

**Capital Budget Monitoring 2010/11 Outturn Report**

**Executive Summary**

The report reflects the final position of the 2010/11 Capital Budget.

There is a final spend of £6.692m below the full year budget for 2010/11.

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

**Proposal**

- a. To note the final outturn position of the 2010/11 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 A.

**Reasons for Proposals**

To inform Cabinet of the final outturn financial position of the 2010/11 capital budget and to identify schemes within the programme where budgets are required to be reprofiled into 2010/11.

**Michael Hudson**

Interim Chief Finance Officer

**Capital Budget Monitoring 2010/11 Outturn Report**

**Purpose of Report**

1. To update Cabinet on the final outturn position of the 2010/11 Capital Programme.

**Background**

2. Between the last capital budget monitoring report presented to Cabinet and the end of the 2010/11 financial year, the budget has been adjusted as detailed in the below table.
3. Appendix B to the report contains a further breakdown of the additional budget adjustments which Cabinet are asked to note (Section 1 and 2).
4. In addition there have been budget movements between schemes (no additional budget) also detailed in the table below;

**Budget Movements for final outturn report 2010/11**

	£m	Notes
<b>Capital budget as per previous monitoring report (19<sup>th</sup> April 2011)</b>	<b>120.496</b>	
<b>Budget amendments for additional budget added to programme;</b>		
Budget adjustments awaiting Cabinet approval (CFO Delegations).	0.801	Net budget adjustments as detailed in Appendix B of this report.
<b>Other budget movements – no additional budget;</b>		
Other schools projects expansions	(0.049)	Budget moved between education schemes
Other schools projects replacements	0.049	Budget moved between education schemes
LPSA PRG (DCE)	(0.109)	Contribution for scheme – budget moved to WTP
WTP	0.109	Contribution for scheme – budget moved to WTP
LTP – Integrated Transport	(1.000)	Final allocation of highways budgets
LTP – Maintenance of Principal/Non Principal roads	1.000	Final allocation of highways budgets
Major Highway Improvements	(0.140)	To reflect cost of Petersfinger Park and ride budgeted within major highways improvements
Petersfingers Park and Ride	0.140	To reflect cost of Petersfinger Park and ride budgeted within major highways improvements
LTP – Integrated Transport	(0.189)	Final allocation of highways budgets
Road Maintenance Vehicles	0.189	Final allocation of highways budgets
<b>Final Capital budget 2010/11</b>	<b>121.297</b>	

## Summary of 2010/11 Capital Budget

5. The final capital outturn position for the 2010/11 capital budget is summarised below;

<b>Department</b>	<b>Budget 2010/11 £m</b>	<b>Final Expenditure 2010/11 £m</b>	<b>Variance 2010/11 (under)/Over £m</b>
Children & Education	51.665	47.811	(3.854)
Resources	24.836	25.186	0.412
Neighbourhood & Planning	42.471	40.963	(1.508)
Community Services	2.326	0.584	(1.742)
<b>Total:</b>	<b>121.297</b>	<b>114.544</b>	<b>(6.630)</b>
Leasing Capital Payments		0.062	<b>0.062</b>
<b>Total Expenditure:</b>		<b>114.606</b>	<b>(6.692)</b>

\* A negative variance indicates a underspend

6. The 2010/11 capital programme is showing a final spend of £6.692m below the approved budget. This can be broken down as follows

	£
Reprofiling of schemes into 2011/12	6.673
Net underspend on Project Costs	<u>0.019</u>
<b>Total net underspend</b>	<b>6.692</b>

7. 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.
8. Members are asked to approve the reprogramming of expenditure; meaning the budget in 2011/12 will be increased overall by £6.673m. By approving the reprogramming, schemes are continued to be seen as a priority for the organisation.

## Leasing costs

9. Costs associated with leasing have been 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;

- I. 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. In 2010/11 there have not been any additions to the programme due to External finance leases.
  - II. 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.
10. For completeness, the costs associated with each element of leasing are highlighted within the Resources section of Appendix A.

#### **Major variations against outturn budget**

11. The overall net position of the capital programme for 2010/11 is a variance of £6.692m. The major variances against the budget and a brief description of the reasons for the variances are as follows;

#### **Children and Education variances**

12. Wellington Academy £0.834m variance. The overspend of £0.834 million against the profiled budget for Wellington Academy is due to the main school buildings being completed ahead of schedule. The budget was reprofiled following delays to the building work in December 2010 however good progress was then made in the first quarter of 2011. It is not anticipated that the overall project budget will overspend. Therefore the overspend will be treated as negative slippage and the budget in 2011/12 will be reduced accordingly.
13. Additional accommodation £0.809m variance – this underspend is due to planning delays on the Matravers School Sixth Form Centre partly caused by badgers on the site. The budget will be moved into 11/12 as slippage
14. NDS maintenance £0.975m variance – The New Deals for Schools allocation covers a 17 month period, additional budgets added to the 2010/11 budget in the February monitoring report should have been added to the 2011/12 budget. The budget will be moved into 2011/12 as slippage.

15. Other education schemes variances – Planning delays and complications around the transferring of schools to Academy status in one case have meant there are additional underspends on other schemes. All budgets will be moved to the 2011/12 budget as slippage.

### **Resources variances**

16. Workplace Transformation £1.501m variance. Works have advanced more quickly than expected in the previous monitoring report in a number of areas particularly around the IT infrastructure works. Workplace schemes are under close scrutiny and this overspend is not regarded as a true overspend over the life of the individual projects it is just a reprofiling of budgets across years. This overspend will therefore be reduced from the budget in 11/12 in the form of negative slippage
17. Buildings repairs and maintenance £0.795m variance. Following the review of all capital spend undertaken by the CCAC there were delays over the commissioning of works whilst the status of the budgets were decided. These projects have now been commissioned and work started on site so this underspend will be treated as slippage and moved into 2011/12.

### **Neighbourhood and Planning variances**

18. There are few significant variances in this department but some points to note.
19. Highways schemes – Highways and Land Drainage schemes have individual variances that net to £0.503m. These overspends represent the bringing forward planned work on numerous individual schemes and costs of completion of schemes such as Petersfinger Park and Ride. The net position represents a variance from budget of 2%. The net overspends will be managed by reducing the budget in 2011/12 using negative slippage.
20. Leisure and Amenities - £0.475m variance. This is the budget to repair churchyards under the Council's control. This will be investigated further in 2011/12.
21. Housing schemes including HRA have a net £1.003m variance. These schemes are all grant funded (or ringfenced funding for the HRA). There have been delays in work referrals for the private sector housing grants schemes and other timing delays in the affordable housing area. All budget is committed to schemes in 11/12 so this budget will be added to the 2011/12 budget as slippage.

### **Community Services variances**

22. Adult Care Strategy and Commissioning £1.233m variance. This scheme is grant funded and has progressed much more slowly than anticipated in the previous monitoring report. This budget will be added to the 2011/12 budget as slippage.

### **Financing of 2010/11 Capital Expenditure**

23. The Capital expenditure in 2010/11 (£114.606m) was financed by the following sources;

<b>Funding Stream</b>	<b>Capital Funding £m</b>
Capital Grants & Contributions	49.626
Capital Receipts	8.494
Revenue Contributions & use of capital reserve	1.046
Major Repairs Allowance (Funding Housing Revenue Account)	4.463
Borrowing	50.977
<b>Total:</b>	<b>114.606</b>

24. The financing of the 2010/11 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**

25. To note the final outturn position of the 2010/11 Capital Programme and approve the reprogramming of schemes in Appendix A.
26. Note the budget changes in section 1 of Appendix B.

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

27. 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. 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 the 2011-12 assessed the

perceived impact of schemes on the Council's carbon footprint and built this into the mechanism for setting the 2011/12 budget.

### **Equality and Diversity Impact of the Proposal**

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

### **Risk Assessment**

29. The capital budget for 2010/11, as detailed in this report, is approximately £121 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.

### **Financial Implications**

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

### **Legal Implications**

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

**Michael Hudson**

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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