



**Executive Overview & Scrutiny
Committee: 6 September 2022**

CABINET: 13 September 2022

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor Adam Yates

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SUBJECT: 2022/23 GRA CAPITAL Q1 MONITORING

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

1.1 To provide the Revised General Revenue Account (GRA) Capital Programme for 2022/23 and an update on the progress of capital schemes at quarter 1.

2.0 RECOMMENDATIONS

TO EXECUTIVE OVERVIEW & SCRUTINY:

2.1 That the revised Capital Programme, including the re-profiling, virements and budget adjustments contained within Appendix A to the report and the progress against the Revised Capital Programme at Quarter 1, be noted and agreed comments be forwarded to Cabinet to consider.

2.2 That future GRA Capital Monitoring reports be considered by the newly established Budget/Council Plan Committee, unless there are specific recommendations for this Committee and Cabinet to consider.

TO CABINET:

- 2.3 That, subject to consideration of any agreed comments from the Executive Overview & Scrutiny Committee, the revised Capital Programme, including the re-profiling, virements and budget adjustments contained within Appendix A to the report and the progress against the Revised Capital Programme at Quarter 1, be noted.
- 2.4 That future GRA Capital Monitoring reports be considered by the newly established Budget/Council Plan Committee, unless there are specific recommendations for Cabinet to consider.
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3.0 BACKGROUND

- 3.1 The Capital Programme is set on a three-year rolling basis and the programme for 2022/2023 to 2024/2025 was approved by Council in February 2022.
- 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 Revenue Account programme is subject to a separate report, this report concentrates on the GRA Capital Programme.

4.0 REVISED CAPITAL PROGRAMME

- 4.1 The original 2022/23 Capital Programme of £6.033m was set at February 2022 Council, the re-profiling of £9.262m from 2021/22 into 2022/23 was further approved at July 2022 Council, so that the total Capital Programme for 2022/23 now totals £15.295m, of which £4.723m is funded by Capital Receipts.
- 4.2 Heads of Service are currently undertaking a review of their respective schemes and are proposing changes and re-profiling of the Capital Programme, that are a result of more up to date information becoming available. The quarter 1 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
- 4.3 The proposed changes to the 2022/23 Programme at quarter 1 are analysed in Appendix A. This shows a net decrease of £4.551m largely due to

- Leisure Facilities Project £3m.
- Burscough Sports Centre £386k
- Revenue Transformation costs £300k.
- Affordable Housing £247k.

4.4 The revised GRA Capital Programme at quarter 1 totals £11.386m of which £3.566 is funded by Capital Receipts following these changes.

4.5 The review exercise currently being undertaken with Heads of Service will be completed by quarter 2, and a fully revised 3-year 2022/23 to 2024/25 Capital Programme, will be presented at December 2022 Council for approval and form the basis of the 2023/24 to 2025/26 budget setting.

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, £502k (4.41%) of the revised programme £11.386m has been incurred by the end of quarter 1.

6.0 CAPITAL RESOURCES

6.1 There are sufficient resources identified to fund the 2022/23 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 quarter 1, 20 sales had been completed and the target for the year is expected to be met.

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.
- 8.2 Schemes within the Capital 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.

9.0 HEALTH AND WELLBEING IMPLICATIONS

- 9.1 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 2022/23 Revised GRA Capital Programme: Spend to Date Against Budget
B Minute of Executive Overview & Scrutiny Committee 6 September 2022 (Cabinet only)