



Council: 20 July 2022

Report of: Head of Finance, Procurement and Commercial Property

Relevant Portfolio Holder: Councillor A. Yates

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

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 2021/2022 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 programme and Re-profiling in Appendix 1 be noted and approved.

3.0 BACKGROUND

3.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2021/2022, 2022/2023 and 2023/24 were approved by Council in February 2021. 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 2021/2022 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 £9.348m against a budget of £18.435), and a breakdown is provided in Appendix 1

Table 1

Budget Area	Expenditure £000	Budget £000	Variance £000	Expenditure %
Finance Procurement & Commercial Property	6,461	12,057	-5,596	54%
Wellbeing & Leisure	169	1,782	-1,613	10%
Environmental Services	90	110	-20	82%
Growth and Development	392	888	-496	44%
Housing and Regulatory Services	2,050	2,476	-426	83%
Corporate and Customer Services	186	1,122	-936	17%
TOTAL	9,348	18,435	-9,087	51%

4.2 The expenditure level was 51% of the total budget. The largest capital scheme was the Skelmersdale Town Centre Development, which had a budget of £11.45m and actual expenditure of £6.4m, which is funded by £5m of Land Sales Receipts and £1.4m of internal borrowing. The variance of £5.05m is to be re-profiled into 2022/23, but had the budget been profiled between the two years originally, the expenditure level would be 70% rather than 51% of the total budget.

Phase 1 was in progress at year end and a bid is due to be submitted by 8th July 2022 for level up funding for development of a new leisure and wellbeing hub in Skelmersdale to replace the current facilities

5.0 RE-PROFILING 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 2022-2023 financial year to enable capital schemes to be completed. This is analysed in Appendix 1 – Capital programme.

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. In total expenditure was £9.087m below budget, which is a variance of 49%. An analysis of significant variances by scheme is provided below with a full detailed analysis of all schemes provided in Appendix 1.

SCHEME	2021/2022 Variance	Notes
Skelmersdale Town Centre	£5,045	This is an ongoing project
WL Play Strategy Improvements	£629	delays due to resource capacity, procurement and delivery delays
Burscough Sports Centre	£386	This project has been placed on hold pending finalisation of the new Leisure Hubs procurement project.
Digital Transformation - Implementation of IT Strategy	£384	Delayed as dependant on Lancashire County Council Negotiations
Capitalise revenue transformation costs.	£300	These costs are Ad-hoc
Cycle Trail at Cheshire Lines	£257	cost increases and specification changes by partners mean delay as additional resources are sought
ICT Development Programme	£223	Delayed as dependant on Lancashire County Council Negotiations
CCTV	£219	This was delayed to being procured as one project and is currently now out to tender
Canal Improvement	£199	Part of Eastern Gateway scheme which has been delayed due to LCC awaiting planning approvals
Restructuring Costs	£187	These costs are Ad-hoc
Moor Street Phase 2	£177	Part of Eastern Gateway scheme which has been delayed due to LCC awaiting planning approvals
Resurfacing of Blaguegate Lane	£160	viability and appropriate partners for delivery and management are being re-evaluated
Right Kit Right Role Right Refresh - support agile working	£128	Delayed as dependant on Lancashire County Council Negotiations

	£8,294	

6.2 For those elements of the capital programme that have incurred additional expenditure they have been partly financed through matched funding and internal borrowing (applying surplus cash balances in the Council to avoid external borrowing), 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 47 Right to Buy Council House sales were generated against the forecast of 50 for the financial year.

Table 2: Usable Capital Receipts against Budgets			
Description	Estimate £000	Actual £000	% Received Against Budget
Right To buy Sales	349	339	97%
Total	349	339	97%

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 £0.299m 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.

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 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 Programme