



## **AGENDA ITEM: 10**

**CABINET: 18 March 2014**

**EXECUTIVE OVERVIEW &  
SCRUTINY COMMITTEE:  
03 April 2014**

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**Report of: Borough Treasurer**

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

**Relevant Portfolio Holders: Councillor D Westley  
Councillor A Owens**

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

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Wards affected: Borough wide

### **1.0 PURPOSE OF REPORT**

1.1 To update Members on the current position in respect of the 2013/2014 Capital Programme.

### **2.0 RECOMMENDATIONS TO CABINET**

- 2.1 That the current position in respect of the 2013/2014 Capital Programme be noted.
- 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 3<sup>rd</sup> April 2014.

### **3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE**

3.1 That Members note the current position in respect of the 2013/2014 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 £19.503m for 2013/2014 was agreed by Members in December 2013. Council subsequently approved the new Medium Term Programme for 2014/2015 to

2016/2017 on 26<sup>th</sup> February 2014, but due to the timing of this budget, any changes have not been incorporated into this report.

## 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 a tendering process and award contracts at the start of the scheme. Some schemes are dependent 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 £9.243m (47%) of expenditure having been incurred by the end of January. The actual spend on capital investment is higher than the same point last year although the percentage spend to budget is lower. This is due to the budget being significantly more than in previous years. However, the spend compares favourably to recent programmes as indicated in Table 1:

Year	Expenditure £m	Budget £m	% Spend against Budget
2013/2014	9.243	19.503	47%
2012/2013	8.078	13.362	60%
2011/2012	5.823	12.341	47%
2010/2011	5.084	11.013	46%

- 5.3 Appendix A shows a breakdown by Service of expenditure and approvals whilst Appendix B provides comments from Heads of Service on the progress of schemes against the Programme. Housing Public Sector schemes represent 77% 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 25 RTB sales had been achieved against the target of 12 for the year and 2 plots of land sold. At the end of the third Quarter a further 9 RTB sales had been achieved with no further land sales. The useable receipts generated are analysed in Table 2:

Year	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	120	210	175%
Land Sales	50	22	44%
Total	170	232	136%

- 6.5 The estimate for the year was based on historical averages as the actual pattern of sales is volatile. However, following a change to the rules relating to Right to Buy sales, although the average receipt from each sale has reduced, it has led to an increase in the number of sales. Officers are also progressing land sales in line with the Asset Management Strategy with further sales in the offing.
- 6.6 Council have been advised that changes in capital receipt regulations meant that the Council retain a greater share of the proceeds generated by Council House sales. This funding is split between general usable capital receipts (detailed above), One for One Replacement Funding, and Debt Funding. At the end of the third Quarter, £0.16m had been generated for One for One Replacement Funding and there will be an estimated total Debt Funding of £0.652m at the end of the financial year.

## **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. 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 Comment

C. Minute of Cabinet 18 March 2014 (Executive Overview and Scrutiny Committee only)