

REPORT TO EXECUTIVE



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PORTFOLIO	Resources
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Capital Budget Monitoring 2008/09

PURPOSE

1. To provide Members with the current capital expenditure and resources position for 2008/09 and highlight any variances.

RECOMMENDATION

2. To recommend Full Council to approve a revised capital budget totalling £26,385,811 as outlined in Appendix 1.
3. To Endorse the revised assumptions made regarding Capital Resources as outlined in Appendix 3.

REASONS FOR RECOMMENDATION

4. To effectively manage the 2008/2009 capital programme.

SUMMARY OF KEY POINTS

5. **BACKGROUND**

On the 27th February Full Council approved the 2008/09 original capital budget, totalling £24,432,111. Since it's incorporation a number of individual reports have been approved by the Executive along with approvals under delegation powers thereby having revised the capital budget to £26,810,475 prior to considering the following issues arising from the first cycle of capital monitoring.

6. **MONITORING INFORMATION:****Budget Approvals:**

Appendix 1 shows the movements to date for the various elements of resources required to finance the capital programme, from the original capital budget position, along with listing all the changes approved to date, totalling £26,810,475 as well as outlining the proposed changes to be outlined in this report. After approving this report the revised

capital budget position will total £26,385,811.

7. **Changes being proposed:**

Back in June this year the Executive approved the revised housing investment programme. However, elements of the Elevate programme [where the expenditure to be incurred is of a revenue nature] were inadvertently capitalised and therefore need to be deleted from the capital programme. Being, neighbourhood management and the majority of the budget for elevate staffing as they have already been incorporated into the revenue budget. These adjustments amount to £1,003,822.

8. As part of financing the outturn position on capital expenditure for 2007/08 a number of adjustments need to be made to budgets approved in 2008/2009 as elements of these approvals were utilised in financing 2007/08 spend. These adjustments are classified as reverse slippage and total £114,515.
9. Elsewhere on your agenda is the capital budget final accounts 2007/08 report detailing the requests made for unspent budget provision from last financial year to be carried forward into 2008/09, totalling £693,673.

10. **Expenditure Monitoring:**

Appendix 2 provides Members with the following information;

- The current capital budget, listed scheme by scheme
- Confirms whether the scheme is released / due to be released
- Expenditure recorded on the financial system as at end of July
- Revised budget position in line with the revised figure shown in Appendix 1
- Budgets that are being carried forward from 2007/08
- Updates from individual project officers on where their respective schemes are at in terms of delivery

Management team will examine those schemes within the programme that have not yet been released or are due to be released, to access the scope available for deleting items and freeing up resources.

11. Members are asked to note the following issues arising from this round of monitoring.

Expenditure incurred without budget approval:

The first relates expenditure having been incurred without budget approval. There are two schemes to which this relates, [highlighted in Appendix 2] the first being the L.E.G.I. project and upon receipt of the 2008/09 offer letter a budget will be established under delegation powers. The second scheme is the Pioneer/Oval development project, however elsewhere on your agenda there is a report requesting approval for a budget to be established for this project.

12. **Early warning signs of budget deficiencies:**

The Executive on the 24th June approved a revised budget of £212,250 [within the Housing Investment Programme Report] for the Lead Developer Team. However as at the end of July more than 50% of this allocation has already been spent. Subsequently the acting Head of Housing will be revising the housing investment programme in the coming months to reallocate more resources to this project. Within this review there will also be additional resources allocated to the Stock Conditions Survey project in line with current forecasts for Burnley's contribution towards the Pennine Lancashire initiative in funding the desired

specification for this survey.

13. **COUNCIL RESOURCES POSITION**

During the monitoring cycles the level of resources assumed to be available during the year and the level required to finance the revised capital budget will be continually reviewed and Members will be advised when these assumptions need to be amended.

14. **Prudential Borrowing:**

When the original capital budget for 2008/09 was set it was envisaged that the level of borrowing required to finance those specific schemes fulfilling the methodology for payback within five years [with the exception of the padiham leisure refurbishment] totalled £1,134,400.

Those schemes identified were:

- Car Park Improvements £100,000
- Towneley Park Golf Improvements £60,000 [total budget of £90,000]
- CCTV facility and upgrade £30,000
- Energy Efficiency Works £100,000
- HRIS / Time & Attendance £120,000
- FLARE Integration Project £51,500
- Electronic Data Management £220,000
- Northgate NNDR System £52,900
- Padiham Leisure Centre Refurbishment £400,000 [total budget of £1,250,000]

Members are asked to note that the borrowing requirement has been revised to £1,182,112 as a result of budget carry forwards from 2007/08. This slight increase relates to £10,783 for Markets Phased Investment Programme and an additional £36,929 relating to CCTV facility and upgrade provisions.

15. **Right to Buy Sales:**

When setting the capital budget the assumptions made were prudent in line with the known market conditions at that time. A level of £300k, was estimated to be generated during the year. However given the very low level of activity in the second half of 2007/08 and the continuing downturn since. It is now recommended by management team that this estimated figure be eliminated from the overall resources position given current market conditions.

16. **Capital Receipts:**

After finalising the outturn position on resources for 2007/08 the level of usable capital receipts available to finance 2008/09 investment needs brought forward [as at April 1st] totalled £2,603k. Add to this the level of usable capital receipts received to date of £683k and a further estimate of £450k expected before the end of the financial year, will produce a potential level of £3,736k of usable capital receipts in hand available to finance capital investment needs both in the current year and future years.

Appendix 3 sets out the resources position in more detail as well as showing the capital receipts elements required to assist in financing the proposed capital budget figure set out in this report, totalling £26,385,811.

Members are asked to endorse that as a minimum £370k of the total receipts in hand be ringfenced for future years capital investment needs in line with the resources table presented in the five year capital investment programme reported to Members back in February of this year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

17. As set out in the report.

POLICY IMPLICATIONS

18. None arise directly from this report.

DETAILS OF CONSULTATION

19. None.

BACKGROUND PAPERS

20. None.

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO:

Phil Moore, Head of Finance

[Appx 1](#)

[Appx 2](#)

[Appx 3](#)