



COUNCIL: 13<sup>th</sup> December 2017

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**Report of: Borough Treasurer**

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**SUBJECT: REVISED CAPITAL PROGRAMME**

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Wards affected: Borough wide

### **1.0 PURPOSE OF REPORT**

1.1 To agree a Revised General Revenue Account (GRA) Capital Programme for 2017/2018 and to provide an update on progress against it.

### **2.0 RECOMMENDATIONS**

2.1 That the revised Capital Programme, including the re-profiling, virements and budget adjustments contained within Appendix A, be approved.

2.2 That progress against the Revised Capital Programme 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 2017/2018, 2018/2019 and 2019/2020 were approved by Council in February 2017.

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 regular monitoring reports. The last such report was presented to Cabinet in September 2017 and reported on a total Capital Programme of £15.389m for 2017/2018. This comprised a GRA Programme of £2.903m and a Housing Public Sector Capital Programme of £12.486m. The Housing Public Sector programme is the subject of a separate report elsewhere on the agenda and this report concentrates on the GRA programme.

#### 4.0 REVISED CAPITAL PROGRAMME

4.1 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
- Amending budgets to reflect anticipated levels of demand or new issues

4.2 The proposed changes to the 2017/2018 Programme are analysed in Appendix A, and show an overall net reduction of £0.269m. The revised GRA Capital Programme will then total £2.634m following these changes. The overall programme is analysed by service in Appendix B along with a summary of the revised capital resources available.

#### 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 the tendering process and award contracts at the start of the scheme. Other 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 by the year end.

5.2 For the current year, £0.778m (30%) of expenditure has been incurred by the end of October. This is a slightly higher percentage spend than the position in 2014-15 and 2015-16, but lower than last year as a result of the large value purchase of the Wheatsheaf Walk site in the first half of 2016-17. Comparisons to previous years' programmes are shown in Table 1.

Year	Expenditure £m	Budget £m	% spend against Budget
2017/2018	0.778	2.634	30%
2016/2017	4.811	7.676	63%
2015/2016	2.260	10.060	22%
2014/2015	0.866	3.478	25%

## 6.0 CAPITAL RESOURCES

- 6.1 There are sufficient resources identified to fund the 2017/2018 Revised Capital Programme as shown in Appendix B.
- 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 to be generated from Council House sales in the year is set at £0.695m from 45 sales. However at the mid-year point 39 sales had been completed generating £0.816m of useable capital receipts.
- 6.4 Retained proceeds generated by Council House sales are now split between general useable capital receipts (detailed above) and one for one Replacement funding. At the mid-year point £0.377m of additional one for one funding has also been generated, which can only be used on new housing schemes.
- 6.5 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 2017/2018 Programme is £0.100m. To date there has been 1 land sale generating £9,400.
- 6.6 Useable Capital Receipts generated to date are analysed in Table 2:

Category	Estimate £'000	Actual £'000	% Received against Budget
Right to Buy Sales	695	816	117%
SAMP Sales	100	9	9%
Total	795	825	104%

- 6.7 The level of receipts achieved at the mid-year point is above the budget target for the year, and consideration will be given through the budget process for 2018-19 to how the additional resources being generated should be used.

## 7.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 7.1 The Capital Programme includes schemes that the Council plans to implement to enhance service delivery and assets. The 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 the Programme and shows progress against it.

## **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 scrutinized on a regular basis and managed over the medium term to mitigate the risk of unfunded capital expenditure.

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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 2017/2018 Revised Capital Programme Summary of Changes
- B 2017/2018 Revised Capital Programme Spend to Date Against Budget