

REPORT TO THE OVERVIEW & SCRUTINY COMMITTEE

Report No. 10

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| Date of Meeting | 25 th January 2007 |
| Title of Report | Capital Monitor 2006/07 - Month 8 |
| Portfolio | Leader's Portfolio |
| Link to Corporate Priorities | Where appropriate details of links to the various Corporate Objectives for specific schemes in the Capital Programme were included in the original scheme proposals presented to the Council or its Committees in the past. |
| Key Decision | No |
| Executive Workplan Ref | A19 |
| Public Report | Yes |

Summary of Report

The purpose of this report is to inform the Executive of the latest position and forecast outturn on the 2006-07 capital programme and agree a transfer of resources to 2007-10.

Officer Recommendations

That the Executive:

1. Note the figures contained in Appendix 1 in relation to the Capital Programme for 2006/2007 and the contents of this Report.
2. Note the detailed information on Capital Resources at Appendix 2.
3. Note the Capital Risk Assessment contained in Appendix 3.
4. Note the Slippage Table in Appendix 4.
5. Agree the redirection of £177k of 'released' 2006-07 funding to support the 2007-10 capital programmes.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

| Financial Implications | Legal Implications | Community & Environmental Implications | Human Resources Implications | Equality & Diversity Implications |
|------------------------|--------------------|--|------------------------------|-----------------------------------|
| YES | NONE | NONE | NONE | NONE |

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1. Introduction

- 1.1 This report details capital expenditure to 30 November 2006 (Month 8) and projected expenditure to 31 March 2007. See Appendix 1.
- 1.2 Some schemes have slipped and will not be completed in the year for which the budget was approved. The projected level of slippage remains the same as in the previous year, at just over £3m. As part of continually improving the capital monitor, the slippage analysis has been improved and the reasons are detailed at Appendix 4.
- 1.3 Affordable housing schemes, a Council Priority, have a long lead time. Officers enter into negotiations with RSL's/developers before putting a report before Members to approve individual schemes. This enables RSL's to apply for external funding from the Housing Corporation and reduces the amount of grant requested from NWDC.
- 1.4 Financing of the capital programme has, traditionally, been resourced through the sale proceeds of assets disposed of in prior year and specified 'in year' capital grants. As part of continually improving the capital monitor, the resource position is reported, see Appendix 2.
- 1.5 The original capital programme for 2006-07 was set by Council on 21 February 2006. The value of the approved programme was £5.875m.
- 1.6 Schemes approved in prior years, which were uncompleted as at 31 March 2006, totalled £3.049m. Allocated funding for these schemes had previously been identified.

2. Options and Options Appraisal

- 2.1 To note the figures contained in the Appendices in relation to the Capital Programme for 2006/2007 and the contents of this Report.
- 2.2 Consider redirecting £177k to support the 2007-10 capital programmes, from the 2006-07 programme (see para 3.3). The source of funding is part of the remaining projected savings and Slippage 3 that does not relate to identified schemes (Appendix 4).

3. Background Information – budget and expenditure

- 3.1 The total capital programme, including the budget unspent from previous years, is £9.251m as set out below, and detailed at Appendix 1:

Table 1: 2006-07 Capital Programme 2006-07 000's

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|-----------------------------------|--------------|-------|
| Original 2006-07 budget | 5,875 | |
| Slippage from 2005-06 | <u>3,049</u> | 8,924 |
| In-year changes | | |
| Virements | 101 | |
| New spend funded by new resources | <u>226</u> | 327 |
| Revised 2006-07 capital programme | | 9,251 |

- 3.2 Expenditure during 2006/07 totals £2.837m to 30th November 2006. It is projected that a further £3.118m will be spent on capital schemes during the remainder of 2006/07, of which £1.233m relates to Housing schemes and grants and £0.672m relating to North Wiltshire Arts Centre Project.
- 3.3 Projected slippage on committed schemes totals £3.1m and is similar to last year's performance. This is detailed at Appendix 4. This Appendix also shows projected savings of £121k and £116k of slippage that no longer required. However, there are early indications that this released funding could be reduced by up to £60k because of a scheme overspend; there will be a verbal update at the meeting. It is recommended that part of this released funding, totalling £177k is redirected to fund the 2007-10 Capital Programmes. This is in line with the assumptions on the report presented to the November Budget & Strategic Planning Working Group and the Executive of December 14th 2006, which outlined the use of capital resources for 2007-10. It identified the future shortage of capital funds and the need for prudence, hence the option at 2.2.
- 3.5 Officers have prepared an 'in-year' virement for £25,000k to fund the purchase of the Performance Management software from the projected savings identified in 2.2, which are shown net of the virement. The approximate cost is between £25,250 - £32,250k. This was reported to the Executive on 14th December 2006. This amount falls within the Financial Standards & Regulations 2006 Section 4.7 Appendix B virement rules, and does not require Member decision.
- 3.6 When discussing the Capital Monitor for Month 7 the Executive (14th December 2006) considered why the report did not refer to any possible income from Section 106 agreements. Work on this area of additional resources is ongoing and will feature in future reports.

4. Capital Resources

- 4.1 Capital Receipts, virements and specific grants, totalling £8.404m have been identified to fund the 2006/2007 capital programme. In addition, there is £3,049m of resources brought forward to fund the slippage from 2005-06.
- 4.2 As set out at Appendix 2, there is a resulting resource of £2.202m in excess of the level of expenditure; this was invested to generate interest to support the 2006-07 revenue budget. This 'base budget' assumption, that there is revenue income from the capital surplus, has been built into the 2007-10 revenue budgets.
- 4.3 Tighter control on achieving expenditure in accordance with the plans (less slippage to future years) will reduce the amount of interest available to support the revenue budget.

5. Financial Implications

- 5.1 These are included in the report. Appendix 2 also sets out the position of the Equipment Fund.

6. Risk Analysis

- 6.1 The Risk Assessment approved at Full Council on 21st February 2006 in relation to the 2006/2007 Capital Programme has been reviewed and updated. This is set out at Appendix 3.

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| Appendices: | <ol style="list-style-type: none"> 1. Capital Monitor April - November 2006 2. Capital Resources - 2006/2007 3. Risk Assessment - November 2006 4. Slippage Table - November 2006 |
| Background Documents Used in the Preparation of this Report: | <ul style="list-style-type: none"> • Expenditure reports produced by the Council's Accounting System • Budget Holders monitoring reports |

Previous Decisions Connected with this Report

| Report | Committee & Date | Minute Reference |
|---|---|-------------------------|
| <ul style="list-style-type: none"> • Budget Proposals 2006/2007 • Capital Outturn 2005/2006 • Capital Monitors: <ul style="list-style-type: none"> ○ Month 6 ○ Month 7 | <p>Council - 21 February 2006</p> <p>Executive - 13 July 2006</p> <p>Executive – Nov 9 2006</p> <p>Executive – Dec 14 2006</p> | <p>C92.</p> <p>E25.</p> |