



COUNCIL: 11 December 2019

Report of: Head of Finance, Procurement and Commercial Property

Contact for further information: Cathy Murphy (Ext. 5057)
(E-mail: Cathy.Murphy@westlancs.gov.uk)

SUBJECT: REVISED CAPITAL PROGRAMME

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To agree a Revised General Revenue Account (GRA) Capital Programme for 2019/2020 and provide an update on progress on capital schemes.

2.0 RECOMMENDATIONS

2.1 That the revised Capital Programme, including the re-profiling, virements and budget adjustments contained within Appendix A, be approved.

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

3.0 BACKGROUND

3.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2019/2020, 2020/2021 and 2021/2022 were approved by Council in February 2019. It is also standard practice for unused funding from the previous year to be slipped into the current year.

3.2 In accordance with best practice, the Capital Programme is subject to revision during the year 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.

- 3.3 Members are kept informed of the financial position of the Capital Programme through monitoring reports. The Housing Public Sector programme is the subject of a separate report elsewhere on the agenda and has also been presented to Cabinet on the 5th November. This report concentrates on the GRA programme.

4.0 REVISED CAPITAL PROGRAMME

- 4.1 The original budget that was set for the 2019/20 financial year together with slippage from the previous financial year totals £4.749m. Taken together with the £0.783m of funding agreed at July 2019 Council means that the current budget total is £5.532m
- 4.2 Heads of Service have reviewed their respective schemes and are now proposing that changes are made as a result of more up to date information that has become available. This review process has incorporated a number of considerations including:
- Re-profiling of schemes to match the anticipated timing of spending.
 - Increasing expenditure budgets to reflect new and / or additional external funding
 - Amending budgets to reflect anticipated levels of demand or new issues
- 4.3 The proposed changes to the 2019/2020 Programme are analysed in Appendix A. This shows a net decrease of £614k largely due to Tawd Valley £155k, CCTV works £240k, and Burscough Sports Centre £386K being re-profiled into the next financial year and the inclusion of the approval for the purchase of Land at New Court Way in Ormskirk. The revised GRA Capital Programme totals £4.918m for 2019/2020 following these changes. The overall programme is analysed by service in Appendix B along with a summary of the revised capital resources available.

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 other factors. Other schemes are dependent on external partner funding and can only begin once their funding details have been finalised. Other related issues include contract retentions or contingencies that will only be spent some time after completion of the contract.

- 5.2 For the current year, £0.998m (20%) of expenditure has been incurred by the midyear. This is lower than 2018/19, mainly due to the Westec Site Development being undertaken last year. Comparisons to previous years' programmes are shown in Table 1.

Year	Expenditure £m	Budget £m	% spend against Budget
2019/2020	0.998	4.918	20%
2018/2019	1.908	7.128	27%
2017/2018	0.455	2.634	17%
2016/2017	4.616	7.676	60%

6.0 CAPITAL RESOURCES

- 6.1 There are sufficient resources identified to fund the 2019/20 Revised Capital Programme as shown in appendix B.
- 6.2 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.
- 6.3 The budget for useable capital receipts (including the affordable housing element) to be generated from Council House sales in the year is set at £0.915m from 50 sales. At the mid-year point 34 sales had been completed and the target for the year is expected to be met.
- 6.4 In addition to receipts from council house sales the Council also has a programme to sell plots of land and other assets. The budget for this in the 2019/2020 Programme is £100,000. To date there has been no land sales, however one is expected to progress by the year end to the Council's development company, Tawd Valley Developments Ltd. A significant level of sales has also been achieved from the Westec Site Development.

7.0 SUSTAINABILITY IMPLICATIONS

- 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 on project plans and shows progress against them.

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 and/or decisions are not started until funding is secured. Other resources that are subject to fluctuations 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.

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 majority of the budget issues set out in this report have been the subject of previous reports to committees and consequently an Equality Impact Assessment has already been prepared for them where relevant.

Appendices

- A 2019/2020 Revised Capital Programme Summary of Changes
- B 2019/2020 Revised Capital Programme Spend to Date Against Budget