



Title: **Capital Budget Monitoring 2012/13 (1st Quarter)**

Wards Affected: **All Wards in Torbay**

To: **Council** On: **27 September 2012**

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## **1. What we are trying to achieve**

- 1.1 This report is an overview of the Council's approved Capital Investment Plan for the quarter ending June 2012. The report provides details of expenditure and funding of service and community assets within the Council's approved Capital Investment Plan and is a key element of meeting the Council's aims and objectives.

## **2. Recommendation(s) for decision**

- 2.1 That Council notes the latest position on the Capital Investment Plan
- 2.2 That Council approve an allocation of £0.250m for the purchase of replacement Council use vehicles. Approval of individual vehicle asset purchases to be delegated to the Director of Place and Resources, in consultation with Chief Finance Officer and the Asset Super Client officer.
- 2.3 That Council approve that the Council's Chief Finance Officer, in consultation with the Executive Lead for Finance, is authorised to agree loans to linked organisations, (such as academy schools, housing associations, Council associate and subsidiary companies).

## **3. Key points and reasons for recommendations**

- 3.1 This report incorporates the 4-year Capital Plan Budget for 2012/13 – 2015/16 approved by Council in February 2012, adjusted for re profiling arising in 2011/12 and amended by any further revision to both projects and timing in 2012/13.
- 3.2 The overall funding position of the 4-year Capital Plan Budget of £67.4 million, covering the period 2012/13 – 2015/16, is in balance but still relies upon the generation of £5 million of capital receipts before the end of the current Plan period. Of this sum £0.3 million has been received by 30 June 2012, leaving a balance of £4.7 million to be realised.
- 3.3 Of the total £67.4 million of the 4 year programme, £29.5 million is currently scheduled to be spent in 2012/13.

- 3.4 It should be noted that re profiling can be the result of valid project management reasons such as scheme re engineering, further consultation and clarification with users or detailed tendering.
- 3.5 The format of the quarterly monitoring report and the annex has been revised to reflect the revised management arrangements for the Capital Investment Plan as approved by Council in February 2012. Capital expenditure is now presented in line with the relevant funding and approval process. The categories are:
- a) "Old Funding Regime" – this relates to the schemes in the Capital Investment Plan that were allocated to services from capital funding that originated in 2011/12 and earlier financial years.
  - b) "New" Funding Regime - this relates to schemes that are to be funded from the £31.4m identified in the 2012/13 Capital Investment Plan for 2012/13-2015/16. Approval of schemes within this allocation was delegated to the Chief Executive.
  - c) "New" Ring fenced funding – this relates to schemes approved from 2012/13 onwards where the funding source is ring fenced to a particular scheme.
  - d) Schemes funded from Prudential Borrowing
  - e) General Capital Contingency

Inevitably there will be some overlap between the categories but this will reduce in the future as "old" schemes are completed.

- 3.6 The Annual Capital Investment Plan review report (Council 1 Feb 2012) identified potential capital resources of £31.4million over the Plan period and indicated provisional allocations by type of works such as infrastructure. Since then, services have presented detailed business cases for schemes they wish to pursue and the Chief Executive has now approved budgets of around £18 million for a number of specific schemes. Details of these schemes are shown at Paragraph A2.6 in this report.
- 3.7 The Capital Investment Plan as at quarter one shows the approved schemes to the extent that funding has been received or confirmed. Where the value of the approved schemes exceeds the known funding, temporary prudential borrowing has been used pending the future receipt of funds, at which point the funding will be swapped. However if funding is not realised then the Capital Investment Plan will have to be reduced accordingly or alternative sources of funding allocated such as prudential borrowing.

### 3.8 Movements in 2012/13 Estimated expenditure

3.9 The movements in the estimate of expenditure in 2012/13 on the Capital Investment Plan between the estimate at February 2012 of £20.2m and the current approved budget for 2012/13 of £29.5m, split by the categories of funding, are as follows:

<b>Scheme</b>	<b>Variation in 2012/13</b>	<b>Change £m</b>	<b>Reason</b>
<b>Estimate as at Budget Setting – February 2012</b>		<b>20.2</b>	Capital Investment Plan 2012/13 (Report 1 Feb 2012)
2011/12 Qtr 3 & Qtr 4 changes	Re phasing and additional resources	6.9	Budget movements during 2011/12 Q3 & Q4 (changes reported after budget set in Feb 12)
Schemes brought forward from 2011/12 to 2012/13	Re profile from 2011/12	3.8	See 2011/12 Capital Outturn Report (Council 12 <sup>th</sup> July 2012)
		<b>30.9</b>	
<b>“Old” Funding Regime”</b>			
New Growth Points:			
Land Acquisitions	Re profiling to 2013/14	(0.7)	No scheme at present as use of funds is under review
Innovation Centre	Re profiling to 2013/14	(0.5)	Proposed scheme at White Rock not yet approved
Childrens’ projects	Re profile to future years	(2.9)	Primarily changes to profile of major scheme at Barton Primary School
Affordable Housing	Re profile to future years	(1.4)	Re phasing to match development needs
Social Care	Allocation to support costs of vacating Union House	(0.4)	Union House occupied by social services staff since 1998.
		<b>(5.9)</b>	
<b>“New” Funding Regime</b>			
Schemes approved by Chief Executive under delegated powers	Funding above original estimate	0.6	Basic Need grant for schools
	Increase in budget	15.8	See para A2.1 of this Report for details
	Phased to future yrs	(12.1)	
Torre Abbey Phase 2	Re profile to future years	(1.0)	Latest estimate of spend from project manager
Princess Pier	Re profile to future years	(1.4)	Scheme not yet confirmed by Env. Agency
Affordable Housing	Funds received in 12/13 in Qtr 1	0.1	Funds to support Affordable Housing allocation in Plan

	Phased to future years	(0.1)	
		<b>1.9</b>	
<b>“New” Ring fenced funding</b>			
Local Sustainable Transport Fund Grant	Increase budget	0.8	New DfT grant allocation
	Add S106 & LTP contributions	0.2	Part match funding
Better Bus Areas	New DfT allocation	0.5	New DfT grant allocation
Torbay Leisure Centre	Structural repairs to Leisure Centre	0.5	Advance of budgeted repair allocation to Leisure Centre
Devolved Formula Capital	Re profiling to 2013/14	(0.5)	Based on historic patterns of spend
Telephony System	New scheme	0.2	Funded from earmarked reserve
		<b>1.7</b>	
<b>Prudential Borrowing</b>			
Princes Promenade	Re profile to current year	2.2	Works estimated to be completed in 12/13
Council Vehicles	Extension to scheme	0.3	Provision for the replacement of Council vehicles
Office Rationalisation Project	Reduction in capital costs of project	(0.4)	Latest estimate of capital spend on scheme
South Devon Link Road	Re profile to 2013/14	(0.7)	Revised estimates from DCC
		<b>1.4</b>	
<b>General Capital Contingency</b>			
General Contingency	Re profile to later years	(0.5)	Review of likely requirements
<b>Estimate – Quarter One 2012/13</b>		<b>29.5</b>	

3.10 The Council is approached occasionally to lend money to “linked” organisations. In addition the Council has a number of cash advances to schools that have now become Academy schools; therefore the advance has now become an external loan. It is recommended that Council approve that the Council’s Chief Finance Officer, in consultation with the Executive Lead for Finance, be authorised to agree any loans to linked organisations, such as academy schools, housing associations or Council associate and subsidiary companies, including any retrospective approvals required in relation to Academy loans. These will be “funded” from the Council’s internal cash resources. The Chief Finance Officer to agree appropriate terms; such as rate of interest, security and loan repayments.

3.11 In February 2012 the Chief Executive approved a loan to the Torbay Economic Development Company of up to £0.6m to enable the Company to acquire Cockington Car park and toilets. The company has now purchased the land but, due to its own cash flow forecasts, has not yet requested the payment of funds.

**For more detailed information on this proposal please refer to the supporting information attached.**

**Paul Looby**  
**Executive Head - Finance (S151 Officer)**

**Appendices**

Appendix 1                      Supporting Information to Capital Budget Monitoring

Annex 1                         Capital Investment Plan Budget 2012/13 - 2015/16 (July 2012)