



Council: 14 October 2020

Report of: Head of Finance, Procurement and Commercial Property

Relevant Portfolio Holder: Councillor A. Yates

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SUBJECT: CAPITAL PROGRAMME OUTTURN

Wards Affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To provide a summary of the capital outturn position on the General Revenue Account (GRA) for the 2019/20 financial year

2.0 RECOMMENDATIONS

- 2.1 That the Capital outturn position be noted and the proposed Capital allocation set out in Appendix 1 be approved.
- 2.2 That the Capital Slippage and significant variances in Appendix 2 be noted and approved.
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3.0 BACKGROUND

- 3.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2020/2021, 2021/2022 and 2020/23 were approved by Council in February 2020. Most of the unused funding from the previous year has been transferred 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 It should be noted that the final accounts for the 2019/2020 year are subject to audit and the figures contained in this report are, potentially, subject to change. Members will be informed in due course of any significant matters arising from the Audit.

4.0 CAPITAL PROGRAMME OUTTURN

- 4.1 Expenditure on the GRA Capital Programme in the year was £4.201m against a budget of £4.989m (this excludes Capital Contingency), and a breakdown is provided in the following table:

Table 1

Budget Area	Expenditure	Budget	Variance	Expenditure
	£000	£000	£000	%
Finance Procurement & Commercial Property	970	606	363	160%
Wellbeing & Leisure	636	1,042	-406	61%
Environmental Services	241	263	-22	92%
Growth and Development	64	473	-409	13%
Housing and Regulatory Services	1,946	2,129	-184	91%
Corporate and Customer Services	346	476	-131	73%
TOTAL	4,201	4,990	-788	84%

- 4.2 The expenditure level was 84% of the total budget (this excludes the costs of redundancy of £2.3M), which was funded through Capital Receipts. This is a slightly higher level than that achieved in previous years. The largest capital scheme was the Skelmersdale Town Centre Development, which had expenditure of £474,000 and is in progress, however this progress has been partially delayed due to the current pandemic and legal issues.

5.0 SLIPPAGE OF EXPENDITURE APPROVALS

- 5.1 100% 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 dependent upon decisions made by partners.

- 5.2 Schemes that are not completed within the financial year for which they are scheduled are carried forward into the following financial year along with their unused expenditure and resource approvals.
In line with our normal practice it is expected that the majority of the budget variance will be transferred into the 2020-21 financial year to enable capital schemes to be completed. This is analysed in Appendix 2 – Capital Slippage and significant variances.

6.0 SIGNIFICANT VARIANCES

- 6.1 Variances between the original estimated cost of a capital scheme and its final position are normal and the Council has established budgetary management and control procedures in place to minimise such variances. While there have been a number of over and under spends this year, in total expenditure was £0.788m below budget, which is a variance of 15.8%. An analysis of significant variances by scheme is provided in Appendix 2.
- 6.2 For those elements of the capital programme that have incurred additional expenditure they have been partly financed through matched funding, internal borrowing (applying surplus cash balances in the Council to avoid external borrowing) and through reducing expenditure budgets on relevant schemes in future years, within the context of the managed three year capital programme process. The agreed Capital Programme in future years which is analysed in Appendix 1.

7.0 CAPITAL RESOURCES

- 7.1 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.
- 7.2 62 Right to Buy Council House sales were generated against the forecast of 50 for the financial year. Also anticipated was a receipt from the sale of properties on Westec, the position being summarised in Table 2 below.

Description	Estimate £000	Actual £000	% Received Against Budget
Right To buy Sales	260	339	130%
Westec Sales	1000	910	91%
Other Sales	0	13	13194%
Total	1260	1262	100%

- 7.3 In addition to the Usable Capital Receipt figures shown above, the Council is also able to retain a proportion of the proceeds generated by Council House sales for specific purposes. In this respect, by the end of the financial year £0.432m had been generated for “One for One Replacement Funding”

8.0 SUSTAINABILITY IMPLICATIONS

- 8.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

9.0 RISK ASSESSMENT

- 9.1 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 scrutinised 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 budget proposals contained in this report have either been the subject of previous reports to Committee, are currently at a high level where more detailed work is required, or would not have an adverse impact on the public, employees, elected members and / or stakeholders. Consequently, no equality impact assessments have been produced for these proposals at this time.

Appendices

Appendix 1 – Capital Receipt Funding for Individual Schemes
Appendix 2 – Capital Slippage and Significant Variances