

Item 4

REPORT TO CABINET

18th DECEMBER 2008

REPORT OF DIRECTOR OF RESOURCES

BUDGETARY CONTROL REPORT 2008/2009

UPDATED CAPITAL PROGRAMME EXPENDITURE AND FINANCING POSITION TO 30TH NOVEMBER 2008

1.0 SUMMARY

- 1.1 The 2008/09 capital programme was agreed by Cabinet at its meeting of the 19th June. The programme is based around the key projects outlined previously in the Council's Medium Term Financial Plan and Transitional Plan. New investment for projects was set at £19.5m with additional commitments brought forward from previous years' programmes of £6.8m giving a total programme for 2008/09 of £26.3m.
- 1.2 A progress report to 30th September 2008 was reported to Cabinet on 20th November 2008 and this identified that only 27% of the programme had been spent at the mid point of the year. The report also identified a potential shortfall in resources to finance the agreed capital programme if all of the agreed investments were still required. Therefore, it was agreed that all capital schemes should be reviewed to identify a forecast outturn position for each scheme and the capital commitments to be inherited by the new authority on 1st April 2009.
- 1.2 This report provides a review of the 2008/09 Capital Programme, showing:
- the actual position as at 30th November 2008
 - committed expenditure
 - probable outturn spend as at 31st March 2009
 - commitments carried forward into 2009/10
 - estimated budget savings and pressures
- 1.2 It also summarises the available capital resources for financing the programme and, based on the estimated outturn, sets out the proposed financing of the programme in 2008/09.

2.0 RECOMMENDATIONS

2.1 It is recommended that:

- (i) Cabinet notes the updated eight month spend position to 30th November 2008 and amendments to the Capital Programme, and of the probable outturn position and commitments carried forward into 2009/10.
- (ii) Further reports be submitted to Cabinet and all Strategic Working Groups detailing the position as at 31st December in line with the Budgetary Control Monitoring Arrangements.

3.0 CAPITAL SPEND AND RESOURCES MONITORING 2008/09

Revised Capital Programme Budget

3.1 Since the original report was prepared additional commitments have been identified which are funded from external sources. This means that the revised gross budget has increased by £78,000 from £26,344,000 to £26,422,000. In addition there has been a budget transfer of £70,000 from Asset Management to fund increased costs for the Spennymoor Leisure Centre Pool Roof and Newton Aycliffe Leisure Centre schemes. The revised gross budget is detailed below:

Table 1: Approved Programme 2008/2009

Portfolio / Capital Programme	Approved Net Budget (inc c/fwd) £'000	Budget Revisions £'000	Revised Gross Budget £'000
Strategic Leadership:			
- ICT	497	-	497
- Green Lane/Asset Management	124	(70)	54
- Chilton Depot	19	-	19
Healthy Borough:			
- Community Health	380	-	380
- Leisure and Culture	2,621	70	2,691
Prosperous Borough:			
- Social Regeneration	604	61	665
- Learning & Employment	180	-	180
- Major Regeneration	5,812	-	5,812
Attractive Borough:			
- Environment	10	-	10
- Planning & Development	65	17	82
Strong Communities:			
- Housing (HRA)	8,193	-	8,193
- Housing (General Fund)	7,430	-	7,430
- Safer Communities	149	-	149
Contingency	260	-	260
Total	26,344	78	26,422

Review of 2008/09 Capital Programme

3.4 This section of the report summarises the results of the exercise that has been undertaken. The aim of the exercise was to identify spend committed for 2008/9, forecast a realistic outturn position, identify spend that is committed for 2009/10 and identify budget savings. The findings are summarised in Table 2 and are followed by comments on working groups :

Table 2: Actual spend to November 2008

Portfolio / Capital Programme	Revised Gross Budget A £'000	Actual Gross Spend B £'000	Contractually Committed C £'000	Actual + Contractually Committed D(=B+C) £'000	Projected Outturn E £'000	Projected Spend C/Fwd to 2009/10 F £'000	Budget Pressure/ (Savings) G(=E+F-A) £'000
Strategic Leadership:							
- ICT	497	327	96	423	497	-	-
- Asset Man	54	21	-	21	21	-	(33)
-Chilton Depot	19	25	-	25	31	-	12
Healthy Borough:							
-Community Health	380	63	312	375	70	310	-
-Leisure and Culture	2,691	481	139	620	1,582	270	(839)
Prosperous Borough:							
-Social Regeneration	665	235	418	653	953	-	288
- Learning & Employment	180	47	-	47	109	-	(71)
-Major Regeneration	5,812	911	90	1,001	6,177	-	365
Attractive Borough:							
-Environment	10	7	6	13	13	-	3
-Planning & Development	82	48	6	54	82	-	-
Strong Communities:							
-Housing (HRA)	8,193	3,843	4,318	8,161	8,193	-	-
-Housing (General Fund)	7,430	4,030	318	4,348	5,219	2,211	-
-Safer Communities	149	163	-	163	163	-	14
Contingency	260	-	-	-	260	-	-
Total	26,422	10,201	5,703	15,904	23,370	2,791	(261)

3.3 Healthy Borough

The Community Health rephased spend relates to the PCP development which is not due to start on site until 13th April 2009. Of the rephased spend of £270,000 for Leisure & Culture some £200,000 concerns the Arts Centre development, which is due to start in January and take 12 weeks to complete, and £70,000 relates to the lottery funded Play Scheme at Dean Bank, which is subject to a review of play services by Ferryhill Town Council.

The saving against Leisure and Culture primarily relates to the Cobblers Hall development, which will now proceed in a different format with Football Foundation funding. This saving is offset by anticipated increased costs for other schemes. The saving also includes £150,000 made against the Arts Centre development, which is matched by a similar pressure on the Spennymoor Town Centre scheme in Social Regeneration and a budget realignment is required for these projects.

3.4 Prosperous Borough

Total expenditure includes an anticipated payment of £2.5 million to Bishop Auckland Technical College to fund the development of the Training Centre that was transferred on 1st November 2008.

3.5 Strong Communities

The carried forward spend of £2,211,000 relates to the Masterplan initiative. It is anticipated that the scheme will not now be completed in 2008/9 and funds will need to be carried forward to finance Haig Street Group Repairs (£400,000), Dean Bank demolition (£994,000), and Equity Release Scheme applications (£817,000).

Revised Capital Programme and Actual Spend to 30th November 2008

3.6 A gross total of **£10.201** million, has been spent in the first eight months to 30th November 2008 against the capital programme budget of **£26.422** million and this represents 39% of the total budget. In addition some **£5.703** million of spend is committed, giving a total of **£15.904** million of actual and committed spend, or some 60% of the total budget.

Due to the nature of capital projects it is difficult to predict exactly when financial payments will be made, unlike revenue budgets which can be profiled accurately. Some capital projects have significant lead-in times, major programmes of works may require a dedicated staffing resource and in other cases there may be a need to secure funding approval from other agencies before expenditure is incurred. All of these issues can lead to delays in capital projects. However an assessment of expected spending has been made and it is anticipated that at outturn some **£22.870** million will have been spent.

It is anticipated that some **£2.791** million will need to be carried forward into 2009/10 to enable the agreed capital programme to be completed. Therefore the total revised estimated costs of the programme are **£26.161** million, compared to the budget of **£26.422** million, giving a saving of **£0.261** million.

The capital position will be closely monitored through to the end of the financial year to ensure that the capital programme is delivered as planned.

Capital Resources

- 3.7 Based on current projections the total level of capital resources likely to be available to finance this year's Capital Programme is summarised in the table below. Capital resources are split between those brought forward from 2007/08 and those expected to be received in 2008/09:

Table 3: Capital Resources Available for 2008/09

Available Capital Resource	Brought Forward Resources £'000	Received/ Anticipated In Year £'000	Total Anticipated Resources £'000
Capital Receipts:			
- Housing Right To Buys	896	370	1,266
- Housing Land Sales	-	30	30
- General Fund Receipts	761	3,600	4,361
- MRI – see para 3.10 below	9,320	-	9,320
Total Capital Receipts	10,977	4,000	14,977
Capital Grants	237	270	507
Government Support	-	7,654	7,654
Capital Contributions	31	80	111
Earmarked Reserves	405	1,700	2,105
LEGI	-	500	500
LABGI	-	419	419
Total Available Resources	11,650	14,623	26,273

- 3.8 The amount of MRI shown above includes a sum of £5m which was used to over-finance the 2007/08 Capital Programme. This was a technical accounting adjustment in order to reduce the Councils minimum revenue provision in that year.
- 3.9 In addition to the above figures there is a sum of £214,000 available to fund Section 106 schemes. As yet no specific schemes have yet been identified in the capital programme.

Financing the Capital Programme

- 3.10 It can be seen from the above Table that against the projected capital programme costs of **£25.161** million, including carry forwards, there are anticipated resources of **£26.273** million, leaving a surplus of resources of **£112,000**. The previous report detailed a potential resource shortfall of **£242,000**, and net savings of **£354,000** have therefore been identified through the exercise arising from pressures and savings against several budget heads.
- 3.11 It should be noted that most of the above resources have actually been realised, which means that the funding to support the capital programme is mainly secure.

3.12 Assuming the revised spending targets are achieved, there will be unused capital resources to carry forward into 2009/10.

3.13 Summary

The programme for 2008/09 was designed to meet the Council's key objectives as set out in the Medium Term Financial and Transitional Plans. However, there was recognition that it represented an ambitious target in the Council's final year. This report suggests that it is largely on track to meet expectations and objectives and by the end of the financial year around 86% is expected to be spent or committed.

This still represents a challenging target given the spend position at the end of November was only 39% and, therefore, efforts need to be focussed on delivering the forecasts contained in this document and to further review areas where budget has been allocated but not forecast, at this stage, to be committed.

4.0 CORPORATE POLICY CONSIDERATIONS

4.1 This report does not contain proposals that would require any changes to the Council's agreed policy framework and corporate objectives.

5.0 RESOURCE IMPLICATIONS

5.1 There are no further resource implications arising from this report.

6.0 CONSULTATIONS

6.1 Comprehensive consultation has previously been held during the construction of the 2008/09 Budget Framework. This report does not contain any proposals or recommendations requiring further consultation.

7.0 OTHER MATERIAL CONSIDERATIONS

7.1 *Links to Corporate Objectives/Values*

The Council's Corporate Objectives and Values have guided the preparation of the 2008/09 Budget Framework throughout. Resource availability has been fully re-assessed and directed to assist in achieving the Council's key priorities as set out in the Corporate Plan.

7.2 *Risk Management*

The major risks of the overall capital programme can be identified and mitigated within the process of effective budgetary monitoring and control.

The efficient delivery of the capital programme can be facilitated by the reporting of financial issues and progress reports which can identify overspends or delays within a project.

The council pursues value for money through quarterly financial/progress reports and these can highlight delays which may result in less effective purchasing in the last quarter of the financial year.

7.3 Health and Safety

No additional implications have been identified.

7.4 Equality and Diversity

No material considerations have been identified.

7.5 Legal and Constitutional

The Budget Framework has been prepared in accordance with the Council's Constitution and full account has been taken of new statutory requirements. No other legal or constitutional implications have been identified.

8.0 OVERVIEW AND SCRUTINY IMPLICATIONS

8.1.1 Consultation and engagement with Overview and Scrutiny Committees has previously been held in development and review of the 2008/09 Budget Framework.

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Ward(s): Not Ward Specific

Background Papers:

1. Report to Council 29th February 2008 – Budget Framework 2008/2009.
2. Report to Cabinet 19th June 2008 – Capital Programme 2008/09
3. Report to Cabinet 3rd July 2008 – 2007/08 Capital Final Outturn Position as at 31st March 2008
4. Report to Cabinet 23rd October 2008 – Local Improvement Programme
5. Report to Cabinet 20th November – Capital Programme Expenditure and Financing Position to 30th September 2008

EXAMINATION BY STATUTORY OFFICERS

	YES	NOT APPLICABLE
1. The report has been examined by the Council's Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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