

DECISION-MAKER:	CABINET		
SUBJECT:	THE GENERAL FUND CAPITAL PROGRAMME 2016/17 TO 2020/21		
DATE OF DECISION:	16 AUGUST 2016		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

The purpose of this report is to inform Cabinet of any major changes in the overall General Fund Capital Programme for the period of 2016/17 to 2020/21, highlighting the changes in the programme since the last reported outturn position to Council in July 2016.

The net result of the changes since the previous report is that the current overall programme has decreased by £0.35M.

RECOMMENDATIONS:

- (i) To note the revised General Fund Capital Programme 2016/17 to 2020/21, which totals £145.42M (as detailed in paragraph 4) and the associated use of resources.
- (ii) To note that £0.28M has been added to the overall programme, with approval to spend, under delegated powers (£0.26M 2016/17 and £0.02M 2017/18). These additions are detailed in paragraph 6 and Appendix 2.
- (iii) To note that £0.63M has been removed from the overall programme, as detailed in paragraph 6 and Appendix 2.
- (iv) To note that £0.01M has been rephased from 2017/18 to 2016/17 within the Transport portfolio, as detailed in paragraph 11 and Appendix 3.
- (v) To note that the revised General Fund Capital Programme is based on prudent assumptions of future Government Grants to be received.
- (vi) To note the changes to the programme, as summarised in Appendix 2 and described in detail in Appendix 3.

- (vii) To note that the forecast position at Quarter 1 is £121.18M, resulting in a potential underspend of £24.24M, as detailed in paragraph 13 and Appendix 4.

REASONS FOR REPORT RECOMMENDATIONS

1. The Capital Programme is now reviewed on a quarterly basis in accordance with the Council's Capital Strategy. The forecast position is reported to the Council Capital Board with any required programme update reported to Cabinet and Council for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme. There are currently no additions to the programme, therefore this paper is for information only.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The update of the Capital Programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of the budget setting process in the light of the funding available and the overall financial position.

DETAIL (Including consultation carried out)

CONSULTATION

3. The General Fund Capital Programme update summarises additions to the capital programme since the last approved programme set in the Outturn report in July 2016. Each addition to the capital programme has been subject to the relevant consultation process which now reflects the role played by Council Capital Board. The content of this report has been subject to consultation with Finance Officers from each portfolio.

THE FORWARD CAPITAL PROGRAMME

4. Table 1 below shows a comparison of the latest approved capital expenditure for the period 2016/17 to 2020/21 compared to the previously reported programme.

Table 1 – Programme Comparison

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Latest Programme	129.97	13.91	1.44	0.10	0.00	145.42
Previous Programme	130.33	13.90	1.44	0.10	0.00	145.77
Variance	(0.36)	0.01	0.00	0.00	0.00	(0.35)

5. The above table shows that the General Fund Capital Programme has decreased by £0.35M. Appendix 1 provides details of each portfolios latest programme and

the financing of that programme.

6. There was an overall decrease of £0.63M which is offset by an increase of £0.28M relating to additions to the programme approved under delegated powers, £0.26M in 2016/17 and £0.02M in 2017/18. These changes are detailed in Appendix 3.
7. Within the Transport portfolio programme there was also rephasing of £0.01M from 2017/18 into 2016/17, also approved under delegated powers. This is detailed in Appendix 3.

CHANGES TO THE OVERALL PROGRAMME

8. The change in individual portfolios' capital programmes is shown in Table 2.

Table 2 – Changes in Portfolio Programmes

	Latest Programme £M	Previous Programme £M	Total Change £M
City Services	1.91	1.85	0.06
Communities, Culture & Leisure	1.21	1.21	0.00
Education & Childrens Social Care	31.70	31.70	0.00
Finance	1.27	1.77	(0.50)
Health & Adult Social Care	0.13	0.26	(0.13)
Housing & Sustainability	3.65	3.45	0.20
Leaders	82.38	82.38	0.00
Transformation	3.71	3.71	0.00
Transport	19.46	19.44	0.02
Total GF Capital Programme	145.42	145.77	(0.35)

9. Appendix 3 details the changes by individual portfolio programmes. This includes new schemes and changes to existing schemes where approval has been previously given by Council, Cabinet or made under delegated authority to amend the programme.
10. Funding for the Councils capital programme is a scarce resource therefore additions need to be considered in terms of the priorities and desired outcomes of the Council.

SLIPPAGE AND REPHASING

11. The programme identifies £0.01M of rephasing from 2017/18 into 2016/17 within the Transport programme, to fund cycling improvement works completed ahead of schedule. This was approved under delegated powers and is detailed in Appendix 3.

UNDER AND OVERSPENDS

12. The capital programme is now being monitored on a quarterly basis. Identified under and overspends are reported to the Council Capital Board. Programme

changes for these will not be made until the outturn position is known and will be reported as part of the outturn report in June 2017, with approval to update the programme for these being sought at that time.

13. Currently the programme is forecast to be underspent by £24.24M. The reasons for this are detailed in Appendix 4.
14. Table 3 below shows the forecast underspend by portfolio which have an overall variance:

Table 3 – Overall Programme Forecast Variance

	Latest Programme	Forecast Programme	Forecast Variance
	£M	£M	£M
Communities, Culture & Leisure	1.21	1.25	0.04
Leaders	82.38	58.16	(24.22)
Transport	19.45	19.39	(0.06)
Total Forecast (Under)/Overspend	103.04	78.80	(24.24)

CAPITAL RESOURCES

14. The resources which can be used to fund the capital programme are as follows:
 - Council Resources - Borrowing
 - Council Resources - Capital Receipts from the sale of HRA assets
 - Council Resources - Capital Receipts from the sale of General Fund assets
 - Contributions from third parties
 - Central Government Grants and from other bodies
 - Direct Revenue Financing (DRF)
15. Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes within the Housing & Sustainability Portfolio.

CHANGES IN AVAILABLE RESOURCES

16. The additional spending within the Capital programme must be met from additional sources of finance. Table 4 shows the resource changes that have taken place.

Table 4 – Changes in Resource Requirements

	£M
Council Resources	(1.07)
Contributions	0.65
Capital Grants	0.07
Total Change in Available Resources	(0.35)

17. It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future Government Grants to be received. The majority of these grants relate to funding for schools and transport and are unringfenced. However in 2016/17 these grants have been passported to these areas.
18. It can be seen that the decrease in resources primarily relate to council resources. The decrease in the finance portfolio programme (£0.50M) along with updated funding requirements in the Housing & Sustainability portfolio programme (£0.45M) contributed this.
19. Table 5 shows the current level of available resources.

Table 5 – Available Capital Funding

Resource	Balance B/Fwd £M	Received to Date 2016/17 £M	Allocated To Current Programme £M	Available Funding £M	Anticipated Receipts 2016/17 £M
Capital Receipts	(2.67)	(0.08)	3.40	0.65	(15.31)
CIL	(3.03)	(0.39)	0.90	(2.52)	(1.71)
S106	(9.78)	(0.11)	4.90	(4.99)	0.00
Misc Grants	(1.70)	0.00	1.70	0.00	0.00
	(17.18)	(0.58)	10.90	(6.86)	(17.02)

20. The table shows that the largest resource currently available is Section 106 (S106) funding. A review is underway of all S106 and Community Infrastructure Levy (CIL) monies to ensure that programmes of work are matched to the appropriate funding and to potentially identify areas where business cases could be commissioned for new projects.
21. Capital receipts of £3.40M have been allocated to fund the current programme based on the knowledge of guaranteed future receipts, where contracts have been signed/exchanged, and payment due in 2016/17.

OVERALL CAPITAL PROGRAMME (GF ONLY)

22. Table 6 and 7 show capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme up to and including 2020/21.

Table 6 – Capital Expenditure by Programme

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
City Services	1.91	0.00	0.00	0.00	0.00	1.91
Communities, Culture & Leisure	1.21	0.00	0.00	0.00	0.00	1.21
Education & Childrens Social Care	17.89	12.65	1.17	0.00	0.00	31.71
Finance	0.98	0.29	0.00	0.00	0.00	1.27
Health & Adult Social Care	0.13	0.00	0.00	0.00	0.00	0.13
Housing & Sustainability	3.63	0.02	0.00	0.00	0.00	3.66
Leaders	81.93	0.35	0.10	0.00	0.00	82.38
Transformation	3.71	0.00	0.00	0.00	0.00	3.71
Transport	18.58	0.61	0.17	0.10	0.00	19.46
Total General Fund Programme	129.97	13.91	1.44	0.10	0.00	145.42

Table 7 – Use of Resources

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Council Resources	88.99	7.97	1.26	3.45	0.00	98.32
Contributions	5.12	0.52	0.08	0.00	0.00	5.71
Capital Grants	33.13	4.97	0.00	0.00	0.00	38.10
DRF from Portfolios	2.74	0.46	0.10	0.00	0.00	3.29
Total Financing	129.97	13.91	1.44	0.10	0.00	145.42

23. It can be seen from Table 5 that the significant programme spend relates to Education and Childrens Social Care Portfolio (Schools Programme); Transport Portfolio (Roads Programme); and Leaders Portfolio (Property Investment Fund). It should be noted that 2016/17 capital grant assumptions have now been built in where relevant.
24. Table 6 demonstrates that after allowing for Capital Grants, which primarily relate to the Basic Needs grants for schools, a significant amount of funding is provided by Council Resources. In this financial year this will be mainly through borrowing.

CAPITAL RECEIPTS

25. Capital receipts funding assumptions have been previously based on an estimated value of the receipt, in the year of disposal. The estimate was further risk adjusted depending on where in the process the disposal had progressed i.e. 'On Market', 'Contract Under Negotiation' etc.
26. Capital receipts are now monitored and reported based on the agreed sale price and expected year of receipt in order to achieve certainty around the level of useable receipts within each financial year. Further, it has been agreed by the Council Capital Board that receipts for properties that are on the disposal list but not yet on the market will not be included in capital receipt assumptions.

27. Table 8 shows the previous and current capital receipt assumptions based on either original sale price or where known the actual sale price in the year that the receipt is expected rather than the year of disposal. It should be noted that both the previous and latest forecast positions have been adjusted to remove receipts for properties not yet on the market.

Table 8 – Capital Receipt Assumptions

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Latest Forecast	15.39	1.17	0.00	0.00	0.00	16.56
Previous Forecast	15.31	1.17	0.00	0.00	0.00	16.48
Change	0.08	0.00	0.00	0.00	0.00	0.08

28. It can be seen that there is likely to be an overall small increase in the level of capital receipts of £0.08M mainly due to the higher sale values. It should be noted that if alternative options to disposal are considered this will affect the overall level of receipts. Further work is being undertaken on capital receipts to ascertain disposal methods and timing to ensure the Council receives best value.

CAPITAL STRATEGY

29. The Council needs to have a fit for purpose Capital Strategy to ensure that all the priorities within the Council Strategy are accounted for in the allocation of resources to the capital programme. A full update of the strategy will be reported to Council in February 2017, however the strategy will be reviewed throughout the year.

RESOURCE IMPLICATIONS

Capital

30. As set out in the report details.

Revenue

31. This report principally deals with capital. However, the revenue implications arising from borrowing to support the capital programme are included as part of the General Fund Revenue Budget considered elsewhere on this agenda. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.

Property/Other

32. There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

33. The General Fund Capital Programme update is prepared in accordance with the Local Government Acts 1972 – 2003.

Other Legal Implications:

34. None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, the Equality Act 2010, the duty to achieve best value and statutory guidance issued associated with that, and other associated legislation.

POLICY FRAMEWORK IMPLICATIONS

35. The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	General Fund Capital Programme – Scheme Details
2.	Variations Since the February 2016 Programme Update
3.	Key Issues – June 2016 Programme Update
4.	Significant Forecast Underspends
Documents In Members' Rooms	
1.	None
2.	
Equality Impact Assessment	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	NO
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	NO
Other Background Documents	
Equality Impact Assessment and Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)