

CABINET

24 November 2009

CAPITAL BUDGET MONITORING: APRIL TO SEPTEMBER 2009

Executive Summary

The report reflects the position on the Capital budget as at the end of September 2009.

There is a projected variation of £9.480m, which relates to the reprogramming of expenditure.

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

Proposal

- a.) To note the current financial position of the 2009/10 Capital Budget
- b.) To note the budget changes in sections 1 and 2 of Appendix B and to request approval of the additional budget requirement as detailed in section 3 of Appendix B

Reasons for Proposals

To inform Cabinet of the current financial position of the 2009/10 capital Budget and to identify schemes within the programme where expenditure is not progressing as anticipated.

MARTIN DONOVAN
Chief Finance Officer

CABINET
24 November 2009

CAPITAL BUDGET MONITORING: APRIL TO SEPTEMBER 2009**Purpose of Report**

1. To update Cabinet of the position of the Capital Programme after the first 6 months (1st April 2009 to 30th September 2009) of the 2009/10 financial year.

Background

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

	£m	Notes
Capital budget (as at 20th October 2009)	148.935	
<i>Budget Virements;</i>		
Westbury Bypass	-0.546	Adjustment to completely remove the scheme from the 09/10 budget.
Capital budget 2009/10	148.389	

3. Appendix B to the report contains budget adjustments which Cabinet are asked to note (Section 1 and 2). Attention should be drawn to Section 3 of Appendix B which requires the approval of additional funding in the programme. The budget changes will be reflected in next month's report once approved.

Summary of Current Position

4. Unlike previous reports, this paper is reporting on the whole of the 09/10 Capital budget. The current situation is summarised below;

Department	Budget 09/10 £m	Actual Spend as at end of Period 6 £m	Projected Outturn for the year £m	Full Year Projected Variance* £m
Children & Education	70.108	21.339	64.364	-5.744
Resources	3.514	0.003	3.514	-
Transport, Environment and Leisure	55.463	15.638	52.531	-2.932
Economic Development, Planning and Housing	15.889	4.730	15.085	-0.804
Community Services	3.415	0.082	3.415	-
Total:	148.389	41.792	138.909	-9.480

* A negative variance indicates a underspend

5. A breakdown of the position of schemes within the capital programme can be seen in appendix A.
6. The variance on the full year projection is driven mainly by the need for schemes to be reprogrammed. All of the £9.480 million projected underspend relates to reprogramming of expenditure on a number of schemes as outlined in Appendix A. The New Deal for Schools scheme is currently projecting a £2.136m overspend. This is due to the fact that budget changes relating to the scheme are waiting to be approved and aren't reflected in this report; once approved this will counteract the overspend.
7. Various comments on schemes are included below;
- 7.1 Salisbury Academy

The expression of interest (EOI) was approved by Cabinet in July 2009 and the Council is now working actively towards gaining the appropriate EOI sign off from the Department for Children, Schools and Families (DCSF). Once this has happened, the scheme will then progress into feasibility stage.

The original profile of expenditure between different financial years was undertaken in February 2009. A number of factors have changed since then; notably a variation in the timing of the work being undertaken on the ground which will therefore affect the timing of expenditure. There will be a significant underspend against the original 2009-10 budget of £1.204m; expenditure in the year is now projected to be £0.266m. The Scheme will be reprofiled shortly and information included in the next capital monitoring report.

7.2 Clackers Brook School

The scheme consists of two separate elements; the construction of the school and the cost of furniture and equipment for the school. The construction of the new school is being funded entirely through a section 106 agreement and is planned to cost £1.915m, which was originally included in the 09-10 Capital Programme. However, this project is going to be entirely managed by the Salisbury Diocese and in effect the Council's role will be to channel the Section 106 contribution through to the Diocese. In this set of circumstances, it is appropriate to remove the project from the Capital Programme and this has been reflected in the Chief Finance Officers delegation in Appendix B. The furniture and equipment element of the scheme has a budget of £0.230m and this is managed by the Council rather than the Diocese. This element of expenditure won't take place until 2010-11 and so is being reprofiled as detailed in Appendix B.

7.3 New Deals for Schools (NDS)

The NDS programme is aimed at modernising schools according to various priorities. The budget is based largely on grant allocations (but also elements of supported borrowing) received from the Government and these have tended to be allocated on academic rather than financial years. In practice the Council has adopted a two thirds, one third split on the allocation to align with financial years of the programme. When the 2009/10 budget was set, a one third allocation from 2008/09 was omitted; this now requires correction. Therefore, members are requested that £1.636m of additional NDS budget is approved (funded by supported borrowing). The NDS funding for 2010/11 is predominantly grant funded and the Government has unexpectedly given Wiltshire Council an advance of £0.500m of the 2010/11 funding in 2009/10. This requires a reprofiling of budgets between years. Both of the budget changes have been reflected in Appendix B.

7.4 Targeted Capital 14-19 Special Educational Needs

It was highlighted in previous reports that a delay has occurred with the spending of the grant and that the whole amount will not be spent in the 2009/10 financial year. Initial feasibility studies are only just being commissioned. It is forecast that the expenditure for the year will be around £0.200m. The budget will be reprofiled accordingly in future reports.

7.5 Highways Depot and Office Strategy

The scheme covers the redevelopment of 3 depots; Wootton Bassett, Marlborough and Amesbury. Delays due to ecological issues and a change in site have meant that the Marlborough and Wootton Bassett depots have not progressed as originally anticipated. As a result a forecast spend of £2.579m is expected by the end of the financial year. Reprofiting of the budget will occur in subsequent reports to match the future spending trend.

7.6 Local Transport Plan – Integrated Transport

Potential complications with the Petersfinger Park & Ride scheme were identified which could have resulted in additional expenditure being incurred. Therefore, an allowance of £0.400m was included within the Integrated Transport budget. However, as the Park & Ride scheme has progressed, it has become apparent that the additional budgetary provision is longer required and, as a result, the Integrated Transport budget is now projecting an underspend of £0.253m. The surplus is being reallocated to other schemes but this is unlikely to be spent by the end of the financial year. The scheme will be reprogrammed and reported in subsequent reports.

7.7 Primary Capital Programme

The scheme covers two large school rebuilds and has been delayed while awaiting confirmation of the grant funding from the Department for Children, Schools and Families. The Council is in a position to go out to tender on both schemes and so will be in a position to confirm project start dates in the near future. It is estimated that not all the grant will be spent in 2009/10 and slippage will occur into 2010/11. An estimated spend of £1.200m in 2009-10 has been identified by the budget manager as this point in time. Once the projects are commenced, exact expenditure can be identified and reprofiling of budgets will occur. This will be detailed in future reports.

Main Considerations for the Council

- a) To note the current financial position of the 2009/10 Capital Budget.
- b) To note the budget changes in section 1 and 2 of Appendix B and to request approval of the additional budget requirement as detailed in section 3 of Appendix B.

Environmental Impact of the Proposal

- 10. 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. The budget setting process for the 2010-11 is assessing the perceived impact of schemes on the Council's carbon footprint and using this as part of the basis to form a decision on the 2010-11 budget.

Equality and Diversity Impact of the Proposal

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

Risk Assessment

- 12. The capital budget for 2009/10, as detailed in this report, is approximately £148 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 (2009/10 through to 2011/12).

Financial Implications

- 13. These have been examined and are implicit throughout the report

Legal Implications

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

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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