AGENDA ITEM 9	**WEST DEVON BOROUGH COUNCIL**	AGENDA ITEM 9

NAME OF COMMITTEE	**Resources**
DATE	**17th September 2013**
REPORT TITLE	**Capital Programme Monitoring as at 31st March 2013**
Report of	**Chief Accountant**
WARDS AFFECTED	**All**

Summary of report:

This report is to show Members the financial position of the Council's Capital Programme for the year 2012/13, to bring to Members' attention any significant variations from budget and to recommend reductions to the Capital Programme budget.

Financial implications:

The report details the latest financial position of the Council's Capital Programme, as at 31st March 2013. It also recommends reductions in the Capital Programme budget for 2013/14.

RECOMMENDATIONS:

1. Members are asked to agree the amounts of the reduction in capital budgets for 2013/14 of £290,000. Please see Appendix B for details.

2. Members are asked to agree to the reduction in the use of New Homes Bonus for the Capital Programme by £290,000, from £495,000 to £205,000. Please see section 3.2

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1. BACKGROUND

1.1 The Chief Accountant has consulted with officers and has used the financial position at 31st March 2013 to establish the position at the end of the year.

2. MONITORING OF THE 2012/13 CAPITAL PROGRAMME

2.1 The approved Capital Programme budget for 2012/13 totalled £1,861,945. In the year of 2012/13 there has been expenditure of £859,609 against the approved budget, please see (Appendix **A**). This together with external funding for the Tamar Valley Mining Heritage Project of £687,178 shows an overall capital expenditure of £1,546,247. This is detailed in the Final Accounts for 2012/13 in the explanatory foreword on page 3.

2.2 Budgets have been closely scrutinised this year with a view to establishing the level of unspent capital budgets which can be released back into general capital funds. This means that less New Homes Bonus will be required to fund the capital programme and can be released for other purposes such as Invest to Save projects aimed at closing the medium term revenue budget gap.

3. CAPITAL PROJECTS

3.1 The report to Resources on 26 March 2013 detailed Capital Programme underspends with the potential to be released in order to fund emerging priorities, such as the “Invest To Save” reserve to resource the transformation programme.

3.2 The total amount for Members to agree to release is £290,000 (Appendix B). This would result in reducing the amount of New Homes Bonus required to fund the capital programme from the £495,000 originally set aside for this purpose to £205,000. The table below shows the amounts to be received and any expected potential from new builds alongside the predicted allocation required to fund the revenue and capital budgets.

NEW HOMES BONUS ALLOCATION

	2012/2013	**2013/2014**	**2014/2015**	**2015/16**	**2016/17**	**2017/18**
Amount received	892,542	1,024,945	1,024,945	666,214	727,711	504,738
New build potential						
2014/15 134 properties			*167,339*	*167,339*	*167,339*	*167,339*
2015/16 184 properties				*154,766*	*154,766*	*154,766*
2016/17 329 properties					*299,722*	*299,722*
2017/18 374 properties						*345,073*
Estimate to fund the capital programme	(600,000)	(495,000)	*(600,000)*	*(600,000)*	*(600,000)*	*(600,000)*
Capital released (*See Capital Programme report on this Agenda*)		290,000				
Invest to save reserve	(52,292)					
Revenue budget	(200,000)	(353,076)	(353,076)	(353,076)	(353,076)	(353,076)
Dartmoor national park (estimate for 14/15 onwards)	(40,250)	(43,460)	(46,960)	(50,460)	(53,960)	(57,460)
Balance not committed	**NIL**	**423,409**	**192,248**	**(15,217)**	**342,502**	**461,102**

3.3 Appendix **B** details those capital budgets which are recommended to be released.

3.4 Appendix **C** details the budget going forward for all capital projects. There will also be a small contingency budget of £25,928 held for any unexpected items.

4. PROJECT PROGRESS

4.1 Tamar Valley Mining Heritage project was completed on 31st March 2013. There is a small balance of just over £30K of external funding to be spent in 2013/2014 which has all been committed.

4.2 At Council on 16th April 2013, Members agreed to an extension of the Leisure Contract. In line with this report, at this stage it is felt prudent to retain the existing budget.

4.3 Disabled Facility Grant (DFG) has a statutory duty under the Housing Grants, Construction and Regeneration Act 1996(as amended) to fund adaptations to properties to enable people to live independently within their home. In 2012/13 £419K was spent on DFG's and the total budget for 2013/14 is £480K of which £178K is funded through a government grant. As a statutory requirement for the Council it continues to be a large part of the capital programme resource requirement.

4.4 Affordable Housing funding of £150K has not been spent in the 2012/13 year and a further £200K has been allocated in the 2013/14 programme. This budget total of £350,000 is required to support the development of a pipeline of affordable housing schemes. Significant progress has been made and the financial support required by each scheme is now being quantified. In addition to investing in development projects, the money will also be used to support other strategic housing priorities. A report will come to Members before Christmas setting out in detail how the Affordable Housing budget should be allocated to schemes and other strategic projects.

4.5 Private Sector Renewal Grants (PSRG) no longer receive any Regional Housing Pot funding (Decent Homes Grant). The money provides funding to support the delivery of the Homes Strategy through the provision of recyclable loans aimed at reducing fuel poverty, bringing empty properties back into use and securing safe and healthy homes in line with the Councils duties under the Housing Acts

A procurement exercise is currently being undertaken to establish the Council's duties under the Home Energy Conservation Act. This will confirm the amount of funding required to support uptake of energy efficient measures within the Borough to reduce fuel poverty. The results will be monitored through the capital quarterly reports to Members.

It is recommended that any under spends be rolled forward to deal with fluctuations in demand and build up a sustainable loan fund. It is also recommended that repaid grant moneys from historical PSRG activity are recycled into the budget for future use. In light of this it is recommended that the capital budget for PSRG be reduced by £100,000 to a budget of £127,341 for 2013/14, as per Appendix C.

4.6 The other smaller allocations total £150k and notably include £18k for both Community projects and Village grants.

5. LEGAL IMPLICATIONS

5.1 Under the Council's scheme of delegation, the Resources Committee is responsible for the control of the Council's capital expenditure. Under 3.12 of the Financial Procedure Rules, the Head of Finance is responsible for providing capital monitoring reports to the Committee, detailing the latest position of the Council's Capital Programme.

6. FINANCIAL IMPLICATIONS

6.1 The financial implications are set out in the report.

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	The report meets all the corporate priorities as they are all implicit within the budget setting process.
Statutory powers:	Local Government Act 1972, Sec. 151
Considerations of equality and human rights:	N/A
Biodiversity considerations:	None directly related to this report.
Sustainability considerations:	None directly related to this report.
Crime and disorder	None directly related to this report.
Appendices attached:	**A** – Capital Expenditure to 31st March 2013 **B** – Proposed reduction in capital budgets 2012/13 **C** – Capital budgets for 2013/2014
Background Papers	16th April 2013 Council 26th March 2013 Resources Committee

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
	Opportunity			-				
		To update Members on the current progress with each Capital Project and allow funding to be carried forward into the new financial year.	3	1	**3**		When projects are completed the remaining balances can be released back into the Council's capital programme for future projects.	The Head of Finance and Audit
	Risk							
		The main operational risk faced by the Council is the financial planning and control of the Council's capital resources.	4	1	**4**		The accounts are drawn up in strict accordance with the Code of Practice on Local Authority Accounting in the UK 2012/13 which is recognised by statute as representing proper accounting practice.	The Head of Finance and Audit