

<b>DECISION-MAKER:</b>	CABINET COUNCIL		
<b>SUBJECT:</b>	THE GENERAL FUND & HOUSING REVENUE ACCOUNT CAPITAL STRATEGY & PROGRAMME 2017/18 TO 2021/22		
<b>DATE OF DECISION:</b>	13 FEBRUARY 2018 21 FEBRUARY 2018		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
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#### **STATEMENT OF CONFIDENTIALITY**

NOT APPLICABLE

#### **BRIEF SUMMARY**

The purpose of this report is to update the Capital Strategy and to inform Council of any major changes in the overall General Fund and HRA Capital Programme for the period of 2017/18 to 2021/22, highlighting the changes in the programme since the last reported position to Cabinet in November 2017.

The net result of the changes since the previous report is that the current overall programme has increased by £86.27M, £52.26M within the General Fund programme and £34.01M within the HRA programme.

#### **RECOMMENDATIONS:**

**It is recommended that Cabinet:**

	(i)	Notes the revised General Fund Capital Programme, which totals £194.43M (as detailed in paragraph 77) and the associated use of resources.
	(ii)	Notes the revised Housing Revenue Account (HRA) Capital Programme, which totals £216.89M (as detailed in paragraph 77) and the associated use of resources.
	(iii)	Notes that £1.21M has been added to the programme, with approval to spend, either under delegated powers or by Cabinet subject to the relevant financial limits. These additions are detailed in paragraph 7 and Appendix 1.
	(iv)	Notes the addition of £0.25M to the Communities, Culture & Leisure programme and the request for approval to spend £0.25M as detailed in paragraphs 9 - 10 and Appendix 1.
	(v)	Notes the addition of £67.45M to the Education & Children's Social Care programme and the request for approval to spend

		£67.45M as detailed in paragraph 11 and Appendix 1.
	(vi)	Notes the virement of £1.53M within the Education & Childrens Social Care programme as detailed in paragraph 11 and Appendix 1.
	(vii)	Notes the addition of £0.16M to the E&T – City Services programme and the request for approval to spend £0.16M as detailed in paragraph 12 and Appendix 1.
	(viii)	Notes the addition of £1.20M to the Finance programme and the request for approval to spend £1.20M as detailed in paragraph 13 and Appendix 1.
	(ix)	Notes the reduction of £1.50M to the Housing & Adult Social Care programme as detailed in paragraph 14 and Appendix 1.
	(x)	Notes the addition of £0.09M to the Leaders programme and the request for approval to spend £0.09M as detailed in paragraph 15 and Appendix 1.
	(xi)	Notes the virement of £7.13M within the Leaders programme as detailed in paragraph 16 and Appendix 1.
	(xii)	Notes the reduction of £20.10M to the Leaders programme as detailed in paragraphs 17 – 18 and Appendix 1.
	(xiii)	Notes the addition of £11.97M to the Transport – E&T programme and the request for approval to spend £11.97M as detailed in paragraphs 19 - 21 and Appendix 1.
	(xiv)	Notes the addition of £34.01M to the HRA programme and the request for approval to spend £34.01M as detailed in paragraphs 22 - 26 and Appendix 1.
	(xv)	Notes the slippage and re-phasing as set out in paragraph 27 – 70 and as detailed in Appendix 2.
	(xvi)	Notes that the capital programme remains fully funded up to 2021/22 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.
	(xvii)	Note that a review of the Council's capital strategy has been undertaken as detailed in Appendix 4.

**It is recommended that Council:**

	(i)	Approve the revised General Fund Capital Programme, which totals £194.43M (as detailed in paragraph 77) and the associated use of resources.
	(ii)	Approve the revised HRA Capital Programme, which totals £216.89M (as detailed in paragraph 77) and the associated use of resources.
	(iii)	Note that £1.21M has been added to the programme, with approval to spend, either under delegated powers or by Cabinet

		subject to the relevant financial limits. These additions are detailed in paragraph 7 and Appendix 1.
	(iv)	Approve the addition of £0.25M to the Communities, Culture & Leisure programme and the request for approval to spend £0.25M as detailed in paragraph 10 and Appendix 1.
	(v)	Approve the addition of £67.45M to the Education & Childrens Social Care programme and the request for approval to spend £67.45M as detailed in paragraph 11 and Appendix 1.
	(vi)	Approve the reduction of £1.53M to the Education & Childrens Social Care programme as detailed in paragraph 11 and Appendix 1.
	(vii)	Approve the addition of £0.16M to the E&T – City Services programme and the request for approval to spend £0.16M as detailed in paragraph 12 and Appendix 1.
	(viii)	Approve the addition of £1.20M to the Finance programme and the request for approval to spend £1.20M as detailed in paragraph 13 and Appendix 1.
	(ix)	Approve the reduction of £1.50M to the Housing & Adult Social Care programme as detailed in paragraph 14 and Appendix 1.
	(x)	Notes the addition of £0.09M to the Leaders programme and the request for approval to spend £0.09M as detailed in paragraph 15 and Appendix 1.
	(xi)	Approve the virement of £7.13M within the Leaders programme as detailed in paragraph 16 and Appendix 1.
	(xii)	Approve the reduction of £20.10M to the Leaders programme as detailed in paragraphs 17 – 18 and Appendix 1.
	(xiii)	Approve the addition of £11.97M to the Transport – E&T programme and the request for approval to spend £11.97M as detailed in paragraphs 19 - 21 and Appendix 1.
	(xiv)	Approve the addition of £34.01M to the HRA programme and the request for approval to spend £34.01M as detailed in paragraphs 22 - 26 and Appendix 1.
	(xv)	Approve the slippage and re-phasing as set out in paragraph 27 – 70 and as detailed in Appendix 2.
	(xvi)	Notes that the capital programme remains fully funded up to 2021/22 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.
	(xvii)	Approve the Capital Strategy as detailed in Appendix 4.

**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 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.
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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 in November 2017. 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.
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**THE FORWARD CAPITAL PROGRAMME**

4.	Table 1 shows a comparison of the latest capital expenditure for the period 2017/18 to 2021/22 compared to the previously reported programme.
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<u>Table 1 – Programme Comparison</u>						
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Latest Programme	93.36	121.90	65.13	67.44	63.49	411.32
Previous Programme	162.27	78.87	39.69	44.22	0.00	325.05
<b>Variance</b>	<b>(68.91)</b>	<b>43.03</b>	<b>25.44</b>	<b>23.22</b>	<b>63.49</b>	<b>86.27</b>

5.	The overall increase in the programme of £86.27M includes a decrease of £37.20M primarily due to budget allocations to alternative projects within the programme, which is offset by an increase of £123.47M relating to additions to the programme either approved under delegated powers, by Cabinet or requested within this report as detailed in appendix 1.
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6.	Table 2 below shows that the Capital Programme has increased by £86.27M, £52.26M within the General Fund and £34.01M in the HRA. Appendix 1 provides details of each variation by portfolios.
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## CHANGES TO THE OVERALL PROGRAMME

Table 2 – Changes in Portfolio Programmes

	Latest Programme £M	Previous Programme £M	Total Change £M
Communities, Culture & Leisure	2.56	2.19	0.37
Education & Children's Social Care	99.79	33.69	66.10
E&T - City Services	5.43	5.15	0.28
Finance	7.21	6.01	1.20
Health & Community Safety	1.35	1.33	0.02
Housing & Adult Care	2.72	4.12	(1.40)
Leaders	15.98	42.93	(26.95)
Sustainability	4.22	4.22	0.00
Transport - E&T	55.17	42.53	12.64
<b>General Fund Programme</b>	<b>194.43</b>	<b>142.17</b>	<b>52.26</b>
<b>HRA Programme</b>	<b>216.89</b>	<b>182.88</b>	<b>34.01</b>
<b>Total Capital Programme</b>	<b>411.32</b>	<b>325.05</b>	<b>86.27</b>

7. Appendix 1 summarises the changes by individual portfolio programmes to new schemes and changes to existing schemes, both where approval has been previously given by Council, Cabinet or made under delegated authority to amend the programme since the last reported position in November 2017 and where approval is sought as part of this report. The changes, where approval has already been given total £1.21M.

The proposed programme includes the following net additions, totalling £85.06M, which require approval as part of this report. Approval is being sought where the overall scheme value is greater than the Delegated Decision Notice approval limit, as set out in the Financial Procedure Rules (FPR). These are summarised in Appendix 1.

8. The capital strategy, attached as appendix 4, provides further details of how the proposed capital spend supports the Outcomes and priorities of the Council. The following table summarises the items of major spend by Outcome.

**Table 3 – Major Schemes by Outcome**

<b>Outcome</b>	<b>Major Project</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
		<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Children and young people getting a good start in life;	Primary Review & Expansion	2.18	1.74	0.10	0.00	0.00
	School Maintenance	2.94	4.27	0.00	0.00	0.00
	Secondary Review & Expansion	2.80	8.99	15.71	20.74	29.48
	Early Years Expansion	0.42	1.01	0.00	0.00	0.00
	Springwell Expansion	3.80	5.48	0.00	0.00	0.00
	Play Area Improvements	1.07	0.25	0.00	0.00	0.00
	Other	0.13	0.08	0.00	0.00	0.00
Southampton is a city with strong, sustainable economic growth.	Bridges Programme	0.34	1.50	0.00	0.00	0.00
	Property Investment Fund	1.38	7.13	0.00	0.00	0.00
	Affordable Housing	0.93	0.00	0.00	0.00	0.00
	Integrated Transport	4.71	8.76	4.58	2.16	0.00
	Purchase of Vehicles	1.08	0.09	0.10	0.00	0.00
	Other	0.78	0.79	0.07	0.05	0.00
People in Southampton lead safe, healthy independent lives	Disabled Facilities Grant	2.48	1.08	0.00	0.00	0.00
	Health & Adult Social Care	1.33	0.50	0.50	0.50	0.00
	Hampshire Community Bank	1.03	0.00	0.00	0.00	0.00
	Estate Regeneration	5.51	18.56	11.55	4.34	4.13
	Modern Facilities	4.52	5.72	6.80	20.38	11.70
	Safe Wind/Weather Tight	19.68	14.48	13.31	12.35	12.62
	Warm & Energy Efficient	10.54	9.19	6.11	4.20	3.44
	Communal Facilities	4.67	5.18	3.38	2.42	2.12
	Anti-Terrorism Measures	0.75	0.00	0.00	0.00	0.00
	Other	0.71	0.00	0.00	0.00	0.00
A modern attractive city where people are proud to live and work.	Roads Programme	10.61	11.39	0.00	0.00	0.00
	Millbrook Roundabout	0.31	7.19	0.00	0.00	0.00
	Arts & Heritage	0.16	1.42	0.00	0.00	0.00
	AWC	0.23	0.00	2.65	0.00	0.00
	QE2 Mile	0.00	0.96	0.00	0.00	0.00
	Watermark West Quay	0.07	0.45	0.00	0.00	0.00
	Studio 144	3.49	0.00	0.00	0.00	0.00
	Minor Park Development Works	0.72	0.00	0.00	0.00	0.00
	Outdoor Sports Centre Improvements	0.03	0.50	0.00	0.00	0.00
	Other	1.45	0.99	0.00	0.00	0.00
Modern sustainable Council	Resources	0.15	2.17	0.27	0.30	0.00
	Digital & IT	2.28	2.03	0.00	0.00	0.00
	Other	0.08	0.00	0.00	0.00	0.00
	<b>TOTAL</b>	<b>93.36</b>	<b>121.90</b>	<b>65.13</b>	<b>67.44</b>	<b>63.49</b>

	<b><u>Communities, Culture &amp; Leisure</u></b>
9.	<p><u>Outdoor Sports Centre (Addition of £0.05M in 2017/18)</u></p> <p>A grant has been awarded by the Park Life Programme for 60% funding towards the cost of development designs to install an all-weather football pitch at the Sports Centre. The scheme already includes funding for the remainder of this cost. Approval is sought for the addition of £0.05M to the Communities, Culture &amp; Leisure Programme and for approval to spend this sum in 2017/18, to be funded by grant monies. (see paragraph 30)</p>
10.	<p><u>Ancient Scheduled Monuments (Addition of £0.20M in 2018/19)</u></p> <p>A number of Ancient Scheduled Monuments (ASM) currently require investment. Works will be undertaken on the 'Walk the City Walls' experience, ahead of the Mayflower 400<sup>th</sup> anniversary. In order to carry out the conservation across the city, approval is sought for the addition of £0.20M to the Communities, Culture &amp; Leisure Programme and for approval to spend this sum in 2018/19, to be funded by Direct Revenue Financing (DRF).</p>

	<b><u>Education &amp; Childrens Social Care</u></b>
11.	<p><u>Secondary Schools Expansion Programme (Addition of £67.45M)</u></p> <p>Southampton, like many other LAs, is currently facing an increase in the number of secondary age pupils it will have to accommodate in its schools, peaking around 2023/24. In order to achieve this a substantial secondary school expansion programme will be required. Plans are currently been finalised and will require further consultation, for which a separate paper will be presented to Cabinet/Council as appropriate. Approval is sought for the addition £67.45M to the Education &amp; Children's Social Care Programme, phased £2.81M in 2018/19, £14.63M in 2019/20, £20.53M in 2020/21 and £29.48M in 2021/22, and for approval to spend this sum, to be funded by £20.92M grant monies and £46.53M council resources (which includes a virement of £1.53M from the schools programme).</p>
	<b><u>E&amp;T - City Services</u></b>
12.	<p><u>Mechanical Sweeper (Addition of £0.16M in 2018/19)</u></p> <p>To support additional street cleaners within the City Centre, an additional mechanical sweeper is required. Approval is sought for an additional £0.16M to the Environment &amp; Transport – City Services Programme and for approval to spend this sum in 2018/19. The sweeper will be funded by Direct Revenue Financing (DRF).</p>
	<b><u>Finance</u></b>
13.	<p><u>Civic Centre Upgrade (Addition of £1.20M in 2018/19)</u></p> <p>In order to gain maximum efficiency from recent restructures, an environment that facilitates flexible working is required. This project will allow the creation of a working environment that will facilitate efficient working practices, and improve retention of staff. Approval is sought for the addition of £1.20M to the Finance Programme and for approval to spend this sum in 2018/19, to be funded from reserves specifically held for that purpose.</p>

	<b><u>Housing &amp; Adult Care</u></b>
14.	<p><u>Holcroft House (Reduction of £1.50M in 2017/18)</u></p> <p>Following a detailed review this project is no longer a viable option due to time limited funding constraints. Alternative options are currently being examined in which the associated Integrated Better Care Fund funding can be used, with further approval to be obtained once confirmed.</p> <p>Approval is sought for the reduction £1.50M from the Housing &amp; Adult Care Programme in 2017/18, which was to be funded by grant monies.</p>
	<b><u>Leaders</u></b>
15.	<p><u>Water Fountains (Addition of £0.09M in 2018/19)</u></p> <p>In support of the recent initiative to reduce plastic waste, by providing refill stations, a number of water fountains are planned to be installed across the City. Approval is sought for the addition £0.09M to the Leaders Programme and for approval to spend this sum in 2018/19, to be funded by Community Infrastructure Levy contributions.</p>
16.	<p><u>Car Park Acquisition (Virement of £7.13M from 2017/18 to 2018/19)</u></p> <p>An opportunity has arisen to acquire of a strategic site linked to the Central Business District Project. Approval is sought for the addition £7.13M to the Leaders Programme and for approval to spend this sum in 2018/19, to be funded by a virement of council resources from the Property Investment Fund project, reducing this project in 2017/18. This acquisition will generate income initially to offset revenue costs.</p>
17.	<p><u>Property Investment Fund (Reduction of £35.00M in 2017/18)</u></p> <p>Due to market conditions early in 2017/18, there was a lack of suitable opportunities to invest in property. In line with the Property Investment Fund (PIF) strategy, an investment was therefore made into a managed property fund, CCLA Investment Management Ltd.</p> <p>Therefore the £20m funds are not available for direct property investment. Approval is sought for the reduction of £20.00M, funded by council resources, to the Leaders programme in 2017/18.</p> <p>In addition, as detailed in paragraphs 16 and 19, virements totalling £15.13M have been identified to support other capital schemes.</p>
18.	<p><u>Station Quarter Southside (Reduction of £0.10M in 2018/19)</u></p> <p>This project has not yet commenced and has been reviewed. The review proposes that the project is not progressed in isolation, but should be incorporated into future plans for a Central Business District. Therefore approval is sought for the reduction of £0.10M, funded by council resources, to the Leaders programme in 2018/19.</p>
	<b><u>Transport – E&amp;T</u></b>
19.	<p><u>Additional Roads Programme (Addition of £8.00M in 2018/19)</u></p> <p>An additional programme of works is planned to address roads that currently have a concrete surface, by replacing the existing surfaces with a more durable coverage. Approval is sought for an addition of £8.00M to the Transport – E&amp;T Programme and for approval to spend this sum in 2018/19. It will be funded by a £6.94M virement of council resources from the Property Investment Fund project, and £1.06M through S106 contributions. Revenue</p>



	implications associated with this project have been reflected in the MTFS.
20.	<p><u>Thomas Lewis / Stoneham Lane (Addition of £1.28M in 2018/19 and £2.44M in 2019/20)</u></p> <p>Improvements through widening local junctions and installing new traffic signals will ease congestion and improve journey times, as well as improving air quality in support of the Clean Air Zone. The creation of new cycle ways and pedestrian points will improve safety. Approval is sought for the addition of £3.72M to the Transport – E&amp;T Programme and for approval to spend this sum, phased £1.28M in 2018/19 and £2.44M in 2019/20, to be funded by grant monies.</p>
21.	<p><u>Anti-terrorist Measures (Addition of £0.25M in 2017/18)</u></p> <p>The scope of the project has been expanded to include the installation of bollards at Guildhall Square. Approval is sought for the addition £0.25M to the Transport – E&amp;T Programme and for approval to spend this sum in 2017/18, to be funded by the On Street Reserve (DRF).</p>
	<b><u>HRA</u></b>
22.	<p><u>Estate Regeneration and New Build (Addition of £4.13M in 2021/22)</u></p> <p>In line with the HRA 30 year business plan an additional £4.13M is needed for Estate Regeneration and New Build in 2021/22. Approval is sought for the addition £4.13M to the HRA Programme and for approval to spend this sum in 2021/22, to be fully funded by the Major Repairs Allowance (MRA).</p>
23.	<p><u>Safe Wind &amp; Weather Tight (Addition of £12.62M in 2021/22)</u></p> <p>In line with the HRA 30 year business plan an additional £12.62M is needed for Safe Wind &amp; Weather Tight in 2021/22. Approval is sought for the addition £12.62M to the HRA Programme and for approval to spend this sum in 2021/22, to be fully funded by MRA.</p>
24.	<p><u>Modern Facilities (Addition of £11.70M in 2021/22)</u></p> <p>In line with the HRA 30 year business plan an additional £11.70M is needed for Modern Facilities in 2021/22. Approval is sought for the additional £11.70M to the HRA Programme and for approval to spend this sum in 2021/22, to be funded by £6.01M MRA and £5.69M Direct Revenue Financing (DRF).</p>
25.	<p><u>Well Maintained Communal Facilities (Addition of £2.12M in 2021/22)</u></p> <p>In line with the HRA 30 year business plan an additional £2.12M is needed for Well Maintained Communal Facilities in 2021/22. Approval is sought for the additional £2.12M to the HRA Programme and for approval to spend this sum in 2021/22, to be fully funded by DRF.</p>
26.	<p><u>Warm &amp; Energy Efficient (Addition of £3.44M in 2021/22)</u></p> <p>In line with the HRA 30 year business plan an additional £3.44M is needed for Warm &amp; Energy Efficient in 2021/22. Approval is sought for the additional £3.44M to the HRA Programme and for approval to spend this sum in 2021/22, to be fully funded by Direct Revenue Financing (DRF).</p>
	<b>SLIPPAGE AND REPHASING</b>

27.	The proposed programme identifies £34.30M of net slippage and rephasing from 2017/18 into future years as summarised in Table 4 below and detailed by scheme in Appendix 2. The reason for the major items of slippage and rephasing are detailed below.																		
	<p><u>Table 4 – Slippage and Rephasing by Portfolio</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;"><b>(Slippage)/ Rephasing £M</b></th> </tr> </thead> <tbody> <tr> <td>Communities, Culture &amp; Leisure</td> <td style="text-align: right;">(0.55)</td> </tr> <tr> <td>Education &amp; Childrens Social Care</td> <td style="text-align: right;">(9.23)</td> </tr> <tr> <td>Finance</td> <td style="text-align: right;">(2.14)</td> </tr> <tr> <td>Leaders</td> <td style="text-align: right;">(0.42)</td> </tr> <tr> <td>Transport - E&amp;T</td> <td style="text-align: right;">(6.82)</td> </tr> <tr> <td><b>Total General Fund</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>(19.16)</b></td> </tr> <tr> <td><b>Total HRA</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>(15.14)</b></td> </tr> <tr> <td><b>Total Slippage/Rephasing</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;"><b>(34.30)</b></td> </tr> </tbody> </table>		<b>(Slippage)/ Rephasing £M</b>	Communities, Culture & Leisure	(0.55)	Education & Childrens Social Care	(9.23)	Finance	(2.14)	Leaders	(0.42)	Transport - E&T	(6.82)	<b>Total General Fund</b>	<b>(19.16)</b>	<b>Total HRA</b>	<b>(15.14)</b>	<b>Total Slippage/Rephasing</b>	<b>(34.30)</b>
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28.	<p><u>Tudor House Museum (Slippage of £0.03M from 2017/18 to 2018/19)</u> An Archaeology report is required as part of the planning conditions attached to this project. It is anticipated that this report will be compiled in the 2018/19 financial year.</p>																		
29.	<p><u>Water Ingress Project at Westgate and Tudor House (Slippage of £0.02M from 2017/18 to 2018/19)</u> Delays have arisen whilst specialists and specific materials required for a Grade 1 listed building are sourced.</p>																		
30.	<p><u>Outdoor Sports Centre Improvements (Slippage of £0.50M from 2017/18 to 2018/19)</u> Development designs are being produced and will be completed in the current financial year. The project has been on hold whilst additional funding options have been explored. It is now moving forward following a successful grant award. Improvements works will commence in 2018/19. (see paragraph 9)</p>																		
	<b><u>Education &amp; Childrens Social Care</u></b>																		
31.	<p><u>Springwell School Main Expansion (Slippage of £4.31M for 2017/18 to 2018/19)</u> Due to variations in sequence of works, Phase 1 works on site was delayed in agreement with the school for noise and disturbance to pupils. Phase 1 has now been completed. The Phase 2 planning application has been submitted and design is progressing but there will a slippage into 2018/19.</p>																		
32.	<p><u>R&amp;M Programme for School (Slippage of £3.42M for 2017/18 to 2018/19)</u> An estimation of £3.42M is set to be the cost for the delivery and resource of the programme. In comparison to previous years, this is a significant increase. Design capacity has restricted the number of projects able to be</p>																		

	planned and delivered within the summer holiday period to avoid disruption to the school during term time.
33.	<u>Solar PV Resources Project (Slippage of £0.10M for 2017/18 to 2018/19)</u> Retention monies for the scheme will be released in 2018/19.
34.	<u>Bitterne Park Autism Resource Base (Slippage of £0.15M for 2017/18 to 2018/19)</u> The project is being developed and is forecast to go ahead in 2018/19.
35.	<u>School Access Initiative (Slippage of £0.28M for 2017/18 to 2018/19)</u> The budget meets the demand for suitable alterations and access improvements to school buildings to facilitate mobility needs of a pupils that has been offered places at schools. The requirement for this general provision is being reviewed.
36.	<u>Asbestos (Slippage of £0.45M for 2017/18 to 2018/19)</u> This is a general allocation set aside to deal with asbestos risk. As a result of contractual underspends, a review of this and the access budget will be undertaken in the capital review. Until then profiling is being proposed.
37.	<u>Early Years Expansion (Slippage of £0.41M for 2017/18 to 2018/19)</u> Delays due to the late notification of the Early Years entitlement of 30 hours allocation changes and the TUPE transfer of property staff from Capita have led to a delay in two of the projects resulting in slippage into 2018/19. All other projects will be delivered as planned.
	<b><u>Finance</u></b>
38.	<u>Desktop Refresh Programme (Slippage of £0.11M from 2017/18 to 2018/19)</u> Current year spend is on hold pending completion of the desktop estate and volumes review which could impact the phasing and cost of the refresh programme. The refresh programme will recommence once future plans for the desktop estate are agreed, to include the management of any future pressure from potential price increases.
39.	<u>Digital Investment Phase 2 (Slippage of £2.03M from 2017/18 to 2018/19)</u> Having delivered the first wave of digital transformation the council is now looking to reprioritise its capital investment on broader organisational wide initiatives with a focus on deeper integration of systems and applications that will significantly increase efficiency, e.g. further investment in an holistic Enterprise Resource Planning Platform (ERP) solution, a refocus of customer relationship platforms and applications and a rationalisation of infrastructure, data storage and software applications. Slippage is therefore anticipated pending completion of the reprioritisation and planning process. The current year forecast reflects pending spend on an ERP solution, the update on which was the subject of a report to Cabinet on 19th Dec 2017.
	<b><u>Leaders</u></b>
40.	<u>West Quay Phase 3 WWQ – (Slippage of £0.10M from 2017/18 to 2018/19)</u> Phase 1 of West Quay 3 construction work is now complete and costs

	expected to be incurred in 2017/18 are in respect of dealing with the final account and progression of phase 2. The remaining budget will be slipped into 2018/19 to progress phase 2.
41.	<u>QE2 Mile Bargate Square – (Slippage of £0.10M from 2017/18 to 2018/19)</u> No further spend on this project is expected this year as this project will be delivered in line with the shopping centre development in 2019. The remaining budget will be slipped into 2018/19.
42.	<u>Town Depot – (Slippage of £0.06M from 2017/18 to 2018/19)</u> The development at Chapel Riverside will require costs to be incurred in 2017/18 to progress the scheme and agree the grant of the building lease to the developer. The remaining budget will be slipped into 2018/19.
43.	<u>Royal Pier – (Slippage of £0.10M from 2017/18 to 2018/19)</u> The development proposals for this site are complex and are taking longer to resolve than originally anticipated, requiring the current year budget to be slipped to 2018/19.
44.	<u>Mayflower Park Spitfire Memorial – (Slippage of £0.01M from 2017/18 to 2018/19)</u> Due to the delay in the Royal Pier development proposals, the budget will be slipped to 2018/19.
45.	<u>West Quay Phase 3 Site B – (Slippage of £0.05M from 2017/18 to 2018/19)</u> The development is proceeding and enabling works have commenced. However work on this scheme will extend into 2018/19 therefore slippage is required into 2018/19.
	<b><u>Transport – E&amp;T</u></b>
46.	<u>Bassett Avenue Road Improvement (Rephase £1.00M from 2018/19 to 2017/18)</u> £1.00M of the Bassett Avenue Road Improvement Scheme has been brought forward from 2018/19 to 2017/18. Resources were available to progress this scheme ahead of schedule.
47.	<u>Millbrook Roundabout (Slippage of £3.45M from 2017/18 to 2018/19)</u> This is due to the delay in programme delivery of adjacent major works. The Millbrook Roundabout scheme is likely to start in September 2018, following completion of the Redbridge Roundabout Scheme, which is due to commence in March 2018. It is not feasible to work on 2 major roundabouts at the same time.
48.	<u>Bitterne Park Triangle (Slippage of £0.09M from 2017/18 to 2018/19)</u> Works at Bitterne Park Triangle will now be linked with a project for St Denys Corridor and the delivery date for both projects has slipped to 2018/19.
49.	<u>Bus Corridor Minor Works (Slippage of £0.35M from 2017/18 to 2018/19)</u> Bus Corridor Minor Works funding comes from various S.106 contributions from adjoining developments. The amounts received do not cover the costs of construction, and in reality construction of these schemes can only occur when there are adjoining works. As such, the budget is required to be slipped into 2018/19 to await adjoining projects to be carried out.
50.	<u>Cycling (Slippage of £0.35M from 2017/18 to 2018/19)</u>

	<p>Many of the proposed routes will be required as diversion routes for Millbrook Roundabout project in September 2018. Therefore, to minimise disruption, these have been put on hold until 2018/19.</p>
51.	<p><u>Electric Vehicle Action Plan (Slippage of £1.08M from 2017/18 to 2018/19)</u>  The Electric Vehicle Action Plan has been slipped due to complications with the Hampshire County Council framework used to procure services. This has now been addressed and delivery of the project is scheduled for 2018/19.</p>
52.	<p><u>Improved Safety – Engineering (Slippage of £0.15M from 2017/18 to 2018/19)</u>  Awaiting further design work to be carried out meaning that the delivery of the project is likely to be delayed.</p>
53.	<p><u>Intelligent Transport System (Slippage of £0.39M from 2017/18 to 2018/19)</u>  Redbridge Village Traffic Management has been slipped to 2018/19 following discussions with the Redbridge Residents Association and The Leader, where the suggestion to consult on proposals to mitigate the impact of a development will occur in 2018/19. A study for St Denys corridor has now been combined with the Bitterne Park Triangle scheme to increase economies of scale.</p>
54.	<p><u>Northern Cycle Route: Ave East Lodge Rd – Dorset St (Slippage of £0.08M from 2017/18 to 2018/19)</u>  This project has been delayed due to complications with planning approval. The route will impact on Common Land, thus requiring substantial ecological consultation which was not anticipated at the time of project creation</p>
55.	<p><u>Platform for Prosperity (Slippage of £0.11M from 2017/18 to 2018/19)</u>  The residual retention costs are expected to be paid in 2018/19.</p>
56.	<p><u>School &amp; Workplace Travel Plan Measures (Slippage of £0.05M from 2017/18 to 2018/19)</u>  School Travel Plan – The match funding from the Department for Transport in respect of this project was secured later than anticipated, which led to a delay in scheme delivery. The project is now progressing.  Workplace Travel Plan – A delay in recruitment required to deliver the project resulted in a delay in identifying suitable schemes to implement. The position is now in place and works have commenced. Delivery will continue into 2018/19.</p>
57.	<p><u>Thomas Lewis Way/Stoneham Lane (Slippage of £0.73M from 2017/18 to 2018/19)</u>  Thomas Lewis Way/Stoneham Lane project has been delayed while grant funding for the project was secured. Although construction will commence in 2017/18, the project will continue into 2018/19.</p>
58.	<p><u>Travel to School (Slippage of £0.09M from 2017/18 to 2018/19)</u>  The Millbrook Travel Hub project is still awaiting a suitable location to be identified, and will also be delayed due to the adjoining works required on Millbrook Roundabout. A site will be found for implementation in 2018/19.</p>
59.	<p><u>Urban Freight Strategy - Delivery Service Plans (Slippage of £0.06M from 2017/18 to 2018/19)</u>  The original external partner for the Urban Freight Study project has been replaced, which caused a delay in delivering the new site selected for the</p>

	project.
60.	<u>WCR: Phase 2 – 2nd Ave (Slippage of £0.54M from 2017/18 to 2018/19)</u> Second Avenue has been delayed due to complications with a planning application lodged by an adjoining land owner. This issue needs to be resolved with a target date of construction in 2018/19.
61.	<u>Mobile Working (Slippage of £0.05M from 2017/18 to 2018/19)</u> Work is on hold, pending some urgent work in the planning policy partnership with Eastleigh Borough Council. The Masterplan needs to be completed before work can be carried out in 2018/19.
62.	<u>Footways (Slippage of £0.25M from 2017/18 to 2018/19)</u> Delays to works have been caused by difficulties sourcing the highly reflective lining materials required for cycle ways. Minor works on footways have been delayed due to insufficient feedback received to date via social media and the cycling community.
	<b><u>HRA</u></b>
63.	<u>Estate Regeneration - Woodside / Wimpson Scheme (Slippage of £8.29M from 2017/18 to 2019/20 and £2.64M from 2017/18 to 2020/21)</u> Tendering process completed in May 2017 but the agreed workflow projection from the supplier is for main works to commence in Quarter 4 and thus creating slippage in this scheme.
64.	<u>ECO Project (Slippage of £6.04M from 2017/18 to 2018/19)</u> ECO Project has been put on hold because British Gas have withdrawn from the contract. Awaiting a revaluation of options for this project.
65.	<u>Estate Regeneration City Wide Framework (Slippage of £0.10M from 2017/18 to 2018/19)</u> Work on Modular Housing has been postponed until 2018/19, due to supporting external funding from the Solent Local Enterprise Partnership being delayed. Resources have been prioritised on projects that have started.
66.	<u>Roads/Paths/Hard Standing (Slippage of £0.24M from 2017/18 to 2018/19)</u> This is due to delays arising from an ongoing dispute with the supplier over additional costs to provide design and cost information included as part of the agreed retainer.
67.	<u>Townhill Park Regeneration (Rephase £1.94M from 2018/19 to 2017/18)</u> Building work has started on Plot 1 sooner than anticipated so necessary to bring forward funds into 2017/18.
68.	<u>Supported Housing Area Programme (Slippage of £0.25M from 2017/18 to 2018/19)</u> Delay to this programme is due to re-designation of some SHAP schemes. The plan is to lower the qualifying age for Supported Housing.
69.	<u>Decent Neighbourhood: Cuckmere Lane (Rephase £0.70M from 2018/19 to 2017/18)</u> Drainage issues have been resolved so work was able to take place in

	2017/18.																														
70.	<p><u>Decent Neighbourhoods Schemes (Slippage of £0.22M from 2017/18 to 2018/19)</u></p> <p>Delays in the programme delivery have occurred as a result of lack of specific internal resources. A new landscape architect is due to be appointed, allowing works to progress as planned in 2018/19.</p>																														
	<b>CAPITAL RESOURCES</b>																														
71.	<p>The resources which can be used to fund the capital programme are as follows:</p> <ul style="list-style-type: none"> <li>• Council Resources - Borrowing</li> <li>• Council Resources - Capital Receipts from the sale of HRA assets</li> <li>• Council Resources - Capital Receipts from the sale of General Fund assets</li> <li>• Contributions from third parties</li> <li>• Central Government Grants and from other bodies</li> <li>• Revenue Financing</li> </ul>																														
72.	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 Sustainability Portfolio.																														
73.	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 2017/18 these grants have been passported to these areas.																														
	<p>Table 5 shows the current level of available resources.</p> <p><u>Table 5 – Available Capital Funding</u></p> <table border="1"> <thead> <tr> <th>Resource</th> <th>Balance B/Fwd £M</th> <th>Received to Date 2017/18 £M</th> <th>Allocated To Current Programme £M</th> <th>Available Funding £M</th> <th>Anticipated Receipts 2017/18 £M</th> </tr> </thead> <tbody> <tr> <td>Capital Receipts</td> <td>(13.54)</td> <td>0.00</td> <td>12.60</td> <td>(0.94)</td> <td>(4.16)</td> </tr> <tr> <td>CIL</td> <td>(5.84)</td> <td>(3.77)</td> <td>2.80</td> <td>(6.81)</td> <td>(2.23)</td> </tr> <tr> <td>S106</td> <td>(9.24)</td> <td>(1.85)</td> <td>6.13</td> <td>(4.96)</td> <td>(0.25)</td> </tr> <tr> <td></td> <td><b>(28.62)</b></td> <td><b>(5.62)</b></td> <td><b>21.53</b></td> <td><b>(12.71)</b></td> <td><b>(6.64)</b></td> </tr> </tbody> </table>	Resource	Balance B/Fwd £M	Received to Date 2017/18 £M	Allocated To Current Programme £M	Available Funding £M	Anticipated Receipts 2017/18 £M	Capital Receipts	(13.54)	0.00	12.60	(0.94)	(4.16)	CIL	(5.84)	(3.77)	2.80	(6.81)	(2.23)	S106	(9.24)	(1.85)	6.13	(4.96)	(0.25)		<b>(28.62)</b>	<b>(5.62)</b>	<b>21.53</b>	<b>(12.71)</b>	<b>(6.64)</b>
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74.	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.																														
75.	Funding for the capital programme has previously been heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area.																														
76.	Table 6 below shows the previous and current capital receipt assumptions,																														

together with the actual receipts received in year for the General Fund. There has been no movement since the last reported position.

**Table 6 – General Fund Capital Receipts Estimates**

	B/Fwd £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Latest Forecast	13.54	4.16	0.78	0.00	0.00	0.00	18.48
Previous Forecast	13.54	4.16	0.78	0.00	0.00	0.00	18.48
<b>Variance</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**OVERALL CAPITAL PROGRAMME**

77. Table 7 and 8 show capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme up to and including 2021/22. Appendix 3 provides details of each portfolios latest programme and the financing of that programme.

**Table 7 – Capital Expenditure by Programme**

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Communities, Culture & Leisure	0.61	1.95	0.00	0.00	0.00	2.56
Education & Childrens Social Care	12.19	21.57	15.81	20.74	29.48	99.79
E&T - City Services	2.37	0.41	2.65	0.00	0.00	5.43
Finance	2.44	4.20	0.27	0.30	0.00	7.21
Health & Community Safety	1.17	0.18	0.00	0.00	0.00	1.35
Housing & Adult Care	1.22	0.50	0.50	0.50	0.00	2.72
Leaders	6.74	9.24	0.00	0.00	0.00	15.98
Sustainability	3.14	1.08	0.00	0.00	0.00	4.22
Transport – E&T	18.56	29.65	4.75	2.21	0.00	55.17
<b>General Fund Programme</b>	<b>48.44</b>	<b>68.78</b>	<b>23.98</b>	<b>23.75</b>	<b>29.48</b>	<b>194.43</b>
<b>HRA Programme</b>	<b>44.92</b>	<b>53.12</b>	<b>41.15</b>	<b>43.69</b>	<b>34.01</b>	<b>216.89</b>
<b>Total Capital Programme</b>	<b>93.36</b>	<b>121.90</b>	<b>65.13</b>	<b>67.44</b>	<b>63.49</b>	<b>411.32</b>

**Table 8 – Use of Resources**

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
*CR - GF Borrowing	(14.51)	(29.71)	(4.37)	(17.79)	(29.48)	(95.86)
*CR - HRA Borrowing	(14.10)	(16.35)	(16.21)	(10.09)	(0.00)	(56.75)
Capital Receipts	(7.55)	(17.56)	(0.00)	(0.96)	(1.66)	(27.73)
Contributions	(5.26)	(5.95)	(0.00)	(0.00)	(0.00)	(11.21)
Capital Grants	(18.70)	(24.20)	(19.31)	(5.65)	(0.00)	(67.86)
Revenue Financing	(13.29)	(14.29)	(1.76)	(10.48)	(11.25)	(51.07)
HRA – MRA	(19.95)	(13.84)	(23.48)	(22.47)	(21.10)	(100.84)
<b>Total Financing</b>	<b>(93.36)</b>	<b>(121.90)</b>	<b>(65.13)</b>	<b>(67.44)</b>	<b>(63.49)</b>	<b>(411.32)</b>



	<i>*CR – Council Resources</i>
78.	Table 8 demonstrates that the most significant amount of 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 funding by MRA.
	<b>CAPITAL STRATEGY</b>
79.	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 review has therefore been undertaken to update the Capital Strategy for the period 2017/18 to 2021/22 and this is attached in Appendix 4.
80.	As part of the December 2017 update of the Prudential Code for Capital Finance in Local Authorities a requirement to produce a capital strategy has been introduced. The guidance outlines a number of key factors which they recommend be included in a capital strategy. Due to short timeframe between issuing the guidance and preparing a strategy to be approved before 31st March 2018, the Treasury and Capital Management Panel have issued a statement recognising that full implementation may not be possible until 2019/20. Southampton City Council already fulfil the requirement to produce a capital strategy, and have been doing so for a number of years. Additional information as required by the updated code will be assessed over the coming months and update as appropriate.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
81.	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.
<b><u>Property/Other</u></b>	
82.	There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
83.	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.
<b><u>Other Legal Implications:</u></b>	
84.	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.

<b>RISK MANAGEMENT IMPLICATIONS</b>	
85.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
86.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

<b>KEY DECISION?</b>	Yes/No	
<b>WARDS/COMMUNITIES AFFECTED:</b>	NONE	
<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	Variations Since the November 2017 Capital Update	
2.	Major Slippage & Rephasing	
3.	General Fund & HRA Capital Programme – Scheme Details	
5.	Capital strategy 2017/18 – 2021/22	
<b>Documents In Members' Rooms</b>		
1.		
2.		
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.		Yes/No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		