



## **AGENDA ITEM: 13**

**CABINET: 13 March 2012**

**EXECUTIVE OVERVIEW &  
SCRUTINY COMMITTEE:  
29 March 2012**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Relevant Portfolio Holders: Councillor D Westley**

**Contact for further information: Mrs K Samosa (Ext. 5038)  
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**SUBJECT: CAPITAL MONITORING 2011/2012**

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Wards Affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To update Members on the current position in respect of the 2011/2012 Capital Programme.

### **2.0 RECOMMENDATIONS TO CABINET**

- 2.1 That the current position in respect of the 2011/2012 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 2011/2012 Capital Programme.

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### **4.0 BACKGROUND**

- 4.1 The Capital Programme is set on a three-year rolling basis that is updated regularly when Members are advised of progress against it. The revised programme of £12.341m for 2011/2012 was presented to Members in November/December 2011. Council subsequently approved the new Medium

Term Programme on 29<sup>th</sup> February 2012, but due to the timing of the reports, this has not been incorporated into this report. Cabinet will be updated verbally at their meeting of the impact of this on the 2011/2012 Programme.

## **5.0 CAPITAL EXPENDITURE**

- 5.1 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. Some 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.
- 5.2 This pattern has been repeated in the current year with £5.823m (47%) of expenditure having been incurred by the end of January. This compares to recent programmes as indicated in Table 1:

<b>Table 1: Capital Expenditure against Budgets</b>			
Year	Expenditure £m	Budget £m	% Spend against Budget
2011/2012	5.823	12.341	47%
2010/2011	5.084	11.013	46%
2009/2010	5.106	12.413	41%

- 5.3 There is also currently around £0.473 of other committed expenditure due to take place over the coming months. Taking this into account would show an increase in the percentage spend against the revised programme to 51%. This compares to 53% at the same point last year.
- 5.4 Appendix B provides comments from the Heads of Service on the progress of schemes against the Programme. Housing Public and Private Sector schemes represent 55% of the overall programme and consequently progress in these areas will largely determine the overall spending position at the year end.

## **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 main area of the capital resources budget that is subject to variation. They are the useable proceeds from the sale of Council assets (mainly houses under Right to Buy (RTB) legislation) that are available to fund capital

expenditure. They can vary significantly depending on the number and value of assets sold.

- 6.4 The Mid Year Review report identified that 6 RTB sales had been achieved against the target of 16 for the year and no plots of land. To the end of January a further 3 RTB sales have been achieved along with one small land sale. The useable receipts generated are analysed in Table 2.

<b>Table 2: Usable Capital Receipts against Budgets</b>			
Year	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	175	91	52%
Land Sales	50	1	2%
Total	225	92	41%

- 6.5 The estimate for the year is based on historical averages as the actual pattern of sales is volatile. Consequently, while the actual receipts generated are significantly below the estimate at the current time, this position could change if there are a small number of high value sales in the remainder of the year.
- 6.6 There are potential RTB sales in the pipeline and potential small land sales are on the horizon with plots having recently been advertised for sale. It is, therefore, possible that the budget may be achieved although the timing of sales is uncertain. This income position is monitored closely and income variations will be managed over a medium term timescale.

## **7.0 SUSTAINABILITY AND COMMUNITY STRATEGY LINKS**

- 7.1 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 and progress against project plans.

## **8.0 RISK ASSESSMENT**

- 8.1 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. The capital receipts position is scrutinized on a regular basis and managed over the medium term to mitigate the risk of unfunded capital expenditure.
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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**

The decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders. Therefore, no Equality impact assessment is required.

**Appendices:**

- A Capital Programme Expenditure and Resources Budget
- B Heads of Service Comments