

Agenda Item



**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:**
21 October 2021
CABINET: 2 November 2021
COUNCIL: 15 December 2021

Report of: Head of Finance, Procurement and Commercial Services

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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 2021/22 and provide an update on progress on capital schemes.

2.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW & SCRUTINY COMMITTEE

2.1 That the revised Capital Programme, including the re-profiling, virements and budget adjustments contained within Appendix A, be approved and referred to Cabinet and the Head of Finance, Procurement and Commercial Services in consultation with the relevant Portfolio Holders.

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

3.0 RECOMMENDATIONS TO CABINET AND COUNCIL

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

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

4.0 BACKGROUND

4.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2021/2022, 2022/2023 and 2023/2024 were approved by Council in February 2021.

4.2 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.

4.3 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 will be also presented to this Cabinet meeting. This report concentrates on the GRA programme.

5.0 REVISED CAPITAL PROGRAMME

5.1 The original budget that was set for the 2021/22 financial year together with underspends brought forward from the previous financial year totals £3.665m.

5.2 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

5.3 The proposed changes to the 2021/22 Programme are analysed in Appendix C. This shows a net decrease of £348K largely due to Affordable Housing £247K, Renovation Grants £50K, and Waste management Programme £35k being re-profiled. The revised GRA Capital Programme totals £3.317m for 2021/2022 following these changes.

6.0 CAPITAL EXPENDITURE

6.1 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.

- 6.2 For the current year, £630k (17%) of expenditure has been incurred by the midyear (before capital Re-profiling). A substantial amount of this is due to spend on Electric Vehicle Charging points £104k and W heatsheaf Walks £166k.

Although the Electric Charging points has an overspend of £84k a grant has been received for £77k and a grant for the other £7k has been applied for from the Department for Transport and is expected to be received.

The costs of the works at W heatsheaf Walks have largely been met by a grant of £148k received from the Heritage Action Zone.

Comparisons to previous years' programmes are shown in **Table 1**. The expenditure against budget before and after re-profiling is analysed in Appendix B – 2021/2022 Revised Capital Programme Spend to Date against Budget.

Skelmersdale Town Centre has incurred spend of £2.9M at mid-year, however this is excluded from the above as it is funded by internal borrowing (cash balances).

Year	Expenditure £m	Budget £m	% spend against Budget
2021/2022	0.630	3.665	17%
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%

7.0 CAPITAL RESOURCES

- 7.1 There are sufficient resources identified to fund the 2021/22 Revised Capital Programme as shown in Appendix A.

- 7.2 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.

7.3 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 10 sales had been completed and the target for the year is expected to be met.

7.4 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 2021/22 Programme is £100,000. As at the mid-year there has been land sales generating £290,000 for Whalley's Development exceeding the budget.

8.0 SUSTAINABILITY IMPLICATIONS

8.1 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.

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.

10.0 HEALTH AND WELLBEING IMPLICATIONS

10.1 Some of the Capital Schemes will enhance the Health and Wellbeing of residents and the management of the delivery is ensured via the reporting mechanism.

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 2021/2022 Revised Capital Programme Spend to Date Against Budget
- C Re-profiling of the Capital Programme