



AGENDA ITEM:

CABINET: 17 September 2013

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
03 October 2013**

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Relevant Portfolio Holders: Councillors D Westley and A Owens

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SUBJECT: CAPITAL PROGRAMME MONITORING 2013/2014

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To provide an overview of the current progress on the Capital Programme.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the progress on the Capital Programme as at the end of July 2013 be noted.

2.2 That Call In is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 3rd October 2013.

3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the current progress on the Capital Programme be noted.

4.0 BACKGROUND

4.1 It is an agreed policy and best practice that monitoring reports are produced on a regular basis to ensure that Members are kept informed of the financial position of the Capital Programme. This is the first such report for the 2013/2014 financial year.

5.0 CAPITAL PROGRAMME BUDGETS

- 5.1 A Capital Programme totalling £19.597m was approved at Council on 23rd February 2013.
- 5.2 Slippage totalling £3.217m from the 2012/2013 Programme is included for consideration elsewhere on this Agenda and has been added to the 2013/2014 Programme.
- 5.4 The Capital Programme for 2013/2014 is, therefore, now £22.814m. This is analysed by Service in Appendix A.

6.0 CAPITAL EXPENDITURE

- 6.1 Normally, new capital schemes are profiled with relatively low spending compared to budget in the early part of the financial year with increased spending as the year progresses. This reflects the fact that many new schemes have considerable lead in times, for example, because of the need to undertake the tendering process and award contracts at the start of the scheme. Other schemes are dependant on external partner funding and these schemes can only begin once their funding details have been finalised.
- 6.2 This pattern has been repeated in the current year with £2.058m of expenditure having been incurred by the end of July. This compares to £1.993m at the same point in 2012/2013 and £1.653m in the previous year.
- 6.3 It is anticipated that most schemes will progress and use their approval for the year. All schemes, however, will be reviewed over the coming months and a Revised Medium Term Programme will be reported to Members in the autumn.

7.0 CAPITAL RESOURCES

- 7.1 Total budgeted resources for the year are £22.814m. This is analysed in Appendix A and includes funding for slippage.
- 7.2 The main area of the capital resources budget that is subject to variation is in relation to capital receipts. These are the useable proceeds from the sale of Council assets (mainly houses under Right to Buy legislation) that are available to fund capital expenditure. These receipts can vary significantly depending on the number and value of assets sold.
- 7.3 In recent years, receipts from this source have fallen dramatically and the budget for usable capital receipts to be generated from Council House sales in the year is set at £0.120m from 12 sales. However, during 2012/2013 sales increased due to a number of factors. This has continued into the new year with 17 sales being completed by the end of July generating £0.178m of useable capital receipts.
- 7.4 In addition to receipts from council house sales the Council also has a programme to sell plots of its land. £50,000 is included in the 2013/2014 Capital Programme from this source. To date, there have been 2 land sales generating £22,000.
- 7.5 Overall budgeted capital receipts from in year asset sales provide a relatively small proportion of the funding for the Capital Programme. Options for the use of the

additional receipts generated over and above the budget will be reviewed over the medium term and will be reported to Members in due course.

- 7.6 Following a change in Government rules on the retention of Housing capital receipts, the Council is now able to keep extra receipts that reflect the outstanding debt associated with the right to buy properties that have been sold. Previously, this element would have had to be paid over to the Government. Proposals on how this funding should be used will be brought to Cabinet and Council as part of the Mid Year Review later this year.

8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 8.1 The Capital Programme includes schemes that the Council plans to implement to enhance service delivery and assets. Individual project plans address sustainability and Community Strategy issues and links to Corporate Priorities. The Capital Programme also achieves the objectives of the Prudential Code for Capital Finance in Local Authorities by ensuring capital investment plans are affordable, prudent, and sustainable. This report monitors progress against the plans.

9.0 RISK ASSESSMENT

- 9.1 Capital assets shape the way services are delivered for the long term and, as a result, create financial commitments. The formal reporting of performance against the Capital Programme is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. Schemes within the Programme that are reliant on external contributions or decisions are not started until funding is secured and other resources that are subject to fluctuation are monitored closely to ensure availability.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders. Therefore, no Equality impact assessment is required.

Appendices

- A Capital Programme Service Budgets
- B Minute of Landlord Services Committee held 11 September 2013 (to follow)