



AGENDA ITEM:

Council: 19 July 2023

Report of: Head of Finance, Procurement and Commercial Property

Relevant Portfolio Holder: Councillor R. Molloy

**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 2022/2023 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 2022/2023, 2023/24 and 2024/25 were approved by Council in February 2022. 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 2022/2023 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 £7.709m against a budget of £17.984m), and a breakdown is provided in Appendix 1

Table 1

Service	2022/23 Outturn	2022/23 Budget	2022/23 Variance	Expenditure
	£'000	£'000	£'000	%
Corporate and Customer Services	384	1,781	1,397	22%
Environmental Services	319	344	25	93%
Finance Procurement and Commercial Services	20	697	677	3%
Housing Services	2,146	2,005	-141	107%
Planning and Regulatory Services	189	346	157	55%
Wellbeing and Place Services	4,652	12,811	8,160	36%
Total	7,709	17,984	10,275	43%

4.2 The expenditure level was 43% of the total budget. The largest capital schemes were the Skelmersdale Town Centre Development which has a budget of £5.22M for 2022/23 and actual expenditure of £1.962M which is funded by borrowing and the Leisure Facilities Project, which had a budget of £4m and actual expenditure of £1.218m, which is funded by CIL (Community Infrastructure Levy) monies.

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 2023-2024 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 £10.493m below budget, which is a variance of 58%. An analysis of significant variances by scheme is provided below with a full detailed analysis of all schemes provided in Appendix 1.

SCHEME	2022/2023 Variance	Notes
Skelmersdale Town Centre	£3,258	Phase 1 of the scheme is now complete. The bulk of the underspend relates to the later phase of the scheme, which at 31 March 2023 had not commenced. A balance of £980k relates to Phase 1, with the full budget having been rolled forward from previous years until the final costs were known. It is proposed that £200k of this will be rolled forward, to allow for residual retentions.
Leisure Facilities Project	£2,782	This project remained in consultation at 31 March 2023. This, together with the necessary detailed consideration of the scope and content of the project, which then formed the basis of that consultation, has resulted in works having to be rescheduled to 2023/24. (Consultation was completed on 7 April 2023.)
Cycle Trail at Cheshire Lines	£428	Only preliminary expenditure incurred in 2022/23. Project profile is being revisited because of marked inflationary increases in costs since it was first costed. Funding profile will be finalised once updated costings have been completed.

ICT Development Programme	£423	No expenditure in 2022/23, pending finalisation of negotiations with Lancashire County Council, which remain ongoing.
Burscough Sports Centre	£396	Commencement of project deferred, pending outcomes from main leisure facilities programme as above.
Capitalise revenue transformation costs.	£300	These schemes are to be identified as part of 2023/24 budget setting and the exploration of the use of flexible capital receipts in line with guidance
Affordable Housing	£247	No site has been identified as of yet, spend to go through Tawd Valley Developments. Expect it will be 2023/2024 but cannot be confirmed
WL Play Strategy Improvements	£348	delays due to resource capacity, procurement and delivery delays
Digital Transformation - Implementation of IT Strategy	£218	Delayed as dependant on Lancashire County Council Negotiations
Website development	£170	Delayed as dependant on Lancashire County Council Negotiations
Civica Financials	£163	Delayed as dependant on Lancashire County Council Negotiations
Resurfacing of Blaguegate Lane	£160	The council still holds the 160k capital contribution from the CCG, however due to the CCG's disbanding discussions are still ongoing on the funding
Restructuring Costs	£152	These schemes are to be identified as part of 2023/24 budget setting and the exploration of the use of flexible

		capital receipts in line with guidance
Corporate Property Investment Programme	£110	26 Gorseley Place is due for a renovation and plans have been drawn and has this is out for tender at present and some work at Robert Hodge is also being considered.
Ginnells	£107	No expenditure in 2022/23, pending finalisation of funding profile. Funding currently expected to be confirmed as coming from UK Shared Prosperity Fund.
Moor Street (Phase 1) St Helen's Rd Ruff Lane	£104	The expenditure incurred on this scheme is being reviewed by officers and a report will be presented to members on completion of this work explaining the findings
I C T Infrastructure	£100	No expenditure in 2022/23, pending finalisation of negotiations with Lancashire County Council, which remain ongoing.
	£9,466	

6.2 For those elements of the capital programme that have incurred additional expenditure they have been financed through matched funding (applying surplus cash balances in the Council to avoid external borrowing), within the context of the managed three year capital programme process.

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 68 Right to Buy Council House sales were generated against the forecast of 50 for the financial year.

Description	Estimate £000	Actual £000	% Received Against Budget
Right To buy Sales	349	1161	333%
Total	349	1161	333%

7.3 The reason for the favourable variance is due to the fact that in 2022/23 and 2023/24 the council have been allowed to keep all of the receipts rather than pay 70% over to Government.

7.4 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 £0.667m 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 – GRA Capital Programme