



AGENDA ITEM: 18

COUNCIL: 24 February 2016

Report of: Interim Borough Treasurer

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SUBJECT: MEDIUM TERM GRA CAPITAL PROGRAMME

Wards Affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To set the Council's Medium Term GRA Capital Programme.

2.0 RECOMMENDATIONS

2.1 That the Medium Term GRA Capital Programme be approved based on the proposals to be presented at the Council meeting by the Portfolio Holder for Finance.

2.2 That delegated authority be given to Heads of Service to take all necessary action to implement the agreed Capital Programme.

3.0 BACKGROUND

3.1 The Capital Programme is a three-year rolling programme that is updated on a regular basis. The current Programme was last reviewed and updated through the 2015/2016 Revised Capital Programme report to Council in December 2015. Details of Housing Public Sector capital schemes are discussed elsewhere on this agenda, and changes to these schemes will be incorporated into the Medium Term Capital Programme following their approval.

3.2 Details on future capital receipt funding and spending requirements were reported to Cabinet and Executive Overview and Scrutiny Committee in January. This report now provides Members with an opportunity to realign and reshape the GRA Capital Programme to meet Corporate and Service objectives.

4.0 CABINET AND EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE COMMENTS

- 4.1 A report setting out a number of options for determining the Medium Term GRA Capital Programme has recently been presented to Cabinet and Executive Overview and Scrutiny Committee. Cabinet considered how a balanced Capital Programme could be achieved, noted the medium term financial position, and approved delegated authority for the Portfolio Holder for Finance to submit firm proposals to Council to enable the Programme to be set. The Executive Overview and Scrutiny Committee noted the medium term capital programme but did not agree any comments on its detail.

5.0 CAPITAL RECEIPT FUNDING

- 5.1 Members have previously been advised on the likelihood of there being an estimated funding shortfall of £515,000 between current and future year spending approvals and the capital receipt funding that will be available, as summarised in the table below:

Table 1 – Capital Receipts Funding Available	£000
Usable capital receipts held in April 2015	2,383
Estimate of receipts that will be generated between April 2015 and the end of the 2018/2019 financial year	2,795
Existing spending approvals covering period 2015/2016 to 2017/2018	-4,891
Provisional spending approvals for 2018/2019	-802
Funding Shortfall	-515

- 5.2 This position takes into account Right to Buy Council House Sales, along with the sale of Westec House and other anticipated sales from the Strategic Asset Management Plan (SAMP) process. This position also takes into account current spending approvals and provisional allocations for 2018/19, which are set out in more detail in Appendix 1.
- 5.3 The estimate of capital receipts that will be available is potentially subject to significant variation. One large asset sale could produce a significant receipt and the SAMP process may identify opportunities in this area. Changes in demand for Council House Right to Buy Sales could also cause significant volatility. To deal with this uncertainty the estimates in the capital programme will be reviewed and updated on a regular basis to ensure they are accurate and up to date.
- 5.4 Recent work that has been undertaken as part of Third Quarter monitoring has identified an increase in the number of Right to Buy sales that have taken place and as a consequence it is now expected that the level of capital receipt funding will be £160,000 more than previously anticipated.

6.0 OTHER ISSUES

- 6.1 Partnership with the private sector and other forms of external funding are important for the future development of the programme, for example through Section 106 monies used to provide play areas within the Borough, Community Infrastructure Levy funding, and Disabled Facility Grants that are part funded by Government Grant. However, such funding can have some considerable lead in times before it is confirmed and can be difficult to achieve in the current financial climate.
- 6.2 The Capital Reserve is a fund that is used to store revenue monies allocated to capital schemes until such time as they can be delivered and the expenditure incurred. The level of this reserve is currently £213,000, and this has been reviewed during the budget process to ensure that it continues to be appropriate. This review has identified that £13,000 of funding is no longer required to deliver the current programme.
- 6.3 Taken together this means that there is now a revised funding shortfall to be found of £342,000 (£515,000 original shortfall as per table 1 less £160,000 additional capital receipt funding and £13,000 capital reserve funding).
- 6.4 It should be noted that this funding shortfall is before any consideration is given to potential new capital schemes that have been identified by Heads of Service. Appendix 2 provides a summary of these policy options, which in total comes to £217,000.

7.0 DETERMINING THE CAPITAL PROGRAMME

- 7.1 The Portfolio Holder for Finance has been given delegated authority to submit proposals for consideration at the Council meeting to enable the programme to be set, and it is anticipated that a set of budget papers will be circulated at the Council meeting to enable this to be achieved.

8.0 SUSTAINABILITY AND COMMUNITY STRATEGY LINKS

- 8.1 The proper management of the Council's asset base enhances service delivery. Assets consume a high level of resources both in terms of capital investment and revenue maintenance and having a proper strategy in this area ensures that the capital base can shape the future direction of the Council.

9.0 RISK ASSESSMENT

- 9.1 The level of capital receipts generated by asset sales is a key risk to the future development of the programme. If receipts exceed the projections contained in this report, it would enable a larger programme to be delivered. However, if receipts are below the projections, it would require reductions to be made.
- 9.2 Some schemes in the Programme are dependent on external partner funding. To minimise the risk of funding not being available, such schemes will only begin once their funding details have been finalised.
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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

This report may have a direct impact on members of the public, employees, elected members and / or stakeholders. Therefore an Equality Impact Assessment is required, and a formal assessment is attached at Appendix 3, the results of which should be taken into account when considering the matters contained in this report.

Appendices

Appendix 1 - Capital Receipt Funding Approvals

Appendix 2 – Potential New Capital Schemes

Appendix 3 – Equality Impact Assessments