



AGENDA ITEM: 12

CABINET: 15 September 2015

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
01 October 2015**

Report of: Borough Treasurer

Relevant Managing Director: Managing Director People and Places

Relevant Portfolio Holder: Councillor C. Wynn

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SUBJECT: CAPITAL PROGRAMME MONITORING 2015/2016

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 Members note the progress on the Capital Programme as at the end of July, 2015.

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 1st October 2015.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That Members note the current progress on the Capital Programme.

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 2015/2016 financial year.

5.0 CAPITAL PROGRAMME BUDGETS

- 5.1 A Capital Programme totalling £23.706m was approved at Council on 25th February 2015. Slippage totalling £3.27m from the 2014/2015 Programme is included for consideration elsewhere on this Agenda and has been added to the 2015/2016 Programme. The Capital Programme for 2015/2016 is, therefore, now £26.98m and 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 a tendering process and award contracts at the start of the scheme. Other schemes are dependent 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 £2.23m of expenditure having been incurred by the end of July. This compares to £2.15m at the same point in 2014/2015 and £2.058m in 2013/14.
- 6.3 All capital schemes will be reviewed over the coming months and a Revised Medium Term Programme will be reported to Members in the Autumn taking into account new information and recent developments. Once this review has been completed it is then anticipated that most schemes will progress and spend broadly in line with their budget targets by the year end.
- 6.4 The Capital investment required to deliver the updated Greenshoots scheme, that was agreed at the July Council meeting will be £1.704m based on external borrowing of 50% and 50% funding from reserves. The scheme will mainly be completed in the 2015/2016 financial year with the remainder completed by Summer 2016.

7.0 CAPITAL RESOURCES

- 7.1 Total budgeted resources for the year are £26.98m. 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. The budget for usable capital receipts to be generated from Council House sales in the year is set at £605,000 based on an anticipated 40 sales. By the end June there had been 3 sales, which had generated £36,000 of usable receipts. This was significantly below the expected level of sales, although the pattern is volatile, and a further 4 sales were completed in July. If this low level of sales continues for the remainder of the year then the

income target will not be met, and consequently this area will be kept under close scrutiny.

- 7.3 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. The budget for this in the 2015/2016 Programme is £100,000, and by the end of July there had been one land sale that had taken place for £20,000.
- 7.4 Overall budgeted capital receipts from in year asset sales provide a relatively small proportion of the total funding for capital schemes. If the level of receipts from asset sales continues to be below the budget target, then this position will be taken into account as part of the process for reviewing and updating the three year capital programme.

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.

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 Cabinet 15 September 2015 (Executive Overview and Scrutiny Committee only)