

CABINET	Paper No.
Meeting date: 12 JUNE 2007	
From: Deputy Leader and Deputy Chief Executive / Corporate Director – Finance and Central Services	

CAPITAL PROGRAMME 2006/07 PROVISIONAL RESULTS

SECTION A: RECOMMENDATION OF CABINET MEMBER

1.0 EXECUTIVE SUMMARY

1.1 Capital investment in 2006/07 was in excess of £63m, across all Directorates. The purpose of this report is to:-

- Present the outturn results for capital spending in 2006/07;**
- Report the funding of the capital spending in 2006/07;**
- Report the implications for the programme in 2007/08, arising from the 2006/07 outturn;**
- Record the commitment from the Transport Block to repay £172k finance to the EPCS / Adult Social Care Block, in 2007/08.**

2.0 POLICY POSITION, BUDGETARY AND EQUALITY IMPLICATIONS AND LINKS TO COUNCIL PLAN

2.1 This report links to Theme A of the Council Plan – Improving Performance, as effective management of financial resources is a pre-requisite for making informed decisions when planning and delivering Council services.

2.2 The budgetary implications are as set out in detail, in the main body of the report.

2.3 All figures remain subject to external audit and any final adjustments.

3.0 **RECOMMENDATIONS**

Cabinet is invited:

- 3.1 **To note that capital payments totalled £63.46m in 2006/7**
- 3.2 **To recommend that the capital programme be amended in 2007/08, to take account of the slipped and advanced spend in 2006/07, reported in column (g) of Appendices C to F.**
- 3.3 **To note the commitment to repay £172k to the EPCS and Adult Social Care Block Programmes, from Transport funding, in 2007/08 and to note the revised Transport budget, in 2007/08, to accommodate the repayment. (Appendix D column (k)).**
- 3.4 **To note the shortfall in capital receipts, which was initially flagged up in the February report to County Council in February 2007 and the recommendation for a full review of potential sales, to ensure sufficient funds will be available to support the ongoing capital programme.**
- 3.5 **To agree the following determination:-**
 - **that capital expenditure of £63.446m 2007/08, as recorded in Appendix A, be financed by:**

	£m
The use of Supported Borrowing	29.390
The use of Prudential borrowing	3.573
The use of Capital Receipts	2.020
Grants & Contributions	27.175
The balance as a charge to Revenue	<u>1.288</u>
	<u>63.446</u>

and:

- **To set aside £10.001m, as the minimum revenue provision to repay debt.**

J E Stocker

Deputy Leader

SECTION B:
ADVICE OF THE DEPUTY CHIEF EXECUTIVE / CORPORATE
DIRECTOR – FINANCE AND CENTRAL SERVICES

4.0 BACKGROUND

4.1 Expenditure

4.1.1 The final accounts for 2006/07 show that over £63m of capital investment was delivered. This was within £1m of the expected spend, that was reported to County Council, in February 2007 (after adjustments for additional revenue and grant funding). The reduced spend was mainly due to slippage in the EPCS and Adult Social Care Blocks, offset by additional spend on Children's Services.

4.1.2 Appendix A is a summary by main spending block, which compares actual spend with that estimated outturn spend in February 2007. It also indicates the method of finance for each block.

4.1.3 Appendices C to F provide a detailed analysis of spend by scheme, showing how the outturn compares with the estimated spend, reported in February and also the consequential effect on spending in 2007/08.

4.1.4 Children's Services

The main area of increased spend relates to funding delegated to schools, which can be spent over a period of up to three years so variations in any one year are to be expected but are difficult to predict.

The effect of slippage and advanced spend, elsewhere in the programme, will be picked up in the 2007/08 budget, which will be adjusted accordingly.

Appendix C gives details of individual projects, with variances in spend and the consequential recommended changes to the 2007/08 programme (column (c) Variance 2006/07 & Column (h) Revised Budget 2007/08).

4.1.5 Transport

Continued successful programming has resulted in an outturn spend (after adjustment for spend funded by significant contributions from partners) £172k more than available finance, in 2006/07. This small cash overspend has been temporarily financed from capital receipts, which will be repaid in 2007/08. Appendix D (column (k)) recommends adjustments to the 2007/08 budget, to allow repayment of this finance)

Appendix D gives details of individual projects, with variances in spend and the consequential recommended changes to the 2007/08 programme (column (c) Variance 2006/07 & column (h) Revised Budget 2007/08).

4.1.6 Adult Social Care

Slippage has occurred on a number of projects across the Block. Commitments will slip into 2007/08 and the budget has been adjusted accordingly.

Appendix E gives details of individual projects, with variances in spend and the consequential recommended changes to the 2007/08 programme (column (c) Variance 2006/07 & column (h) Revised Budget 2007/08).

4.1.7 EPCS Block

Slippage has occurred on a number of projects across the Block. Commitments will slip into 2007/08 and the budget has been adjusted accordingly.

Appendix E gives details of individual projects, with variances in spend and the consequential recommended changes to the 2007/08 programme (column (c) Variance 2006/07 & column (h) Revised Budget 2007/08).

4.1.8 Reclamation

Slippage has occurred since February 2007 and this will be taken into account in the current year's budget (Appendix F refers).

Agency work, on behalf of the West Lakes Renaissance Ltd, has been included in the outturn spend for completeness.

4.2 Finance

4.2.1 Appendix A gives details of the types of finance used to fund each Block programme and the table at note 3.5 above summarises the recommended financing decisions.

4.2.2 Appendix B gives details of the overall position with regards to capital receipts and the capital fund. Capital receipts, in year, are significantly lower than predicted in the original budget presented in February 2006. The budget report in February 2007 flagged this up, as a potential problem for the future, because a number of large value sales were expected to slip into 2007/08. This shortfall of funding has been accommodated in 2006/07 as spend has slipped into 2007/08. However, if these sales are not made in 2007/08, funding may be insufficient to finance the 2007/08 EPCS & Adult Social Care Block programmes.

4.2.3 Four projects were dependant upon Prudential borrowing, estimated at £7.4m; M6 Junction 44, Civic Amenity Sites, replacement Fire vehicles and Higham Hall extension.

The final requirement in 2006/07 was £3.6m. This was £3.8m less than the budget due to the following:

Ongoing Savings £1.35m

The Transport M6 junction 44 project has been completed significantly below the estimated cost, resulting in a reduction in required borrowing of £1.2m.

Higham Hall improvements were put on hold pending decisions on its long term future. This will reduce the requirement for prudential borrowing by £150k.

Slipped Spend £2.45m

Slipped spend, on fire vehicles and civic amenity sites, has resulted in a reduced requirement, for Prudential Borrowing, of £2.45m, in 2006/07 but the commitment will arise in 2007/08.

5.0 CONCLUSION

- 5.1 Capital investment, in excess of £63.4m has been fully financed from capital resources in 2006/07. However, a shortfall in capital receipts has meant that funds are not currently in place to fund all spend slipped into the 2007/08 EPCS & Adult Social Care programme. Going forward it may be considered advisable to conduct a review of expected sales to assess whether the shortfall in receipts will be made up in 2007/08.

R F Mather
Acting Chief Executive / Corporate Director – Finance & Central Services
May 2007
cf.39.07

APPENDICES

Appendix A Provisional Capital Spend & Finance Summarised by Programme

Appendix B Schedule of Capital Receipts & Capital Fund

Appendix C Children's Services Spend

Appendices D & D1 Transport Spend

Appendix E Adult Social Care & EPCS Spend

Appendix F Reclamation Spend

Appendix G Explanation of columns in detailed appendices

IMPLICATIONS

Staffing: None
Financial: As detailed in the report
Electoral Division(s): None

**** Please remove whichever option is not applicable***

Executive Decision	<input type="text" value="No*"/>
Key Decision	<input type="text" value="No*"/>
If a Key Decision, is the proposal published in the current Forward Plan?	<input type="text" value="N/A*"/>
Is the decision exempt from call-in on grounds of urgency?	<input type="text" value="No*"/>
If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?	<input type="text" value="N/A*"/>

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS

BACKGROUND PAPERS

No background papers

RESPONSIBLE CABINET MEMBER

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