

# Report to Finance and Performance Management Scrutiny Panel



**Date of meeting: 11 November 2008**

**Portfolio:** Finance and Performance Management

**Subject:** Capital Programme 2008/09 to 2012/13

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## **Recommendations/Decisions Required:**

**That the panel note the Capital Programme 2008/09 to 2012/13 as attached at appendix 1.**

## **Report:**

### **Introduction:**

- .1 At the meeting of this panel on 17 June 2008 it was requested that the panel get an opportunity to see the Council's Capital Programme. This report presents the latest Capital Programme and a commentary on the process through which the Capital Budget goes before it is adopted by Full Council in February each year.

### **Main Report:**

- .2 The Capital Programme is a Five Year document that sets out the Capital Budget for the current financial year and the forecast for the following four years. The Capital Budget and indeed the Revenue Budget for any particular year is set by Full Council in February for the financial year that is due to start on the following 1 April. The latest Capital programme is attached as Appendix 1, it was agreed that the programme be adopted subject to Council approval in December. As well as the Capital Programme the Capital Strategy and Asset Management Plan are related documents that are produced during the year that inform the allocations within the Capital Programme. A brief commentary below outlines the cycle that the Capital Programme follows in any given year.
- .3 The process of creating the update to the Capital Programme begins in early September when officers responsible for particular capital projects are consulted on the levels and timing of expenditure within the schemes under their control. A revised scheme by scheme estimate for the current year is produced along with a forecast of expenditure over the next four years to 2012/13. The appendices attached show the expenditure figures on a Portfolio-by-Portfolio basis as well as a proposed financing statement, (where the money is coming from), an estimate of Capital receipts expected and the likely level of funding in the Major Repairs Reserve. The estimate of Capital Receipts assumes a number of Council House sales but does not consider the use of other receipts until such time as they are received.
- .4 The information provided is formed into a Cabinet report that is considered in October, the attached report was submitted to the Cabinet of 6 October 2008 and recommended to Council for approval in December.
- .5 The Cabinet of 10 November received the Capital Strategy. This document reviews

council priorities and ranks them in order of priority. The Strategy also comments on how meeting the stated priorities is to be achieved and also includes any further financial amendments necessary. This again will go to Council in December for approval.

- .6 The Capital Programme is continually updated as and when new items or revisions are identified and agreed. The programme is then included as part of the Budget setting report that is agreed by Council in mid-February and at that time the Capital Forecast for the next Financial year becomes the Budget for that year.
- .7 After the end of a particular financial year the actual expenditure for each scheme is ascertained and compared with the revised position for that year. This is summarised on the Capital Outturn report to the Finance and Performance Management Cabinet Committee in June. Where there is a difference the reason for that is investigated. Reasons include progress ahead/behind schedule in which case approval is sought to bring budget back from a future year or slip expenditure forward to a future year. In reality the latter is rather more common. Where expenditure is higher or lower than expected, savings or supplementary amounts are sought. As a result of this the Capital Programme is amended again to reflect these changes and the current year budget becomes a revised budget taking into account the agreed amendments.
- .8 Once this has occurred the programme then enters the next full revision cycle at which point the next years forecast (2013/14) will be constructed.
- .9 The Capital Programme is constantly being updated and the forecast that has just been created for 2012/13 will undergo many revisions and amendments before it reaches the stage of becoming the budget for 2012/13. Having said that the creation of forecasts well in advance of the financial year to which they relate represent good financial planning as it is important that the financial resources required are identified at an early stage. Progress on the Capital Programme is monitored by this panel and the Finance and Performance Management Cabinet Committee through the quarterly financial reporting process.

## **Conclusion**

The Capital Programme is an important part of the council's financial management and is regularly reviewed and updated for necessary changes.

## **Consultations Undertaken**

The Capital Programme attached has been agreed by Cabinet and is due to be formally adopted at Council in December.

## **Resource Implications**

General Fund and HRA capital expenditure to be financed from Capital Receipts, Revenue, Major Repairs Reserve and external resources in the form of Grants and other contributions.

## **Legal and Governance Implications**

Reviewing and monitoring the Council's capital expenditure is an essential part of the management of the council's finances and as such represents generally accepted good practice.

## **Safer, Cleaner, Greener Implications**

The Council's capital budgets contain spending in relation to this initiative.

## **Background Papers**

Working papers held in Accountancy.

### **Impact Assessments**

There is a financial risk involved in reducing the balance of usable capital receipts over the next five years. The equalities implications are taken into account within individual project reports.