

REPORT TO THE EXECUTIVE



DATE	18th February 2013
PORTFOLIO	Resources & Performance Management
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CAPITAL BUDGET FOR 2013/2014 AND THE 2013/2018 CAPITAL INVESTMENT PROGRAMME

PURPOSE

1. To recommend approval of the capital budget for 2013/14

RECOMMENDATION

2. That Full Council be recommended to:
 - Approve the 2013/14 Capital Budget as set out in Appendix 1.
 - Endorse a forward commitment to resourcing the Empty Homes scheme being delivered over a two year programme.
 - Note the 2013 – 2018 Capital Investment Programme as set out in Appendix 3.

REASONS FOR RECOMMENDATION

3. To establish a capital budget that reflects the Council's overall priorities and provides a framework for capital spending to be undertaken during 2013/14.

SUMMARY OF KEY POINTS

4. **Background:**

The methodology used in formulating the 2013/14 capital programme is the same that was used in 2012/13. The methodology ensures bids are prioritised in accordance with the Council's Strategic Objectives as identified within the Council's Strategic Plan.

This corporate system establishes a clear process for ranking all the capital scheme bids submitted and determining which schemes are going to proceed. A similar process has also been adopted within the revenue budget for prioritising any growth bids. This means that there are clear linkages between capital and revenue spending bids and there is no distortion of priorities on the basis of funding availability.

5. **Capital Budget / Programme Review Process:**

Officers were asked to submit information for inclusion in the proposed 2013/14 capital budget and the 2013 - 2018 C.I.P.

The review process started in early October 2012 during which time, Directors, Heads of Service and senior officers were asked to;

- Review and revise the existing schemes shown in the initial draft of the 2013 - 2018 capital programme.
- Submit bid proposals for new schemes for 2013/14 and future years.
- Provide a breakdown of the type of capital expenditure to be incurred for each scheme to assist in estimating the level of capitalised staff recharges involved in delivering capital works and to determine if an asset is created through the scheme.

The assumed level of slippage from 2012/13 into 2013/14 is based upon information provided during cycle 3 capital monitoring. Any use of Prudential Borrowing must be based upon the creation of an asset, repayment over the useful life of the asset, and the production of a business case outlining any income generation and future revenue costs.

6. **2013/2014 Capital Budget:**

Appendix 1 lists those schemes totalling £24,572,762 which are recommended for approval and where financing is assumed available for 2013/14. The schemes are listed in priority order, showing the financing elements for each individual scheme. Members are asked to consider the following factors when approving the capital programme for 2013/14;

- **Financing elements unsecured:**
 - Schemes identified with unsecured funding as shown in Appendix 1 must not be released until the identified elements of financing have been secured and reported through to Members.
- **Resources assumed to be available:**
 - There is a risk that the Council may not generate any further usable capital receipts anticipated for 2012/13 or in future years.
- **Capitalised Salaries:**
 - Members will be already aware that this is a major element in balancing the corporate revenue budget. Based on information provided by the individual capital project officers responsible for delivering the 2013/14 capital programme, an assumed level of £340k has been identified for capitalised salaries.

- Schemes being delivered over a two year programme:

Members are asked to endorse the Council's commitment to delivering the following scheme during 2013/14;

- Empty Homes Scheme

And to approve the forward commitment to resourcing the financing required during the 2014/15 capital programme of works.

- Technical staff resources:

The size of the proposed budget for 2013/14 means that there is a risk that the level of available staff resources may have an impact on the ability to deliver the whole programme on time. This risk will need to be managed.

7. Capital Resources:

Appendix 2 provides Members with an analysis of the capital receipts and S106 / 3rd Party Contributions balances as follows;

- balances in hand as at the 1st April 2012
- 2012/13 commitments approved to date
- level of resources assumed to be available as at 31st March 2013
- estimated "new" receipts to be received during 2012/13 and 2013/14
- resources required to finance part of the 2013/14 proposed capital budget
- resources required to finance the schemes proposed for future years
- level of potential shortfall

There is a risk that we may not generate the level of general capital receipts anticipated for 2013/18 [figure of £250k from the sale of assets] or those still outstanding for 2012/13 (£210k).

Vacant Property Initiatives receipts are to be utilised to finance the Council's committed contribution of £929,532 in 2013/14 and £386,182 in 2014/15 to the Empty Homes scheme in 2013/14 and 2014/15. The Vacant Property Initiatives capital scheme is therefore dependent on the further generation of capital receipts which will then be 'recycled' back into the scheme.

8. 2013 - 2018 Capital Investment Programme:

Appendix 3 outlines a summary of the proposed 2013 - 2018 capital investment programme. These schemes are listed in priority order, in line with the approved methodology for ranking proposed capital scheme bids, reflecting the priorities of the Council's strategic objectives.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

9. As referred to in the body of the report. The Capital budget is the Council's planned Capital spending programme for the year. In order to effectively control spending it is essential to agree a programme which reflects the level of available resources.

POLICY IMPLICATIONS

10. The Capital programme gives authority for a number of policy decisions to be actioned in meeting the Council's corporate objectives.

DETAILS OF CONSULTATION

11. Budget Scrutiny Panel.

BACKGROUND PAPERS

12. None.

FURTHER INFORMATION

PLEASE CONTACT:

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