

**CAPITAL PROGRAMME 10/11 – BUDGET MONITORING REPORT
(November 2010)**

EXECUTIVE MEMBER: Councillor Elaine Woodburn
LEAD OFFICER: Joanne Wagstaffe – Director of Resources and Transformation
REPORT AUTHOR: Ann Treble – Capital & Project Accountant

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

Key Decision

To inform Executive of the summary budget position for the Capital Programme 2010/11 at 30 November 2010 and a forecast outturn position at year end.

RECOMMENDATION:

That Executive;

- (i) Confirm the revised gross capital budget of **£5,591,788** (*para 2.2*)
- (ii) Note the decision made by Corporate Leadership Team on 15 December 2010 (*para 3.3.2*)
- (iii) Approve the addition of the Electronic Book of Remembrance scheme to the 2010/11 capital programme (*para 3.3.3*)

1. INTRODUCTION

1.1. The monitoring of the capital programme is undertaken monthly and a report to the Executive is presented at the end of each quarter. This report provides the monitoring position at the end of the second quarter of 2010/11 and provides a forecast of expenditure at the year-end. The report provides narrative in relation to exceptions.

2.0 REVISIONS TO THE CAPITAL PROGRAMME 2010/11

2.1 Members will recall at quarter 2 the Capital Programme had a gross expenditure budget of £5,727,689.

2.2 Further adjustments to the 2010/11 capital programme have been identified and these are detailed in Table 1 on page 2:

Table 1: Reconciliation of Capital Programme 2010/11 to November 2010/11 monitoring

	£	Notes
Gross expenditure budget approved Council 2 March 2010	7,600,148	
Adjustments by RPWG 21 April	289,400	
Carried forwards approved by Executive 29 June 2010	463,548	
Reduction in spend in 2009/10	-181,319	
Reduction as not eligible for capital funding	-48,000	
Gross expenditure budget approved Executive 29 June 2010	8,123,777	
Changes approved Q1	-211,770	
Gross expenditure budget per Q1 10/11 monitoring report	7,912,007	
Changes approved Q2:	(2,184,318)	
Gross expenditure budget per Q2 10/11 monitoring report	5,727,689	
Data Capture	6,412	Vired budget as per Q1 10//11 approval to fund completion of Data Capture project.
MIS Headway – regeneration software	(6,412)	
Playbuilder	(85,901)	Received confirmation of extension to funding 06/12/10, have until Aug 11 to spend re profile into 10/11
Rottingham Beck	(85,000)	Majority of spend expected to occur next year, re profile into 10/11
Perpetual Licence Total	35,000	Agreed by CLT 15 December (para 3.3.2)
Gross expenditure budget period 8 10/11 monitoring report	5,591,788	

EXPENDITURE TO DATE AND FORECAST YEAR END POSITION

- 3.1 The revised capital programme for 2010/11 is **£5,591,788**.
- 3.2 The forecast position at 31st March 2011 is expenditure of £5,030,910 compared to the revised capital programme. This results in a forecast variance against expenditure budget of £560,978, as detailed in Table 2 on page 3. The forecast income position as at 31st March 2011 is as budget of £2,487,300. Explanations of key variances are set out in paragraphs 3.3 and 3.4.

Table 2 Spend to date and Forecast for year as at 30 November 2010

	Gross expenditure budget	Spend to date	Forecast period 8-12	Total forecast gross spend	Variance
Non Housing	3,606,141	1,141,562	2,356,719	3,463,281	(107,860)
Housing	1,985,647	804,124	728,505	1,532,629	(453,018)
Total (as per Table 1)	5,559,788	1,945,686	3,080,224	5,030,910	(560,878)

3.3 NON-HOUSING

3.3.1 A report is being prepared for Executive regarding the proposals for spend of 'playgrounds and cemeteries'. Dependent upon Executive's decision the budget may need to be returned to the useable capital receipts reserve or re profiled into a subsequent year. This report shows full budget but £nil spend in this year.

3.3.2 Copeland implemented the accounting system Total in April 2007 and purchased a 5 year licence to use at a cost of £52k, which expires in September 2011. Consillium (the provider) have approached customers who are more than half way through their contract to offer them a perpetual licence for a one off fee of £35k, but it is necessary to accept this offer before 31 December 2010. Accepting this offer will save the Council at least £20,470 (the difference between perpetual licence at £35k and a new five year licence at £55,470, due September 2011.). Clause 2 of the Contract Procedure Rules allows the *corporate team* to allow exception to the rules after considering a report from Head of Service (which CLT did at their meeting of 15 December 2010) and that they shall then inform Internal Audit (16 December) and report the decision to Executive (this report).

3.3.3 Members are asked to approve in principle, an addition to the 2010/11 capital programme. If this approval is given a project brief will be presented to the next Executive, in order that the project can be completed in this financial year. As part of an ongoing review of services, it is proposed to close the Chapel of Remembrance at weekends. The importance of maintaining a level of service to enable the public to maintain access to details of bereaved family and friends is however recognised and it is proposed to provide a kiosk built into the Chapel of

Remembrance with an electronic remembrance book that will allow access to view details held, by the use of a touch panel.

The cost of the proposed scheme is £10k and can be funded from Useable Capital Receipts Reserve. It is anticipated that revenue savings of £5k a year can be achieved, without compromising the service provided. By agreeing to the project now work can be completed this financial year and at the same time as other works being undertaken at the crematorium, therefore minimising disruption for users. Members are asked to note that the current budget does not include this project but it will be updated as approval is given.

3.4 HOUSING

- 3.4.1 The forecast gross expenditure position remains as at 30 September 2010 for the housing element of the 2010/11 capital programme, at £1,532k against a budget of £1,985k. This represents an under spend of £453k (23%), which is the result of an inevitable delay between approval and expenditure, the majority of which is incurred at completion.

4 CAPITAL RECEIPTS

- 4.1 Members are asked to note the budget of £2.5m and are reminded that the timing and value of the capital receipts are critical to the funding of the capital programme.
- 4.2 The current forecast for receipt has now been adjusted to £0.8m in 2010/11 with the remaining £1.7m expected in 2011/12. Members are also asked to note that any transactions relating to the 'Interchange' are not included in the forecast.
- 4.3 The majority of the forecast receipt relates to 'The Old Gym Site' at Kells which is now expected to complete by February 2011.
- 4.4 Disposal proceeds to 30 November are £11k.

5.0 FINANCING

- 5.1 Appendix A disaggregates the Capital Programme between expenditure and the sources of funding to show how the capital programme will be funded. It is important that the funding of the Capital Programme (also shown at table 3 below) is fully understood and can be demonstrated, though the monitoring returns, and in particular, the identification of external resources to support capital expenditure. This will contribute to improving the quality of the Financial Accounts, and ongoing budget management.

5.2 The forecast 2010/11 capital programme expenditure of £5,030,910 can be financed as follows:

Table 3: Financing of the 2010/11 Capital Programme

Funded by:	£
Useable Capital Receipts	(1,707,454)
Useable Capital Receipts - Preserved right to buy sales (post stock transfer)	(594,905)
Useable Capital Receipts - Residual Right to Buy receipts (pre stock transfer)	
Useable Capital Receipts - Crematorium Sinking Fund	(168,500)
Other External Funding	(2,487,300)
Capital Grants unapplied (external funding received in advance - housing)	(40,400)
Other Reserves & contributions	(32,351)
TOTAL FINANCING	(5,030,910)

6.0 CAPITAL RESOURCES

6.1 Table 4 below shows the forecast position of the movement (i.e. use and new capital receipts) on usable capital receipts during the year which will be used to fund the capital programme.

6.2

Table 4: Impact of the forecast capital programme spend and receipts in 2010/11 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	Receipts from sale of assets £	Cremat'm sinking fund £	Preserved right to buy sales £	Residual Right to buy £	VAT sharing receipt £	Housing Grants/Loans Repaid £	TOTAL £
Opening balance per audited accounts:	(1,085,636)	(168,500)	(1,163,124)	(1,349,385)	(1,590,723)	(7,275)	(5,364,643)
Forecast draw down to fund 10/11 capital programme	1,707,454	168,500	594,905				2,470,859
VAT sharing receipts to date.							
Forecast Capital Receipts in year	(848,765)						(848,765)
Forecast useable Capital Receipts closing balance	(226,947)	-	(568,219)	(1,349,385)	(1,590,723)	(7,275)	(3,742,549)

(1,917,604)

6.3 The table illustrates the balances within the Useable Capital Receipts Reserve and demonstrates the proportion of the overall value which relates to receipts arising from housing (£1,917,604 against a forecast closing balance of £3,742,549)

7 WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

7.1 The capital programme will be monitored monthly and reported to members quarterly, throughout the year.

8. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

8.1 It is imperative that all budgets are monitored monthly with exceptions reported through Corporate Leadership Team and Executive so that management action can be taken to ensure the effective use of resources as planned by the Council.

8.2 The budget monitoring process is fully integrated into the planning process to ensure that Council objectives and priorities as outlined in the Corporate Plan are fully resourced as planned.

8.3 The capital programme assumes funding from the sale of assets. Generation of capital receipts presents risks in terms of the timing and value of receipt. Capita DBS and the Contracts and Property Manager meet monthly and review asset sales

List of Appendices

List of Background Documents:

