



AGENDA ITEM: 17

CABINET: 15 September 2009

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
1 October 2009**

Report of: Council Secretary and Solicitor

Relevant Portfolio Holder: Councillor D Westley

**Contact for further information: Mrs K Samosa (Ext. 5038)
(E-mail: karen.samosa@westlancs.gov.uk)**

SUBJECT: CAPITAL PROGRAMME MONITORING 2009/2010

Wards Affected: Borough wide

1.0 PURPOSE OF THE 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 of the Capital Programme as at the end of July, 2009.

2.2 That the call in procedure 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 progress of 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 2009/2010 financial year.

5.0 CAPITAL PROGRAMME BUDGETS

- 5.1 A Capital Programme totalling £12.127m was approved at Council on 25th February 2009.
- 5.2 Since the Council meeting in February, the Government have announced the Regional Housing Allocation. This has enabled £0.407m of new capital expenditure to be added to the 2009/2010 Programme along with funding existing commitments. This has been allocated to schemes in accordance with the Medium Term Capital Programme report to Council in February 2009.
- 5.3 Also since the February Council meeting, the Executive Manager Housing and Property Maintenance Services in consultation with the Housing Portfolio Holder, successfully bid for £1m of MRA funding to be brought forward from the 2010/2011 Programme to fund expanded Windows and Door and Heating Programmes in 2009/2010.
- 5.4 Slippage totalling £2.675m from the 2008/2009 Programme into 2009/2010 is included for consideration elsewhere on this Agenda and has been added to the 2009/2010 Programme.
- 5.5 Other adjustments made to the 2009/2010 Programme during the summer include an additional £0.035m for further environmental works to complete the Burscough Town Centre Project (funded £0.015m grant and £0.02m section 106 monies) and the reprofiling of £0.332m from the 2008/2009 HRA for Windows (£0.07m) and Communal Areas (£0.262m).
- 5.6 Taking account of these amendments means the total Capital Programme for 2009/2010 is now £16.576m. This is analysed under the new Divisional structure 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 the tendering process and award contracts at the start of the scheme. Other schemes are dependant on external partner funding. Here, 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.
- 6.2 This pattern has been repeated in the current year with £1.2m of expenditure having been incurred by the end of July. This compares to £1.5m at the same point in both 2008/2009 and 2007/2008. There is also currently around £0.250m of committed expenditure. It is anticipated that most schemes, including those funded by the additional Government allocations, will progress and use their approval for the year. All schemes, however, will be reviewed over the coming months and a Revised Medium Term Programme will be reported to Members in the autumn.

7.0 CAPITAL RESOURCES

- 7.1 Total budgeted resources for the year are £16.576m. This is analysed in Appendix A and includes funding for the slippage and the other adjustments discussed in section 5.
- 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.
- 7.3 The budget for usable capital receipts to be generated from Council House sales in the year is £0.3m from 30 sales. This represents 1.8% of the total programme of £16.576m. However, due to reasons beyond the control of the Council, at the beginning of August only two sales had been completed. Consequently, it looks unlikely at the current time that this budget target will be achieved. In addition, there was also a shortfall of £0.124m from receipts generated in 2008/2009 which is discussed elsewhere on this agenda.
- 7.4 This income position is being closely monitored and if the current trend continues then the medium term Capital Programme will be reviewed to address this situation. The Council has a large Capital Programme and consequently any income variations can be managed over a medium term timescale. Members will be updated on this issue in the next monitoring report.

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. This report monitors progress against the plans.

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.

10.0 CONCLUSIONS

- 10.1 The Capital Programme for 2009/2010 has a total budgeted expenditure of £16.576m, including slippage from the 2008/2009 Programme and additional Government Allocations awarded after the budget was set. While a relatively small

amount of capital expenditure has been incurred to date, it is expected that most schemes will spend in line with their approvals during the course of the year.

10.2 The level of capital receipts being generated from Council House sales is significantly less than anticipated and will be monitored closely and reviewed over the next few months.

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 Divisional Capital Programme and Resource Budgets