



AGENDA ITEM:

CABINET: 17 September 2013

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
03 October 2013**

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 2012/2013

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To provide a summary of the capital outturn position for the 2012/2013 financial year.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the final position, including slippage, on the Capital Programme for the 2012/2013 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 3rd October 2013.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the final position on the Capital Programme for the 2012/2013 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 2013 and reported on a Capital Programme of £13.362m. This report provides Members with the final position on capital schemes for the 2012/2013 financial year.
- 4.2 It should be noted that the final accounts for the 2012/2013 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 The Capital Programme of £13.362m at the end of the 2012/2013 financial year is analysed by Service in Appendix A.
- 5.2 The key results for the year on the capital programme are that good 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 2012/2013 was £10.241m. This represents 77% 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
2012/2013	10.241	13.362	77%
2011/2012	8.845	12.659	70%
2010/2011	8.097	11.043	73%

- 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 2013/2014 Programme and are discussed in section 8.
- 6.3 The percentage spend against budget has been higher this year than the previous two years. This is a good result when the overall budget is higher as well. This

means that total spending was £1.4m more than 2011/2012 and £2.1m more than 2010/2011. Scheme progress on spending and slippage are analysed in the appendices.

7.0 CAPITAL RESOURCES

7.1 A breakdown of the resources of £13.362m 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 Following a slow start, 25 Right to Buy sales were generated against the target of 16 for the year along with 3 land sales. This is analysed in Table 2

Table 2: Usable Capital Receipts against Budgets			
Year	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	175	291	166%
Land Sales	50	102	204%
Total	225	393	175%

7.4 The upturn in capital receipts being generated is a positive sign after a number of years. This is due to a combination of factors including changes to the Right to Buy Discount coupled with the upturn in the general availability of mortgages.

7.5 Following a change in Government rules on the retention of Housing capital receipts, the Council has been able to keep an extra £0.128m that reflects the outstanding debt associated with the right to buy properties that have been sold. Before the changes in the rules, this element would have had to be paid over to the Government. Proposals on how this funding should be used will be brought to Cabinet and Council as part of the Mid Year Review later this year.

7.6 The impact of the general increased receipts on the Capital Programme will also be reviewed and factored into the Mid Year Review. However, the first call on these resources will be to enable Phase 2 of the Blue Wheelie Bin scheme to proceed.

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 2012/2013 is £3.217m. This compares to recent programmes as indicated in Table 3:

Year	Slippage £m	Budget £m	% Spend against Budget
2012/2013	3.217	13.362	24%
2011/2012	3.258	12.659	26%
2010/2011	2.932	11.043	26%

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.

9.2 The budgeted expenditure for the 2012/2013 Capital Programme was £13.362m. Taking account of expenditure of £10.241m and slippage of £3.217m, there is a total budget requirement of £13.458m. This means that there is an overall adverse variance on programmed approvals of £0.96m.

9.3 The variance is fully funded and is analysed in Appendix D.

9.4 The remaining capital programme is being delivered within the budget that was set and issues regarding scheme under/overspends are discussed in the Appendices.

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
- D Analysis of Variances