



COUNCIL: 16 December 2020

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor A Yates

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 2020/21 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 2020/2021, 2021/2022 and 2022/2023 were approved by Council in February 2020.

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 10th November. This report concentrates on the GRA programme.

4.0 REVISED CAPITAL PROGRAMME

- 4.1 The original budget that was set for the 2020/21 financial year together with underspends brought forward from the previous financial year totals £7.087m. This includes funding for Derby Street for the amount of £343k for addressing Health and Safety Issues.
- 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 2020/21 Programme are analysed in Appendix C. This shows a net decrease of £436K largely due to Affordable Housing £247K, CRM System £71K, and Moor Street Phase 2 £174K being re-profiled. The revised GRA Capital Programme totals £6.651m for 2020/2021 following these changes. The overall programme is analysed by service in Appendix A 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. 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, £2.085 (29%) of expenditure has been incurred by the midyear (before capital Re-profiling). A substantial amount of this is due to spend on Skelmersdale Town Centre of £1.03M. Comparisons to previous years' programmes are shown in Table 1. The expenditure against budget

before and after re-profiling is analysed in Appendix B - 2020/2021 Revised Capital Programme Spend to Date against Budget

Year	Expenditure £m	Budget £m	% spend against Budget
2020/2021	2.085	7.087	29%
2019/2020	0.998	5.175	19%
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 2020/21 Revised Capital Programme as shown in appendix A.
- 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 £0.960m from 50 sales. At the mid-year point 16 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 2020/2021 Programme is £100,000. As at the Mid-year there has been no land sales.

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 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 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 Funding of Capital Programme
- B 2020/2021 Revised Capital Programme Spend to Date Against Budget
- C Re-profiling of the Capital Programme