

**LONDON BOROUGH OF BRENT**  
**MEETING OF THE EXECUTIVE - 21<sup>st</sup> JULY 2003**  
**REPORT FROM THE DIRECTOR OF FINANCE**

**2002/2003 CAPITAL BUDGET OUTTURN REPORT**

**1. SUMMARY**

- 1.1 This report sets out the provisional outturn for the 2002/2003 capital budget.

**2. RECOMMENDATIONS**

The Executive is recommended to:

- 2.1 Note the provisional outturn for the 2002/2003 programme.
- 2.2 Note that all usable capital receipts received in 2002/2003 be applied to fund capital expenditure per Section 60 Part IV of the Local Government and Housing Act 1989.

**3. FINANCIAL IMPLICATIONS**

- 3.1 This report is entirely concerned with the financial matters in relation to the Council's Capital Programme.

**4. STAFFING IMPLICATIONS**

- 4.1 There are no staffing implications from this report.

**5. DETAIL**

**5.1 PROVISIONAL OUTTURN**

The figures in Table 1 present a provisional outturn for the entire 2002/2003 Capital Programme including Supplementary Credit Approval (SCA) and grant funded programmes. The surplus carried forward is subject to change as the outturn is verified and audited. The surplus is carried in the capital funding account.

**Table 1 - 2002/2003 Budget and Provisional Outturn**

Programme Details	2002/03 Revised Budget £m	2002/03 Provisional Outturn £m	Variance Under/ Over £m	Estimated Commitment C/Fwd £m
<b>Resources:</b>				
Basic Credit Approval	16.914	16.914		
Supplementary Credit Approval	.004	.004		
Capital Receipts Brought Forward	.499	.499		
Capital Funding Account	6.562	6.562		
Capital Receipts in Year	1.985	3.314	(1.329)	
Revenue Account Contributions	16.676	16.676		
Grants and S106 Contributions	23.783	23.783		
<b>Total Resources</b>	<b>66.423</b>	<b>67.752</b>	<b>(1.329)</b>	
<b>Service Area Expenditure:</b>				
Education, Arts and Libraries	14.313	11.252	(3.061)	3.061
Environment	5.724	4.890	(.834)	.834
Community Development	.248	.192	(.056)	.056
Social Services	.806	.768	(.038)	.038
Housing	22.915	23.607	.692	.307
Corporate Services	1.632	.302	(1.330)	1.330
<b>Total Service Expenditure</b>	<b>45.638</b>	<b>41.011</b>	<b>(4.627)</b>	<b>5.626</b>
<b>Central Items:</b>				
Retention's Contingency	.525	.482	(.043)	.043
Deferred Purchase	.659	.676	.017	-
Capitalisation	7.377	7.377	-	-
Brent House Lease	.258	.272	.014	-
Elm Road Car Park Lease	.250	-	(.250)	.250
St Martins Church Hall	.315	-	(.315)	.315
Capitalisation/Leasing/ Redundancy from 2001/02	.479	.479	-	
Brent Transport Services Lease	.036	.035	(.001)	
SRB Programmes	10.647	9.970	(.677)	.678
	<b>20.546</b>	<b>19.291</b>	<b>(1.255)</b>	<b>1.286</b>
<b>Overall Total Expenditure</b>	<b>66.184</b>	<b>60.302</b>	<b>(5.882)</b>	<b>6.912</b>
<b>(Surplus)/Deficit</b>	<b>(.239)</b>	<b>(7.450)</b>		

- 5.2 As forecast in the 2003/2004 Budget and Council Tax report of 3<sup>rd</sup> March, the programme has ended the year in surplus. This is due to expenditure slippage in the main Service Areas and an increase in usable capital receipts. A detailed variance analysis for resources and expenditure is set out in Appendix 1.

- 5.3 The provisional surplus is £7.450m. The commitments carried forward amount to £6.912m unallocated resources at the year-end are therefore £491k.
- 5.4 Provisional gross capital receipts achieved in year amount to £11.332m. Of these £3.314m are usable to fund capital expenditure with the balance to be set aside for debt redemption.
- 5.5 Members should be aware that all figures shown at this stage are only provisional. They will be subject to change as a result of the 2002/2003 external audit and other closing of account adjustments.
- 5.6 Under Section 60 of Part IV of the Local Government Housing Act 1989, a determination has to be made before the 30<sup>th</sup> of September that all usable receipts received in 2002/2003 are applied in one of the following ways or a combination of both:
- (a) to meet expenditure incurred for capital purpose; or
  - (b) as a provision to meet credit liabilities (i.e. to repay debt).

In accordance with the Council's decision on 3<sup>rd</sup> March, the Director of Finance has determined that in view of the need to fund this year's programme, all usable receipts will be used to fund capital expenditure.

## 6. CONCLUSION

- 6.1 The movement on the 2002/2003 Capital Programme can be summarised as follows:

**Table 2 - Movement on the Programme**

	£m
Revised Budget Surplus	(.239)
Increase in Capital Receipts	(1.329)
Variance in Capital Scheme Expenditure	<u>(5.882)</u>
<b>Provisional Outturn Surplus</b>	<b><u>(7.450)</u></b>

The expenditure commitments carried forward of £6.912m will be funded by the provisional outturn surplus carried forward. Accordingly, if the surplus resources were allocated it would lead to a funding gap on the 2003/2004 programme. In addition, there will undoubtedly be a need during the course of 2003/2004 to meet emergency works or to contribute to large projects. Members should not make any funding allocations on the basis of this report but need instead to make reference to the 2003/2004 monitoring report as the 2002/2003 position is reflected therein.

## **7. BACKGROUND INFORMATION**

1. Report from the Director of Finance entitled "*2003/2004 Budget and Council Tax*" to the Council Meeting on 3<sup>rd</sup> March 2003.

Any person wishing to inspect these documents should contact Committee and Member Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

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## **2002/2003 Capital Programme - Variance Analysis**

### **Resources**

1. Usable capital receipts have increased by £1.329k due to additional HRA right to buy disposals being achieved.

### **Expenditure**

1. Community Development expenditure slipped by £56k. This was in respect of Willesden Sports Centre and Bridge Park and reflects delay in starting the schemes.
2. The Education, Arts and Libraries budget slipped by £3.061m. This reflects delays in the progress of new building schemes. The carry forward reflects the difference between budget and outturn.
3. The Environment budget has slipped by £834k. This comprises of the Brent River Walkway Project, town centre improvement projects delayed due to consultation and the remainder is made up of road and traffic schemes.
4. Housing expenditure is showing an overspend of £692k. This is due to the Chalkhill redevelopment project where although spending was roughly in line with projections, the funding for this due from a capital receipt has not been received this year. The expenditure over the funding available was £838k and this has been offset by slippage elsewhere in the programme of £146k. This position was anticipated and interim funding has been provided.
5. Social Services planned expenditure on refurbishment and minor works schemes has slipped by £38k.
6. Corporate Services has slipped by £1.330m. This relates mainly to the e-government network improvement project and the customer relationship management system.
7. Central items have slipped by £1.255m. The SRB programmes slippage of £674k relates to the Council's contribution to Wembley Park SRB programme. Other slippage has occurred on Elm Road and St Martin's, although St Martin's has now been settled in 2003/2004.