

CAPITAL MONITORING
2008/09 OUTTURN and 2009/10 BUDGET
(Report by the Head of Financial Services)

1. PURPOSE

1.1 This report highlights the outturn position for 2008/09 and the variations from the Capital Programme, approved in February 2008 and seeks approval to any adjustments required. It then adjusts the 2009/10 approved Capital Programme for deferrals and expected variations that are already forecast.

2 OUTTURN 2008/09

2.1 The first table shows net spending brought forward from 2007/08 to 2008/09 was £0.231m less and carried forward from 2008/09 to 2009/10 was £1.389m less than budgeted. The gross timing changes are affected by significant delays in contributions from other bodies. The resulting increase in spending of £0.251m is explained in the second table.

Timing Variations	Gross Budget	External Contributions	Net Budget
	£000	£000	£000
Budget (Approved February 2008)			
Planned 2008/09 spending	17,655	1,483	16,172
Assumed schemes brought forward from 2007/08	+1,300	0	+1,300
Assumed deferrals to 2009/10	-2,000	0	-2,000
Approved Total Spending	16,955	1,483	15,472
Outturn			
Actual 2008/09 planned spending	20,064	3,641	16,423
Brought forward from 2007/08	+4,649	+3,580	+1,069
Actual deferrals to 2009/10 (Annex B)	-4,751	-4,140	-611
Actual Total Spending	19,962	3,081	16,881
Total Variation	3,007	1,598	1,409
Net timing variation (i.e. less deferral than budgeted)	598	-560	1,158
Net cost variations (see below)	2,409	2,158	251

Cost Variations	Gross Budget	External Contributions	Net Budget
	£000	£000	£000
Additional Schemes (Annex A)	1,515	1,295	220
Cost Variations (Annex A)	477	819	-342
Capital/Revenue Transfers (para 2.3)	417	44	373
TOTAL COST VARIATIONS	2,409	2,158	251

2.2 The table below shows how gross funding was financed. Capital Reserves are virtually depleted and future capital spending will now normally need to be funded from borrowing.

Funding	£000
Gross Spending	19,962
External Grants and Contributions	-3,081
Net Spending	16,881
FUNDING	
Capital Reserves	16,433
Borrowing	447
Revenue	1

2.3 There will be extra spending on the Creative Enterprise Centre in St Neots when the contract is finalised but investigations are ongoing to resolve issues with the Earth Tube and related land drainage problems. The full position will be reported once final costs are known.

2.4 The following table identifies specific items that were originally budgeted for as revenue but can legitimately be charged to capital. This increases the Council's financial flexibility over the coming years as it increases revenue reserves by £373k whilst reducing capital reserves by the same sum.

Revenue/Capital Transfers	Gross Budget	External Contributions	Net Budget
	£000	£000	£000
Extra Recycling Wheeled Bins	87	8	79
St Ivo - Air Handling Unit	43	28	15
Cricket Practice Bays	16	8	8
Synthetic Pitch Lights	18	0	18
Pool Filters	10	0	10
Huntingdon Leisure Centre – Fire Alarm Panel	20	0	20
Community Facilities Grants	-46	0	-46
New Priory Park Pavilion	12	0	12
Priory Park Paths	25	0	25
Eastfield House Mezzanine Floor	24	0	24
Commutation	43	0	43
Plan Printer	10	0	10
Voice and Data Infrastructure	5	0	5
ICT for New Accommodation	40	0	40
VOIP Data Switches	46	0	46
Transportation Grant for Mini-Bus	15	0	15
Capital Salaries (Design/Business Analysts etc.)	49	0	49
EXTRA CAPITAL PROVISION REQUIRED	417	44	373
<i>Reported previously</i>	345	0	345
<i>Further changes in this report</i>	72	44	28
TOTAL	417	44	373

- 2.4 The overall revenue impact of the variations outlined is to reduce revenue expenditure in 2008/09 but with small increases in future years, as shown below.

Revenue Impact	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013
	£000	£000	£000	£000	£000
Timing Changes 2007/08 to 2008/09	5				
Cost Variations	-3	-5	-5	-5	-5
Timing Changes 2008/09 to 2009/10	31	31			
Revenue/Capital Transfers	-365	17	17	17	17
TOTAL FORECAST VARIATION	-332	43	12	12	12

N.B. Revenue impact is based on an assumed 4.5% cost of long term borrowing

3. MONITORING OF THE 2009/10 CAPITAL PROGRAMME

- 3.1 The Budget approved in February 2009 started with £17.796m and forecast schemes brought forward of £0.7m and a similar sum carried forward to 2010/11. Subsequent adjustments are shown below:-

Capital Programme	2009/10 Capital Expenditure		
	Gross Budget	External Contributions	Net Budget
	£000	£000	£000
Approved Total Budget (February 2009)	23,187	5,391	17,796
Less net transfer back to 2008/09	2,154	3,244	-1,090
	25,341	8,635	16,706
Forecast Cost Variations			
Huntingdon Leisure Centre Car Park Extension	-10	0	-10
Huntingdon Riverside and Marina	-566	0	-566
St Neots Leisure Centre Development (approved Cabinet June 18)	1,101	200	901
	525	200	325
Forecast Timing Changes			
Delay in County Council Leisure Contribution to 2010/11	0	-672	672
St Ivo Leisure Centre Rifle Range Conversion to 2010/11	-539	0	-539
St Ives Environmental Improvement	-401	0	-401
	-940	-672	-268
Capital from Revenue Variations			
Forecast extra Revenue Staff to Capital	104	0	104
Capital Salaries overheads transferred to revenue	-240	0	-240
Community Facilities Grants t/f to revenue (Cabinet 18 June)	-20	0	-20
	-156	0	-156
CURRENT FORECAST	24,770	8,163	16,607

3.2 The revenue impact of the variations to the original budget (approved in February 2009) is to increase the net revenue expenditure by £72k in 2009/10, but with significant reductions in the following years.

Revenue Impact	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014
	£000	£000	£000	£000	£000
Timing Changes 2008/09 to 2009/10	25				
Cost Variations	7	31	48	48	48
Timing Changes 2009/10 to 2010/11	-6	-6			
Revenue/Capital Transfers	152	-7	-7	-7	-7
Hinchingbrooke Café revenue contribution	-12				
St Neots Leisure Centre Development – forecast extra net Income	-94	-208	-288	-346	-346
Forecast increase in provision for repaying borrowing		7	36	36	36
TOTAL FORECAST VARIATION	72	-183	-211	-269	-269

N.B. Revenue impact is based on 4.5% cost of long term borrowing and additional provision for repaying borrowing on additional capital expenditure.

4 RECOMMENDATIONS

4.1 It is **RECOMMENDED** that Cabinet note the contents of this report.

BACKGROUND PAPERS

Capital programme and monitoring working papers.

Previous Cabinet reports on capital expenditure.

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ANNEX A

Cost Variations	2008/09 Capital Expenditure		
	Gross Budget	External Contributions	Net Budget
	£000	£000	£000
New Bids – February 2009			
St Ivo L C – Football Improvements	250	500	-250
Sustainable Homes Retrofit	380	0	380
Huntingdon West Development (HGF)	700	700	0
St Neots Green Corridor (HGF)	95	95	0
VOIP Data Switches	90	0	90
Sub-total	1,515	1,295	220
Variations			
Disabled Facilities Grants - Extra	243	205	38
Repairs Assistance Grants - Saving	-36	3	-39
Social Housing Grant	1,034	1,034	0
Decent Homes Insulation Grant - Adjustment	-43	-43	0
Headquarters Improvements - Adjustment	-345	-345	0
Electronic Document Imaging in Planning	-20	0	-20
Hinchingbrooke - Café Extension	12	0	12*
Huntingdon Leisure Centre - Energy Saving	15	0	15
St Ivo L C – Football Improvements – Adjustment	-402	-402	0
St Neots Leisure Centre – Bar/Kitchen/Creche Extension	-21	0	-21
Sawtry Leisure Centre – Fitness Equipment - Saving	-12	0	-12
Creative Enterprise Centre, St Neots – Extra cost offset by some extra Grant	171	60	111
Health Centre Sapley Square	8	0	8
Implementation of Car Parking Strategy - Saving	-29	0	-29
Huntingdon Skateboard Park	38	38	0
Small Scale Environmental Improvements District Wide	-10	-10	0
Environmental Improvements – Minor Variations	4	-3	7
Huntingdon West Development (HGF) - Adjustment	67	67	0
Play Equipment & Safety Surface Renewal – Adjustment	158	158	0
Activity Parks – Adjustment	41	41	0
Bus Shelter Provision - Adjustment	10	10	0
Safe Cycle Routes - Adjustment	21	21	0
Other Minor Variations	-11	-15	4
VAT – Partial Exemption	-184	0	-184
Overheads reduction to Capital Salaries	-232	0	-232
Sub-total	477	819	-342
Total Cost Variations	1,992	2,114	-122

<i>Reported previously</i>	1,257	1,194	63
<i>Reported for the first time</i>	735	920	-185
TOTAL	1,992	2,114	-122

New item this time
Adjusted value this time

* £12k revenue to be given up in 2009/10 to fund equipment included in the contract

ANNEX B

Timing Changes	2008/09 Capital Expenditure			C/F to 2009/10**
	Gross Budget	External Contributions	Net Budget	Net Budget
	£000	£000	£000	£000
Stray Dog Kennels	-15	0	-15	0
Small Scale Environmental Improvements District Wide	29	8	21	-21
St Ives Town Centre Environmental Imps – Phase 2	47	0	47	-47
Village Residential Areas Environmental Improvements	-20	0	-20	20
St Neots and Eynesbury Environmental Improvements	-90	0	-90	90
Environment Strategy Funding	-19	0	-19	19
Sustainable Homes Retrofit	-162	0	-162	162
New Public Conveniences	-208	0	-208	-5
Social Housing Grant	-1,344	0	-1,344	73
Decent Homes Insulation Grants	-164	-164	0	0
Mobile Home Park	0	-168	168	0
Crime and Disorder – Lighting Improvements	-21	0	-21	21
CCTV – Camera Replacements	-14	0	-14	14
CCTV – Extension of Coverage	-5	0	-5	5
Ramsey – Community Information Project Refurbishment	-11	0	-11	0
Huntingdon Town Centre Developments	-6	0	-6	6
Huntingdon West Development (HGF)	-500	-500	0	0
Town Centre Developments	-21	0	-21	21
Ramsey Rural Renewal	-59	3	-62	11
New Industrial Units	-492	0	-492	2
Industrial Estates Repairs	-25	0	-25	-5
Heart of Oxmoor	-87	-1,829	1,742	-1,442
Community Facilities Grants	73	0	73	-73
Huntingdon LC - Development	285	0	285	0
Huntingdon LC -Car Park Extension	5	0	5	-5
St Ivo L C – Football Improvements	-693	-1,000	307	-263
St Neots L C – Development	66	0	66	-66
Leisure Centres Future Maintenance	-1,112	-340	-772	-309
Leisure Centre – CCTV Improvements	-35	0	-35	20
Play Equipment & Safety Surface Renewal	-73	0	-73	73
Huntingdon Riverside Improvements	-182	0	-182	40
Huntingdon Marina Improvements	-62	0	-62	8
Printing Equipment	-308	0	-308	0
Headquarters	2,713	0	2,713	-417
Multi-Functional Devices	-36	0	-36	36
Document Centre Equipment	-22	0	-22	22
Corporate EDM	-177	0	-177	48
Customer First/Working Smarter	-206	0	-206	57
Voice and Data Infrastructure	25	0	25	37
ICT for New Accommodation	-48	0	-48	48
VOIP Data Switches	-2	0	-2	2
Resourcelink – Recruitment Module	-10	0	-10	10
Government Connect	12	0	12	-12
Wireless Working – Housing Benefits	-64	0	-64	64
Building Control – Public Access System	-33	0	-33	3

Timing Changes (cont.)	2008/09 Capital Expenditure			C/F to 2009/10**
	Gross Budget	External Contributions	Net Budget	Net Budget
Vehicle Replacements	-171	0	-171	171
Local Transport Plan	-66	0	-66	66
Huntingdon Bus Station	-459	-150	-309	22
Bus Shelter Provision	35	0	35	-35
Car Park Repairs	-15	0	-15	15
Accessibility Improvements & Signs	-18	0	-18	18
Safe Cycle Routes	-285	0	-285	285
Huntingdon Transport Strategy	17	0	17	-17
St Ives Transport Strategy	-138	0	-138	138
Ramsey Transport Strategy	-40	0	-40	-2
St Neots Pedestrian Bridges	-537	0	-537	2
Railway Station Improvements	-3	0	-3	0
Total Deferrals	-4,751	-4,140	-611	-1,090

<i>Reported previously</i>	-4,205	-3,680	-525
<i>Reported for the first time</i>	-546	-460	-86
TOTAL	-4,751	-4,140	-611

New item this time
Adjusted value this time

Note **

In February a new MTP was approved which assumed a significant level of deferral of spending from 2008/09 to 2009/10. Based on this new position the adjustment needed is effectively a bringing forward of £1.090m from 2009/10 to 2008/09.