



meeting	CABINET	
Date	14 th November 2007	Agenda item number

REPORT OF THE CABINET MEMBER FOR FINANCE & PROPERTY

CAPITAL PROGRAMME VARIATIONS and CAPITAL FINANCING

1. Purpose of Report

- 1.1 To note the variations to the Capital Programme outlined in this report.
- 1.2 To provide a monitoring statement and identify how the 2007/08 programme is currently financed.

2. Summary of capital allocation variations

- 2.1 The overall gross capital programme for 2007/08 is approximately £160 million, of which £54 million is funded from earmarked capital receipts and other funding sources.
- 2.2 The following table summarises the changes to the allocations funded by Nottinghamshire County Council.

	2007/08 £000
Approved Budget Book 2006/07	93,772
Slippage from 2006/07	11,430
Variations:	
Reported to Cabinet 18 April 2007	1,518
Reported to Cabinet 19 September 2007	175
Retford Young People's Centre	(564)
Total	<u>106,331</u> *

* After deducting funding from earmarked capital receipts and other funding sources

Details of the new capital allocation variations are contained within the body of the report.

2.3 The allocations identified within the table in 2.2 are analysed by portfolio in appendix A.

3. Capital Programme Variations

3.1 Retford Young People's Centre

Cabinet (17th October 2007) agreed a latest estimated cost report that increased the capital allocation for the Retford Young People's Centre project by £20,000. This report also identified slippage of £580,000 to 2008/09 and £4,000 to 2009/10.

4. Capital Expenditure With Full Funding Sources

4.1 White Hills Park Federation – Post 16 Developments

Cabinet (17th October 2007) agreed an addition to the capital programme of £400,000 for new and improved accommodation for the White Hills Park Federation of schools. This is fully funded from the DCSF as Target Capital Funding.

5. Expenditure Supported by Capital Receipts

5.1 The Cabinet Members for Culture & Regeneration and Finance & Property took a delegated decision (3rd October 2007) to increase the capital programme for a proposed grant of £100,000 to Arnold Town Football Club. This is to be funded from future capital receipts.

6. Capital Financing 2007/08

6.1 Appendix B summarises how it is currently anticipated to finance the overall capital programme for 2007/08 including the variations identified above.

6.2 Variations outlined within this report together with changes in projected capital receipts mean that projected borrowing for the year is now £83.8 million. This is £19.6 million higher than budgeted, largely due to slippage from 2006/07 and lower than budgeted capital receipts. However, the current levels of borrowing can be managed within the prudential limits set as part of the 2007/08 budget process.

7. Monitoring

7.1 Appendix C shows capital spend to date against the forecast at period 6 (end September). Key points to note are that:

7.1.1 There is a potential overspending on the A612 Gedling Transport Improvement Scheme within the Environment portfolio. This will be the subject of a separate report to Cabinet.

7.1.2 Potential slippage of £9.6 million is currently forecast. This would reduce the borrowing requirement set out in section 6 above. The main areas of anticipated slippage are as a result of delays on schemes for the highways depot rationalisation (£5 million),

Mansfield Library (£1.8 million) and Bowbridge Junior School (£1.6 million).

7.2 Key risks with regard to the ongoing management of the 2007/08 capital programme are:

7.2.1 The potential for further slippage in expenditure.

7.2.2 The potential for capital receipts expected in 2007/08 not being received. Of the currently anticipated receipts of £23.8 million, £16.6 million are dependent on three major sales still in the process of completion.

8. Statutory and Policy Implications

8.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder, Human Rights and those using the relevant services. No specific issues arise out of the proposals in the report.

9. RECOMMENDATIONS

9.1 To note the previously approved variations to the capital programme for 2007/08.

9.2 To note the current position regarding monitoring.

9.3 To note that the current levels of borrowing are within the prudential limits set out at the beginning of the year.

Cllr Chris Baron
Cabinet Member for Finance and Property

Director of Resources' Comments (PS 22/10/07)

Whilst projected borrowing has increased, largely as a result of programme slippage from 2006/07 and slippage in capital receipts, this is within the prudential limits set as part of the 2007/08 budget. It is possible that this will be reduced as a result of forecast slippage within the revised 2007/08 capital programme.

Head of Legal Services' Comments (LM2/11/07)

The report is for noting only.

Background papers available for inspection

None

Electoral Divisions affected

Nottinghamshire

APPENDIX A

CAPITAL ALLOCATIONS

	2007/08 £000
Children and Young People's Services	29,372
Adult Services and Health	2,097
Environment	36,969
Culture and Regeneration	9,446
Deputy Leader	3,535
Finance and Property	24,912
	106,331

Financing the Capital Programme 2007/08			
	Budget	Revised	Change
	£m	£m	£m
Approved allocations (see para 2.2)	93.8	106.3	12.5
Funded from earmarked capital receipts	6.8	9.2	2.4
Funded from other funding sources	47.7	44.7	-3.0
Gross Capital Programme	148.3	160.2	11.9
Funded by:			
Supported Borrowing	24.7	24.7	0
Other Borrowing	39.5	59.1	19.6
Capital Grants etc.	55.4	52.6	-2.8
Capital Receipts	28.7	23.8	-4.9
TOTAL	148.3	160.2	11.9
<u>Reconciliation of Revised Total to Appendix C</u>			
Less building maintenance		-8.5	
Less schools capital expenditure		-13.3	
Gross Forecast Spend per Appendix C		138.4	

CAPITAL EXPENDITURE BY PORTFOLIO						
As at Period:	6					
Portfolio	Gross Forecast Spend £'000	Profiled Spend to Date £'000	Actual Spend to Date £'000	Variance under (-) / over + £'000	Forecast* Out-turn £'000	Comments*
Children & Young People	51,202	15,354	14,009	(1,345)	48,400	Anticipated slippage on Bowbridge Junior and several other schools projects partly offset by acceleration of expenditure on Netherfield Primary project.
Adult Services & Health	6,177	1,852	2,365	513	6,177	
Environment	41,924	12,572	12,756	184	36,924	Anticipated slippage of about £5 million on Highways Depot. However, this could be partly offset by potential of overspend on the A612 Gedling Transport Improvement Scheme.
Culture & Regeneration	15,402	4,619	1,551	(3,068)	13,552	Anticipated slippage on Mansfield Library project due to protracted land negotiations.
Deputy Leader	3,535	1,060	683	(377)	3,535	
Finance & Property	20,180	6,052	6,184	132	20,180	
Total	138,420	41,509	37,548	(3,961)	128,768	
Notes						
Profiled on the basis of expenditure over the past 10 financial years not on a project by project profile						
Excludes building maintenance which is initially charged to revenue and subsequently capitalised at the year end.						
Excludes schools capital expenditure which, ultimately, is to be funded from either delegated standards fund or schools' own budgets.						