

REPORT TO THE EXECUTIVE



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| DATE | 24th July 2012 |
| PORTFOLIO | Resources & Performance Management |
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2011/2012 Capital Programme – Outturn Position

PURPOSE

1. a) To report to Members on the performance of the 2011/2012 capital investment programme and present the financing of capital expenditure incurred during 2011/2012.
- b) Recommend to Full Council, a revised 2012/2013 capital budget after incorporating reverse slippage and carry forward commitments from 2011/2012.

RECOMMENDATION

2. (1) That Members note the final position on capital spending and financing for 2011/2012; and
- (2) That Members recommend to Full Council a revised capital budget for 2012/2013 totalling £14,022,028 as outlined in Appendix 8.

REASONS FOR RECOMMENDATION

3. a) To report to Members the final capital outturn position for 2011/2012.
- b) To provide budget provision within the 2012/2013 capital programme, for those schemes contractually committed during 2011/2012 where work has slipped into 2012/2013 and approve the budget adjustments for those resources originally identified within the 2012/2013 capital programme having been utilised early to finance expenditure incurred within the outturn position for 2011/2012, termed “reverse slippage”.

SUMMARY OF KEY POINTS

Outturn Position for 2011/2012:

4. Comparison of the Budget Forecast from the Original Budget approved in February 2011 to the Final Position at Year End:

After incorporating all the recommendations approved throughout the financial year, the original capital budget of £9,099,141 [approved at Full Council on 24th February 2011] was revised down to a final position of **£7,485,594** [per the cycle 4 capital monitoring report presented to the Executive on the 7th March 2012].

Appendix 1a to this report shows in graph form the movements in the capital budget, from the original budget set in February 2011 totalling £9m through to the final approved position as at the 7th March 2012, totalling £7.5m.

5. Expenditure Outturn Position

The Council has once more successfully achieved a high percentage of performance against the final budget position, achieving 93% delivery, overall. The outturn level of expenditure incurred during 2011/2012 totalled just under £7m against a budget position of £7.5m. The majority of the 7% budget which wasn't delivered by the end of the financial year relates to the Weavers Triangle Programme [this scheme accounts for 5% of the budget underspend]. The rest of the capital programme achieved an exceptionally high outturn position against both the final revised budget monitoring forecast and resources position, achieving 98%.

This has been achieved as a result of a tremendous level of hard work from individual council employees, contractors as well as through partnership working. Ensuring that for all those schemes identified within the revised 2011/2012 capital programme were delivered, on time and within budget.

Appendix 1b shows the level of expenditure incurred each month throughout the financial year along with the year-end position.

6. Comparison of Budget Forecasts reported throughout the year compared to actual expenditure incurred.

Members were presented with a graphical presentation under each of the capital budget monitoring cycles of the original anticipated delivery forecast along with the revised forecasts [based on information received from individual project officers] and reported under each of the quarterly rounds of budget monitoring. The graph then shows the actual expenditure incurred throughout the financial year as shown in **Appendix 1c**.

7. Resources and Expenditure Outturn Position

In order to finance the outturn position of capital expenditure totalling £6,974,727 a number of adjustments were made between capital receipts and prudential borrowing to ensure only expenditure relating to a Council owned asset were financed from prudential borrowing. Also a small element of capital resources were identified and subsequently utilised at year end, additional to those resources approved within the final capital budget position of **£7,485,594**.

The amount of additional resources utilised in financing the outturn expenditure position totalled **£57,557**, split between;

- £22,203 from revenue contributions and section 106 monies.
- £35,354 of “reverse slippage” utilising in advance resources originally approved within the 2012/2013 capital programme approved at Full Council on 24th February 2012. To finance expenditure incurred within the last few weeks of the 2011/2012 financial year.

Resources approved within the capital budget totalling (**£13,137**), were no longer required as a result of a couple of schemes having been delivered by the end of the year and within budget. After taking into account the additional resources and resources no longer required the final budget / resources position available to finance capital expenditure totalled **£7,530,014**. Appendix 2 to this report

8. **Appendix 2** to this report shows the resources adjustments identified above, in more detail as well as listing the final capital outturn position for both resources and expenditure incurred for each individual capital scheme approved within the 2011/2012 capital programme. The table also identifies the areas of under/overspending, as a percentage.

9. **Resources Utilised to Finance Expenditure**

Appendix 3 details the resources utilised in financing the 2011/2012 capital expenditure outturn position, listing each individual scheme approved under each of the Service Unit Areas responsible for managing the scheme.

Appendix 4 provides Members in a graph form the movements in the level of resources for 2011/2012, shown as;

- The level of resources reported under cycle 4 monitoring [highlighted blue] required to finance the capital programme.
- The final resources position after incorporating year-end adjustments identified in paragraph 7 above [highlighted brown].
- The actual level of resources utilised in financing the capital expenditure outturn position detailed in Appendix 3 [highlighted green].

The most significant adjustment made at year end to the approved level of resources related to Residual HMR Grant. Over £900k of this grant has been switched into 2012/2013 replacing £900k of Transitional Grant funding originally approved within the 2012/2013 capital programme [within the Acquisitions and Clearance Programme].

10. **Carry Forward Requests**

Members are asked to note, of the £555,287 budget remaining undelivered [being the difference between the final resources position of £7,530,014 and the expenditure outturn position of £6,974,727]; a total of **£534,069** has been requested to be carried forward into 2012/2013 [shown in detail in Appendix 2]. Of the resources remaining [£555,287 - £534,069] totalling £21,218, the majority of this related to underspends shown on the Play Area Improvement Programme, delivered by the Green Spaces and Amenities Service Unit. Members are asked to note that a separate report was presented to the Executive

on the 29th of May 2012 incorporating this element of carry forward as part of the individual scheme release approval.

Appendix 5 lists the carry forward requests in more detail showing each of the schemes in question, totalling **£534,069**. Along with, identifying the elements of financing to be carried forward and incorporated into the 2012/2013 capital programme. Heads of Service/ Individual Project Officers were asked to provide a brief explanation outlining the reasons why the capital works identified during the cycle 4 budget monitoring report presented to the Executive on the 7th of March 2012 were not delivered by the end of the financial year.

11. Council Resources Position 2011/2012 and 2012/2013:

During the 2011/2012 budget monitoring process Members were informed of the level of resources in hand and anticipated level of resources estimated to be received during the year.

Appendix 6 summaries the council resources position for both the 2011/2012 financial year as well as identifying the level of future year's capital resources commitments approved by Members.

During 2011/2012 the capital programme was approved on the assumption that a further £106k of capital receipts would need to be generated. Members can see that the actual level of capital receipts received for the year totalled £893k at year end. The majority of these receipts are ring-fenced to the Housing Investment Programme under the Vacant Property Initiative Programme scheduled to be delivered during 2012 – 2014.

The original 2012/2013 capital programme was approved on the assumption that a further £226k of capital receipts would need to be generated during the year. This however is no longer the case as there are sufficient receipts in hand as at the 1st of April 2012 to finance the approved 2012/2013 capital programme. Any receipts generated during 2012/2013 will assist in financing future capital investment needs which have yet to be approved.

12. **2012/2013 REVISED CAPITAL BUDGET:**

Members are asked to approve a revised capital budget for 2012/2013 after incorporating the adjustments identified within this outturn report.

Appendix 7 details the 2012/2013 capital programme approvals [as at May 29th Executive meeting] along with incorporating the year end resources adjustments and reverse slippage elements identified within this outturn report, along with incorporating the carry forward requests detailed within **Appendix 5**. Resulting in a revised capital programme totalling **£14,022,028** at the time of writing this report.

Appendix 8 provides at a glance the financing elements for each of the individual schemes totalling **£14,022,028**.

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| FINANCIAL IMPLICATIONS AND BUDGET PROVISION |
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13. As set out in the body of the report.

POLICY IMPLICATIONS

14. None arise directly from this report.

DETAILS OF CONSULTATION

15. No external consultation required.

BACKGROUND PAPERS

16. Finance working papers for closure of capital accounts and statement of accounts working papers.

FURTHER INFORMATION

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PLEASE CONTACT: