



**AGENDA ITEM: 9**

**CABINET: 11 November 2014**

**EXECUTIVE OVERVIEW &  
SCRUTINY COMMITTEE:  
27 November 2014**

**COUNCIL: 17 December 2014**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Relevant Portfolio Holder: Councillor D Whittington**

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**SUBJECT: REVISED CAPITAL PROGRAMME AND MID YEAR REVIEW 2014/2015**

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Wards Affected: Borough wide

**1.0 PURPOSE OF THE REPORT**

1.1 To agree a Revised Capital Programme for 2014/2015 and provide Members with an overview on the progress against it at the mid-year point.

**2.0 RECOMMENDATIONS TO CABINET**

2.1 That the Revised Capital Programme, including the reprofiling, virements and budget adjustments contained within Appendix A, be approved for consideration by Council.

2.2 That the progress against the Revised Capital Programme at the mid-year point be noted.

2.3 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 27<sup>th</sup> November and Council on 17<sup>th</sup> December.

**3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE**

3.1 That the Revised Capital Programme and progress against it at the mid-year point be noted.

## **4.0 RECOMMENDATIONS TO COUNCIL**

- 4.1 That the Revised Capital Programme, including the reprofiling, virements and budget adjustments contained within Appendix A, be approved.
  - 4.2 That progress against the Revised Capital Programme at the mid-year point be noted.
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## **5.0 BACKGROUND**

- 5.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2014/2015, 2015/2016 and 2016/2017 were approved by Council in February, 2014.
- 5.2 In accordance with best practice, the Capital Programme is subject to revision at the mid-year point to ensure that it is based on the latest available information and to make monitoring of the Programme more meaningful. It enables Managers to review their schemes with the most up to date information and to review the resources available. It also provides a base upon which to build future Capital Programmes.
- 5.3 Members are kept informed of the financial position of the Capital Programme through regular monitoring reports. The last such report was presented to Cabinet in September 2014 and Executive Overview and Scrutiny in October 2014 and reported on a Capital Programme of £24.831m for 2014/2015. This comprised a GRA Programme of £4.982m and a Housing Public Sector Capital Programme of £19.849m.
- 5.4 The Housing Public Sector Capital Programme is the subject of a separate report elsewhere on this Agenda and this report focuses on the GRA Capital Programme of £4.982m.

## **6.0 REVISED CAPITAL PROGRAMME**

- 6.1 Heads of Service have reviewed their respective schemes and are now proposing that changes are made as a result of more up to date information that has become available. This review process has incorporated a number of considerations including:
  - re-profiling of schemes
  - changes to external funding availability
  - levels of anticipated funding required
  - anticipated levels of demand
- 6.2 The proposed changes to the 2014/2015 Programme are analysed in Appendix A and show an overall reduction of £1.515m. This comprises:
  - a reduction of £1.825m from approvals re-profiled into future years. This does not alter the total amount that will be spent on schemes, but rather the timing of when the expenditure will take place.

- an increase of £0.007m in external funding from a Defra Grant.
- an increase of £0.115m in funding as a result of monies being approved by Council following the closure of the previous year's accounts.
- a reduction of £0.025m in capital receipt funding no longer required for schemes.
- An additional £0.213m section 106 funding previously approved at Cabinet for parks and a bowling green.

6.3 The Revised GRA Capital Programme totals £3.467m for 2014/2015 following these changes. This is analysed by Service in Appendix B along with a summary of the revised capital resources available.

## 7.0 CAPITAL EXPENDITURE

7.1 Generally, 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 dependent on external partner funding and schemes can only begin once their funding details have been finalised. Other schemes include contract retentions or contingencies that will only be spent some time after completion of the contract. Most schemes then progress and spend in line with their approval by the year-end.

7.2 This pattern has been repeated in the current year with £0.795m (23%) of expenditure having been incurred by the mid-year. This is similar to the position in 2013/14 and it is anticipated that most schemes will be largely completed by the end of the financial year. Comparisons to previous years' programmes are shown in Table 1:

Year	Expenditure £m	Budget £m	% Spend against Budget
2014/2015	0.795	3.467	23%
2013/2014	1.057	4.421	24%
2012/2013	1.866	4.304	43%
2011/2012	1.449	5.563	26%

7.3 Appendix C provides the Heads of Service comments on the progress of schemes against the Revised Programme.

## 8.0 CAPITAL RESOURCES

8.1 There are sufficient resources identified to fund the 2014/2015 Revised Capital Programme as shown in Appendix B.

- 8.2 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.
- 8.3 The budget for usable capital receipts to be generated from Council House sales in the year is set at £0.325m from 50 sales. At the mid year point, 19 sales have completed generating £0.16m of useable capital receipts.
- 8.4 Retained proceeds generated by Council House sales are now split between general usable capital receipts (detailed above), One for One Replacement Funding, and Debt Funding. At the mid year point, £0.103m had been generated for One for One Replacement Funding and £0.259m generated for Debt Funding.
- 8.5 In addition to receipts from council house sales the Council also has a programme to sell plots of its land and other assets under the Strategic Asset Management Plan (SAMP). The budget for this in the 2014/2015 Programme is £0.25m (including the sale of the house adjacent to the Civic Hall). To date, there have been 2 land sales and the house at the Civic Hall has been sold. This has generated a total of £0.188m.
- 8.6 Useable Capital Receipts generated to date are analysed in Table 2:

Year	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	325	160	49%
SAMP Sales	250	188	75%
Total	575	348	61%

- 8.7 The total level of capital receipts generated so far this year currently exceeds the budget target for the mid-year by £0.06m. Steady progress is being made on the SAMP with further sales in the pipeline. Although the volume of Right to Buy sales could be less than the budgeted target, it is anticipated that the budgeted sales value should broadly be achieved.
- 8.8 Overall budgeted capital receipts from in year asset sales provide a relatively small proportion of the funding for the Capital Programme. A full review of expenditure plans along with options for any changes in receipts generated to budget will be reviewed as part of the budget setting process with a view to ensuring a balanced Programme that will be managed over a medium term timescale.

## **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. This report provides an updated position on project plans and shows progress against them.

## **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. Schemes within the Programme that are reliant on external contributions and/or decisions are not started until funding is secured. Other resources that are subject to fluctuation are monitored closely to ensure availability. The capital receipts position is scrutinized on a regular basis and managed over the medium term to mitigate the risk of unfunded capital expenditure.

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### **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 majority of the budget issues set out in this report have been the subject of previous reports to Committees and consequently an Equality Impact Assessment has already been prepared for them where relevant.

### **Appendices:**

- A Summary of Changes to 2014/2015 GRA Capital Programme
- B 2014/2015 Revised GRA Capital Programme Expenditure and Resource Budgets and Mid Year Performance
- C Heads of Service Comments
- D Minute of Cabinet 11 November 2014 (Executive Overview and Scrutiny Committee only)
- E Minute of Cabinet 11 November 2014 & Executive Overview and Scrutiny Committee 27 November 2014 (Council only)