



AGENDA ITEM: 11

CABINET: 11 September 2012

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
27 September 2012**

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Relevant Portfolio Holders: Councillors D Westley and A Owens

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SUBJECT: CAPITAL PROGRAMME OUTTURN 2011/2012

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To provide a summary of the capital outturn position for the 2011/2012 financial year.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the final position, including slippage, on the Capital Programme for the 2011/2012 financial year be noted and endorsed.

2.2 That Call In is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 27th September 2012.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the final position on the Capital Programme for the 2011/2012 financial year be noted.

4.0 BACKGROUND

- 4.1 Members have been kept informed of the financial position of the Capital Programme with regular monitoring reports. The last such Report was presented to Cabinet and Executive Overview and Scrutiny in March 2012 and reported on a Capital Programme of £12.341m. This report provides Members with the final position on capital schemes for the 2011/2012 financial year.
- 4.2 It should be noted that the final accounts for the 2011/2012 year are subject to audit and the figures contained in this report are, potentially, subject to change. However, the Audit is nearing completion and no issues have been raised on the capital programme to date. Members will be informed in due course of any significant matters arising from the Audit.
- 4.3 The position on the current Programme is discussed elsewhere on this Agenda.

5.0 CAPITAL PROGRAMME

- 5.1 Net changes totalling £0.318m were approved at Council in February 2012 when the Medium Term Capital Programme was set. These have since been incorporated into the 2011/2012 Programme.
- 5.2 The Capital Programme at the end of the 2011/2012 financial year was, therefore, £12.659m. This is analysed by Division in Appendix A.
- 5.3 The key results for the year on the capital programme are that reasonable progress has been made in delivering schemes and that overall spending is within budget. Specific issues are discussed in Appendix B.

6.0 CAPITAL EXPENDITURE

- 6.1 The total capital expenditure for 2011/2012 was £8.845m. This represents 70% of the total Budget for the year. This compares to recent programmes as indicated in Table 1:

| Year | Expenditure £m | Budget £m | % Spend against Budget |
|-----------|-------------------|--------------|---------------------------|
| 2011/2012 | 8.845 | 12.659 | 70% |
| 2010/2011 | 8.097 | 11.043 | 73% |
| 2009/2010 | 8.776 | 12.479 | 70% |

- 6.2 100% spend against the Budget is never anticipated due mainly to reasons beyond the Council's control. For example, some schemes are reliant on a significant amount of match funding and external contributions and others are demand led or dependant upon decisions made by partners. It is recognised that in such cases, schemes can be subject to considerable lead in times and delays because of the decision making processes in other organisations. As such, these schemes only start when their funding details have been finalised. Another reason is that some contracts include retentions or contingencies that will only be spent some time after completion of the contract. Approvals for schemes that are

affected by such issues are to be slipped into the 2012/2013 Programme and are discussed in section 8.

6.6 Scheme progress on spending and slippage are analysed in the appendices.

7.0 CAPITAL RESOURCES

7.1 A breakdown of the resources of £12.659m identified to fund the programme is shown in Appendix A.

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 sales) that are available to fund capital expenditure. These receipts can vary significantly depending on the number and value of assets sold.

7.3 10 Right to Buy sales have been generated against the target of 16 for the year along with 3 small asset sales. This is analysed in Table 2

| Year | Estimate £'000 | Actual £'000 | % Received against Budget |
|--------------------|-------------------|-----------------|------------------------------|
| Right to Buy Sales | 175 | 123 | 70% |
| Land Sales | 50 | 8 | 16% |
| Total | 225 | 131 | 58% |

7.4 These receipts along with those held from previous asset sales, means that there are sufficient receipts to fund the required element of the Programme. The impact of the reduced receipts on the Capital Programme will be reviewed over the Medium Term and Members will be advised in due course.

8.0 SLIPPAGE OF APPROVALS

8.1 Schemes that are not completed within the financial year for which they are scheduled are slipped into the following financial year along with their unused expenditure and resource approvals.

8.2 The total slippage figure for capital schemes from 2011/2012 is £3.258m. This compares to recent programmes as indicated in Table 3:

| Year | Slippage £m | Budget £m | % Spend against Budget |
|-----------|----------------|--------------|---------------------------|
| 2011/2012 | 3.258 | 12.659 | 26% |
| 2010/2011 | 2.932 | 11.043 | 26% |
| 2009/2010 | 3.673 | 12.479 | 29% |

8.3 Further analysis on the slippage is provided in the appendices.

9.0 EXPLANATION OF VARIANCE

- 9.1 Heads of Service have considered the position of individual schemes at the year-end and have taken the opportunity of revising budget allocations to take account of new information affecting the spending profiles of their schemes. This has facilitated the funding of scheme overspends against approvals from those schemes that have underspent against their approvals.
- 9.2 The budgeted expenditure for the 2011/2012 Capital Programme was £12.659m. Taking account of expenditure of £8.845m and slippage of £3.258m, there is a total budget requirement of £12.103m. This means that there is an overall favourable variance on programmed approvals of £0.556.
- 9.3 This comprises:
- A reduction in Adaptation Works (funding taken back to the HRA)
 - The completion of the Elmstead Project (reducing the Internal Borrowing requirement)
 - The acquisition of land in connection with Skelmersdale Vision (funded in conjunction with the Homes and Communities Agency)
 - An underspend on 52 Derby Street Refurbishment which will be combined with other funding to create a budget for works on the Wigan Road site in the context of preparing for the disposal of the Westec Site.
 - A number of variances on schemes that are funded from a combination of revenue contributions and grants.
- 9.4 The remaining capital programme is being delivered within the budget that was set and issues regarding scheme under/overspends are discussed in Appendix C.

10.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 10.1 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.

11.0 RISK ASSESSMENT

- 11.1 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.

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 Expenditure and Resources Compared to Budget
- B Heads of Service Comments
- C Analysis of Significant Slippage