

CABINET

17 June 2009

PRINCIPAL SCRUTINY COMMITTEE

22 June 2009

CAPITAL EXPENDITURE OUTTURN 2008/09

REPORT OF HEAD OF FINANCE

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RECENT REFERENCES:

CAB1775: Capital Programme 2008/09 to 2013/14, 14 January 2009

CAB1786: Budget & Council Tax 2009/10, 4 February 2009

CAB1848: Revenue Outturn 2008/09, 17 June 2009

EXECUTIVE SUMMARY:

This report provides an overview of the actual (outturn) capital expenditure for the financial year 2008/09 compared with the Revised Capital Estimate.

Total capital expenditure in the year 2008/09 was £6.567m, which was £5.082m lower than the Revised Budget of £11.648m. Requests to carry forward unspent capital budgets to 2009/10 amount to £3.407m.

The closing balance on the Usable Capital Receipts Reserve was £6.688m at 31 March 2009, compared with a budget of £3.548m.

RECOMMENDATIONS:

1. That the Cabinet notes the capital expenditure and financing for 2008/09 and the implications on the 2009/10 budget, and
2. That it be recommended to Council to approve the carry forward of capital budget totalling £3.407m from 2008/09 (as detailed in Appendix B), in accordance with Financial Procedure Rule 7.9.

CABINET17 June 2009PRINCIPAL SCRUTINY COMMITTEE22 June 2009CAPITAL EXPENDITURE OUTTURN 2008/09REPORT OF HEAD OF FINANCE1 Introduction

- 1.1 This report provides an overview of the actual (outturn) capital expenditure for the financial year 2008/09 compared with the Revised Capital Estimate.
- 1.2 The Original Budget for the year was set in February 2008 at £15.820m. Inevitably there have been various revisions to the programme during the year. These are reflected in the Revised Capital Estimate (per CAB1786).

2 Summary

- 2.1 Total capital expenditure in the year 2008/09 amounted to £6.567m. The highest spending items are listed below:

CAPITAL EXPENDITURE	2008/09 £'000
Housing Major Repairs	3,093
Disabled Facilities & Home Improvement grants	489
Re-investment in stock condition	473
Affordable Housing Regeneration	260
ICT E-govt	259
Museum Storage	240
Abbey Gardens Public Toilets	228
ICT Equipment	200
Flexible Working project	196
West Wing	145
Meadowside Leisure Centre (partly funded by insurance receipts of £64,000)	135
Tower Street	117
Other - individual projects spending below £100,000	732
Total	6,567

- 2.2 The outturn capital expenditure compares to the Revised Capital Estimate for 2008/09 as follows:

	2008/09	2008/09
	£'000	£'000
Revised Capital Estimate		11,648
<i>Plus:</i>		
Additional external funding achieved		15
<i>Less:</i>		
Net underspends – <i>not</i> to be carried forward (see 2.3 & 2.4 below)		(1,689)
Committed at 31 st March 2009 – but unspent – budget to be carried forward	(1,827)	
Approved but not committed at 31 st March 2009 – budget requested to be carried forward	(1,318)	
Not yet Approved at 31 st March 2009 – budget requested to be carried forward	(262)	
Total requested to be carried forward to 2009/10 (see Appendix B)	(3,407)	
Actual Capital Expenditure in 2008/09 (see Appendix A)		6,567

- 2.3 Within the “underspend not to be carried forward” is £93,000 in relation to works on car parks. This expenditure was incurred during the year but has been reclassified as revenue expenditure when reviewed as part of the year end procedure. It has been funded by the Car park property earmarked reserve. To qualify as capital expenditure there must be a demonstrable “enhancement of the economic benefits” of the asset.
- 2.4 In respect of the Housing Revenue Account Major Repairs Allowance, the underspend of £232,000 has been transferred to the Major Repairs Reserve at the year end. Future plans for this sum will be included in Revised Budget proposals later in the year.
- 2.5 Appendix A provides the detail of all expenditure in the year compared with Revised Estimate. Requests for budget to be carried forward are itemised in Appendix B.

3 Financing of Capital Expenditure in 2008/09

- 3.1 The financing of the capital expenditure in 2008/09 compared with the Revised Estimate assumptions, together with the proposed financing of requested carry forward expenditure budget is provided at Appendix C.
- 3.2 No call has been made on the Major Investment Reserve to fund capital in 2008/09.
- 3.3 Appendix D shows the movement on the Usable Capital Receipts Reserve in 2008/09 compared with the Revised Budget assumptions. The closing balance is £6.688m compared with the Revised Budget of £3.548m; a variance of £3.140m. The financing of proposed carry forwards from this reserve would be £2.290m.

OTHER CONSIDERATIONS:

4 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 4.1 The preparation of the capital budget is aligned to the Sustainable Community Strategy and Capital Strategy and supports the achievement of the corporate business plan. The main corporate priority is identified for each line of capital expenditure in the programme. Capital Expenditure in 2008/09 was identified against the corporate priorities as follows:

Safe & Strong Communities	£4,772,000
Efficient & Effective Council	£1,172,000
High Quality Environment	£ 401,000
Economic Prosperity	£ 221,000

For more detail see Appendix A.

5 RESOURCE IMPLICATIONS:

- 5.1 These are fully covered within the report.

6 RISK MANAGEMENT ISSUES

- 6.1 No significant risks have been identified as a consequence of this report.

BACKGROUND DOCUMENTS:

Operational and financial records held in Finance and other Divisions.

APPENDICES:

Appendix A: Capital Expenditure Outturn 2008/09 compared with Revised Estimate
– variance analysis

Appendix B: Requests for Capital Expenditure Budget to be Carried Forward to
2009/10

Appendix C: Financing of Capital Expenditure 2008/09

Appendix D: Usable Capital Receipts Reserve

CAPITAL EXPENDITURE OUTTURN 2008/09								
	Corporate Priority	Funding	Revised Capital Estimate	Outturn Expenditure	Lower / (Higher) than budget for year	Additional External Funding	Budget Carry Forward Request	Not Carried Forward
			£000	£000	£000	£000	£000	£000
GENERAL FUND								
COMMUNITIES & SAFETY								
Capital Grants	S&S	CR / MIR	100	82	18		18	
Development of Parish Hubs & Clusters	E&EC	CR / MIR	7	3	4			4
"Ok to Play" project	S&S	EF	64	10	54		54	
Playbuilder	S&S	EF	50	15	35		35	
			221	110	111		107	4
ECONOMY & TOURISM								
Alresford 'Putting Pedestrians First'	S&S	EF / CR	224	10	214		214	
Parchment Street Archway	S&S	ER	15	21	(6)	(5)		(1)
Tourist Information Centre Improvements	EP	CR / MIR	75	25	50		50	
			314	56	258	(5)	264	(1)
ENVIRONMENT								
Abbey Gardens Public Toilets	HQE	CR / MIR	270	228	42		42	
Open Space & Recreation Facilities	HQE	CR/EF	288	30	258		80	178
Public Conveniences	HQE	CR / MIR	14	14				
Replacement Bins	HQE	CR / MIR	10	11	(1)		(1)	
			582	284	298		121	178
FINANCE & EFFICIENCY								
Abbey House	E&EC	CR / MIR	40	24	16		16	
Abbey Mill	S&S	CR / MIR	30	1	29		29	
BID Software	E&EC	CR/MIR	-	(2)	2			2
City Offices	E&EC	CR / MIR	80	55	25		1	23
Flexible Working project	E&EC	CR / MIR	200	196	4		4	
Guildhall	E&EC	CR / MIR	122	29	93		93	
Guildhall Kitchen Upgrade	EP	CR / MIR	42		42		42	
Hockley Viaduct	S&S	CR / MIR	-	1	(1)		-	(1)
Museum Storage (F2)	E&EC	CR / MIR	300	240	60		60	
West Wing	E&EC	CR / MIR	224	145	79		79	
Winnal Moors Project	HQE	CR / MIR	10	10				
			1,048	699	349		325	25
HERITAGE, CULTURE & SPORT								
Discovery Centre Fit Out	EP	ER	52	34	18		18	
Swimming Pool roof	S&S	EF	33	35	(2)			(2)
Henry Beaufort School	S&S	EF	130	-	130		130	
Meadowside	S&S	CR / MIR	171	135	36			36
River Park Leisure Centre	S&S	CR / MIR	50	3	47		33	14
Westgate roof	S&S	CR / MIR	220	(0)	220		220	
			656	207	449		402	47

CAPITAL EXPENDITURE OUTTURN 2008/09								
	Corporate Priority	Funding	Revised Capital Estimate	Outturn Expenditure	Lower / (Higher) than budget for year	Additional External Funding	Budget Carry Forward Request	Not Carried Forward
			£000	£000	£000	£000	£000	£000
HOUSING								
Affordable Hsg funded by Developers' cont'ns	S&S	EF	284	21	264		58	205
Affordable Housing Regeneration	S&S	CR	1,080	260	820			820
Choice Based Lettings	S&S	EF	75	39	36		36	
Disabled Facility Grants (Mandatory)	S&S	EF / CR	630	372	258		258	
Home Improvement Grants (Discretionary)	S&S	CR / MIR	170	117	53		53	
			2,239	808	1,431		406	1,025
PERFORMANCE & ORGANISATIONAL DEVELOPMENT								
Enveloping Machine	E&EC	CR / MIR	23	23				
ICT E-govt	E&EC	ER / CR	470	259	211		211	
ICT Equipment	E&EC	CR / MIR	194	200	(6)		-	(6)
			687	482	205		211	(6)
PLANNING & ACCESS								
Car Parks	EP	CR / ER	212	46	166		73	93
CCTV	S&S	CR / MIR	152	54	98		98	
Denmead Environmental Improvements	HQE	CR / MIR	73	76	(3)			(3)
Footpath improvement scheme	S&S / HQE	MIR	-	5	(5)	(5)		
Parchment Street Enhancement	S&S / HQE	MIR	10	4	6	(4)	10	
Rural Transport	S&S	CR / MIR	4	25	(21)			(21)
Tower Street	EP	CR / MIR	1,230	117	1,113		1,113	
			1,681	327	1,354	(10)	1,294	70
Total General Fund			7,428	2,973	4,455	(15)	3,128	1,342
HOUSING REVENUE ACCOUNT								
HOUSING								
Housing Major repairs	S&S	EF	3,325	3,093	232			232
Re-investment in stock condition	S&S	CR	695	473	222		222	
PLANNING & ACCESS								
Sewage Treatment Works	HQE	CR / MIR	200	27	173		57	116
Total Housing Revenue Account			4,220	3,593	627		279	348
Grand Total			11,648	6,567	5,082	(15)	3,407	1,690

Corporate Priority		
E&EC	Efficient & Effective Council	1,172
EP	Economic Prosperity	221
S&S	Safe & Strong Communities	4,772
HQE	High Quality Environment	401

REQUESTS FOR CAPITAL BUDGET TO BE CARRIED FORWARD TO 2009/10							Comments
	Corporate Priority	Funding	Budget Carry Forward Request	Approved AND committed at 31st March 2009	Approved but not committed at 31st March 2009	Not approved at 31st March 2009	
			£000	£000	£000	£000	
GENERAL FUND							
COMMUNITIES & SAFETY							
Capital Grants	S&S	CR / MIR	18	13	5		Total unpaid Capital Grants committed at the end of 2008/09 amounted to £116,165, of which £103,000 is already budgeted for 2009/10, leaving £13,165 to be carried forward, and £4,971 of grants no longer committed requested to be transferred to the Grants Reserve. (CAB1780 refers)
"Ok to Play" project	S&S	EF	54	54			Variance mainly due to discrepancy between project and financial year end i.e. official start date 2nd June 08 & year end 1st June 09. Also delays due to legal and planning issues - all now resolved. Revised budget profile agreed with Big Lottery.
Playbuilder	S&S	EF	35	35			External funding received and now paid in 2009/10
			107	102	5		
ECONOMY & TOURISM							
Airesford 'Putting Pedestrians First'	S&S	EF / CR	214	214			CAB1642 refers. Project delayed by legal negotiations. Total represents a funding package from SEEDA and HCC/developer contributions.
Tourist Information Centre Improvements	EP	CR / MIR	50	50			Work completed at TIC w/c 18 May. PDN 180 refers to approval.
			264	264	-		
ENVIRONMENT							
Abbey Gardens Public Toilets	HQE	CR / MIR	42	42			CAB1734 refers.
Open Space & Recreation Facilities	HQE	CR/EF	80		80		This is required to complete the Play Area Strategy approved in 2004 (CAB792 refers)
Replacement Bins	HQE	CR / MIR	(1)	(1)			Minor overspend in 2008/09 to be offset by reduction in budget for 2009/10.
			121	41	80		
FINANCE & EFFICIENCY							
Abbey House	E&EC	CR / MIR	16		16		Heating system modifications and on-going external fabric repairs
Abbey Mill	S&S	CR / MIR	29		29		The provision was made to provide for structural drainage and damp repairs to the property and for the replacement of the heating system. These works were not included in the cost estimate for the current refurbishment for which there is a supplemental capital provision. The works for the refurbishment have been tendered including for the replacement of the heating system. A value engineering exercise is currently being undertaken to see if the tender price can be reduced the advice from cost consultants is that this capital provision will be required.
City Offices	E&EC	CR / MIR	1		1		Boiler Retention carried forward into 2009/10
Flexible Working project	E&EC	CR / MIR	4	4			Committed in 2008/09 and paid in 2009/10
Guildhall	E&EC	CR / MIR	93		93		Slippage of room repairs / refurbishment into 2009/10
Guildhall Kitchen Upgrade	EP	CR / MIR	42			42	Slippage of Kitchen Upgrade into 2009/10
Museum Storage (F2)	E&EC	CR / MIR	60	39	21		Further removal costs, racking, water tank. Currently forecasting to complete at budget estimate
West Wing	E&EC	CR / MIR	79		79		Ongoing roof repairs / refurbishment slipped to 2009/10
			325	43	239	42	

REQUESTS FOR CAPITAL BUDGET TO BE CARRIED FORWARD TO 2009/10							
	Corporate Priority	Funding	Budget Carry Forward Request	Approved AND committed at 31st March 2009	Approved but not committed at 31st March 2009	Not approved at 31st March 2009	Comments
			£000	£000	£000	£000	
HERITAGE, CULTURE & SPORT							
Discovery Centre Fit Out	EP	ER	18	18			CAB1488 refers. Fixtures have been procured or commissioned.
Henry Beaufort School	S&S	EF	130	130			CAB 1672 refers. Committed as match funding for (successful) Football Foundation bid by the school. Tenders now under way.
River Park Leisure Centre	S&S	CR / MIR	33	33			Retention relating to prior year Capital refurbishment works
Westgate roof	S&S	CR / MIR	220			220	Project deferred to next annual closure of museum due to findings of specialist conservator.
			402	181	-	220	
HOUSING							
Affordable Hsg funded by Developers' cont'ns	S&S	EF	58		58		Housing Schemes identified in 2008/09 which will now be paid in 2009/10
Choice Based Lettings	S&S	EF	36		36		Slippage of Abritas ICT Development works into 2009/10
Disabled Facility Grants (Mandatory)	S&S	EF / CR	258		258		Grants committed in 2008/09 which will now be paid in 2009/10
Home Improvement Grants (Discretionary)	S&S	CR / MIR	53		53		Grants committed in 2008/09 which will now be paid in 2009/10
			406	-	406		
PERFORMANCE & ORGANISATIONAL DEVELOPMENT							
ICT E-govt	E&EC	ER / CR	211		211		CAB1172/CAB1378 - some projects underway but not completed due to lack of
ICT Equipment	E&EC	CR / MIR	-				
			211	-	211		
PLANNING & ACCESS							
Car Parks	EP	CR / ER	73	73			To complete lighting improvements in Tower Street car park. These cannot be completed until refurbishment of decks is complete.
CCTV	S&S	CR / MIR	98		98		Scheme now programmed for October start.
Parchment Street Enhancement	S&S / HQE	MIR	10	10			Work committed & commenced in 2008/09, slippage of expenditure into 2009/10
Tower Street	EP	CR / MIR	1,113	1,113			To pay for works nearing completion on car park decks and £1m payment to Hampshire County Council.
			1,294	1,196	98		
Total General Fund			3,128	1,827	1,039	262	
HOUSING REVENUE ACCOUNT							
HOUSING							
Re-investment in stock condition	S&S	CR	222		222		Works delayed as receipts only realised late in 2008/09
PLANNING & ACCESS							
Sewage Treatment Works	HQE	CR / MIR	57		57		To undertake schemes at Old Alresford and Littleton required to ensure that works meet discharge consents.
Total Housing Revenue Account			279	-	279	-	
Grand Total			3,407	1,827	1,318	262	

FINANCING OF CAPITAL EXPENDITURE 2008/09					
		Revised Budget 2008/09	Outturn	Lower/ (higher) than budget	Carry Forward Financing
		£000	£000	£000	£000
General Fund					
EXTERNALLY FUNDED					
Government Grants					
Capital Grant	CG	450	337	113	113
Government Grants	GG	194	49	145	145
Total Government grants		644	386	258	258
External contributions					
Developers' contributions	DC	414	21	188	188
Partnership - Choice Based Lettings	EF	75	39	36	36
Non-Government grants	NG	63	15	48	63
Latent Defects Insurance (Meadowside)	EF	70	64	6	-
Lottery - It's Ok to Play	EF	64	10	54	54
Open Space Fund	OS	238	30	208	-
Total External Contributions		924	178	746	341
TOTAL EXTERNALLY FUNDED		1,568	563	1,005	599
Earmarked Reserves					
Car Park Property	ER	646	163	483	483
ICT Strategy Reserve	ER	269	269	-	-
Property Fund	ER	25	-	25	25
LABGI	LABGI	15	49	(34)	-
Total Earmarked Reserves		955	481	474	508
Capital Receipts					
Disposal of dwellings	CR	3,815	1,669	2,146	1,191
	CR	1,080	260	820	820
Total Capital Receipts		4,895	1,929	2,966	2,011
Major Investment Reserve		10	-	10	10
Total General Fund		7,428	2,973	4,454	3,128
Housing Revenue Account					
Government Grants					
Major Repairs Allowance	MRA	3,325	3,093	232	-
Capital Receipts					
Disposal of dwellings	CR	200	27	173	57
	CR	695	473	222	222
Total Housing Revenue Account		4,220	3,593	627	279
Total Financing of Capital Expenditure		11,648	6,567	5,081	3,407

<u>USABLE CAPITAL RECEIPTS RESERVE</u>			
	Revised Estimate 2008/09 £000	Actual 2008/09 £000	Variance 2008/09 £000
Opening Balance brought forward	(8,394)	(8,394)	0
Asset Sales (RTB)	(1,000)	(996)	4
Pooling	750	739	(11)
Asset Sales (Other HRA)	(295)	(102)	193
Asset Sales (Other)	(399)	(455)	(56)
Financing of Capital Programme	5,790	2,520	(3,270)
Closing Balance carried forward	(3,548)	(6,688)	(3,140)
<u>Less</u>			
PROPOSED CARRY FORWARD FINANCING			2,290
Effect on 2009/10 budgeted closing balance			(850)