

DECISION-MAKER:	CABINET		
	CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JUNE 2019.		
DATE OF DECISION:	20 AUGUST 2019		
REPORT OF:	CABINET MEMBER FOR FINANCE & CUSTOMER EXPERIENCE		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
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 outturn position to Council in July 2019. The report also notes the major forecast variances against the approved estimates.			
RECOMMENDATIONS:			
It is recommended that Cabinet:			
	(i)	Notes the revised General Fund Capital Programme, which totals £158.72M as detailed in paragraph 6, tables 2 and 7, and the associated use of resources in table 8.	
	(ii)	Notes the revised HRA Capital Programme, which totals £159.96M as detailed in paragraph 6, tables 2 and 7 and the associated use of resources in table 8.	
	(iii)	Notes that the overall forecast position for 2019/20 at quarter 1 is £122.62M, resulting in a potential underspend of £0.85M, as detailed in table 4, with major variances highlighted in 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 £2.39M has been added to the programme with approval to spend, with relevant approvals. These additions are detailed in table 2, paragraph 6 and Appendix 1.	

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.

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. 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 outturn in July 2019 to full council. 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. An initial review has been taken of the current capital programme and indicates a significant rephrasing of programme from 2019/20 into later years. We will be reviewing this position once gain in the next quarter and will continue to closely monitor the progress of current projects on a monthly basis. The capital programme remains fully funded until 2023/24.
5. 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 £2.39M.

Table 1 – Programme Comparison

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£M	£M	£M	£M	£M	£M
Latest Programme	123.47	87.17	50.09	57.90	0.05	318.68
Previous Programme	132.33	76.34	50.00	57.62	0.00	316.29
Variance	-8.86	10.83	0.09	0.28	0.05	2.39

CHANGES TO THE OVERALL PROGRAMME					
6.	Table 2 shows the changes to the individual portfolio programmes. The updated programme for the General Fund is £158.72m, whilst for the HRA it is £159.96m. Details of these changes can be found in appendix 1.				
<u>Table 2 – Changes to Portfolio Programmes</u>					
		Latest Programme £M	Previous Programme £M	Total Change £M	App 1 Ref
Adult Care		1.14	1.14	0.00	-
Aspiration, Schools and Lifelong Learning		89.20	87.34	1.86	1-5
Clean Growth & Development		2.19	2.19	0.00	-
Community Wellbeing		9.88	9.88	0.00	-
Finance and Customer Experience		5.32	5.32	0.00	-
Homes and Culture		2.23	2.03	0.20	6
Transport and Public Realm		48.76	48.68	0.08	7-8
Total GF Capital Programme		158.72	156.68	2.14	
Total HRA Capital Programme		159.96	159.71	0.25	9
Total Capital Programme		318.68	316.29	2.39	
SLIPPAGE/REPHASING					
7.	A review has been undertaken of the capital programme to ensure that all projects are accurately profiled, so that budgets are suitably aligned to anticipated works and spend. Table 3 below summarises resulting slippage and rephasing by individual capital programmes, with £11M of agreed work in 2019/20 being put back to next year or later. There is zero net effect to the budgets over the 5 year capital programme. This will be kept under review.				
<u>Table 3 – Net Slippage/Rephasing By Portfolio</u>					
		2019/20 £M	2020/21 £M	2021/22 £M	2022/23 £M
Adult Care		(0.10)	0.10	0.00	0.00
Aspiration, Schools and Lifelong Learning		(4.52)	4.25	0.04	0.23
Clean Growth & Development		(1.23)	1.23	0.00	0.00
Community Wellbeing		(0.12)	0.12	0.00	0.00
Finance and Customer Experience		0.00	0.00	0.00	0.00
Homes and Culture		(1.39)	1.39	0.00	0.00
Transport and Public Realm		(3.64)	3.64	0.00	0.00
Total GF Capital Programme		(11.00)	10.73	0.04	0.23
Total HRA Capital Programme		0.00	0.00	0.00	0.00
Total Capital Programme		(11.00)	10.73	0.04	0.23

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	Forecast	Forecast Variance	Forecast Variance
	£M	£M	£M	%
Adult Care	0.54	0.29	(0.25)	(46.5%)
Aspiration, Schools and Lifelong Learning	25.63	25.61	(0.02)	(0.1%)
Clean Growth & Development	0.95	1.93	0.97	102.0%
Community Wellbeing	5.27	3.72	(1.55)	(29.4%)
Finance and Customer Experience	5.32	5.32	0.00	0.0%
Homes and Culture	0.85	0.85	0.00	0.0%
Transport and Public Realm	39.01	39.00	(0.01)	(0%)
General Fund Programme	77.56	76.71	(0.85)	(1.1%)
HRA Programme	45.91	45.91	0.00	0%
Total Capital Programme	123.47	122.62	(0.85)	(0.7%)
<u>Financed by</u>				
*CR - GF Borrowing	(16.14)	(16.85)	0.71	4.4%
*CR - HRA Borrowing	(11.96)	(11.96)	0.00	0.0%
Capital Receipts	(12.66)	(12.66)	0.00	0%
Direct Revenue Financing	(13.25)	(13.25)	0.00	0%
Capital Grants	(40.07)	(38.51)	(1.56)	(3.9%)
Contributions	(9.42)	(9.42)	(0.00)	(0%)
HRA – MRA	(19.97)	(19.97)	0.00	0%
Total Funding	(123.47)	(122.62)	(0.85)	(0.7%)
*CR – Council Resources				
9.	The programme is currently forecast to be underspent by £0.85M. 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 			

	<ul style="list-style-type: none"> • 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 within the Community Wellbeing Portfolio.																																
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>(0.00)</td> <td>10.46</td> <td>2.89</td> <td>(4.04)</td> </tr> <tr> <td>CIL</td> <td>(12.59)</td> <td>(0.00)</td> <td>3.92</td> <td>(8.67)</td> <td>(2.00)</td> </tr> <tr> <td>S106</td> <td>(8.87)</td> <td>(0.13)</td> <td>5.87</td> <td>(3.13)</td> <td>(1.20)</td> </tr> <tr> <td></td> <td>(29.03)</td> <td>(0.13)</td> <td>20.25</td> <td>(8.91)</td> <td>(7.24)</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)	(0.00)	10.46	2.89	(4.04)	CIL	(12.59)	(0.00)	3.92	(8.67)	(2.00)	S106	(8.87)	(0.13)	5.87	(3.13)	(1.20)		(29.03)	(0.13)	20.25	(8.91)	(7.24)		
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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.	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 variation since the last reported position. 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.																																
	<p><u>Table 6 – General Fund Capital Receipts Estimates</u></p> <table border="1"> <thead> <tr> <th></th> <th>B/Fwd £M</th> <th>2019/ 2020 £M</th> <th>2020/ 2021 £M</th> <th>2021/ 2022 £M</th> <th>2022/ 2023 £M</th> <th>2023/ 2024 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Latest Forecast</td> <td>7.57</td> <td>4.04</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>11.62</td> </tr> <tr> <td>Previous Forecast</td> <td>7.57</td> <td>4.04</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>11.62</td> </tr> <tr> <td>Variance</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table>		B/Fwd £M	2019/ 2020 £M	2020/ 2021 £M	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	Total £M	Latest Forecast	7.57	4.04	0.00	0.00	0.00	0.00	11.62	Previous Forecast	7.57	4.04	0.00	0.00	0.00	0.00	11.62	Variance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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16.	Table 7 and 8 show capital expenditure by portfolio and the use of resources to finance the programme up to and including 2023/24, including amendments that will be requested as part of the budget update.																																																																																																																																												
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17.	Table 8 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).
18.	Included within the overall capital programme are projects totalling approximately £60.00M which contribute towards SCC's Green City Charter. These projects are split across a number of portfolios and over the next 5 years it is anticipated that we will spend in the region of £36M improving HRA homes to be more energy efficient, £9M on reducing road congestion, £8M improving cycle ways, £3M investment in public transport and £4M on smaller projects including improving our green spaces and investing in electric vehicles.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
19.	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>	
20.	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>	
21.	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>	
22.	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	
23.	None.
POLICY FRAMEWORK IMPLICATIONS	
23.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	NONE
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	GF & HRA Programme Changes Since Outturn Position.
2.	GF & HRA Forecast Variances as at June 2019.

Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Social 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.	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)