



AGENDA ITEM: 10

CABINET: 16 November 2010

**EXECUTIVE OVERVIEW & SCRUTINY
COMMITTEE: 2 December 2010**

COUNCIL: 15 December 2010

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: REVISED CAPITAL PROGRAMME AND MID YEAR REVIEW 2010/2011

Wards Affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To agree the Revised Capital Programme 2010/2011 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 virements contained within it, 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 it is being referred to Executive Overview and Scrutiny Committee and Council.

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 virements contained within it, be agreed.

4.2 That progress against the Revised Capital Programme at the mid-year point be noted.

5.0 BACKGROUND

- 5.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2010/2011, 2011/2012 and 2012/2013 were approved by Council in February, 2010.
- 5.2 In accordance with the Capital Strategy, 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 and Executive Overview and Scrutiny in September 2010 and reported on a Capital Programme of £11.859m for 2010/2011.

6.0 REVISED CAPITAL PROGRAMME

- 6.1 Divisional Managers have reviewed their respective schemes and have made changes as a result of more up to date information that has become available. The reviews incorporated a number of considerations including:
- re-profiling the phasing of schemes
 - changes to external funding availability
 - levels of anticipated funding required
 - anticipated levels of demand
- 6.2 Divisional Managers have also made budget virements to enable the Programme to progress and to re-align schemes to reflect spending profiles.
- 6.3 Members were advised in the previous monitoring report of additional Regional Housing Allocation funding of £0.05m that was made available to the Council after the budget was set. This funding has been used in the DFG Programme to facilitate a funding switch and has resulted in £0.05m of capital receipts being freed up. The use of these receipts, along with £0.310m identified in other schemes (detailed in Appendix A) will be considered during the Budget process for the 2011/2012 Programme. This process will also include a review of schemes that have slipped from previous Programmes and will be considered by Members in due course.
- 6.4 Members were also advised in the previous monitoring report of Council's decision not to proceed with the Abbotsford Regeneration scheme. Alternative costed schemes for the refurbishment of 52 Derby Street will be put to Members for approval in due course. This review is progressing and has not been included in the Revised Capital Programme.

- 6.5 Plans are being finalised with the Environment Agency for Flood Alleviation schemes and spending will commence once formal approval has been obtained. This could be in 2010/2011 or 2011/2012 and has been excluded from the Revised Programme. The timing of the CCTV upgrades is also uncertain but as funding for this has been allocated (see separate report elsewhere on this agenda), this has been included in the Revised Programme
- 6.6 All changes made to the 2010/2011 Programme are analysed in Appendix A and show an overall reduction of £0.846m which comprises:
- a reduction of £1.342m from approvals reprofiled into future programmes
 - an increase of £0.806m to non-capital receipt funded schemes:
 - Transfers to/from the HRA to reflect the nature of the expenditure and to fund expanded Housing Programmes
 - LSP funded CCTV scheme
 - New Outdoor Gym equipment part funded from the PCT.
 - a reduction of £0.310m from capital receipt savings identified.
- 6.7 The Revised Capital Programme totals £11.013m for 2010/2011. This is analysed by Division 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 dependant 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 £2.673m (24%) of expenditure having been incurred by the mid-year. This is higher than the £2.398m (19%) at the same point in 2009/2010 and compares to £3.448m (29%) in 2008/2009 and £3.678m (29%) in 2007/2008.
- 7.3 There is also currently around £0.793m of committed expenditure due to take place over the coming months. Taking this into account shows an increase in the percentage spend against the Revised Programme to 31%.
- 7.4 Appendix C provides the Divisional Managers' comments on the progress of schemes against the Revised Programme. Housing Public and Private Sector schemes represent 78% of the overall programme. Consequently, progress in these areas will largely determine the overall spending position at the year end.

8.0 CAPITAL RESOURCES

- 8.1 There are sufficient resources identified to fund the 2010/2011 Revised Capital Programme as shown in Appendix A.
- 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 Members are aware that in recent years, receipts from this source have fallen dramatically. The budget for usable capital receipts to be generated from Council House sales in the year is £0.1m from 10 sales. At the beginning of October, however, 9 sales had been completed. Consequently, it looks likely that this budget target will be exceeded.
- 8.4 In addition to receipts from council house sales, the Council has now sold 2 plots of land that have generated £0.091m of capital receipts.
- 8.5 In accordance with Council's resolution in February, a full review of expenditure plans and funding availability for future years is progressing. This is taking account of receipts from council house sales and land sale receipts that have not been utilised in the Programme. It will be considered as part of the Budget process with a view to reducing the Programme and 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 and other resources that are subject to fluctuation 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.

11.0 CONCLUSIONS

- 11.1 The Capital Programme is subject to revision around the mid-year point to ensure that it is based on the latest information available and to make monitoring of the Programme more meaningful. It provides the opportunity of reviewing available resources and a basis upon which to build future Programmes.
- 11.2 The Capital Programme has been revised to £11.013m for 2010/2011. Members are asked to consider and approve the Revised Capital Programme, including the virements contained within it, as a new basis against which Capital Schemes can be monitored.
- 11.3 Expenditure against the Revised Capital Programme at the mid-year point is £2.673m. This represents 24% of the Programme for the year which is an increase on last year's position at the same point.
- 11.4 It is expected that sufficient capital resources will be available to fund the current year's programme. The level of capital receipts being generated from Council House sales is being monitored closely and a full review of expenditure plans and funding availability is in progress.
-
-

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 Summary of Changes to 2010/2011 Capital Programme
- B 2010/2011 Revised Capital Programme Expenditure and Resource Budgets and Mid Year Performance
- C Divisional Manager Comments at Mid-Year