



CABINET: 13 September 2016

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
29 September 2016**

Report of: Borough Treasurer

Relevant Portfolio Holder: Councillor C. Wynn

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SUBJECT: CAPITAL PROGRAMME OUTTURN 2015/2016

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To provide a summary of the capital outturn position for the 2015/2016 financial year.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the final position, including slippage, on the Capital Programme for the 2015/2016 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 29th September 2016.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the final position on the Capital Programme for the 2015/2016 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. This report provides Members with the final position on capital schemes for the 2015/2016 financial year.

- 4.2 It should be noted that the final accounts for the 2015/2016 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 year's Programme for 2016/2017 is discussed elsewhere on this Agenda.

5.0 CAPITAL PROGRAMME

- 5.1 The Capital Programme of £26.661m at the end of the 2015/2016 financial year is analysed by Service in Appendix A. The key result for the year is that good progress has been made in delivering schemes.
- 5.2 The total capital expenditure for 2015/2016 was £17.470m which represents 66% of the total Budget for the year. This is slightly lower than recent programmes as indicated in Table 1:

Year	Expenditure £m	Budget £m	% Spend against Budget
2015/2016	17.470	26.661	66%
2014/2015	13.102	17.386	75%
2013/2014	15.129	19.503	78%
2012/2013	10.241	13.362	77%

- 5.3 In total spending was £4.3m more than 2014/2015 and £2.3m more than 2013/2014. However the percentage spend of 66% was lower than expectation and trend, mainly due to reduced expenditure on the Solar Panel Programme as a result of changes in Government rules on the amount to be paid for Solar PV energy, which was outside the control of the Council. The largest single area is the Housing Public Sector which achieved a total spend of £12.3m or 74% of its budget in 2015/16, compared to a total spend of £10.9m or 79% in 2014/15, showing an increased spend of £1.4m. Head of Service comments on the progress made on capital schemes are set out in Appendix B.

6.0 SLIPPAGE OF EXPENDITURE APPROVALS

- 6.1 100% 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 dependant upon decisions made by partners.
- 6.2 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. The total slippage figure for capital schemes

from 2015/2016 is £5.751m. An analysis of schemes with a significant amount of slippage is provided in Appendix C.

7.0 SIGNIFICANT VARIANCES

7.1 There will always be some variances between the original estimated cost of a capital scheme and its final position 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 £3.441m under budget, which is a variance of around 13%, which was primarily due to variances on the Housing Public Sector Programme and the Solar Panel Scheme. An analysis of significant variances by scheme is provided in Appendix D.

7.2 The variance on the Housing Public Sector programme was the result of a range of different factors including funding no longer being required, underspends, contract savings, and schemes being delivered through different routes. The funding that is no longer required was allocated at the July Council meeting.

8.0 CAPITAL RESOURCES

8.1 A breakdown of the budgeted resources of £26.661m identified to fund the programme is shown in Appendix A. 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.

8.2 57 Right to Buy Council House sales were generated against the target of 40 for the year with further monies received from the sale of land. This is analysed in Table 2 below:

Year	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	320	338	106%
Other Sales	125	142	114%
Total	445	480	108%

8.3 Estimates for the year are based on historical averages as the actual pattern of sales is volatile.

8.4 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 £0.206m had been generated for "One for One Replacement Funding" and £0.755m was generated for "Debt Funding".

9.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

9.1 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.

10.0 RISK ASSESSMENT

10.1 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
- E Minute of Cabinet 13 September 2016 (Executive Overview and Scrutiny Committee only)