

**CABINET**  
**23<sup>RD</sup> JUNE 2009**

---

**CAPITAL OUTTURN 2008-09: FORMER COUNTY COUNCIL**

**Executive Summary**

This report presents the outturn position for the former County Council's Capital Programme which shows a variation of £4.353 million against a £76 million budget (5%).

This is, mainly, as the result of reprogrammed expenditure (£3.558 million), and other variations (£0.795 million).

**Proposal**

The Cabinet is recommended to:

- a) approve a supplementary capital estimate of £3.558 million which means that 2009-10 budgets are being reprogrammed (increased) to meet expenditure not incurred in 2008-09. (Funding previously identified). (Appendix A)
- b) note the movement of 'Loan in respect of St John's Community School' (£0.675 million) ceasing to be treated as a Capital Programme scheme and grants/contributions (£0.122 million) not being due as expenditure previously match funded. (Appendix A)
- c) note the financing decisions taken in respect of 2008-09 capital expenditure; as set out in paragraph 11, and
- d) note the use made of delegated powers in relation to the capital programme January 2009 - March 2009. (Appendix B)

**Reasons For Proposals**

Approval by Members of a Supplementary Capital Estimate (increase in 2009-10 budget) is required. This will mean that 2009-10 capital budgets will be adjusted appropriately to reflect over and under spends incurred in 2008-09. This enables capital expenditure not incurred in 2008-09 to be completed.

**MARTIN DONOVAN**  
Chief Finance Officer

Contact details: 01225 713600

CABINET  
23<sup>RD</sup> JUNE 2009

---

**CAPITAL OUTTURN 2008-09: FORMER COUNTY COUNCIL**

**Purpose of Report**

1. This report summarises the County Council's capital expenditure for 2008-09, comparing it to the approved capital budget, and giving explanations for variations over £100,000 (0.01%) The report also explains how the capital expenditure has been financed in 2008-09.

**Main Considerations**

2. The Capital Programme Management Working Party has been actively managing the cashflow on capital schemes and Chief Finance Officer delegated powers have been used to authorise changes between years to the programme to maximise the use of resources. This report also shows how the delegations have been used since the previous monitoring statement reported to the Implementation Executive in February 2009.

**Summary Position for 2008-09**

3. The final capital outturn position for 2008-09 is attached in detail in Appendix A and summarised Appendix C; it shows an overall net underspend of £4.353 million against the approved budget.
4. This underspend is made up of two elements, which are summarised below from Appendix A:

	<b>£ million</b>
Reprofiling of Schemes into 2009-10	- 3.558
Net underspend on Project Costs	-0.795
<b>Net underspend</b>	<b>- 4.353</b>

5. The level for reprogrammed expenditure this year stands at 0.5% (0.6% 2007-08) of an approved budget of £76 million (£62 million 2007-08). Members are asked to approve a Supplementary Capital Estimate of £3.558 million which means that 2008-09 budgets are being reprogrammed (increased) to meet expenditure to be incurred in 2009-10. Agreement to this would ensure that the schemes continue to be seen as a priority for the organisation and recognise that commitments are already being undertaken against these schemes and the variation reflects a timing difference on the delivery of the project and not an overall underspend or release of funding.

6. The full list of schemes requiring reprogrammed expenditure is given in Appendix H. Appendix B summarises the reasons for the significant variations and the major items are set out in the paragraphs below.

### **Department of Children & Education (DCE)**

7. The Children and Education Department's total underspend is £3.432 million of which £2.639 million relates to reprogrammed schemes and £0.794 million to other variances. The most significant variances are detailed in the following table:

**Table 1 -**

<b>Description</b>	<b>£ million</b>
Reprofiled:	
Additional Accommodation to include Fynamore which is ¾ finished (-£0.251 million) plus provision of Adult Basic Need Accommodation at Matravers Westbury (0.116million.)	-0.135
Large relocation projects on target to commence over the summer school closure period to include DCSF grant funded schemes to be completed by 31 <sup>st</sup> August 2009	-1.937
Ongoing remedial works on schemes started in prior years to include -£0.330 million for Kings Park School and -£0.076million due to Borough Lands	-0.567
<b>Sub Total</b>	<b>-2.639</b>
Other Variations:	
St John's Community School – Loan moved to Corporate Balance Sheet	-0.675
Budget Overstated – Schemes Complete	-0.116
<b>Net underspend</b>	<b>-3.432</b>

NB:

The Primary school provision budget for East Melksham is showing an underspend of £0.405 million of which £330k has been set aside for the acquisition of land and construction of a playing field adjacent to Kings Park School with a further £75k required for retentions, relocation and disposal costs on various sites.

### **Environmental Services Department (ESD)**

8. The Environmental Service Department's net underspend was £0.063 million. The major items within this are:-

County Farms Investment Works – This scheme consists of a number of projects across the farm estate. Unavoidable works have lead to an over commitment of £0.100 million which will be funded from a deficit rollover into next year's farm

investment budget provided and £0.100million was allocated to the farms investment budget in 2009-10 to cover this.

The Transport budget requires reprofiling in relation to the acquisition (and compensation) of land for the Calne Northern Distributor Road, Semington to Melksham Bypass and other smaller schemes. These costs of these types of scheme are subject to large variations and are based on Land Valuers best estimates at any given time. Fluctuation in interest rates also have an impact.

The Westbury bypass project was referred to in the Capital Programme report taken to Implementation Executive in January 2009. The cost pressures on the scheme were explained and additional funding allocated in future years. However, in practice some of the cost pressures relating to the Public Inquiry were incurred in 2008-09 and are the reason from the 'in year' overspend. The deficit will be rolled forward into 2009-10 and the additional funds allocated in future years will provide the funding. The outcome of the Public Inquiry is still not known at this time.

#### **Department of Resources (DoR)**

9. The Resources Department shows an underspend of £0.112million as a result of timing differences due to the phasing of payments on the Business Management Programme (BMP) project.

The rephrasing of payments into 2008-09 does not alter the estimate of total funding required for the project as set out in the November 2007 report to Cabinet.

#### **Department of Community Services (DCS)**

10. The Community Services Department's underspend is £0.745 million which mainly relates to spending proposals being agreed and schemes commencing in 2009-10 or 2010-11.

## Resources and Financing 2008-09

11. Capital Expenditure has to be financed from resources that are governed by the Local Government Act 2003 and the Prudential Code for Capital Finance. Capital resources used to finance the 2008-09 expenditure of £71.692million are shown below.

	<b>Capital Funding £ million</b>
<b><u>County Council Programme</u></b>	
Supported Borrowing	24.186
Unsupported Borrowing	15.329
Capital Grants	24.339
Usable Capital Receipts	1.495
Capital Reserve	2.981
Developers' Contributions	3.362
<b>GRAND TOTAL</b>	<b>71.692</b>

12. The financing decisions have been made under delegated powers that allow the determination of the amount of expenditure incurred for capital purposes that will be financed by the various resources available. The determination of the amount to set aside from the revenue account for the redemption of debt (the Minimum Revenue Provision), which is calculated by statutory formula, is also covered by these delegated powers. Provision had been made in the Capital Financing revenue accounts in 2008-09 to cover this.

## Capital Programme 2009-10

13. Discretionary resources within the 2009-10 to 2011-12 Capital Programme approved by Full Council on 24 February 2009 broadly match the commitments within the programme over the next three years.

The Capital Programme for the Unitary Authority was constructed from Capital bids put forward by the new directorates of the new authority with officers involved across all five legacy authorities.

Some small, continuing, schemes have been carried forward as well as a number of very large schemes in the programme, including George Ward School, and the Business Management Programme (BMP). Risks associated with these schemes are managed within the authority to minimise them.

14. A full review of the programme and resources over the next three years will be undertaken during the summer. An update will be presented to Members in the autumn on the implementation of the 2009-10 Capital Programme and the capital resources since the Programme was set in February 2009.

#### **Use of Chief Financial Officer's Delegated Powers in 2008-09**

15. For completeness, the details of the use of delegated powers in relation to the approved Capital Programme for March 2009 are given in Section 1 of Appendix C. These budget changes essentially cover two types of adjustments; there are adjustments in which certain projects have been reprofiled between 2008-09 and 2009-10 and those in which budgets have been adjusted to take account of differences in financing (for example, from Grants or Developer Contributions).

#### **Risk Assessment**

16. Construction schemes notoriously carry risk of cost and time overruns. The reprogrammed expenditure in the Capital Programme is partly in relation to schools funding arrangements with flexible year ends and a handful of major schemes. The effective management arrangements limit the cost overruns and allow schemes to move between years to minimise reprogrammed expenditure.

The current programme is based on a number of assumptions regarding capital receipts, in particular, there is an expectation of realising approximately £18million of receipts in 2010-11. Delays in realising these receipts will incur revenue borrowing costs.

The management of risks within the Capital Programme will be closely monitored and reported as necessary.

#### **Financial Implications**

17. The report as a whole considers the financial implications of the County Council's Capital Programme.

#### **Equalities Impact of the Proposal**

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

#### **Legal Implications**

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

#### **Reasons for Proposals**

21. Approval by Members of a Supplementary Capital Estimate for reprogrammed expenditure is required to allow unused 2008-09 budgets allocations to be carried

forward, where they are still required, into 2009-10. This enables capital expenditure not incurred in 2008-09 to be completed.

## **Proposals**

22. The Cabinet is recommended to:

a) approve a supplementary capital estimate of £3.558 million which means that 2009-10 budgets are being reprogrammed (increased) to meet expenditure not incurred in 2008-09. (Funding previously identified). (Appendix A)

b) note the movement of 'Loan in respect of St John's Community School' (£0.675 million) ceasing to be treated as a Capital Programme scheme and grants/contributions (£0.122 million) not being due as expenditure previously match funded. (Appendix A)

c) note the financing decisions taken in respect of 2008-09 capital expenditure; as set out in paragraph 11, and

d) note the use made of delegated powers in relation to the capital programme January 2009 - March 2009. (Appendix B)

## **MARTIN DONOVAN**

Chief Finance Officer

Report Authors: Adam Stirling/Val Cradock

---

Unpublished documents relied upon in the preparation of this report: NONE

Environmental impact of the recommendations contained in this report: NONE