



**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:**
9 November 2023

CABINET: 21 November 2023

COUNCIL: 13 December 2023

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor R. Molloy

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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 2023/24 and provide an update on progress on capital schemes.

2.0 RECOMMENDATIONS

- 2.1 That the revised Capital Programme, including budget adjustments and re-profiling contained within Appendix A and B, be approved.
 - 2.2 That progress against the Revised Capital Programme at the mid-year point be noted.
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3.0 BACKGROUND

- 3.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2023/2024, 2024/2025 and 2025/2026 were approved by Council in February 2023.
- 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 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.

4.0 REVISED CAPITAL PROGRAMME

- 4.1 The original Capital Programme that was set for the 2023/2024 financial year together with underspends brought forward from the previous financial year totals £13.971m of which £3.448m is funded by Capital Receipts as shown in Appendix A - Funding of Capital Programme.

- 4.2 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

- 4.3 The proposed changes to the 2023/24 Programme are analysed in Appendix C. This shows a net decrease of £7.754m largely due to the following
- Restructuring Costs - £152k
 - Capitalise revenue transformation costs - £300k
 - Burscough Sports Centre - £396k
 - Affordable Housing - £247k
 - Skelmersdale Town Centre - £3.258m
 - Play Strategy Improvements – £315k
 - Leisure Centre Projects (CIL funded) - £1.561m
 - UK Shared Prosperity Fund - £254k

The revised GRA Capital Programme totals £6.187m for 2023/24 following these changes.

- 4.4 There is a new bid for £80K for a replacement Webaspx system that has been requested to be added to the Capital Programme.

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, £2.674M (19.4%) of total expenditure has been incurred by the midyear (before capital Re-profiling). A substantial amount of this is due to spend on the Leisure Centres (£1.096M), Disabled Facilities Grants (£790k) and the Cycle Trail at Cheshire Lines (£436k).

Although the Electric Charging points has an overspend of £19k and the Cycle Trail at Cheshire Lines has an overspend of £8k pf a grant will be applied for and is expected to be received.

Comparisons to previous years' programmes comparing schemes funded by Capital Receipts are shown in **Table 1**. The expenditure against budget before and after re-profiling is analysed in Appendix B – 2023/24 Revised Capital Programme Spend to Date against Budget.

Year	Expenditure £m	Budget £m	% spend against Budget
2023/2024	0.331	3.448	10%
2022/2023	0.534	4.723	11%
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%

6.0 CAPITAL RESOURCES

- 6.1 There are sufficient resources identified to fund the 2023/24 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 the mid-year point 19 sales had been completed with a sales value of £0.935m and the targets for the year are expected to be met.

6.4 The Council is allowed to keep all capital receipts from Right to Buy sales for 2022/23 and 2023/24 on the condition that they are utilised only for projects within the HRA. Receipts from prior years are still allowable for GRA projects as set out in 4.1.

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. 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.

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 Funding of Capital Programme
- B 2023-2024 Revised Capital Programme Spend to Date Against Budget.
- C Capital Re-profiling and Significant Variances
- D Minute of Executive Overview & Scrutiny Committee (Cabinet & Council only)
- E Minute of Cabinet (Council only)