



CABINET: 6 November 2018

EXECUTIVE OVERVIEW AND SCRUTINY
COMMITTEE: 22 November 2018

COUNCIL: 12 December 2018

Report of: Borough Treasurer

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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 2018/2019 and to provide an update on progress on capital schemes.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the revised Capital Programme, including the budget adjustments contained within Appendix A, be endorsed for consideration by Council.

2.2 That progress against the Revised Capital Programme be noted.

2.3 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 22 November 2018.

3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That progress against the Revised Capital Programme be noted.

4.0 RECOMMENDATIONS TO COUNCIL

4.1 That the revised Capital Programme, including the budget adjustments contained within Appendix A, be approved.

4.2 That progress against the Revised Capital Programme be noted.

5.0 BACKGROUND

- 5.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2018/2019, 2019/2020 and 2020/2021 were approved by Council in February 2018. It is also standard practice for unused funding from the previous year to be slipped into the current year.
- 5.2 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.
- 5.3 Members are kept informed of the financial position of the Capital Programme through periodic monitoring reports. The Housing Public Sector programme is the subject of a separate report elsewhere on the agenda and this report concentrates on the GRA programme.

6.0 REVISED CAPITAL PROGRAMME

- 6.1 The original budget that was set for the 2018/19 financial year together with slippage from the previous financial year comes in total to £7.498m. Taken together with the £0.200m of funding for Blue and Green Bins agreed at July 2018 Council means that the current budget total is £7.698m.
- 6.2 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
 - Amending budgets to reflect anticipated levels of demand or new issues
- 6.3 The proposed changes to the 2018/2019 Programme are analysed in Appendix A, and show an overall net reduction of £0.570m. The revised GRA Capital Programme will then total £7.128m following these changes. The overall programme is analysed by service in Appendix B along with a summary of the revised capital resources available.

7.0 CAPITAL EXPENDITURE

- 7.1 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.

- 7.2 For the current year, £1.908m (27%) of expenditure has been incurred by the end of September. This is a higher percentage spend than the position in 2015-16 and 2017-18, but lower than in 2016-17 as a result of the large value purchase of the Wheatsheaf Walk site that took place in the first half of that year. Comparisons to previous years' programmes are shown in Table 1.

Year	Expenditure £m	Budget £m	% spend against Budget
2018/2019	1.908	7.128	27%
2017/2018	0.455	2.634	17%
2016/2017	4.616	7.676	60%
2015/2016	1.323	10.060	13%

- 7.3 The 2 largest capital schemes in the current year's programme are the Westec House site development (£2.194m) and the Gorsey Place Redevelopment (£0.962m), and both of these schemes are currently in progress.

8.0 CAPITAL RESOURCES

- 8.1 There are sufficient resources identified to fund the 2018/2019 Revised Capital Programme as shown in Appendix B.
- 8.2 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.
- 8.3 The budget for useable capital receipts to be generated from Council House sales in the year is set at £0.633m from 50 sales. At the mid-year point 25 sales had been completed and the target for the year is expected to be met.
- 8.4 In addition to receipts from council house sales the Council also has a programme to sell plots of its land and other assets. The budget for this in the 2018/2019 Programme is £0.100m, and to date there have been 3 land sales generating £0.103m.

9.0 SUSTAINABILITY IMPLICATIONS

- 9.1 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.

10.0 RISK ASSESSMENT

10.1 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.

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 2018/2019 Revised Capital Programme Summary of Changes
- B 2018/2019 Revised Capital Programme Spend to Date Against Budget
- C Minute of Cabinet (Executive Overview and Scrutiny Committee and Council only)
- D Minute of Executive Overview and Scrutiny Committee (Council only)