

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Strategic Finance and Democratic Services
and the Assistant Director Finance (S151)

To: Cabinet – 6 September 2011

(Author: Emma Booker – Finance Manager Capital)

Subject: Capital Programme 2011/12

Purpose: To report on the Capital Programme at the end of the 1st quarter
in 2011/12

Recommendation(s):

It is recommended to full Council that the Capital Programme for 2011/12 and associated financing be amended to reflect the changes summarised in paragraph 6.

“It is anticipated that this report will result in the Cabinet submitting recommendations to full Council rather than making an executive decision. This is because the proposed action(s) require amendment(s) to the approved policy framework or budget. Only the full Council can make amendments to the policy framework and budget, and the proposed action(s) therefore cannot be undertaken without full Council approval. In view of this the call-in procedure will NOT apply.”

1. INTRODUCTION

- 1.1 This report shows the progress of capital schemes contained in the 2011/12 capital programme, along with resources we anticipate are needed to fund the capital programme.
- 1.2 The original programme for 2011/12 to 2015/16 was approved by the Council on 2nd March 2011. A report to Cabinet in June 2011, outlining the outturn position for 2010/11, included a recommendation to approve variations of £559,548 to the 2011/12 programme. These adjustments have been incorporated into the latest budget.

2.0 A SUMMARY OF THE AGREED PROGRAMME FOR 2011/12

- 2.1 The table below shows the budget for the Housing Revenue Account (HRA) and General Fund capital programme.

SERVICE UNIT	ORIGINAL BUDGET		LATEST BUDGET	
	Value of Schemes £'000	No. of Schemes	Value of Schemes £'000	No. of Schemes
General Fund	3,459	29	3,788	35
HRA	3,722	14	3,952	14
TOTAL	7,181	43	7,740	49

3.0 A SUMMARY OF ANTICIPATED FUNDING

FUNDING TYPE	Original Budget £'000	Latest Budget £'000
Major Repairs Allowance (MRA)	2,409	2,409
Capital receipts	1,026	1,216
Direct revenue funding	684	865
Section 106 funding	952	1,000
Specified capital grant	509	567
External contributions	1,008	1,116
Specific reserves	280	164
Replacement and Refurbishment Reserve	194	284
General Fund Borrowing	119	119
TOTAL	7,181	7,740

- 3.1 The table above details the original and current funding figures for the Capital programme.
- 3.2 When the funding for the current years HRA capital programme was set in February, the amount available from the major repairs allowance was over estimated by £260,000. To address this shortfall Members could consider the following options:
- 3.2.1 Reduce the HRA capital programme. This could be achieved by re-phasing project spend to later years. Given that it is relatively early in the financial year it is believed that this could be achieved.
 - 3.2.2 Identify savings in the HRA revenue budgets to enable increased revenue contributions to the capital programme. As the HRA prepares for fundamental reforms which take effect from April 2012, it would be prudent to maintain HRA working balances.
 - 3.2.3 Use any available additional HRA Capital Receipts. This will depend on the level of receipts received in year. Currently approximately £140,000 could be made available.
 - 3.2.4 Use HRA Capital Receipts which have previously been earmarked to support the Local Housing Company (£100,000). This could be made available for all housing purposes.
 - 3.2.5 Use any available General Fund Receipts (currently £356,000 in hand). There are no restrictions in applying General fund receipts to HRA projects. Members may wish to preserve these receipts for future General Fund investment.
- 3.3 It is recommended that the capital programme be reviewed to identify projects that can be re-phased, to defer £260,000 to 2012/13 or later.

4.0 COMMITTED SPEND AND PERFORMANCE TO DATE

4.1 The table below summarises expenditure to the end of June 2011. Full scheme details are shown in Appendix A.

SERVICE UNIT	Latest Budget	Profiled Budget	Committed to the end of June	Remaining Budget
	£'000	£'000	£'000	£'000
General Fund	3,788	1,575	647	3,141
HRA	3,952	871	227	3,725
TOTAL	7,740	2,446	874	6,866

4.2 The column above shown as "Committed to end of June" gives the value of outstanding contractual orders and the value of invoices paid.

5.0 VARIATION TO THE CAPITAL PROGRAMME

5.1 In January 2011 approval was given for a maximum sum of £25,000 to be used from the Springfield's S106 Transport fund to provide alternative moorings and CCTV coverage at Springfield's embarkation point for the Spalding Water Taxi to reduce the cost of vandalism. This decision was taken after the original capital budget was finalised. This scheme has now therefore been added to the programme.

6.0 SUMMARY OF VARIATIONS TO THE CAPITAL PROGRAMME AND FUNDING

6.1 A review of this years capital programme to date has been carried out and as a result the following amendments are recommended:

	£000	£000
Capital programme for 2011/12 previously approved (Cabinet 22 May 2011)		7,740
Add		
Spalding Water Taxi contribution	25	
HRA enhancement project (to be identified)	(260)	
		(235)
Revised capital programme for 2011/12		7,505

6.2 It is recommended that the decrease in value of the 2011/12 programme of £235,000 is matched by the following adjustments to funding: -

FUNDING TYPE	£'000
Reduced MRA	(260)
Increased S106 contribution	25
TOTAL	(235)

7.0 UPDATE ON CAPITAL RECEIPTS

- 7.1 The original estimate for Council house sale receipts in 2011/12 was based on 4 dwellings at an average sale price of £80,000, generating total income £320,000. Of this 75% (approximately £240,000) would be paid to the Government under pooling regulations. In the first 3 months of 2011/12, one dwelling has been sold at a sale price of £68,500.
- 7.2 The estimate for General Fund was based on potential sale of surplus land valued at £125,000. This sale has not yet been agreed and is currently with legal services. There have been no General Fund asset disposals in the first quarter of 2011/12.
- 7.3 The table below shows the estimated capital receipts for 2011/12.

MOVEMENT ON CAPITAL RECEIPTS	HRA	General Fund	Total
	£000	£000	£000
Balance at 1 April 2011	1,251	911	2,162
Estimated in year receipts net of expenses	320	125	445
Pooled Receipts	(240)		(240)
Earmarked for specific purposes:			
- Local Housing Company	(100)		(100)
- Economic Development Crowland		(365)	(365)
Estimated financing for original capital budget	(808)	(147)	(955)
Estimated financing for capital schemes brought forward from 2010/11	(218)	(43)	(261)
Total available for capital financing	205	481	686

8.0 RISKS

- 8.1 The estimate for likely capital receipts to be received in year was based on historic trends and prudent assumptions. Only one sale has been achieved to date and the value of the receipt is slightly lower than estimated. There is a risk that the in year budget will not be achieved. It is considered too early in the year to revise the forecast downwards. However, this will be closely monitored and an update given in the next quarter's report to Cabinet.
- 8.2 Financing the HRA programme requires rescheduling of projects. It is considered that this is feasible and the risk is mitigated further by options for alternative financing that can be explored later if necessary.

9.0 LEGAL, FINANCIAL AND OTHER IMPLICATIONS

9.1 Financial

The financing of the capital programme reflects the decisions approved by Council on 2nd March and 22nd June 2011. The amendments proposed in this report are supported by recommendations for financing. The Assistant

Director Finance (S151) has been consulted and approves the recommendations.

9.2 Legal

Capital expenditure and financing has been accounted for in accordance with current statutory definitions and requirements.

9.3 Carbon Footprint

Key capital projects have been evaluated against sustainability objectives prior to inclusion in the capital programme.

9.4 Constitution

Capital and financing has been accounted for in line with the Council's Capital Strategy.

9.5 Equality and Diversity

No implications for Equality and Diversity arise from this report.

10.0 ALTERNATIVE OPTIONS

10.1 Members may wish to consider the options outlined in paragraphs 3.2 of the report for amendments and associated financing to the 2011/12 capital programme.

11.0 REASONS FOR RECOMMENDATIONS

11.1 The recommendations will ensure that the capital programme for 2011/12 is amended along with the necessary financing.

Background papers:- None

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Appendices attached to this report:

Capital Programme Monitoring Report as at 30 June 2011