

<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND CAPITAL OUTTURN 2012/13		
<b>DATE OF DECISION:</b>	17 JULY 2013		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
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NOT APPLICABLE
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### **BRIEF SUMMARY**

The purpose of this report is to outline the General Fund capital outturn position for 2012/13 and seek approval for the proposed financing of the expenditure in the year. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2013/14 which take account of slippage and re-phasing.

### **RECOMMENDATIONS:**

#### **It is recommended that Council:**

- i) Notes the actual capital spending in 2012/13 as shown in paragraphs 4 and 5 and notes the major variances detailed in Appendix 1 and Appendix 2.
- ii) Notes the revised estimates for 2013/14, adjusted for slippage and re-phasing as shown in Appendix 3.
- iii) Approves the proposed capital financing in 2012/13 as shown in paragraph 12.
- iv) Notes that the capital programme remains fully funded based on the latest forecast of capital receipts although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts.
- v) Notes that a part repayment of £2,560,000 against prior years temporary borrowing totalling £11,960,000 has been made in 2012/13.
- vi) Notes that it is currently anticipated that the remaining temporary borrowing will be repaid by the end of 2014/15 when anticipated capital receipts are finally forecast to be received, following the planned sale of a number of property assets.

## REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2012/13 forms part of the approval of the statutory accounts.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None as the outturn and financing for 2012/13 have been prepared in accordance with statutory accounting principles.

## DETAIL (Including consultation carried out)

### CONSULTATION

3. Directors, Heads of Service and Project Managers have been consulted in preparing the reasons for variations contained in Appendix 1.

### CAPITAL OUTTURN 2012/13

4. Total General Fund capital expenditure in 2012/13 was £54.6M compared to an estimate of £62.4M, giving an under spend of £7.8M or 12.5% of the programme.
5. The Capital Board for each Portfolio will have received a report at an appropriate level of detail setting out the outturn position. The performance of individual capital programmes in 2012/13 is summarised in the following table.

### SUMMARY OF GF CAPITAL OUTTURN 2012/13

<b>Portfolio</b>	<b>Approved £000's</b>	<b>Actual £000's</b>	<b>Variance £000's</b>	<b>Variance %</b>
Adult Services	2,029	2,106	77	3.8
Children's Services	26,763	28,455	1,692	6.3
Environment & Transport	19,911	14,079	(5,832)	29.3
Housing & Leisure Services				
A - Housing General Fund)	2,099	1,616	(483)	23.0
B - Local Services & Community Safety	569	441	(128)	22.5
C - Leisure	1,291	791	(500)	38.7
Leader's Portfolio	2,300	807	(1,493)	64.9
Resources	7,390	6,267	(1,123)	15.2
<b>Total GF Capital Programme</b>	<b>62,352</b>	<b>54,563</b>	<b>(7,789)</b>	<b>12.5</b>

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.

7. Appendix 2 shows the 2012/13 actual and 2012/13 latest approved estimate, together with the total spend for all years for each scheme to date, compared to the total scheme budget. Slippage accounted for £13.0M of the under spend offset by re-phasing of £5.9M on some schemes to bring expenditure forward. In addition, there are net under spends within the Environment & Transport Capital Programme totalling £0.7M in 2012/13.
8. As part of the processes surrounding Sharepoint, the Council's project management system, slippage and re-phasing is automatically approved and processed at the year-end. The details of this are shown in Appendix 3. A small number of negative budgets on individual schemes resulted from this process and this will be corrected by the finance support teams within the relevant Portfolio capital programme resources.
9. Any over spends on individual schemes are financed from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them and this may result in reduced outputs where an over spend results in cuts being made elsewhere in the programme.
10. No major forecast under or over spends have been identified at this stage with the exception of the SeaCity Museum project. As previously highlighted there have been significant additional costs incurred, including £300,000 more asbestos work than originally anticipated. The Council is currently in negotiations with the contractor to settle any claims on the final account for the construction of the museum and every effort is being made to identify whether it is possible to still deliver the scheme on budget and this will be finalised in 2013/14. Provision was made for additional DRF funding as a prudent response to this potential pressure as detailed in the General Fund Revenue Outturn 2011/12 report approved by Council in July 2012.
11. The impact of scheme variances for 2012/13 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 18 September 2013.
12. The table below shows the proposed basis of financing the General Fund capital programme. Council is asked to approve this financing.

**GENERAL FUND CAPITAL FINANCING 2012/13**

	<b>£000's</b>
Total Financing Required	54,563
<b>Financed By: -</b>	
Unsupported Borrowing	5,540
Capital Receipts	10,609
Capital Grants	32,488
Capital Contributions	2,730
Direct Revenue Financing	3,196
<b>Total</b>	<b>54,563</b>

## PRUDENTIAL INDICATORS

13. The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown below are those reported to Council as part of the February 2013 Annual Treasury Management Strategy and Prudential Limits report.

	Actual	Estimates			
	2012/13 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
General Fund	54,190	69,658	52,894	23,666	4,282
HRA	24,270	31,196	37,202	35,622	34,609
<b>Total</b>	<b>78,460</b>	<b>100,854</b>	<b>90,096</b>	<b>59,288</b>	<b>38,891</b>

14. The reasons for the difference between the General Fund estimate for 2012/13 in the table above and the estimate shown elsewhere in this report are:
- Changes to the programme being approved between the Treasury Management Strategy report being written and approved in February and the end of the financial year in March.
  - The accounting treatment applied to certain schemes within the programme such as demolitions which are not deemed to be true capital spend (i.e. expenditure relating to the acquisition, creation or enhancement of an asset), in accordance with proper accounting practices.
  - Inclusion of planned repayment of temporary financing in the Table above.
15. This indicator for 2013/14 to 2015/16 will be updated as part of the Capital Programme Update report to Council in September 2013. The Treasury Management Outturn 2012/13 report, elsewhere on the Council Agenda, contains details of the other Prudential Indicators.

## CAPITAL PROGRAMME FUNDING

16. Funding for the capital programme is heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area.
17. This was recognised in 2008 and in the event therefore that there was a temporary deficit in the funding of the capital programme due to delays in receiving capital receipts, delegated authority was given by Council to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, to undertake additional borrowing in order to provide cover for any delays in the timing of capital receipts.
18. Over the last two financial years it has been necessary to take out additional temporary borrowing to finance capital spend which was in line with delegated powers approved in September 2008.
- This totals £11.96M. It has been possible to repay £2.56M of this in 2012/13 and

it is currently anticipated that the remaining temporary borrowing of £9.4M can be repaid over the next two years. The revenue costs associated with undertaking this prudential borrowing have been built into future budget forecasts.

19. Despite the ongoing economic difficulties, which have reduced and delayed capital receipts from the sales of land and property, the Council's capital programme is fully funded based on the latest forecast of capital receipts. However, in addition to the forecast capital receipts that are assumed as a key element of funding the capital programme, there will be additional receipts which will flow from the enhanced sale of assets programme as this comes to fruition. Towards the end of 2013/14 it should be possible to better estimate the amount and timing of these forecast additional receipts.
20. Currently, due to the limited level of capital resources available additions to the programme are only considered in very exceptional circumstances and clear prioritisation is required.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

21. This report principally deals with capital and the implications are set out in the main body of the report. However, the revenue implications arising from borrowing to support the capital programme are considered as part of the annual revenue budget setting meetings.

### **Property/Other**

22. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

23. Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council. The Capital Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.

### **Other Legal Implications:**

24. None.

## **POLICY FRAMEWORK IMPLICATIONS**

25. The outturn for 2012/13 forms part of the overall statutory accounts.

**KEY DECISION?** Yes/No

<b>WARDS/COMMUNITIES AFFECTED:</b>	None.
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## SUPPORTING DOCUMENTATION

### Appendices

1.	Capital Outturn 2012/13 – Details of Significant Variances
2.	Scheme Budget Variances 2012/13
3.	Revised Estimates 2013/14

### Documents In Members' Rooms

1.	None
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### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
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### Other Background Documents

#### Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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