
Meeting: Executive
Date: 21 August 2012
Subject: Quarter 1 Capital Report 2012/13
Report of: Councillor Maurice Jones, Deputy Leader and Executive Member for Corporate Resources
Summary: The report provides information on the Capital position as at Quarter 1 2012/13 and the forecast outturn position for 2012/13.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Charles Warboys, Chief Finance Officer
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** Not applicable

CORPORATE IMPLICATIONS

Council Priorities:

Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Financial:

1. The financial implications are set out in the report.

Legal:

2. None.

Risk Management:

3. None.

Staffing (including Trades Unions):

4. Any staffing reductions will be carried out in accordance with the Council's Managing Change Policy and in consultation with the Trades Unions.

Equalities/Human Rights:

5. Equality Impact Assessments were undertaken prior to the allocation of the 2011/12 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Public Health

6. None.

Community Safety:

7. None.

Sustainability:

8. None.

Procurement:

9. None.

Overview and Scrutiny:

10. The 2012/13 Quarter 1 Capital report will be considered by the Corporate Resources Overview and Scrutiny Committee on 11 September 2012.

RECOMMENDATIONS:**The Executive is asked to:**

1. **note the overall forecast is to spend £94.3M (proposed slippage of £13.4M into 2013/14 and £0.4M overspend);**
2. **note that profiled Capital gross budgets are now reported for June results;**
3. **note the transfer of unused budgets from 2011/12 has now been incorporated into the June results; and**
4. **request officers to review the realism of the approved Capital programme and report back to Executive at the earliest opportunity.**

Executive Summary

11. The report sets out the capital financial position for 2012/13 as at the end of June.
12. Transfer from 2011/12 and profiled budgets are now reported in June results.

KEY HIGHLIGHTS (Appendices A1, A2,)

13. The gross programme excluding Housing Revenue Account (HRA) is £102.2M (£44.2M net). Gross budget including HRA is £108.4M.
14. The main issues to note are:
 - i) Gross forecast is to spend £94.3M, with proposed slippage of £13.4M into 2013/14.
 - ii) Gross spend to date is £10.4M (£9.9M excluding HRA) which is 9.6% of the total budget. Variance to budget is an underspend of £3.0M.
 - iii) The average monthly gross run rate for the past three months is £3.5M. This spend rate would amount to c£42.0M continued for the remainder of the year, (39% of the full year gross budget.) However, this doesn't take account of seasonal spend and one offs.
 - iv) £74.9M (69%) of the gross budget relates to 20 of the top value schemes which include HRA. £5.1M (49%) of the gross spend to date relates to the these schemes.

DIRECTORATE COMMENTARY

Social Care Health and Housing

15. Social Care and Health (exc HRA) gross annual capital expenditure budget for 2012/13 is £11.1M and external funding is £7.4M which leaves a net expenditure capital budget of £3.7M.
16. Gross Spend to date is £0.76M (6.8% of budget), Year to Date (YTD) external funding is £0.60M (8.1% of budget).
17. The forecast is to spend £9M with proposed slippage of £2.8M into 2013/14.
18. HRA gross budget is £6.1M. Spend to date is £0.518M (8.5%).

Children's Services

19. Children's Services revised annual capital expenditure budget is currently £34.17M; this includes £7.1M of slippage from 2011/12. The income budget is £32.73M which leaves a net expenditure capital budget of £1.44M.
20. The full year reported outturn position for 2012/13 is on budget, however it should be noted there may be significant slippage with New School places works continuing into 2013/14.
21. Gross spend to date is £4.4M which is close to the profiled budget (£0.193M over).

22. All but three projects (Schools Access, Temporary Accommodation and Asbestos, Health and Safety) are funded wholly by grant receipts. Health and Safety works will be transferred to Assets making the net Council contribution for Children Services £1M. There is no expenditure deadline to the spending of the grant receipts.

Sustainable Communities

23. The directorate forecasts to spend £33.65M and expects to receive external income of £14.07M, leaving spend below budget in 2012/13 of £4.25M which is forecast to slip into 2013/14. The majority of this is due to external factors beyond the control of the Council which total £3.69M net expenditure.
24. Expenditure to date was £4.45M against a profiled budget of £7.35M, a difference of £2.9M mainly due to lag in spend on highways schemes including S278 schemes where delivery is dependant on the developer. External funding of £1.72M was received compared to a budget of £2.32M, a difference of £0.6M including s278 schemes.
25. The top 10 schemes make up 66% of expenditure budget and 79% of external funding budget. Three of the top 10 schemes relate to the highways contract, and are part of rolling programmes that enhance or prolong the life of the road network. The remaining seven schemes cover strategic transport, town centre regeneration and land parcelling, and construction of leisure facilities.

Corporate Services

26. The approved net capital programme for Resources is £9.34M; this includes £3.02M transferred from 2011/2012.
27. The current Year to Date figures shows a net overspend against budget of £0.13M. This is due mainly to the actual spend on Assets schemes being higher than the profiled YTD Budget.
28. The approved gross capital programme for People and Organisation is £3.27M; this includes £0.23M transferred from 2011/12. The main schemes in People and Organisation are SAP Optimisation (£1.28M) and Customer First (£1.54M).
29. The current YTD figures show a net underspend against budget of £0.12M.

Partnerships

30. Gross budget £1.26M all externally funded. No spend to date.

CONCLUSION

31. The level of spend to date is significantly below the run rate required to achieve the Council's full year budget. The forecast to spend £94.3M appears to be very ambitious. To achieve forecast will require a rest of year monthly run rate of £9.3M compared to £3.5M in the first three months, nearly a three fold increase.

32. A process to review the realism of the Capital programme is currently underway and due to report back to Executive at the earliest opportunity.

Appendices:

Appendix A – Council Capital Summary

Background Papers:

None