



CABINET: 14 March 2017

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
30 March 2017**

Report of: Borough Treasurer

Relevant Portfolio Holder: Councillor C. Wynn

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SUBJECT: CAPITAL PROGRAMME MONITORING

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

- 1.1 To update Members on the current position in respect of the 2016/2017 Capital Programme.

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the current position in respect of the 2016/2017 Capital Programme be noted.
- 2.2 That Call In is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 30th March 2017.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

- 3.1 That Members note the current position in respect of the 2016/2017 Capital Programme.
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4.0 BACKGROUND

- 4.1 The GRA Capital Programme is set on a three-year rolling basis that is updated regularly when Members are advised of progress against it. The revised GRA programme of £7.816m for 2016/2017 was agreed by Members in December 2016. However it is now intended that £0.151m of capital receipt funding within the Housing Strategy capital scheme will be used to help fund the purchase of 2

properties for the HRA, Consequently the GRA capital programme now stands at £7.665m

- 4.2 The HRA Capital Programme is the subject of a separate report elsewhere on the agenda. Council approved a new Medium Term Capital Programme for 2017/2018 to 2019/2020 on 22nd February 2017, but due to the timing of this meeting, any changes that affect the 2016/17 budget have not been incorporated into this report.

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, for example, because of the need to undertake a tendering process and award contracts at the start of the scheme. Some schemes are dependent on external partner funding and schemes can only begin once their funding details have been finalised. Other schemes include contract retentions or contingencies that will only be spent some time after completion of the contract. Most schemes then progress and spend in line with their approval.
- 5.2 This pattern has been repeated in the current year with £5.349m (70%) of expenditure having been incurred by the end of January. Comparisons to previous years are shown in Table 1, whilst Appendix A provides a breakdown by Service of expenditure and approvals.

Table 1: Capital Expenditure against Budgets			
Year	Expenditure £m	Budget £m	% Spend against Budget
2016/2017	5.349	7.665	70%
2015/2016	3.510	10.127	35%
2014/2015	1.467	3.467	42%
2013/2014	2.127	4.421	48%

- 5.3 This year's performance is higher than the same point in the last three years primarily due to £3.03m expenditure on the purchase of the Wheatsheaf Walks site. Appendix B provides comments from Heads of Service on the progress of individual schemes against the Programme.

6.0 CAPITAL RESOURCES

- 6.1 Sufficient resources have been identified to fund the Capital Programme as shown in Appendix A.
- 6.2 A proportion of the resources to fund capital expenditure are based on government allocations that have been confirmed. Other resources come from external funding and schemes that are heavily dependent on this source are not able to start until after the funding has been confirmed. A further source of funding is capital receipts.

- 6.3 Capital receipts are the main area of the capital resources budget that is subject to variation. They are the useable proceeds from the sale of Council assets (mainly houses under Right to Buy (RTB) legislation) that are available to fund capital expenditure. They can vary significantly depending on the number and value of assets sold.
- 6.4 The Mid Year Review report identified that 36 RTB sales had been achieved against the target of 50. At the end of the third Quarter a further 28 RTB sales had been achieved. In addition to receipts from council house sales the Council also has a programme to sell plots of its land and other assets under the Strategic Asset Management Plan (SAMP). The budget for this in the 2016/2017 Programme is £550,000, which includes £450,000 for the sale of the land at Westec. However, Council in October 2016 approved that this site is to be redeveloped for affordable housing, hence this budget will be amended in due course. To date there has been 5 land sales from the SAMP process generating £146,000.

The useable receipts generated are analysed in Table 2:

Table 2: Usable Capital Receipts against Budgets			
Year	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	480	975	203%
SAMP Sales	550	146	27%
Total	1030	1121	109%

- 6.5 Retained proceeds generated by Council House sales are now split between general usable capital receipts (detailed above), One for One Replacement Funding, and Debt Funding. At the end of the third quarter, £0.733m had been generated for One for One Replacement Funding and £1.021m generated for Debt Funding.
- 6.6 The level of receipts generated is above the budget target for 2016/17, and consideration can be given to how these additional funds can be allocated when the Medium Term Capital Programme is next updated.

7.0 SUSTAINABILITY AND COMMUNITY STRATEGY LINKS

- 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 and progress statement against project plans.

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 or decisions are not started until funding is secured and other resources that are subject to fluctuation are monitored closely to ensure availability. The capital receipts position is scrutinized on a regular basis and managed over the medium term to mitigate the risk of unfunded capital expenditure.

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 decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders. Therefore, no Equality impact assessment is required.

Appendices:

Appendix A - Capital Programme Expenditure and Resources Budget

Appendix B - Heads of Service Comments

Appendix C – Minute of Cabinet (Executive Overview and Scrutiny Committee only) – to follow