

WEST DEVON BOROUGH COUNCIL

NAME OF COMMITTEE	Resources
DATE	2nd December 2014
REPORT TITLE	Capital Budget Monitoring 2014/15 – Spend to 31st October 2014
Report of	Capital Accountant
WARDS AFFECTED	All

Summary of report:

To advise Members of the progress on individual schemes within the approved capital programme, including an assessment of their financial position.

Financial implications:

The anticipated level of expenditure is within the existing approved budget for the approved programme (Appendix A). As at the end of October 2014, £266,209 had been spent on capital projects, against a budget of £1,484,852

RECOMMENDATIONS:

That the Resources Committee notes the report.

Officer contact:

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1. CAPITAL BUDGET OVERVIEW

- 1.1 The Capital Accountant has consulted with officers and has used the financial position at 31st October 2014 for the purposes of budget monitoring. The Capital Programme was set at £1,484,852 as at 1st April 2014 and the spend to 31st October 2014 was £266,209 as shown in **Appendix A**.

PROJECT PROGRESS

- 1.2 **Leisure Contract (Indoor Sports and Recreation facilities)** - At Council on 16th April 2013, Members agreed to an extension of the Leisure Contract. In line with this report, it is felt prudent to retain the existing budget of £306,728. The Member Officer working group continue to meet on the Strategic Leisure Centre project. At the last Joint Member Working Group, Members received a presentation from the consultant undertaking soft market testing for both

Councils. A full report will go to both Councils with recommendations in early 2015.

- 1.3 **Affordable Housing** has a capital budget of £550,000 which has not yet been spent. This budget is to support the development of affordable housing schemes. National policies and funding strategies designed to deliver affordable housing have significantly changed in recent years with much greater reliance on the provision of affordable housing without public subsidy, primarily through the planning process. In the circumstances, the Council is proposing not to allocate additional capital funding to this budget in the next financial year 2015/16 (See 8.1 of the Revenue and Capital Budget Proposals for 2015/16 to 2018/19 report also on this Committee agenda). A review will be undertaken of the current budget provision as part of this process.
- 1.4 **Improvement Grants** - In the present financial year 36 Disabled Facilities Grants have been approved ranging from simple stair lifts and Level Access Showers through to full extensions. All grants are mandatory, means tested and enable people to remain living independently within their own home. Payments of approximately £240,000 have been made covering grants approved during this and previous financial years. An additional £80,000 is committed bringing the total to £320,000 against a budget of £450,000. With the addition of applications pending, and yet to be received, it is predicted that the budget will be fully committed by year end.
- 1.5 The Environmental Health service has secured an average saving of approximately 24% (£1,000) on each standard Level Access Shower, through the development, procurement and implementation of a framework agreement across Devon and Cornwall. Although it is impossible to predict demand for grants, it is proposed to reduce the budget from £450,000 to £400,000 for the next three years in view of the savings on unit cost.
- 1.6 **Community Project Grants** (previously Village Hall and Community Project grants). The budget for 14/15 is £46,489. £17,157 has been spent to date with £10,000 of applications expected to be received shortly. It is expected that the budget will be fully committed at the end of the financial year.

2 STRATEGIC ASSET REVIEW

- 2.1 **Strategic Asset Review** – As part of the review, the Assets team has just instructed Legal Services to progress a lease to a local business on the link corridor at Kilworthy. It amounts to c.1,100 sq ft of space which generates rent and service charge income of approximately £17,000 per annum.
- 2.2 Members of the Assets team are fully engaged in the ‘Delivering Differently Devon’ strategic initiative and attended the recent Asset Opportunity Workshop for Tavistock. This initiative is being coordinated by the LGA for the public and voluntary sectors to work more closely in respect to asset and accommodation issues.

2.3 Employment Estate occupancy figures have improved from 87.5% to 90.63% with only 6 units vacant of which 1 is currently under offer.

3. LEGAL IMPLICATIONS

3.1 Statutory powers are provided by the S1 Localism Act 2011 general power of competence.

3.2 The capital programme is implemented in line with the Council's legal requirements which are examined on a project-by-project basis. To date there are no undue legal concerns.

4. FINANCIAL IMPLICATIONS

4.1 The anticipated level of expenditure is within the existing approved budget for the approved programme (Appendix A). As at the end of October 2014, £266,209 had been spent on capital projects, against a budget of £1,484,852.

5. PRUDENTIAL INDICATORS

5.1 The prudential code indicators are included in the second Quarter Treasury Management Monitoring Report (this will be presented to members of the Audit Committee on 25th November). The indicators are monitored during the year through the normal revenue and capital monitoring processes. Any exceptions are reported to the Resources Committee together with any remedial action or revision required. To date all Treasury Management limits have been adhered to.

6. RISK MANAGEMENT

6.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:	Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
Considerations of equality and human rights:	There are no implications arising from this report.
Biodiversity considerations:	There are no implications arising from this report.
Sustainability considerations:	There are no implications arising from this report.
Crime and disorder implications:	There are no implications arising from this report.
Background papers:	Council February 2014
Appendices attached:	Appendix A - Capital Programme – spend as at 31 st October 2014

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			
1	Budget Variances	The financial standing of the Council is put at risk through variations in income and expenditure that are not detected at an early stage.	4	2	8	↔	Continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Resources Committee provides an opportunity for Members to identify and instigate remedial action where appropriate.	SMT
2	Resource Planning	The Council must demonstrate that it sets budgets in line with corporate priorities and provides value for money.	4	2	8	↔	Quarterly monitoring of the capital programme provides a mechanism for the early identification of variances.	S151 Officer
3	Capital Budget Variances	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.	S151 Officer
4	Capital Resource Planning	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 2013/14 which is recognised by statute as representing proper accounting practice.	S151 Officer

Direction of travel symbols ↓ ↑ ↔