

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Transformation)	Executive Cabinet	18 th August 2011

CAPITAL PROGRAMME MONITORING 2011/12 – 2013/14

PURPOSE OF REPORT

1. To update the Capital Programmes for financial years 2011/12 to 2013/14 to take account of rephasing of expenditure and other budget changes.

RECOMMENDATION(S)

2. That the Council be recommended to approve the changes to the Capital Programme for 2011/12 to 2013/14 as presented in Appendix 1.

EXECUTIVE SUMMARY OF REPORT

3. Council of 19th July 2011 approved revisions to the 2011/12 to 2013/14 Capital Programme, to increase the current estimate to £10,153,770, which is the total of columns (1), (4) and (7) in Appendix 1. The principal changes to the programme were the rephasing of £1.995 million expenditure from 2010/11, and additional projects and increased budgets to reflect the available Government grants and developers' contributions.
4. It is proposed that the three-year Capital Programme should be increased by a net total of £66,780, which increases the total to £10,220,550, as shown in column (10) of Appendix 1.
5. Details of the proposed budget changes are presented in Appendix 2.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. It is necessary to update the capital programme figures for 2011/12 to 2013/14 to reallocate part of the uncommitted Housing Renewal budget; to take account of the rephasing of expenditure; and to reflect changes to the resources estimated to be available to finance the programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. None.

CORPORATE PRIORITIES

8. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	✓
Safe Respectful Communities		Quality Community Services and Spaces	✓
Vibrant Local Economy	✓	Thriving Town Centre, Local Attractions and Villages	✓
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			✓

BACKGROUND

9. The revised Capital Programme for 2011/12 to 2013/14 was approved by Council on 19th July 2011, as follows:

	£
2011/12	8,262,130
2012/13	1,111,640
2013/14	780,000
Total 2011/12 – 2013/14	10,153,770

10. The 2011/12 programme was increased from £5,900,700 to take account of rephasing of expenditure from 2010/11 and 2012/13 totalling £1,998,710; and other budget changes of £362,720.

PROPOSED CHANGES

11. It is proposed to increase the programme for financial years 2011/12 to 2013/14 by a net total of £66,780, made up as follows:

	£
Increased budgets funded with Government grant (estimated increased)	38,000
Increased budgets funded with developers' contributions	31,040
Expenditure transferred to revenue account	(7,900)
Increased budgets funded by revenue contribution	5,640
Total	66,780

Further explanation is given below and the analysis of the variances between virements, rephasing and other changes is presented in Appendix 2.

CAPITAL PROGRAMME 2011/12

12. To complete the current phase of converting the Flat Iron market stalls to using gazebos, one additional stall is required and an extra trailer. To finance this expenditure, £1,930 should be brought forward from 2012/13, and £5,640 should be financed from revenue.

Most of the revenue financing would be from the sale of the old stalls for scrap. If ground fixings are required to secure gazebos in more extreme weather conditions, it would be necessary to request further rephasing of the budget from 2012/13.

13. It is proposed that the budget for Disabled Facilities Grants should be increased by £100,000 by transferring budget provision from the uncommitted Housing Renewal budget.
14. Further recommendations for the use and rephasing of the uncommitted Housing Renewal and Affordable Housing budgets will be presented at the earliest opportunity. If expenditure is rephased to later years, it is not likely to be possible to make the budgeted recharge of staff salaries from the revenue account. The potential shortfall in recharge income is discussed in the revenue budget monitoring report.
15. The £7,900 balance of the Handyperson Scheme budget rephased from 2010/11 should be moved to the revenue account budget, which is where other costs are to be charged. The transfer can be achieved by reducing the financing of capital expenditure with VAT Shelter Income, which would be retained in the revenue account instead.
16. It is proposed that Cotswold House homeless unit be remodel and improved. A bid for funding has been submitted to the Homes and Communities Agency (HCA). If the bid is successful, the £1.030 million scheme would be added to the capital programme at a later date. The HCA has been asked to contribute £0.779 million. Of the £0.251 million balance, £0.126 million would be financed with Performance Reward Grant (PRG) received to finance capital expenditure on behalf of the Local Strategic Partnership, and £0.125 million would be transferred from the budget for Planned Improvements to Fixed Assets.
17. At present the budget provision for improvements to indoor leisure facilities is being reviewed in consultation with Active Nation. The current budgets for 2011/12 to 2013/14 were prepared when the relevant measure of price increases (RPIX) was lower than at present. Based on the existing method of calculating budget provision, the budgets would need to increase above current levels, though figures have not yet been confirmed. However, there has been considerable investment in the facilities in recent years, so the need for regular investment at the level reflected in the capital programme is being reconsidered in the context of a contract review.
18. Two new Play and Recreation Fund projects should be added to the capital programme. These are Hurst Brook (£20,000) and Longfield Avenue (£11,040) play areas. Inclusion of the projects if for programme planning purposes, but expenditure cannot be incurred until the S106 contribution to finance them is received. This means that there is a possibility that some of the expenditure would be rephased to 2012/13.
19. Budget provision of £116,000 for ICT Services improvement projects is included in the revenue account and is to be financed from the earmarked reserve created at the end of 2010/11. Use of this budget provision will be monitored and if it is more appropriate for any expenditure to be included in the capital programme, recommendations will be made at a later date. Further proposals in respect of ICT projects are presented in the revenue budget monitoring report. If approved, the 2011/12 ICT budget would be updated in the next monitoring report, and rephasing of the 2012/13 budget provision would be required.

CAPITAL PROGRAMME 2012/13

20. After transferring £1,930 of the Flat Iron gazebos budget to 2011/12, there is still sufficient budget provision in 2012/13 to purchase 30 additional stalls, two trailers and ground fixings. It is possible that the installation of ground fixings could be required in 2011/12, in which case further rephasing of the budget would be requested at a later date.

21. It is proposed that the budget for DFGs funded with Government grant should be increased by £19,000, to match the grant allocated in respect of 2011/12. However, this is an estimate and details of the actual award for 2012/13 will not be known for several months.
22. It is likely that part of the unallocated budgets for Housing Renewal and Affordable Housing will be rephased from 2011/12 later in the year. In addition, further S106 contributions for the provision of affordable housing may be received from developers.
23. Using the current basis of calculation, the budget for improving indoor leisure facilities would need to increase because of the higher RPIX rate. However, the need for spending at this level is being reconsidered, as mentioned above.

CAPITAL PROGRAMME 2013/14

24. The same increase in estimated grant to finance DFGs is included in the 2013/14 programme, though the actual grant allocation will not be known for some time.
25. The budget for improving indoor leisure facilities is being reviewed and changes will be proposed later in the year.

CAPITAL RECEIPTS AND DEVELOPERS' CONTRIBUTIONS

26. Financing of the capital programme assumes the use of £71,500 capital receipts, of which £31,000 would have to be received during 2011/12. To date, only £5,190 has been received.
27. Disposals that would generate £0.525m capital receipts have been agreed and a further £0.150 million could be received from the sale of surplus assets. In total, £0.680 million capital receipts could be earned in the year, of which £0.649 million had not been committed to financing of existing schemes. However, it might be necessary to use some of the capital receipts if the leisure centres improvements budget has to be increased.
28. Apart from adding two Play and Recreation Fund schemes to the 2011/12 programme, no further developers' contributions have been taken into account.

DEBT REDUCTION STRATEGY

29. The provisional outturn for the revenue account for 2010/11 included voluntary set aside for debt reduction of £0.719 million, which achieved the £0.100 million budgeted reduction in Minimum Revenue Provision in 2011/12. Most of the voluntary set aside was from uncommitted VAT Shelter income. All VAT Shelter Income expected during 2011/12 has been committed, so further voluntary set aside would have to be financed with other resources. Capital receipts can be used to repay debt, so the uncommitted maximum sum of £0.649 million referred to above could be set aside. Alternatively it could be used to avoid new borrowing, and the recommended use will take into account the revenue account saving that could be achieved.

IMPLICATIONS OF REPORT

30. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

Financial implications are set out in the body of the report.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael L. Jackson	5490	28 th July 2011	Capital Programme Monitoring 2011-12-13-14 Aug 2011.doc