

CARLISLE CITY COUNCIL

Report to:- **Carlisle City Council**

Date of Meeting:- **26 June 2008**

Agenda Item No:-

Public

Title:- **PROVISIONAL CAPITAL OUTTURN 2007/08 AND
REVISED CAPITAL PROGRAMME 2008/09**

Report of:- **The Director of Corporate Services**

Report reference:- **CORP32/08**

Summary Report:-

Report CORP13/08 considered by the Executive on the 29 May 2008 (also circulated as part of this meeting's agenda) summarises the 2007/08 provisional outturn for the Council's Capital Programme and provides details of the revised Capital programme for 2008/09. The report was then considered by the Corporate Resources Overview and Scrutiny Committee on 12 June 2008, the Audit Committee on 23 June 2008 and the Executive again on the 23 June 2008. Minor changes since the report was presented have arisen as part of the final accounts process resulting in a change to the net position by £1,850. This involved expenditure which was requested to be carried forward having actually occurred. It increases the actual for 2007/08 by £17,850 and decreased the carry forward requests by £16,000 (net £1,850).

Recommendation:-

Council is asked to:

- (i) Approve the carry forwards totalling £2,268,200 after a minor adjustment resulting from the work on the Statement of Accounts which will result in an overspend of £88,417 which will require to be met from available capital reserves.
- (ii) Approve the revised 2008/09 onwards Capital Programme arising should the carry forwards be approved as set out in CORP13/08 (adjusted for the £16k in 2008/09):

2008/09	£7,491,100
2009/10	£4,440,300
2010/11	£2,194,000

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Note – in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: CORP13/08

REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

Date of Meeting: 29 May 2008

Public

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

Title: PROVISIONAL CAPITAL OUTTURN 2007/08 AND REVISED CAPITAL PROGRAMME 2008/09

Report of: DIRECTOR OF CORPORATE SERVICES

Report reference: CORP 13/08

Summary:

This report summarises the 2007/08 provisional out-turn for the capital budget and provides details of the revised capital programme for 2008/09. The out-turn shows that the net underspend for Council Services as at 31 March 2008 is £2,197,633. Requests are made in the report to carry forward committed expenditure of £2,284,200, and if approved this will result in an overspend of £86,567.

It should be noted that the information contained in this report is provisional subject to the formal audit process. The Statement of Accounts for 2007/08 will be presented to the Audit Committee on 23 June and Council on 26 June, followed by a three-month audit process

Recommendations:

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2008 of £2,197,633
- (ii) Consider the carry forward requests of £2,284,200 which if all approved would result in an overspend position of £86,567
- (iii) Make recommendations to Council on 26 June on the carry forward requests.
- (iv) agree the revised programme for 2008/09, as detailed in Appendix B, for recommendation to Council on 26 June;

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

CARLISLE CITY COUNCIL

To: The Executive
29 May 2008

CORP 13/08

PROVISIONAL CAPITAL OUTTURN 2007/08 **AND REVISED CAPITAL PROGRAMME 2008/09**

1. BACKGROUND INFORMATION AND OPTIONS

1.1 This report sets out the summarised financial out-turn for the Council's Capital Programme as follows:

- (i) the out-turn for individual schemes for 2007/08, summarised in **Appendix A**
- (ii) the revised programme for 2008/09, and the provisional programme for 2009/10 and 2010/11, summarised in **Appendix B**.

1.2 The report sets out the financial implications arising from the out-turn including the impact on capital resources for 2008/09. Members should note that the information contained in this report is provisional and subject to the formal audit process. Any necessary changes required following the approval of the 2007/08 accounts will, if required, be reported verbally at a future Executive meeting.

1.3 Please note that throughout this report the use of brackets represents a favourable variance i.e. either an underspend or additional income received.

2. SUMMARY CAPITAL OUTTURN 2007/08

2.1 The original capital programme of £6.016m for 2007/08 was approved in February 2007. Since then, additional capital funding has been received and in accordance with correct accounting treatment it is necessary to gross up the expenditure budgets to properly reflect the total cost of the schemes. The revised programme for 2007/08 of £10.699m is a result of the following funding streams:

	£
Original 2007/08 programme	6,016,300
Agreed carry forwards from 2006/07	2,188,900
Schemes slipped into future years	(305,000)
Funding brought forward from future years	862,500
Supplementary Estimate	30,000
Reduction in funding	(365,800)
Schemes funded by revenue budgets	78,900
External contributions/grants	1,227,200
NWDA funding re Property Acquisitions	<u>965,900</u>
Revised 2007/08 programme	<u>10,698,900</u>

2.2 The provisional out-turn position for the 2007/08 capital programme is shown below:

Directorate	Revised Annual Budget £	Total Expenditure £	Variance £	Carry Forwards to 2008/09 £	Carry Forwards to 2009/10 £	Final Variance £
Community Services	4,539,800	3,194,664	(1,345,136)	1,221,000	214,300	90,164
Corporate Services	1,275,200	1,032,170	(243,030)	240,700	0	(2,330)
Development Services	4,660,100	4,102,481	(557,619)	513,500	0	(44,119)
Legal & Democratic Services	89,700	0	(89,700)	89,700	0	0
People, Policy & Performance Services	134,100	171,952	37,852	5,000	0	42,852
Total	10,698,900	8,501,267	(2,197,633)	2,069,900	214,300	86,567

2.3 The final position for 2007/08 after all carry forwards have been taken into account is an overspend of £86,567. This is mainly due to expenditure incurred on the purchase of a vehicle for the Waste Minimisation scheme. It was originally intended that the vehicle would be leased and therefore the annual leasing costs were included in the revenue budget, so no capital funding was provided. However, an option appraisal proved that it was more economical to purchase the vehicle outright and the acquisition has to be met from the capital budget. The final variance also includes negative carry forwards of approximately £430,000 (see paragraph 3.3). Otherwise there are no reasons for concern, although some schemes have not been completed to the original timescales which has resulted in the request for carry forwards.

2.4 Further details for each directorate are included in **Appendices A1-A5**.

3. CARRY FORWARD REQUESTS

3.1 The Director of Corporate Services has delegated powers to approve carry forwards where the budget is committed and the use of the resource is restricted to the purpose for which the budget was originally provided.

3.2 Carry forwards at the end of the year have been analysed to assess the year of potential expenditure to enable better profiling of budgets for future years. As shown in paragraph 2.2, it is estimated that £2,069,900 will be spent in 2008/09 and the remaining £214,300 will be spent in 2009/10. The following schemes requiring carry forwards are expected to be completed in 2008/09:

	£
• Belah Community Centre	294,900
• Synthetic Football Pitch	308,500
• CTS replacement system	97,200
• Private Sector Grants	381,600
• Housing Strategy	71,200

3.3 Two schemes are carrying forward negative budgets. This occurs when expenditure has been incurred ahead of the 2008/09 allocation, and the overspend has first call on the following year's budget. The schemes are as follows:

(i) Housing Grants - £419,500

The capital programme has a number of housing grant budgets, but the overspends in 2007/08 relate to renovation grants (part of the private sector grants scheme) and disabled adaptations (part of the housing strategy scheme). Due to increased demand for the discretionary Renovation Grants, there was a backlog of some £1.3m, and steps have been taken to reduce awards to a more appropriate level. This was achieved in 2007/08, in order that adequate funding could be provided to deliver the mandatory Disabled Facilities Grants (DFGs). Renovation Grants are no longer provided but there is a small budget to deal with emergency Minor Works grants. DFGs are the only mandatory grants that the Council has to deal with and although an attempt is made to manage the number of grants paid in each financial year, there is no option if the appropriate information has been submitted. The Council received additional funding in 2007/08 due to its ability to deliver on these grants.

(ii) Durranshill Industrial Estate - £14,400

Part of the funding for this scheme was carried forward from 2006/07 to 2008/09 but the work has been completed ahead of schedule so expenditure has been incurred in advance of the profiled budget. This necessitates a negative carry forward, which is a first call on the 2008/09 programme.

4. FINANCING OF CAPITAL PROGRAMME 2007/08

- 4.1 Utilisation of resources to fund the 2007/08 Capital Programme in the light of the out-turn is provisionally estimated as follows:

	<u>Revised Budget</u> £	<u>Provisional Out-turn</u> £
Capital Programme expenditure in year	10,698,900	8,501,267
<u>Financed By:</u>		
Capital Grants		
• Regional Housing Pot	1,519,000	1,519,000
• DFG	525,000	525,306
• General	2,109,100	2,079,686
Capital Receipts (note 1)	5,350,500	3,238,163
Reserves & Balances		
• Renewals Reserve	856,100	811,141
• Revenue funding (note 2)	130,400	54,252
Contributions from other bodies	208,800	273,719
Total Financing	10,698,900	8,501,267

Notes:

1. Usable capital receipts carried forward from 2006/07 and those generated during the year amount to £17,814,241 compared to the revised estimate figure of £17,421,569, an increase of £392,672. This is due to higher than anticipated receipts being generated in 2007/08. Of the total sum available, £3,238,163 has been used to fund the Capital Programme in 2007/08, with the balance (£14,576,078) being carried forward to 2008/09.
2. The use of capital receipts has been optimised in order to fund 2007/08 capital expenditure and therefore the use of direct revenue funding is not required in 2007/08 with the exception of using two earmarked reserves specifically set up to fund capital expenditure.

5 THREE YEAR CAPITAL PROGRAMME

- 5.1 A three-year Capital Programme for 2008/09 to 2010/11 is detailed in **Appendices B1-B2**.

- 5.2 The programme for **2008/09** totalling £7,507,100 is based upon the programme as agreed by Council in February 2008 of £5,362,900 plus the carry forwards already approved by the Executive at the end of 2006/07 of £74,300, and the commitments brought forward from 2007/08 as identified above of £2,069,900.
- 5.3 It has been recognised that carry forwards may impact on the authority's ability to deliver the next year's capital programme. To this end, the 2008/09 programme has been kept to a level that takes account of these capacity issues.
- 5.4 It is suggested that the revised programme for 2008/09 is financed as follows:

	<u>Original Budget</u> £	<u>Revised Budget</u> £
Original Programme	5,362,900	5,362,900
Add: Carried forward from 2006/07	74,300	74,300
Add: Carried forward from 2007/08	0	2,069,900
Total Expenditure to be financed	5,437,200	7,507,100
<u>Financed by:</u>		
Capital Grants		
• Regional Housing Pot	1,122,000	1,122,000
• DFG	510,000	510,000
• General	45,000	62,300
Capital Receipts	3,720,200	5,758,600
Contributions from other bodies	40,000	54,200
Total Financing	5,437,200	7,507,100

- 5.5 The proposed programme for **2009/10** totalling £4,440,300 is based upon the programme agreed by Council in February 2008 of £4,226,000 and the commitments brought forward from 2007/08 as identified in paragraph 2.2 of £214,300.
- 5.6 The proposed programme for **2010/11** totalling £2,194,000 is based upon the programme as agreed by Council in February 2008.
- 6. CONSULTATION**
- 6.1 Consultation to Date.
SPG and SMT have considered the issues raised in this report.

- 6.2 Consultation proposed.
Corporate Resources Overview and Scrutiny Committee will consider the report on 12 June 2008.

7. RECOMMENDATIONS

- 7.1 The Executive is asked to:
- (i) Note the net underspend as at 31 March 2008 of £2,197,633
 - (ii) Consider the carry forward requests of £2,284,200 which if all approved would result in an overspend position of £86,567
 - (iii) Make recommendations to Council on 26 June on the carry forward requests.
 - (iv) agree the revised programme for 2008/09, as detailed in Appendix B, for recommendation to Council on 26 June

8. REASONS FOR RECOMMENDATIONS

As stated above.

9. IMPLICATIONS

- Staffing/Resources – Not applicable
- Financial – contained within the main body of the report.
- Legal – Not applicable
- Corporate – SPG and SMT have been involved in the preparation of this report.
- Risk Management – Individual capital schemes have different risks attached.
- Equality Issues – Not applicable
- Environmental – Not applicable
- Crime and Disorder – Not applicable

ANGELA BROWN

Director of Corporate Services

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