025m from the

BMP/SAP budget. The £1.025m was built into the BMP/SAP budget as a contribution to the Hub Strategy scheme which preceded the WTP project. At the time the understanding was that the £1.025m contribution was not required as the approved WTP budget would supersede the need for any contribution. Project Managers have assessed the WTP budget and can confirm that the original £1.025m contribution is still required. As a result the 2011-12 capital budget proposals paper will make reference to the need to reintroduce the £1.025m into the WTP 2011-12 capital budget.

14. It is requested that the Cabinet Capital Assets Committee (under delegated powers from Cabinet) approve the addition to the capital programme of £1.462m for redundancy costs in 2010-11, in line with the reasons highlighted in paragraphs 11 and 12 above.

Main Considerations for the Council

- a) To note the current position of the 2010-11 capital programme.
- b) To note the budget changes in section 1 of Appendix B.
- c) To recommend to council the addition of £1.462m in the 2010-11 Capital Programme for capitalisation of redundancy costs as approved by the secretary of state.
- d) To note the budget virements detailed in paragraphs 8 to 10 of the report.
- e) To note the requirement of reintroducing the £1.025m Hubs Strategy contribution into WTP for the 2011-12 Capital Programme.

Environmental Impact of the Proposal

15. 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

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

Risk Assessment

17. 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

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

Legal Implications

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

Michael Hudson

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

Appendix A – Capital Programme as at December 2010 (Period 9)

Appendix B – Section 151 delegated approvals