



Agenda Item

**Executive, Overview & Scrutiny
Committee: 14th March 2024**

CABINET: 26th March 2024

Report of: Head of Finance, Procurement and Commercial Services

Relevant Corporate Director: Housing, Transformation and Resources

Relevant Portfolio Holder: Councillor R. Molloy

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SUBJECT: CAPITAL MONITORING FOR QUARTER 3

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 be approved.

2.2 That progress against the Revised Capital Programme at quarter 3 be noted.

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 totalled £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 further changes since Quarter 2 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 updated changes from Quarter 2 to the 2023/24 Programme are analysed in Appendix C. This shows a net decrease of £1.059m largely due to these items being agreed to be utilised for the transformation programme.
- I C T Infrastructure £150K
 - ICT Development Programme £604K
 - CRM System £67K
 - Website development £200K
 - Invest to Save Digital Services £59K
 - Digital innovation and the continued development of ServiceNow £80K
 - Microsoft 365 phase 3 £166K
 - Corporate wifi upgrade £85K

There is also a reduction in the amount of Re-profiling since Quarter 2 for the leisure facilities of £510k.

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, £3.747M (27%) of total expenditure has been incurred by quarter 3 (before capital Re-profiling). A substantial amount of this is due to spend on the Leisure Centres (£1.731M), Disabled Facilities Grants (£1.050M) 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 a grant for both projects will be applied for and are expected to be received.

A comparison with previous years' programmes comparing schemes funded by Capital Receipts is 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

Table 1: GRA Capital Expenditure funded by Capital Receipts against Budgets after re-profiling			
Year	Expenditure £m	Budget £m	% spend against Budget
2023/2024	0.499	2.578	19%
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 end of Quarter 3, 30 sales had been completed with a sales value of £1.34m and the targets for the year have been exceeded. Around 50 Right to Buy sales are expected to be completed in year so the number of sales are anticipated to be as budgeted.
- 6.4 In February 2023 Council approved that all right to buy receipts retained by the Council will be for HRA use from 2024/25. This proposal has no impact on the commitments already included within the capital programme, so the non - Treasury Share of receipts for 2022/23 and 2023/24 will still be available to meet those projects previously planned to be financed as set out in 4.1. In addition, Government have advised that the Treasury Share can be retained by the HRA in 2022/23 and 2023/24. From 2024/25 the Treasury Share will again be paid to Government.

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.
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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 at Quarter 3.
- C Capital Re-profiling and Significant variances at Quarter 3