



## Finance Sub-Committee – 12 September 2012

### Capital Budget Monitoring Report

**Purpose of report:** To detail capital expenditure against the approved budget for the period ended 30 June 2012

#### Attachment(s)

Appendix 1 – Capital Expenditure for 2012/13 and beyond

#### 1.0 Introduction

- 1.1 This report details the Council's financial position against the approved capital budget and updates the programme to reflect recent policy decisions. It provides an overview of the council's expenditure against that approved capital budget to the end of quarter 1, (30.6.2012). It also highlights any significant under or overspending and identifies its impact on the year end position. Revenue spending is reported separately.
- 1.2 The report is only intended to highlight and provide explanations for high level variations. It sets out the high level variations of a material nature (over £10k) which have the potential to have a significant impact on the overall financial position of the council. Detailed information on individual variations can be obtained from the budget holder.

#### 2.0 Overview – Capital Programme 2012/13 to 2020/21

- 2.1 The Council's Capital Programme 2012/21 of £12.5m was approved by Council on 29th February 2012. A summary of the Capital Programme approved by Council is shown below:

	2012/13 £	2013/14 to 2021/22 £
<b>Improving Services:</b>		
• Investment in Pemberton Centre to improve leisure services and generate additional income sources	1,500,000	0
• Disabled Facilities Grants (statutory obligation)	400,000	3,600,000
<b>Maintaining Business Continuity:</b>		
• Business systems & technology	476,500	3,645,000
• Properties	30,000	225,000
<b>Schemes subject to review:</b>		
• Nene Centre Roof	1,100,000	0
• Investment in Nene Centre to improve leisure services and generate additional income	350,000	350,000
• Replacement of 'company cars'	121,140	336,420
Other schemes (incl. wheelie bin replacement)	16,600	163,000
Rescheduling of capital projects from 2011/12	167,690	0
<b>Budget 2012/13 and future programme</b>	<b>4,161,930</b>	<b>8,319,420</b>
<b>Funded by:</b>		
Capital Reserves	1,353,650	0
Proceeds from Sale of Assets	860,000	3,830,540
Government Grant (Disabled Facilities Grant)	170,000	1,530,000
External Contributions	1,100,000	0
Borrowing	678,280	2,958,880
<b>Total Funding</b>	<b>4,161,930</b>	<b>8,319,420</b>

- 2.2 The capital programme included the following items of note:
- 3 schemes were "subject to review" before being able to incur any spend on the capital programme (see update in paragraph 3.3 below).
  - A mixture of asset sales and borrowing would be required to finance the capital programme (see update in paragraph 3.4 below).

### 3.0 Capital Position 2012/13

- 3.1 The table below sets out the position on the medium term capital programme as at the end of the first quarter of the 2012/13 financial year:

	<b>2012/13</b>	<b>Future Years</b>
	<b>£</b>	<b>£</b>
<b>Original Approved Budget</b>	4,161,930	8,319,420
Rescheduling of expenditure and savings from 2011/12 (reported in capital outturn report Finance Sub Committee 25th June 2012)	202,260	
<b>New Schemes Added in Quarter 1:</b>		
Purchase of Wheeled Bins (reclassification of expenditure as capital, previously revenue)	200,000	
Rushden Public Realm (P&R 2 <sup>nd</sup> April)	8,000	
Greenway Phase 3 (P&R 9 <sup>th</sup> May)	388,835	
Nene Centre Roof (Council 16 <sup>th</sup> July)	98,500	
Nene Centre Improvements (Council 16 <sup>th</sup> July)	203,500	
<b>Revised Approved Budget</b>	<b>5,263,025</b>	<b>8,319,420</b>
<b>Net changes to expenditure</b>	<b>3,486</b>	<b>0</b>
<b>Forecast Outturn</b>	<b>5,266,511</b>	<b>8,319,420</b>

### 3.2 Capital Expenditure 2012/13

The table shows that the budget for the capital programme has increased from £4.2m to £5.3m as a result of rescheduling of expenditure from 2011/12, new schemes being added to the programme and enhancements to existing schemes since the budget was approved by Council in February 2012.

The forecast outturn for 2012/13 is marginally above the budget. Full details are shown in appendix 1.

### 3.3 Schemes subject to review

As noted in paragraph 2.2 there were 3 schemes which were incorporated into the medium term capital programme "subject to review". The latest position on each of these schemes is as follows:

- Nene Centre Roof – scheme released into the capital programme following a decision by Council on 16<sup>th</sup> July 2012.
- Nene Centre Improvements – scheme released into the capital programme following a decision by Council on 16<sup>th</sup> July 2012.
- Replacement of "company cars" – scheme still under review as proposals on the future of the scheme are currently being consulted on. The programme currently assumes £121k of expenditure may be incurred in the 2012/13 financial year. The progress of the consultation will be kept under close scrutiny in future monitoring reports.

### 3.4 Capital Funding 2012/13

The capital spending is assumed to be funded from the following funding sources in 2012/13:

<b>Funding Source</b>	<b>As per Budget £m</b>	<b>Current Position £m</b>	<b>Variance £m</b>	<b>Reason for Variance</b>
Capital Reserves	1.354	1.902	+0.548	Revised reserves position following savings and re-phasing of spend from 2011/12.
Proceeds from Sale of Assets	0.860	0.860	0.000	No change.
Government Grant (Disabled Facilities Grant)	0.170	0.170	0.000	No change.
External Contributions	1.100	1.998	+0.898	<ul style="list-style-type: none"> <li>• Nene Centre Roof (£0.3m)</li> <li>• Greenway phase 3 (£0.4m)</li> <li>• Replacement of wheeled bins (£0.2m)</li> </ul>
Borrowing	0.678	0.337	-0.341	
<b>Total</b>	<b>4.162</b>	<b>5.267</b>	<b>1.105</b>	

The overall funding required for 2012/13 compared to the budget has increased by £1.1m to £5.3m. The majority of this increase is anticipated to come from external contributions to new schemes approved into the programme since the budget was set in February.

The increased level of capital reserves at the end 2011/12 has led to an estimated reduction in the amount of borrowing required to finance the capital investment in 2012/13. It is anticipated the Council will use its surplus cash reserves to finance this borrowing requirement in 2012/13, rather than borrowing externally. There will be an opportunity cost of using surplus cash reserves to finance the capital programme, namely lost investment income on the surplus monies. However, this is considered a better value for money option than borrowing externally.

It should be noted the funding forecast assumes £0.9m of net proceeds arising from asset sales. Progress on the sale of surplus assets is included in a separate report on the agenda. If the proceeds are not realised in year, the Council will need to fund the difference from borrowing or seek to postpone spending on the capital programme until the receipts have been realised.

## 4.0 Reserves

4.1 The impact on capital reserves is set out in **Table 2** below:

	<b>£'000</b>	<b>£'000</b>
Capital reserves at 1 April 2012		1,902
Less:		
Estimated use of capital reserves in 2012/13	1,902	
Forecast capital reserves at 31 March 2013		0

4.2 As reported when the budget was set in February 2012 the remaining capital reserves are due to be used in 2012/13.

## 5.0 Recommendation

5.1 It is recommended that the current capital budget position be noted.

*(Reason – this is an information / monitoring report – no decision required)*

<b>Legal</b>	Power:				
	Other considerations:				
<b>Background Papers:</b> None					
<b>Person Originating Report:</b> Glenn Hammons, Chief Finance Officer 01832 742267 or ghammons@east-northamptonshire.gov.uk					
<b>Date:</b> 21 August 2012					
<b>CFO</b>		<b>MO</b>		<b>CX</b>	

EXPENDITURE SUMMARY	2012/13						Total 2013/14 to 2021/22
	Current Budget £	Estimated Outturn £	Actual + Commitm £	Variance Outrn v Budt £	Request to Roll Fwr. £	Reason	Estimate £
Housing Projects	505,460	505,461	82,324	1	-		3,600,000
Leisure and Tourism Projects	3,336,000	3,343,651	8,671	7,651	-		350,000
Environment Projects	675,645	671,484	114,608	(4,161)	-		80,000
Central Services Projects	21,840	21,840	11,551	-	-		-
Corporate Systems	556,340	556,335	16,036	(5)	-		3,645,000
Essential Property Maintenance	30,000	30,000	17,991	-	-		225,000
Vehicle Replacements	137,740	137,740	-	-	-		419,420
<b>Total</b>	<b>5,263,025</b>	<b>5,266,511</b>	<b>251,180</b>	<b>3,486</b>	<b>-</b>		<b>8,319,420</b>

Housing Projects	Responsible Officer	2012/13						Total 2013/14 to 2021/22
		Current Budget £	Estimated Outturn £	Actual + Commitm £	Variance Outrn v Budt £	Request to Roll Fwr. £	Reason	Estimate £
Disabled Facilities Grants	Mike Deacon	505,460	505,461	82,324	1	-		3,600,000
<b>Total</b>		<b>505,460</b>	<b>505,461</b>	<b>82,324</b>	<b>1</b>	<b>-</b>		<b>3,600,000</b>

Leisure and Tourism Projects	Responsible Officer	2012/13						Total 2013/14 to 2021/22
		Current Budget £	Estimated Outturn £	Actual + Commitm £	Variance Outrn v Budt £	Request to Roll Fwr. £	Reason	Estimate £
Village Hall Development	Lisa Hyde	-	7,651	7,651	7,651	-	To be covered by underspend on JCJ377	-
The Pemberton Centre Rushden	Katy Everitt	6,000	6,000	-	-	-		-
Pemberton Centre Improvement Plan	Lisa Hyde	1,500,000	1,500,000	-	-	-		-
Nene Community Centre - Roof	Katy Everitt	1,402,000	1,402,000	1,020	-	-		-
Improvements to Nene Centre	Lisa Hyde	350,000	350,000	-	-	-		350,000
Splash Pool	Katy Everitt	46,500	46,500	-	-	-		-
Stanwick Lakes - Infrastructure	Lisa Hyde	31,500	31,500	-	-	-		-
<b>Total</b>		<b>3,336,000</b>	<b>3,343,651</b>	<b>8,671</b>	<b>7,651</b>	<b>-</b>		<b>350,000</b>

Environment Projects	Responsible Officer	2012/13						Total 2013/14 to 2021/22
		Current Budget £	Estimated Outturn £	Actual + Commitm £	Variance Outrn v Budt £	Request to Roll Fwr. £	Reason	Estimate £
HI 4 EM	Mike Deacon	39,020	39,020	-	-	-		-
Recycling Receptacles	Mike Deacon	200,000	200,000	98,658	-	-	Funded by revenue contribution	-
Replacement of Wheelie Bins	Mike Deacon				-	-		80,000
Environmental Improvements	Lisa Hyde	20,000	12,349	-	(7,651)	-	Savings to cover overspend on JCJ203	-
Greenway Phase3	Lisa Hyde	388,835	388,835	12,466	-	-	Funded by S106 and external bodies	-
District Car Parks	Katy Everitt	11,950	11,950	-	-	-		-
Road Adoption Kingsmead Kings Cliffe	Katy Everitt	2,400	2,400	-	-	-		-
Allen Road Adoption	Katy Everitt	-	3,490	3,485	3,490	-	Under accrued invoice (Phoenix Surfacing Ltd)	-
Closed Churchyard, Polebrook	Katy Everitt	5,440	5,440	-	-	-		-
Rushden, High Street - Public Realm	Sharn Matthews	8,000	8,000	(1)	-	-		-
<b>Total</b>		<b>675,645</b>	<b>671,484</b>	<b>114,608</b>	<b>(4,161)</b>	<b>-</b>		<b>80,000</b>

Central Services Projects	Responsible Officer	2012/13						Total 2013/14 to 2021/22
		Current Budget £	Estimated Outturn £	Actual + Commitm £	Variance Outrn v Budt £	Request to Roll Fwr. £	Reason	Estimate £
Rushden Centre Ongoing	Katy Everitt	20,000	20,000	11,551	-	-		-
Colour Printer	Katy Everitt	1,840	1,840	-	-	-		-
<b>Total</b>		<b>21,840</b>	<b>21,840</b>	<b>11,551</b>	<b>-</b>	<b>-</b>		<b>-</b>

Vehicle Replacements	Responsible Officer	2012/13						Total 2013/14 to 2021/22
		Current Budget £	Estimated Outturn £	Actual £	Variance Act v Bud £	Request to Roll Fwr. £	Reason	Estimate £
Replacement Dog Warden Vans	Mike Deacon	16,600	16,600	-	-	-		83,000
Purchase of Company Cars	Katy Everitt	121,140	121,140	-	-	-		336,420
<b>Total</b>		<b>137,740</b>	<b>137,740</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>419,420</b>

Essential Property Maintenance	Responsible Officer	2012/13						Total 2013/14 to 2021/22
		Current Budget £	Estimated Outturn £	Actual + Commitm £	Variance Outrn v Budt £	Request to Roll Fwrd. £	Reason	Estimate £
Village Drains	Katy Everitt	10,000	10,000	9,446	-			-
Essential Property Maintenance	Katy Everitt				-			225,000
Industrial Units	Katy Everitt	20,000	20,000	8,545	-			-
<b>Total</b>		<b>30,000</b>	<b>30,000</b>	<b>17,991</b>	<b>-</b>	<b>-</b>		<b>225,000</b>

Corporate Systems	Responsible Officer	2012/13						Total 2013/14 to 2021/22
		Current Budget £	Estimated Outturn £	Actual + Commitm £	Variance Outrn v Budt £	Request to Roll Fwrd. £	Reason	Estimate £
Service Transformation Programme	Gareth Jones	4,340	4,335	4,335	(5)			120,000
Replacement PC'S, Monitors & Laptops	Gareth Jones	39,000	39,000	1,701	-			225,000
Replacement Printers & Scanners	Gareth Jones	25,000	25,000	-	-			80,000
Replacement Servers	Gareth Jones	45,000	45,000		-			170,000
Replacement Sun Server	Gareth Jones				-			60,000
UPS for L12	Gareth Jones	20,000	20,000		-			40,000
Data Infrastructure Equipment	Gareth Jones	48,000	48,000	-	-			190,000
Licences	Gareth Jones	105,000	105,000		-			1,145,000
Storage/Replacement SAN	Gareth Jones	10,000	10,000		-			175,000
Council Chamber Project Screen	Gareth Jones				-			55,000
Security Systems/GovConnect	Gareth Jones	10,000	10,000		-			110,000
ESRI - GIS Upgrade	Gareth Jones				-			160,000
CAPS Solutions/ERMS	Gareth Jones	200,000	200,000	10,000	-			330,000
Revenues and Benefits Upgrade	Gareth Jones	10,000	10,000		-			135,000
CRM Upgrades	Gareth Jones				-			370,000
Telephone System	Gareth Jones				-			135,000
Rushden Centre BC/DR	Gareth Jones	40,000	40,000		-			65,000
Replacement Finance System	Gareth Jones				-			80,000
<b>Total</b>		<b>556,340</b>	<b>556,335</b>	<b>16,036</b>	<b>(5)</b>	<b>-</b>		<b>3,645,000</b>

Original Budget MFTS	4,161,930
Carry Forward	202,260
Greenway Project Phase 3 - P&R 09 May 2012	388,835
Purchase of Wheeled Bins - P&R 17 Jan 2011	200,000
Rushden Public Realm Project - P&R 02 Apr 2012	8,000
The Nene Centre - Council 16 Jul 2012	302,000
	5,263,025