

Supplementary Committee Agenda



Finance and Performance Management Scrutiny Panel Tuesday, 16th June, 2009

Place: Committee Room 1, Civic Offices, High Street, Epping

Room: Committee Room 1

Time: 7.00 pm

Committee Secretary: A Hendry - The Office of the Chief Executive
Tel: 01992 564246 Email: ahendry@eppingforestdc.gov.uk

7.a Provisional Capital Outturn 2008/09 (Pages 3 - 10)

(Director of Finance and ICT) to consider the attached report.

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Report to Finance and Performance Management Scrutiny Panel



Date of meeting: 16 June 2009

Portfolio: Finance and Economic Development

Subject: Provisional Capital Outturn 2008/09

Responsible Officer: Teresa Brown (01992-564604)

Committee Secretary: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That the provisional outturn report for 2008/09 be noted.**

Executive Summary:

This report sets out the Council's capital programme for 2008/09, in terms of expenditure and financing, and compares the actual outturn figures with the revised estimates. The revised estimates represent those agreed at Cabinet on 5 February 2009, which were based on the Capital Strategy adopted by Council on 16 December 2008.

Appendix 1 summarises the Council's overall capital expenditure in 2008/09, analysed by portfolio, while appendices 2 and 3 identify the expenditure on individual schemes. Variations from revised estimates are shown in the third column of each appendix and these are identified as savings, overspends, carry forwards or brought forwards on a scheme-by-scheme basis in appendices 2 and 3. The carry forwards and brought forwards represent changes in the timing and phasing of schemes and the movement of estimates between financial years rather than amendments to total scheme estimates.

An analysis of the funds used to finance the Council's capital expenditure in 2008/09 is also given in appendix 1, detailing the use of government grants, private funding, capital receipts and revenue contributions to capital outlay. The generation and use of capital receipts and Major Repairs Fund resources in 2008/09 are detailed in appendix 4.

Reasons for Proposed Decision:

The funding approvals requested are intended to make best use of the Council's capital resources that are available to finance the Capital Programme.

Other Options for Action:

The HRA capital expenditure in 2008/09 could have been financed partly from the use of usable capital receipts. This option was rejected because the Revenue Contributions to Capital Outlay (RCCO) level suggested in this report is affordable within the HRA, according to current predictions, and any use of usable capital receipts for HRA purposes would have the effect of reducing scarce capital resources available for the General Fund.

Report:

Capital Expenditure

1. The overall position in 2008/09 was that a total of £10,474,000 was spent on capital schemes, compared to a revised estimate of £12,900,000. This represents an underspend of £2,426,000 or 19% on the Council's revised capital budget. The underspend was evenly balanced between General Fund and the Housing Revenue Account (HRA) schemes. Expenditure on General Fund projects totalled £3,801,000, which was £892,000 or 19% less than anticipated, whilst expenditure on the HRA totalled £6,673,000, which was £1,534,000 and again 19% less than anticipated.

2. The majority of the underspends on the General Fund and HRA schemes relate to slippage of expenditure and it is proposed that this is re-phased into 2009/10. Appendices 2 and 3 give details of the individual projects where slippage has occurred.

3. The three General Fund projects which incurred the greatest slippage were Bobbingworth Tip, the Civic Office Works and the Children's Play Programme. As reported to Cabinet on 20 April 2009, the final phase of the Bobbingworth Tip project has been held up due to the delay in the procurement of suitable quality soil. Slippage on the capital works planned at the Civic Offices relates to delays on a number of schemes including: the sound & visual presentation system, the pollution control fuel store, the windows security system, the heating & ventilation control system, the energy efficient lighting control system, and the DDA alarms in lifts & toilets. The Children's Play Programme, funded primarily from the Big Lottery Fund, was held up for a number of reasons including a delay in procuring a suitable contractor to fulfil the work as well as delays due to weather conditions.

4. In addition to the above, the General Capital Contingency was not fully utilised in 2008/09 and it is suggested that the full unallocated sum of £177,000 be carried forward to cover unforeseen capital expenditure requirements in 2009/10.

5. There are also three General Fund schemes on which progress slightly exceeded expectations as at 31 March 2009. These are the Loughton Broadway town centre enhancement scheme, Other Private Sector Grants (Decent Homes Grants in particular) and Home Ownership Grants.

6. With regard to the Loughton Broadway town centre enhancement scheme, phase 2 was delayed at the start of the project and, to reflect this, £1,580,000 was re-phased into 2009/10 as part of the Capital Review. The outturn figures show that this scheme is slightly ahead of the revised expectations by £72,000. With regard to Other Private Sector Grants, a major reassessment of the five year profile was undertaken last year. Allocations for 2008/09 and future years were revised down but a contingency of £310,000 per year for the next three years was established. It is suggested that the overspend of £70,000 in 2008/09 is brought forward from the contingent sum set aside for 2009/10. With regard to the Home Ownership Grants, the fourth grant was finalised just before the end of March 2009; slightly ahead of the expectation included in the revised budget.

7. Appendix 2 shows an overspend on CCTV Cameras. This represents a decision to capitalise the costs of this equipment in order to establish the cameras as assets which will be depreciated over their useful lives in accordance with CIPFA's Code of Practice. The purchase of the equipment was originally approved as a revenue item and, as such, has been financed from revenue funds. This means that there is no impact on the Council's use of capital receipts.

8. The 19% underspend on the HRA was also due primarily to slippage. The vast majority of this (14%) relates to the major improvement works at Springfields, Waltham Abbey. This scheme has experienced delays due to late variations, which led to additional windows and french doors being renewed and this has resulted in a subsequent delay to the associated follow-on works. The contractor has submitted a claim for extension of time which the Council is considering. The other two areas where slippage was relatively high were Communal TV Upgrades and Structural Schemes. In both cases this was due to a late start on the contracts.

9. Members are requested to approve the total carry forwards and brought forwards referred to above on the schemes identified in appendices 2 and 3; the total net carry forward requested is £911,000 on the General Fund and £1,534,000 on the HRA.

Funding

10. When financing the capital programme, government grants and private funding that have been received to finance specific schemes, are applied initially. Appendix 1 identifies all the grants used in 2008/09 and it compares the actual sums used with the amounts estimated in the revised capital programme. In 2008/09, the total sum of grants applied were £303,000 higher than expected for a number of reasons. Firstly, we were able to use more of the DCLG Grant for Decent Homes than expected because of the higher than expected expenditure on these grants. Secondly, all the remaining Implementing E-Government (IEG) grant has now been applied to eligible schemes. Thirdly, ECC made a contribution of £100,000 to the Loughton Broadway town centre enhancement scheme after the capital programme had been revised. Fourthly, private funding was higher than expected primarily due to higher recharges in respect of leasehold properties and a grant from British Gas for boiler replacements in Council properties.

11. The situation with regard to capital receipts in 2008/09 proved to be marginally better overall than had been anticipated, as shown in appendix 4. Income from council house sales was slightly higher than expected with 7 houses being sold and there was also a small land sale of £20,000. As forecast, there were no General Fund capital receipts in 2008/09; this is because sales have been put on hold pending an improvement in market conditions. Overall, the use of capital receipts was lower than expected due to the reduced expenditure on General Fund schemes and the higher level of capital grants used. The remaining sum of £500,000 transitional relief has now been fully applied to affordable housing projects. The overall effect of this is that balance of unused capital receipts at the 31 March 2009 stands at £24,318,000.

12. With regard to the use of revenue contributions to capital outlay, the total contributions were lower than anticipated due to the fact that the draw on the Major Repairs Reserve was reduced because of the underspend on the HRA. The balance on the Major Repairs Reserve stands at £6,919,000 at 31 March 2009.

Resource Implications:

The 2008/09 General Fund Outturn totalled £3,801,000 representing an underspend of £892,000. This comprised of an overspend of £19,000, carry forwards of £1,088,000 and brought forwards of £177,000.

The 2008/09 HRA Capital Outturn was £6,673,000 representing an overall underspend of £1,534,000. This included slippage of £1,699,000 and brought forward expenditure of £165,000.

Legal and Governance Implications:

The Council's capital accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Statement of Recommended Practice (SORP).

Safer, Cleaner and Greener Implications:

The Council's Capital Strategy works to support the safer, greener and cleaner initiative. A major environmental scheme at Bobbingworth Tip is due to be finalised in 2009 and the wheeled bin programme has now been fully implemented.

Consultation Undertaken:

Progress on the capital programme is monitored regularly by the Finance and Performance Management Scrutiny Panel and the Finance and Performance Management Cabinet Committee. Service Directors and spending control officers are also consulted throughout the year. In addition, consultation is undertaken with the Tenants and Leaseholders Federation and the Director of Housing on the HRA programme.

Background Papers:

The capital programme approved at Cabinet 5 February 2009 and working papers filed for External Audit purposes.

Impact Assessments:

There are no equality or risk management impacts

**CAPITAL PROGRAMME
2008/09 ACTUAL (PROVISIONAL)**

	2008/09 Revised £000	2008/09 Actual £000	(Under) / Overspend £000
EXPENDITURE			
Finance & Performance Management	241	55	(186)
Corporate Support and ICT services	750	553	(197)
Community Wellbeing	0	19	19
Planning & Economic Development	800	872	72
Leisure & Young People	320	110	(210)
Environmental Protection	607	310	(297)
Civil Engineering	254	101	(153)
Total Non-Housing	2,972	2,020	(952)
Housing GF	1,721	1,781	60
HRA	8,153	6,624	(1,529)
Housing Works Unit	54	49	(5)
Total Housing	9,928	8,454	(1,474)
TOTAL	12,900	10,474	(2,426)
FUNDING			
DCLG Grant for DFG	289	206	(83)
DCLG Grant for Decent Homes	204	348	144
Other DCLG	0	5	5
IEG Grant	51	102	51
PDG/HPDG Capital Grant	72	46	(26)
Big Lottery Grant	160	45	(115)
ECC Contributions	45	120	75
Private Funding	201	356	155
Total Grants	1,022	1,228	206
Transitional Relief: Housing GF	500	500	0
Other Capital Receipts: Housing GF	728	642	(86)
Other Capital Receipts: Non Housing	2,493	1,624	(869)
Other Capital Receipts: Housing	0	20	20
Total Capital Receipts	3,721	2,786	(935)
General Fund RCCO	0	19	19
HRA - RCCO	1,439	1,452	13
HRA - MRR	6,718	4,989	(1,729)
Total Revenue Contributions	8,157	6,460	(1,697)
TOTAL	12,900	10,474	(2,426)

**CAPITAL PROGRAMME
2008/09 ACTUAL (PROVISIONAL)**

	2008/09 Revised £000	2008/09 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000
Finance & Performance Management						
Youth Sports Facilities	64	55	(9)		(9)	
General Capital Contingency	177	0	(177)		(177)	
Total	241	55	(186)	0	(186)	0
Corporate Support and ICT services						
Civic Office Works	170	62	(108)		(108)	
Planning Service Accommodation Works	15	14	(1)		(1)	
PDG Capital Scheme	72	46	(26)		(26)	
General IT	285	221	(64)		(58)	
Revenues & Benefits IT System	189	195	6			
Planning & Land Charges IT System	19	15	(4)		(4)	
Total	750	553	(197)	0	(197)	0
Community Wellbeing						
CCTV Cameras	0	19	19	19		
Total	0	19	19	19	0	0
Leisure & Young People						
Loughton Leisure Centre	58	7	(51)		(51)	
Ongar Playing Fields Development	20	21	1			1
N W Airfield Market Improvements	66	19	(47)		(47)	
W Abbey Sports Provision Feasibility	6	5	(1)		(1)	
N W Airfield Fire Cover Vehicle	10	0	(10)		(10)	
Childrens Play Programme	160	58	(102)		(102)	
Total	320	110	(210)	0	(211)	1
Environmental Protection						
Bobbingworth Tip	539	285	(254)		(254)	
Environ. Protection Equipment	45	15	(30)		(30)	
Safer Greener Cleaner	23	10	(13)		(13)	
Total	607	310	(297)	0	(297)	0
Planning & Economic Development						
Loughton Broadway Town Centre Enhancement	800	872	72			72
Total	800	872	72	0	0	72
Civil Engineering						
Parking & Traffic Schemes	142	70	(72)		(72)	
Housing Estate Car Parking	28	2	(26)		(26)	
Flood Alleviation Schemes	62	15	(47)		(47)	
Grounds Maint Plant & Equipt	22	14	(8)		(8)	
Total	254	101	(153)	0	(153)	0
TOTAL NON-HOUSING PROGRAMME	2,972	2,020	(952)	19	(1,044)	73

**CAPITAL PROGRAMME
2008/09 ACTUAL (PROVISIONAL)**

	2008/09 Revised £000	2008/09 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000
Housing General Fund						
Contribution to Affordable Housing						
Estuary HA Schemes	845	845	0		0	
The Quarter, Ongar (L&Q)	85	85	0			0
Total Affordable Housing Contributions	930	930	0	0	0	0
Disabled Facilities Grants	400	365	(35)		(35)	
Other Private Sector Grants	280	350	70			70
Home Ownership Grants Scheme	102	136	34			34
Alfred Road Drainage Works	9	0	(9)		(9)	
TOTAL HOUSING GENERAL FUND	1,721	1,781	60	0	(44)	104
Housing Revenue Account						
Springfields, Waltham Abbey *	3,113	1,965	(1,148)		(1,148)	
Norway House Improvements *	62	52	(10)		(10)	
Communal TV Upgrade	243	77	(166)		(166)	
Heating/Rewiring *	1,070	1,133	63			63
Windows/Roofs/Asbestos/Water Tanks *	810	823	13			13
Other Planned Maintenance	382	308	(74)		(74)	
Total Planned Maintenance	5,680	4,358	(1,322)	0	(1,398)	76
Structural Schemes	367	253	(114)		(114)	
Cyclical Maintenance *	10	1	(9)		(9)	
Small Capital Repairs *	417	379	(38)		(38)	
Cost Reflective Repairs *	1,000	957	(43)		(43)	
Non-Cost Reflective Repairs	230	164	(66)		(66)	
Disabled Adaptations	394	443	49			49
Other Repairs and Maintenance *	24	64	40			40
Feasibilities	31	5	(26)		(26)	
TOTAL HRA	8,153	6,624	(1,529)	0	(1,694)	165
Housing DLO Vehicles	54	49	(5)		(5)	
TOTAL DLO	54	49	(5)	0	(5)	0
TOTAL HOUSING PROGRAMME	9,928	8,454	(1,474)	0	(1,743)	269
* EFDC Affordable Housing TOTAL	6,506	5,374	(1,132)	0	(1,248)	116

CAPITAL RECEIPTS
2008/09 ACTUAL (PROVISIONAL)

	2008/09 Revised £000	2008/09 Actual £000	2008/09 Variation £000
Receipts Generation			
Housing Revenue Account	900	1,009	109
General Fund	0	-	0
Total Receipts	900	1,009	109
Receipts Analysis			
Usable Receipts	227	281	54
Payment to Govt Pool	673	728	55
Total Receipts	900	1,009	109
Usable Capital Receipt Balances			
Opening Balance	26,823	26,823	0
Usable Receipts Arising	227	281	54
Use of Transitional Relief Receipts	(500)	(500)	0
Use of Other Capital Receipts	(3,221)	(2,286)	935
Closing Balance	23,329	24,318	989

MAJOR REPAIRS RESERVE
2008/09 ACTUAL (PROVISIONAL)

	2008/09 Revised £000	2008/09 Actual £000	2008/09 Variation £000
Opening Balance	7,290	7,290	0
Major Repairs Allowance	4,618	4,618	0
Use of MRR	(6,718)	(4,989)	1,729
Closing Balance	5,190	6,919	1,729