

Executive Committee

No Specific Ward Relevance

10 June 2009

CAPITAL PROGRAMME OUTTURN 2008/09

(Report of the Head of Financial, Revenues and Benefits Services)

1. Summary of Proposals

To report on the actual expenditure and funding of the capital programme for 2008/09.

The figures included in this report will be subject to examination by the Audit Commission as part of the final accounts audit.

2. Recommendations

The Committee is asked to RESOLVE that

subject to any comments, the report be noted.

3. Financial, Legal, Policy, Risk and Sustainability Implications

Financial

3.1 The financial implications are detailed within the report.

Legal

3.2 Under Section 151 of the Local Government Act 1972 the Local Authority must make arrangements for the proper administration of its financial affairs.

3.3. The main definition of capital expenditure is set out in the Local Government Act 1989.

Policy

3.4 There are no specific policy implications

Risk

- 3.5 It is important for the outturn position to be reported publicly for budgetary control purposes.

Sustainability / Environmental

- 3.6 There are no specific sustainability/environmental implications

4. Background

- 4.1 The approved Capital Programme for 2008/09 totalled £14.2 million. The Programme includes a number of schemes that span more than one financial year and it is necessary during the year to profile the budget according to the actual progress made during the year.

5. Key Issues

- 5.1 The detail included at Appendix 1 shows actual expenditure of £11.9 million, of which £1.4 million is work in progress. The appendix also shows the variances between the budget and actual spend. Appendix 1 also contains comments regarding the status of each scheme. For some schemes, such as, C1009 Purchase of Ex-Council Houses the balance remaining will be transferred to 2009/10 because the scheme has not finished. The current expenditure on this scheme is being treated as complete because it represents the acquisition of assets which will be included on the balance sheet. The same treatment is applied to other schemes where the expenditure relates to discrete areas of work, e.g. works to public buildings.
- 5.2 The appendix shows an overspend on C1222 Equipment and Adaptations this is due to two jobs that cost significantly more than originally anticipated. One job has to be rectified due to poor workmanship on the part of a contractor. The other job was very complex and consequently expensive. The additional costs on this scheme will be met from the HRA. Both matter are subject of internal audit investigations.
- 5.3 Further funds will be required to continue the Redevelopment of Church Hill (C1120) as the actual spend is already over budget. A further report will be prepared on this scheme.

5.4 Financing of the Capital Programme

The 2008/09 Capital Programme has been funded as detailed in the following table:

Funding Source	£
Major Repairs Reserve (HRA)	3,719,873
Prudential Borrowing	
- HRA	3,361,404
- General Fund	1,446,820
Capital Receipts	988,570
Grants	475,210
Section 106 Monies	469,450
Total	10,461,327

5.5 Capital Grants

Grants and contributions from third parties are an important source of capital finance. In 2008/09 a total of £475,210 in terms of grants were utilised to fund the capital programme. The table below details the sources of grant and their use:

Grants	£	Details
Disabled Facilities Grants (DFGs)	240,000	Government support for DFGs
Regional Housing Pot	115,840	Government support for Decent Homes including Repairs Grants and Houses in Multiple Occupation Grants and Licensing
Big Lottery Fund – Children’s Play	45,500	Risky play equipment
Youth Capital Fund	35,500	Contribution from County Council
Implementing Electronic Government (IEG)	25,598	IT equipment and software
DWP	12,772	IT equipment and software
Total	475,210	

5.6 Capital Receipts

Since the pooling of housing capital receipts was introduced on the 1st April 2004 and the downturn in the housing market the level of capital receipts has diminished. In 2008/09 the Council sold 6 dwellings under the Right to Buy (RTB) scheme this compares to 246 in 2003/04. Capital receipts of £10,000 or less are treated as revenue income.

5,7 A further report will be brought to Members on the balances to be carried over 2009/10.

Use of Capital Receipts	£'000
Balance as at 1 April 2008	2,146
Amounts received in year	533
less payment of RTB receipts to central government	123
Funding of 2008/09 capital expenditure	989
Total	1,567

6. Other Implications

Asset Management - None directly

Community Safety - None directly

Human Resources - None directly

Social Exclusion - None directly

7. Lessons Learnt

More work needs to be done on the profiling of capital budgets.

8. Background Papers

Records held on CEDAR accounting system.

Spreadsheets maintained within Financial Services.

Various Council minutes approving the schemes within the Capital Programme.

9. Consultation

This report has been prepared in consultation with relevant Borough Council Officers.

10. Author of Report

The author of this report is Teresa Kristunas (Head of Financial, Revenues and Benefits Services), who can be contacted on extension 3295 (e-mail:teresa.kristunas@redditchbc.gov.uk) for more information.

11. Appendices

Appendix 1 – Capital Programme 2008/09