

ITEM NO:9(iii)

DECISION-MAKER:	COUNCIL			
SUBJECT:	GENERAL FUND CAPITAL OUTTURN 2008/09			
DATE OF DECISION:	15 th JULY 2009			
REPORT OF:	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING PORTFOLIO			
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

The purpose of this report is to outline the actual outturn position for 2008/09, seek approval for the proposed financing of the expenditure in the year and seek approval for revised estimates for 2009/10. This report also highlights the major variances against the approved estimates.

RECOMMENDATIONS:

- (i) Note the actual capital spending in 2008/09 as shown in paragraphs 4 and 5
- (ii) Approve the proposed capital financing in 2008/09 as shown in paragraph 10
- (iii) Approve the revised scheme estimates for 2009/10, to take account of slippage and rephrasing as detailed in Appendix 1 (see paragraph 6).
- (iv) Approve the request by Housing and Local Services to slip under spends from 2008/09 into later years and bring forward budgets from later years to cover forecast over spends in 2008/09 and 2009/10 as outlined in paragraph 15 and Appendix 4.
- (v) To note that following changes in programme spending and resources the forecast deficit on the capital programme has exceeded parameters recommended by the Chief Financial Officer.
- (vi) To approve a full review and prioritisation of the capital programme in order to bring the deficit back within acceptable parameters, the results of which will be reported as part of the September update of the Capital Programme.
- (vii) To delegate authority to the Executive Director of Resources following consultation with the Leader, Deputy Leader and Cabinet Member for Resources and Workforce Planning to implement short term measures to reduce the deficit on the capital programme whilst the review takes place.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2008/09 forms part of the approval of the statutory accounts.

CONSULTATION

2. Not Applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The outturn and financing for 2008/09 have been prepared in accordance with statutory accounting principles.

DETAIL

4. CAPITAL OUTTURN 2008/09

Total General Fund capital expenditure in 2008/09 was £50.4M compared to an estimate of £68.9M, giving an underspend of £18.5M or 26.8% of the programme.

5. Each Cabinet Member has received a capital outturn report covering the reasons for the outturn position in their area and the effect of any slippage in schemes on their forward capital programme. The performance of individual capital programmes in 2008/09 is summarised in the following table.

<u>SUMMARY OF GF CAPITAL OUTTURN 2009/09</u>				
	Approved £000	Actual £000	Variance £000	Variance %
Children's Services & Learning	25,204	15,015	(10,189)	(40.4)
Economic Development	9,718	7,825	(1,893)	(19.4)
Environment & Transport	18,361	16,459	(1,902)	(10.3)
Adult Social Care & Health	1,210	890	(320)	(26.4)
Housing & Local Services	7,293	7,190	(103)	(1.4)
Leisure, Culture & Heritage	1,244	1,048	(196)	(15.7)
Resources & Workforce Planning	5,865	1,962	(3,903)	(66.5)
TOTAL GF CAPITAL PROGRAMME	68,895	50,388	(18,507)	(26.8)

6. Slippage accounted for £19.75M of the under spend, partially offset by the rephasing of some schemes to bring expenditure forward. Appendix 1 details schemes that require rephasing in 2009/10 to take account of slippage and expenditure brought forward. Council is asked to approve the revised estimates for 2009/10 so that these schemes can proceed. These revised estimates for 2009/10 do not result in any increase to the overall capital programme. A full review of the capital programme will be undertaken for the September 2009 Council meeting.

7. Any overspends on individual schemes are funded from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them, this may result in reduced outputs where an overspend results in cuts being made elsewhere in the programme.
8. Appendix 3 shows the 2008/09 actual and 2008/09 approved estimate, together with the total for all years for each scheme, compared to the total scheme budget.
9. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 2.
10. The table below shows the proposed basis of financing the General Fund capital programme. Council is asked to approve this financing.

GENERAL FUND CAPITAL FINANCING 2008/09	
	£000
Total Financing Required	50,388
Financed By: -	
Supported Borrowing	7,286
Unsupported Borrowing	12,709
Capital Receipts	8,441
Capital Grants & Contributions	20,046
Car Parking Surplus	161
Direct Revenue Financing	1,745
Total	50,388

11. The impact of scheme variances for 2008/09 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 16th September.

PRUDENTIAL INDICATORS

12. The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown below are those reported to Council as part of the February 2008 Annual Treasury Management Strategy and Prudential Limits report.

	2008/09 Estimate £000	2008/09 Actual £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
General Fund	64,885	50,388	71,860	48,935	13,404
HRA	27,948	25,451	32,906	22,269	19,150
Total	92,833	75,839	104,766	71,204	32,554

13. The reason for the difference between the General Fund estimate for 2008/09 in the table above and the estimate shown elsewhere in this report is due to new schemes being approved between the Treasury Management Strategy report being written and the end of March.
14. This indicator for 2009/10 to 2011/12 will be updated as part of the Capital Programme Update report to Council in September 2009. The Treasury Management Outturn Report 2008/09, elsewhere on the agenda, contains details of the other Prudential Indicators.
15. As part of the 2008/09 outturn, Housing & Local Services are requesting that future year budgets are adjusted to cover a number of actual and projected overspends and re-phased expenditure. The details of these changes are outlined in Appendix 4.

IMPACT OF THE RECESSION

16. The capital programme approved by Council in February 2009 was estimated to be in deficit (spend exceeded resources) by £3.3M following a revised assessment of the value and timing of capital receipts.
17. Within the Medium Term Financial Strategy approved by Council in May, the CFO also advised that it would be prudent to set a limit on the proportion of the capital programme that could effectively be in deficit and a figure of 5% (approximately £10M) was set as a limit against which to monitor the programme.
18. There have been changes in both spending and resources since the programme was set in February and work is currently ongoing (now that the final accounts have been approved) to assess the full impact of this on the programme.
19. However, based on what we currently know and a high level update of the Council's capital resources following further reductions in value and delays in capital receipts, it is clear that the overall deficit position on the general fund capital programme has exceeded the 5% limit advised by the CFO.
20. It is therefore recommended in this report that a full review of the capital programme be undertaken to look at options for reducing the overall deficit that will be reported as part of the capital update due for September 2009.
21. In the meantime, it is also recommended that delegated authority be given to the Executive Director of Resources to implement short term measures to help bring the programme back in balance whilst the review is carried out.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

22. As set out in the report details.

Revenue

23. The revenue implications of the capital programme are built into the revenue outturn position for 2008/09 and the 2009/10 approved budget.

Property

24. None.

Other

25. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

26. The Capital Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.

Other Legal Implications:

27. None.

POLICY FRAMEWORK IMPLICATIONS

28. The outturn for 2008/09 forms part of the overall statutory accounts.

SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Revised Capital Scheme Estimates for 2009/10.
2.	Reasons for Major Variances on Capital Schemes.
3.	Actual v Budget for individual schemes.
4.	Housing Later Years Slippage and Rephasing.

Documents In Members' Rooms

1.	None
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Background Documents

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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Background documents available for inspection at: N/A

FORWARD PLAN No N/A **KEY DECISION?** N/A

WARDS/COMMUNITIES AFFECTED: N/A