

DECISION-MAKER:	CABINET		
	CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2019.		
DATE OF DECISION:	19 NOVEMBER 2019		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Maddy Modha	Tel: 023 8083 3574
	E-mail:	Madeleine.modha@southampton.gov.uk	
S151 Officer	Name:	John Harrison	Tel: 023 8083 4897
	E-mail:	john.harrison@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>The purpose of this report is to inform Cabinet of any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2019/20 to 2023/24, highlighting the changes in the programme since the last reported position in August 2019. The report also notes the major forecast variances against the approved estimates.</p>	
RECOMMENDATIONS:	
It is recommended that Cabinet:	
(i)	Notes the revised General Fund Capital Programme, which totals £190.14M as detailed in paragraph 5, tables 2 and 6, and the associated use of resources in table 7.
(ii)	Notes the revised HRA Capital Programme, which totals £178.26M as detailed in paragraph 5, tables 2 and 6 and the associated use of resources in table 7.
(iii)	Notes that the overall forecast position for 2019/20 at quarter 2 is £120.82M, resulting in a potential underspend of £0.12M, as detailed in table 4, and Appendix 2.
(iv)	Notes that the capital programme remains fully funded up to 2023/24 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received.
(v)	Notes that £47.43M has been added to the programme with approval to spend, with relevant approvals. These additions are detailed Appendix 1.

(vi)	Approves the addition and cumulative spend of £0.65M in 2020/21 and £0.32M in 2021/22, to the Healthier & Safer City programme. As detailed in Appendix 1 and Appendix 4 paragraphs 1 and 4.
(vii)	Approves the addition and cumulative spend of £0.28M in 2020/21, to the Homes & Culture programme. As detailed in Appendix 1 and Appendix 4 paragraph 4.
(viii)	Approves the addition and cumulative spend of £0.23M in 2019/20 and £0.30M in 2020/21, to the Leader programme. As detailed in Appendix 1 and Appendix 4 paragraphs 3-4.
(ix)	Approves the addition and cumulative spend of £0.21M in 2019/20 to the Place & Transport programme. As detailed in Appendix 1 and Appendix 4 paragraph 4.
(x)	Approves the addition and cumulative spend of £0.52M in 2019/20, to the Resources programme. As detailed in Appendix 1 and Appendix 4 paragraph 2.
(xi)	Approves slippage and rephasing as detailed in paragraph 7 and Appendix 3. Noting that the movement has zero net movement over the 5 year programme.

REASONS FOR REPORT RECOMMENDATIONS

1.	The capital programme is reviewed on a quarterly basis in accordance with the Council's Capital Strategy. The forecast position and any major issues are highlighted to management and Capital Board as part of the monitoring process, with any required programme update reported to Cabinet for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme.
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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.
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DETAIL (Including consultation carried out)

	CONSULTATION
3.	Service Directors, Service Leads and Project Managers have been consulted in preparing the reasons for variations contained in this report. The General Fund and HRA capital programme monitoring report summarises additions to the capital programme and slippage and rephasing since the last approved programme reported as part of quarter 1 monitoring in August 2019. Each addition has been subject to the relevant consultation process which reflects the role played by Council Capital Board. The content of this report has been subject to consultation with Finance Officers for each service.
	THE 5 YEAR CAPITAL PROGRAMME
4.	Table 1 shows a comparison of the latest capital expenditure for the period 2019/20 to 2023/24 compared to the previously reported programme, and shows an increase of £49.72M.

	<u>Table 1 – Programme Comparison</u>						
		2019/20	2020/21	2021/22	2022/23	2023/24	Total
		£M	£M	£M	£M	£M	£M
	Latest Programme	120.94	106.59	56.81	83.77	0.28	368.40
	Previous Programme	123.47	87.17	50.09	57.90	0.05	318.68
	Variance	(2.53)	19.43	6.72	25.87	0.23	49.72
	Note: figures in this and other tables in this report are rounded.						
	CHANGES TO THE OVERALL PROGRAMME						
5.	Table 2 shows the changes to the individual portfolio programmes. The updated programme for the General Fund is £190.14M, whilst for the HRA it is £178.26M. Details of changes made since quarter 1, totalling £49.72M can be found in appendix 1.						
	<u>Table 2 – Changes to Portfolio Programmes</u>						
			Latest Programme	Previous Programme	Total Change		
			£M	£M	£M		
	Adult Care		1.14	1.14	0.00		
	Aspiration, Children & Lifelong Learning		89.66	89.20	0.46		
	Healthier and Safer City		10.85	9.88	0.97		
	Homes and Culture		2.52	2.23	0.28		
	Leader		29.72	2.19	27.53		
	Place and Transport		49.63	48.76	0.87		
	Resources		6.63	5.32	1.31		
	Total GF Capital Programme		190.14	158.72	31.42		
	Total HRA Capital Programme		178.26	159.96	18.30		
	Total Capital Programme		368.40	318.68	49.72		
6.	There is £2.28M of new additions which require approval as part of this report. Detail is given in appendix 4.						
	SLIPPAGE/REPHASING						
7.	Following the quarterly review to ensure that all projects are accurately profiled and budgets are suitably aligned to anticipated works and spend, there is £6.28M of agreed work in 2019/20 being put back to 2020/21. Table 3 below summarises resulting slippage and rephasing by individual capital programmes. There is zero net effect to the budgets over the 5 year capital programme.						
	<u>Table 3</u>		Movement	App. 3			
	Portfolio		£M	Ref			
	Healthier & Safer City		1.51	1			
	Leader		0.62	2-4			
	Place & Transport		3.72	5-18			
	Resources		0.43	19			
	Total GF Capital Programme		6.28				

2019/20 MONITORING POSITION				
8.	The forecast performance of individual capital programmes in 2019/20 is summarised in table 4 below.			
<u>Table 4 – Summary of the General Fund & HRA Capital Forecast 2019/20</u>				
	Approved Programme £M	Forecast £M	Forecast Variance £M	Forecast Variance %
Adult Care	0.54	0.19	(0.35)	(65.2%)
Aspiration, Children and Lifelong Learning	26.07	26.30	0.24	0.9%
Healthier and Safer City	3.58	2.65	(0.93)	(26.1%)
Homes and Culture	0.84	0.84	0.00	0.0%
Leader	0.57	0.57	0.00	0.0%
Place and Transport	35.79	35.78	(0.02)	(0.1%)
Resources	6.21	6.21	0.00	(0.0%)
Total GF Capital Programme	73.59	72.53	(1.06)	(1.5%)
Total HRA Capital Programme	47.35	48.30	0.94	2.0%
Total Capital Programme	120.94	120.82	(0.12)	(0.1%)
<u>Financed by</u>				
*CR - GF Borrowing	(15.63)	(15.28)	(0.35)	(2.2%)
*CR - HRA Borrowing	(13.40)	(13.12)	(0.28)	(2.1%)
Capital Receipts	(12.63)	(12.63)	0.00	0.0%
Direct Revenue Financing	(14.25)	(13.31)	(0.94)	(6.6%)
Capital Grants	(37.65)	(37.88)	0.24	0.6%
Contributions	(7.42)	(6.47)	(0.95)	(12.8%)
HRA – MRA	(19.97)	(22.13)	2.16	10.8%
Total Funding	(120.94)	(120.82)	(0.12)	(0.1%)
*CR – Council Resources				
9.	The programme is currently forecast to be underspent by £0.12M. The reasons for the major forecast variances are detailed in Appendix 2.			
CAPITAL RESOURCES				
10.	The resources which can be used to fund the capital programme are as follows: <ul style="list-style-type: none"> • Central Government Grants and from other bodies • Contributions from third parties • Council Resources - Capital Receipts from the sale of HRA assets • Council Resources - Capital Receipts from the sale of General Fund assets • Revenue Financing • Council Resources - Borrowing 			

11.	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.																																																																													
12.	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 2019/20 these grants have been passported to these areas.																																																																													
13.	Table 5 shows the current level of available resources.																																																																													
	<p><u>Table 5 – Available Capital Funding</u></p> <table border="1"> <thead> <tr> <th>Resource</th> <th>Balance Fwd £M</th> <th>Received to Date 2019/20 £M</th> <th>Allocated To Current Programme £M</th> <th>Available Funding £M</th> <th>Anticipated Receipts 2019/20 £M</th> </tr> </thead> <tbody> <tr> <td>Capital Receipts</td> <td>(7.57)</td> <td>(0.22)</td> <td>10.23</td> <td>2.44</td> <td>(3.83)</td> </tr> <tr> <td>CIL</td> <td>(12.59)</td> <td>(2.97)</td> <td>3.92</td> <td>(11.64)</td> <td>(1.00)</td> </tr> <tr> <td>S106</td> <td>(8.87)</td> <td>(0.29)</td> <td>7.43</td> <td>(1.73)</td> <td>(1.08)</td> </tr> <tr> <td></td> <td>(29.03)</td> <td>(3.48)</td> <td>21.58</td> <td>(10.93)</td> <td>(5.91)</td> </tr> </tbody> </table>	Resource	Balance Fwd £M	Received to Date 2019/20 £M	Allocated To Current Programme £M	Available Funding £M	Anticipated Receipts 2019/20 £M	Capital Receipts	(7.57)	(0.22)	10.23	2.44	(3.83)	CIL	(12.59)	(2.97)	3.92	(11.64)	(1.00)	S106	(8.87)	(0.29)	7.43	(1.73)	(1.08)		(29.03)	(3.48)	21.58	(10.93)	(5.91)																																															
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14.	The table shows that the largest resource currently available is Community Infrastructure Levy (CIL) funding. A review has been undertaken of all S106 and CIL monies to ensure that programmes of work are matched to the appropriate funding and to identify areas where business cases are required for new projects. This work will be ongoing as part of the monitoring process.																																																																													
15.	It should be noted that there has been no variation to the expected capital receipts since the last reported position.																																																																													
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16.	Table 6 and 7 show capital expenditure by portfolio and the use of resources to finance the programme up to and including 2023/24, including amendments that are being requested as part of this report.																																																																													
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<u>Table 7 – Use of Resources</u>						
	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£M	£M	£M	£M	£M	£M
*CR - GF Borrowing	(15.63)	(20.30)	(11.71)	(41.14)	0.00	(88.78)
*CR - HRA Borrowing	(13.40)	(11.34)	(9.03)	(7.92)	(0.23)	(41.93)
Capital Receipts	(12.63)	(10.42)	(4.64)	(4.74)	0.00	(32.43)
Direct Revenue Financing	(14.25)	(7.43)	(7.84)	(8.18)	(0.05)	(37.74)
Capital Grants	(37.65)	(32.22)	(2.50)	(0.27)	0.00	(72.63)
Contributions	(7.42)	(4.35)	(0.05)	0.00	0.00	(11.82)
HRA – MRA	(19.97)	(20.54)	(21.04)	(21.53)	0.00	(83.07)
Total Financing	(120.94)	(106.59)	(56.81)	(83.77)	(0.28)	(368.40)
*CR – Council Resources						
17.	Table 7 demonstrates that the most significant amount for funding for the General Fund programme is provided by Council Resources, which at present, will be mainly through borrowing. Borrowing costs are in the main met within a central provision. The HRA programme is primarily funded by Major Repairs Allowance (direct revenue contribution).					
RESOURCE IMPLICATIONS						
<u>Capital/Revenue</u>						
18.	This report principally deals with capital and the implications are set out in the main body of the report. However, the revenue implications arising from borrowing to support the capital programme are considered as part of the General Fund revenue budget. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.					
<u>Property/Other</u>						
19.	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						
<u>Statutory power to undertake proposals in the report:</u>						
20.	Financial reporting is consistent with the Chief Financial Officer’s duty to ensure good financial administration within the Council. The Capital Programme update is prepared in accordance with the Local Government Acts 1972 – 2003.					
<u>Other Legal Implications:</u>						
21.	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.					
RISK MANAGEMENT IMPLICATIONS						
22.	None.					
POLICY FRAMEWORK IMPLICATIONS						

1.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.	
KEY DECISION?	Yes/No	
WARDS/COMMUNITIES AFFECTED:	NONE	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	GF & HRA Programme Changes Since Quarter 1 Position.	
2.	GF & HRA Forecast Variances as at September 2019.	
3.	GF & HRA Slippage & Rephasing as at September 2019.	
4.	GF & HRA Proposed Changes for Approval	
Documents In Members' Rooms		
1.		
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Sa Impact Assessments (ESIA) to be carried out.		Yes/No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/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)	