



AGENDA ITEM: 9

CABINET: 10 November 2015

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
26 November 2015**

COUNCIL: 16th December 2015

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Relevant Portfolio Holder: Councillor C. Wynn

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SUBJECT: REVISED CAPITAL PROGRAMME AND MID YEAR REVIEW 2015/2016

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To agree a Revised Capital Programme for 2015/2016 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 re-profiling, 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 26th November and Council on 16th 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 re-profiling, 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 2015/2016, 2016/2017 and 2017/2018 were approved by Council in February 2015.
- 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 2015 and reported on a total Capital Programme of £26.979m for 2015/2016. This comprised a GRA Programme of £6.028m and a Housing Public Sector Capital Programme of £20.951m. This report concentrates on the GRA capital programme and there is a separate report elsewhere on the agenda concerning the HRA capital programme. There is also a separate report on the Cabinet agenda concerning the re-building of industrial units at Gorsey Place, and this has not been reflected in this Programme at this stage.

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 and available
 - Anticipated levels of demand
- 6.2 The proposed changes to the 2015/2016 Programme are analysed in Appendix A, and show an overall increase of £4.099m. This is primarily as a result of the inclusion of the Solar PV project, which was approved by Council in September, into the Programme.

6.3 The revised GRA Capital Programme totals £10.127m for 2015/2016 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 £2.177m (21%) of expenditure having been incurred by the mid-year. This is similar to the position of the previous 2 financial years and it is anticipated that most schemes will be largely completed by the end of the financial year. The programme of £10.127m is much larger than previous years as a result of the Greenshoots project and the Solar PV project, which are funded by prudential borrowing either in part or in full. Comparisons to previous years' programmes are shown in Table 1.

Year	Expenditure £m	Budget £m	% spend against Budget
2015/2016	2.177	10.127	21%
2014/2015	0.795	3.467	23%
2013/2014	1.057	4.421	24%
2012/2013	1.866	4.304	43%

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 2015/2016 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 useable capital receipts to be generated from Council House sales in the year is set at £280,000 from 40 sales. However at the mid-year point 15 sales had been completed generating £0.15m of useable capital receipts.

- 8.4 Retained proceeds generated by Council House sales are now split between general useable capital receipts (detailed above), one for one Replacement funding and Debt funding. At the mid year point £94,000 had been generated for Debt funding, but there will not be any additional 141 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 2015/2016 Programme is £100,000. To date there has been 2 land sales generating 27,000.
- 8.6 Useable Capital Receipts generated to date are analysed in Table 2:

Category	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	280	150	54%
SAMP Sales	100	27	27%
Total	380	177	47%

- 8.7 The level of receipts generated at the mid-year point was slightly below the budget target. Consequently this area will be kept under close review for the remainder of the year. A full review of expenditure and funding plans will take place 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 fluctuations 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.

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 the 2015/2016 GRA Capital Programme
- B 2015/2016 Revised GRA Capital Programme Expenditure and Resource Budgets and Mid Year Performance
- C Heads of Service Comments
- D Minute of Cabinet 10 November 2015 (Executive Overview and Scrutiny Committee only)
- E Minute of Executive Overview and Scrutiny Committee 26 November 2015 (Council only)