



AGENDA ITEM: 12

CABINET: 16 September 2014

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
2 October 2014**

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Relevant Portfolio Holders: Councillors D Whittington and A Fowler

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SUBJECT: CAPITAL PROGRAMME OUTTURN 2013/2014

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To provide a summary of the capital outturn position for the 2013/2014 financial year.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the final position, including slippage, on the Capital Programme for the 2013/2014 financial year be noted and endorsed.

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 2nd October 2014.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the final position on the Capital Programme for the 2013/2014 financial year be noted.

4.0 BACKGROUND

4.1 Members have been kept informed of the financial position of the Capital Programme with regular monitoring reports. The last such Report was presented to Cabinet in March 2014 and Executive Overview and Scrutiny in April and

reported on a Capital Programme of £19.503m. This report provides Members with the final position on capital schemes for the 2013/2014 financial year.

- 4.2 It should be noted that the final accounts for the 2013/2014 year are subject to audit and the figures contained in this report are, potentially, subject to change. However, the Audit is nearing completion and no issues have been raised on the capital programme to date. Members will be informed in due course of any significant matters arising from the Audit.
- 4.3 The position on the current year's Programme for 2014/2015 is discussed elsewhere on this Agenda.

5.0 CAPITAL PROGRAMME

- 5.1 The Capital Programme of £19.503m at the end of the 2013/2014 financial year is analysed by Service in Appendix A. The key result for the year is that good progress has been made in delivering schemes and that a much larger capital spend has been achieved compared to previous years.
- 5.2 The total capital expenditure for 2013/2014 was £15.129m which represents 78% of the total Budget for the year. This compares to recent programmes as indicated in Table 1:

Year	Expenditure £m	Budget £m	% Spend against Budget
2013/2014	15.129	19.503	78%
2012/2013	10.241	13.362	77%
2011/2012	8.845	12.659	70%
2010/2011	8.097	11.043	73%

- 5.3 In total spending was £4.9m more than 2012/2013 and £6.3m more than 2011/2012. This increase in expenditure is largely due to the increased investment in the Housing Public Sector Programme, and reflects the delivery of the HRA Business Plan and the massive investment in improvements and refurbishment of the Council's Housing stock. Heads of Service comments on the progress with their capital schemes are set out in Appendix B.

6.0 SLIPPAGE OF EXPENDITURE APPROVALS

- 6.1 100% spend against the Budget is never anticipated due mainly to reasons beyond the Council's control. For example, some schemes are reliant on a significant amount of match funding and external contributions, and others are demand led or dependant upon decisions made by partners.
- 6.2 Schemes that are not completed within the financial year for which they are scheduled are slipped into the following financial year along with their unused expenditure and resource approvals. The total slippage figure for capital schemes

from 2013/2014 is £4.593m. An analysis of schemes with a significant amount of slippage is provided in Appendix C.

7.0 SIGNIFICANT VARIANCES

- 7.1 There will always be some variances between the original estimated cost of a capital scheme and its final position and the Council has established budgetary management and control procedures in place to minimise such variances. While there have been a number of over and under spends this year, in total expenditure was £0.219m above budget, which is a small variance of around 1%. An analysis of significant variances by scheme is provided in Appendix D.
- 7.2 This additional expenditure has been partly financed through increased external funding and partly through reducing expenditure budgets on relevant schemes in future years within the context of the managed three year capital programme process. Consequently it is not expected that this position will cause any problems in delivering the agreed Capital Programme in future years.

8.0 CAPITAL RESOURCES

- 8.1 A breakdown of the resources of £19.503m identified to fund the programme is shown in Appendix A. 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 sales) that are available to fund capital expenditure. These receipts can vary significantly depending on the number and value of assets sold. A significant increase in the level of capital receipts being generated took place this year compared to recent years and, as a consequence, budget targets were exceeded.
- 8.2 48 Right to Buy Council House sales were generated against the target of 12 for the year along with 4 other asset sales arising from the Strategic Asset Management Plan. This is analysed in Table 2 below:

Year	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	120	307	256%
Other Sales	50	29	58%
Total	170	336	198%

- 8.3 Estimates for the year are based on historical averages as the actual pattern of sales is volatile. However, following a change to the government rules relating to Right to Buy sales, although the average receipt from each sale has reduced, it has led to an increase in the number of sales and an increase in the total value of receipts generated.
- 8.4 In addition to the Usable Capital Receipt figures shown above, the Council is also able to retain a proportion of the proceeds generated by Council House sales for specific purposes. In this respect, by the end of the financial year £0.42m had been generated for "One for One Replacement Funding" and £0.544m was generated for "Debt Funding".

9.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

9.1 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.

10.0 RISK ASSESSMENT

10.1 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.

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 Expenditure and Resources Compared to Budget
- B Heads of Service Comments
- C Analysis of Significant Slippage
- D Analysis of Variances
- E Minute of Landlord Services Committee held on 11 September 2014
- F Minute of Cabinet (Executive Overview and Scrutiny Committee only)