

<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	GENERAL FUND CAPITAL OUTTURN 2011/12
<b>DATE OF DECISION:</b>	11 JULY 2012
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES
<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	

### **BRIEF SUMMARY**

The purpose of this report is to outline the General Fund capital outturn position for 2011/12 and seek approval for the proposed financing of the expenditure in the year. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2012/13 which take account of slippage and re-phasing.

### **RECOMMENDATIONS:**

It is recommended that Council:

- (i) Notes the actual capital spending in 2011/12 as shown in paragraphs 4 and 5 and notes the major variances detailed in Appendix 1.
- (ii) Notes the revised estimates for 2012/13, adjusted for slippage and re-phasing as shown in Appendix 3.
- (iii) Notes that no major under or over spends have been identified at this stage but that provision has been made for additional DRF funding as part of the revenue outturn, as detailed in the General Fund Revenue Outturn 2011/12 report elsewhere on the Council agenda, to respond to a potential pressure relating to the final cost of the SeaCity Museum.
- (iv) Approves the proposed capital financing in 2011/12 as shown in paragraph 12.
- (v) Notes that the capital programme is currently fully funded based on the latest forecast of capital receipts.
- (vi) Notes that due to anticipated delays in the receipt of funding from the sale of capital assets an additional £9.16M had to be borrowed to fund the 2011/12 programme which is in line with delegated powers approved in September 2008 and the revenue implications of which have been reflected in the General Fund revenue budget.
- (vii) Notes that the additional temporary borrowing outlined in (vi) above will be repaid as the cash flow position improves as capital receipts are generated following the planned sale of a number of property assets.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn position for 2011/12 forms part of the approval of the statutory accounts.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. None as the outturn and financing for 2011/12 have been prepared in accordance with statutory accounting principles.

## DETAIL (Including consultation carried out)

### CONSULTATION

3. Directors, Senior Managers and Managers have been consulted in preparing the reasons for variations contained in Appendix 1.

### CAPITAL OUTTURN 2011/12

4. Total General Fund capital expenditure in 2011/12 was £80.1M compared to an estimate of £93.6M, giving an under spend of £13.5M or 14.4% of the programme.
5. The Capital Board for each Portfolio will have received a report at an appropriate level of detail setting out the outturn position. The performance of individual capital programmes in 2011/12 is summarised in the following table.

<b>SUMMARY OF GF CAPITAL OUTTURN 2011/12</b>				
<b>Portfolio</b>	<b>Approved £000's</b>	<b>Actual £000's</b>	<b>Variance £000's</b>	<b>Variance %</b>
Adult Social Care & Health	1,805	1,026	(779)	(43.2)
Children's Services & Learning	38,711	32,417	(6,294)	(16.3)
Environment & Transport	20,786	17,282	(3,504)	(16.9)
Housing (General Fund)	2,226	2,175	(51)	(2.3)
Housing (Local Services & Community Safety)	1,377	1,162	(215)	(15.6)
Leader's	2,295	1,366	(929)	(40.5)
Leisure & Culture	14,598	14,602	4	0.0
Resources	11,777	10,036	(1,741)	(14.8)
<b>Total GF Capital Programme</b>	<b>93,575</b>	<b>80,066</b>	<b>(13,509)</b>	<b>(14.4)</b>

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.
7. Appendix 2 shows the 2011/12 actual and 2011/12 approved estimate, together with the total spend for all years for each scheme to date, compared to the total scheme budget.
8. Slippage accounted for £15.5M of the under spend, partially offset by the re-phasing of £1.7M on some schemes to bring expenditure forward.  
As part of the processes surrounding Sharepoint, the Council's project management system, slippage and re-phasing is automatically approved and processed at the year-end. The details of this are shown in Appendix 3. A small number of negative budgets on individual schemes resulted from this process and this will be corrected by the finance support teams within the relevant Portfolio capital programme resources.

9. Any over spends 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 and this may result in reduced outputs where an over spend results in cuts being made elsewhere in the programme.
10. No major under or over spends have been identified at this stage. However, there have been significant additional costs incurred on the SeaCity Museum project, including £300,000 more asbestos work than originally anticipated. Every effort is being made to identify whether it is possible to still deliver the scheme on budget and this will be finalised in 2012/13. Provision has been made for additional DRF funding as a prudent response to this potential pressure as part of the revenue outturn and is detailed in the General Fund Revenue Outturn 2011/12 report elsewhere on the Council agenda.
11. The impact of scheme variances for 2011/12 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 12 September 2012.
12. The table below shows the proposed basis of financing the General Fund capital programme. Council is asked to approve this financing.

<b>GENERAL FUND CAPITAL FINANCING 2011/12</b>	
	<b>£000's</b>
Total Financing Required	80,066
<b>Financed By: -</b>	
Unsupported Borrowing	18,515
Capital Receipts	4,835
Capital Grants	43,611
Capital Contributions	6,674
Car Parking Surplus	199
Direct Revenue Financing	6,232
<b>Total</b>	<b>80,066</b>

### **PRUDENTIAL INDICATORS**

13. 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 2012 Annual Treasury Management Strategy and Prudential Limits report.

	<b>Actual</b>	<b>Estimates</b>			
	<b>2011/12 £000's</b>	<b>2011/12 £000's</b>	<b>2012/13 £000's</b>	<b>2013/14 £000's</b>	<b>2014/15 £000's</b>
General Fund	80,066	94,341	44,600	13,641	716
HRA	22,123	25,742	31,443	32,682	34,506
<b>Total</b>	<b>102,189</b>	<b>120,083</b>	<b>79,043</b>	<b>46,323</b>	<b>35,222</b>

14. The reason for the difference between the General Fund estimate for 2011/12 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.
15. This indicator for 2012/13 to 2014/15 will be updated as part of the Capital Programme Update report to Council in September 2012. The Treasury Management Outturn Report 2011/12, elsewhere on the agenda, contains details of the other Prudential Indicators.

### **CAPITAL PROGRAMME FUNDING**

16. Funding for the capital programme is heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the changes in the economic climate have increased the Council's risk in this area.
17. This was recognised in 2008 and in the event therefore that there was a temporary deficit in the funding of the capital programme due to delays in receiving capital receipts, delegated authority was given by Council to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, to undertake additional borrowing in order to provide cover for any delays in the timing of capital receipts.
18. Due to anticipated delays in the receipt of funding from the sale of capital assets an additional £9.16M had to be borrowed to fund the 2011/12 programme, which is in line with delegated powers approved in September 2008. The additional revenue costs associated with undertaking this prudential borrowing have been built into future budget forecasts.
19. Despite the ongoing economic difficulties, which have reduced and delayed capital receipts from the sales of land and property, the Council's capital programme is fully funded based on the latest forecast of capital receipts. However, due to the limited level of capital resources available additions to the programme are only considered in very exceptional circumstances and clear prioritisation is required.

### **RESOURCE IMPLICATIONS**

#### **Capital/Revenue**

20. This report principally deals with capital and the implications are set out in the main body of the report. However, the revenue implications arising from

borrowing to support the capital programme are considered as part of the annual revenue budget setting meetings.

**Property/Other**

21. None.

**LEGAL IMPLICATIONS**

**Statutory Power to undertake the proposals in the report:**

22. Financial reporting is consistent with the Chief Financial Officer’s duty to ensure good financial administration within the Council. The Capital Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.

**Other Legal Implications:**

23. None.

**POLICY FRAMEWORK IMPLICATIONS**

24. The outturn for 2011/12 forms part of the overall statutory accounts.

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**KEY DECISION? Yes/No**

<b>WARDS/COMMUNITIES AFFECTED:</b>	None
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**SUPPORTING DOCUMENTATION**

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

**Appendices**

1.	Capital Outturn 2011/12 – Details of Significant Variances
2.	Scheme Budget Variances 2011/12
3.	Revised Estimates 2012/13

**Documents In Members’ Rooms**

1.	None
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**Integrated Impact Assessment**

Do the implications/subject/recommendations in the report require an Integrated Impact Assessment to be carried out?	No
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**Integrated Impact Assessment and Other Background documents available for inspection at:**

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.	THE GENERAL FUND CAPITAL PROGRAMME 2011/12 TO 2014/15 – Council 15 February 2012	
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