



**AGENDA ITEM: 13**

**CABINET: 24 March 2009**

**EXECUTIVE OVERVIEW AND  
SCRUTINY: 8 April 2009**

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**Report of: Council Secretary and Solicitor**

**Relevant Portfolio Holder: Councillor D Westley**

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**SUBJECT: CAPITAL MONITORING 2008/2009**

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District Wide Interest

**1.0 PURPOSE OF THE REPORT**

1.1 To update Members on the current position in respect of the 2008/2009 Capital Programme.

**2.0 RECOMMENDATIONS TO CABINET**

- 2.1 That the current position in respect of the 2008/2009 Capital Programme be noted.
- 2.2 That call in is not appropriate for this item as it is being referred to the next meeting of the Executive Overview and Scrutiny Committee.

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

3.1 That Members note the current position in respect of the 2008/2009 Capital Programme.

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**4.0 BACKGROUND**

4.1 The Capital Programme is set on a three-year rolling basis. This is updated regularly and Members are updated cyclically on the progress against it. On 25<sup>th</sup>

February, 2009, Council approved the new Medium Term Programme. This included a revised Programme of £10.285m for 2008/2009.

## **5.0 AMENDMENTS TO CAPITAL PROGRAMME**

- 5.1 Due to an increase in demand for European Objective 2 and IIB project grants and additional environmental improvement works on the Burscough Town Centre Development, the Programme has increased by a further £0.217m. This is fully funded by external grants.
- 5.2 The 2008/2009 Capital Programme is now £10.502m and is analysed by Division in Appendix A.

## **6.0 CAPITAL RESOURCES**

- 6.1 Sufficient resources have been identified to fund the Capital Programme as shown in Appendix A.
- 6.2 A proportion of the resources to fund capital expenditure are based on government allocations that have been confirmed. Other resources come from external funding and schemes that are heavily dependent on this source are not able to start until after the funding has been confirmed. A further source of funding is capital receipts.
- 6.3 Capital receipts are the useable proceeds from the sale of Council assets (mainly houses under Right to Buy legislation) that are available to fund capital expenditure. They are the main area of the capital resources budget that is subject to variation and vary depending on the number and value of assets sold
- 6.4 Members have been advised that due to a significant reduction in the level of Council house sales, current receipts were well below target for the current year. This has been factored into the Medium Term Programme agreed at Council in February, 2009, and there are sufficient capital receipts to fund the 2008/2009 Programme.
- 6.5 Should the current trend continue over the medium term, however, there could be a further impact on the capital programme in future years. This area will be kept under review as part of the process for managing the Medium Term Programme.

## **7.0 CAPITAL EXPENDITURE**

- 7.1 Capital expenditure is generally profiled with relatively low spending compared to budget in the early part of the financial year. Spending then increases as the year progresses. This reflects the fact that many schemes have considerable lead in times, for example, because of the need to undertake tenders and award contracts at the start of the scheme. Most schemes will then progress and spend in line with their approval.
- 7.2 This pattern has been repeated in the current year and capital expenditure totalling £5.934m has been incurred. This is analysed in Appendix A and represents 57% of the expenditure planned for the year. Although this level of spend is lower than

the comparable figure of 63% in the previous financial year, it is the same as in 2006/2007. This reflects the natural year on year variation of schemes included in the Programme.

- 7.3 As is the usual practice, there is likely to be an element of slippage of approvals from this financial year into next. This is indicated in the Divisional Managers' comments on the progress of schemes in Appendix B.

## **8.0 SUSTAINABILITY AND COMMUNITY STRATEGY LINKS**

- 8.1 The Capital Programme identifies investment schemes that the Council plans to implement to enhance service delivery and its assets. The Capital Strategy ensures that the plans address sustainability, crime and disorder, and Community Strategy issues by linking them directly to the Council's overall priorities.

- 8.2 The Capital Programme also achieves the objectives of the Prudential Code for Capital Finance in Local Authorities, i.e. that capital investment plans are affordable, prudent, and sustainable.

## **9.0 RISK ASSESSMENT**

- 9.1 The Capital Programme identifies the resources available to finance the Council's investment plans and provides a control framework that is designed to minimise the financial risks facing the Council in implementing these plans.

- 9.2 The level of capital receipts generated by Right to Buy sales is a key risk to the development of the Programme. This is monitored closely to mitigate the risk.

## **10.0 CONCLUSIONS**

- 10.1 The Capital Programme for 2008/2009 totals £10.502m. Expenditure is currently £5.934m which represents 57% of the Programme. It is expected that sufficient capital resources will be available to fund the current year's programme although the reduction in capital receipts may mean that the Medium Term Capital Programme will need to be reviewed in due course

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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**

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

### **Appendices:**

- A Capital Programme Expenditure and Resource Budgets
- B Divisional Manager Comments