

Southend-on-Sea Borough Council

Report of Strategic Director (Finance & Resources)

to

Cabinet

on

6 November 2018

**Agenda
Item No.**

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Capital Programme 2018/19 to 2021/22 – Mid Year Review

Policy and Resources Scrutiny Committee

Cabinet Member: Councillor John Lamb

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 The purpose of this report is to recommend in-year amendments to the approved Capital Programme for 2018/19 to 2021/22.

2. Recommendations

That the Cabinet recommend to Council that it;

- 2.1 Note the current approved Programme for 2018/19 to 2021/22 of £215.0m (Appendix 1);**
- 2.2 Approve the changes to the approved Programme (Appendix 2);**
- 2.3 Consider and approve the proposed new schemes and additions to the Capital Programme for 2018/19 to 2021/22 totalling £1.4m (Appendices 6 and 7);**
- 2.4 Note that the proposed new schemes and additions (Appendices 6 and 7) and other adjustments (Appendix 2) will result in a proposed capital programme of £213.6m for 2018/19 to 2021/22 (Appendix 8);**
- 2.5 Note that, of the total programme of £213.6m for the period 2018/19 to 2021/22, the level of external funding supporting this programme is £98.9m (paragraph 5.1);**
- 2.6 Note that a mid-year review has been undertaken on the 2018/19 projected outturn and that the results have been included in this report;**
- 2.7 Approve the revised Capital Programme for 2018/19 to 2021/22 that results from these changes (Appendix 8).**

3. Introduction and Background

3.1 In February 2018 the Council approved a Capital Programme for 2018/19 to 2021/22 totalling £210.957million.

3.2 The Capital Outturn report (June 2018) agreed a number of schemes where there were budget under-spends but financial commitments in 2018/19. In addition, due to the Council's improved ability to deliver capital schemes, some capital expenditure due in 2018/19 was delivered early in 2017/18. These revisions were agreed at the Cabinet meeting on 19 June 2018 resulting in a total programme for 2018/19 to 2021/22 of £214.971million.

3.3 Throughout the year changes to the approved capital programme are put forward to Cabinet for approval and also members review the latest spending position of the programme on a monthly basis. A mid-year review of the programme has also been carried out which included capital challenge sessions with each Deputy Chief Executive, led by the Leader and supported by the Strategic Director (Finance and Resources). This review was to re-align the budgets as necessary, to reflect the latest view on the delivery and funding timescales of the projects and to delete/amend schemes as necessary to assist with the financing of the overall programme.

3.4 This report sets out the in-year amendments to the approved Capital Programme for 2018/19 to 2021/22 with the following appendices:

- Appendix 1 – Approved Capital Programme June 2018
- Appendix 2 – Changes to Approved Capital Programme;
- Appendix 3 - Virements Between Approved Schemes;
- Appendix 4 - Re-profiles Between Years;
- Appendix 5 – New External Funding;
- Appendix 6 – Proposed New Schemes and Additions to the Capital Programme;
- Appendix 7 – Proposed New Schemes and Additions - descriptions
- Appendix 8 – Amended Capital Programme 2018/19 to 2021/22.

4 Capital Programme 2018/19 to 2021/22 - Movements

4.1 The Council's current agreed capital programme for 2018/19 to 2021/22 is attached as Appendix 1 and totals £215.0m.

4.2 In line with the revised approach to updates to the capital programme, new schemes and additions for urgent or service critical schemes will be added throughout the year as appropriate. The details of the new schemes and additions being put forward for inclusion at this Cabinet are set out in Appendices 6 and 7.

4.3 Movements and proposed new schemes and additions since the agreement of the revised programme at Cabinet in June 2018 have an overall effect of

decreasing the capital programme by £1.4m to £213.6m for the period 2018/19 to 2021/22 and are set out in Appendix 2, with more detail in Appendices 3 to 7.

5 Financing the capital programme

5.1 The revised Capital Programme for 2018/19 to 2021/22 as set out in Appendix 8 is financed as follows:

Type of funding:	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
External funding – capital grant	27.5	26.8	31.4	10.2	95.9
External funding – third party contributions	1.7	1.1	-	0.2	3.0
Capital Receipts	3.6	0.5	0.3	-	4.4
Major Repairs Reserve (Housing Revenue Account)	6.3	6.3	6.2	-	18.8
Earmarked reserves/ Revenue Contributions	2.4	4.7	-	-	7.1
Borrowing – Main Schemes ⁽¹⁾	17.4	21.6	15.1	14.3	68.4
Borrowing – Invest to Save ⁽¹⁾	1.6	12.0	2.4	-	16.0
Total	60.5	73.0	55.4	24.7	213.6

Note 1 - this relates to both internal and external borrowing

The estimated amounts of internal and external borrowing are shown in the table below:

Borrowing to fund capital schemes	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Internal borrowing	0	5.6	3.5	7.3	16.4
External borrowing	19.0	28.0	14.0	7.0	68.0
Total borrowing	19.0	33.6	17.5	14.3	84.4

The funding mix for the total programme could change depending on how much grant and external contributions are received by the Council by the end of the year.

5.2 New Schemes to be financed by new external funding are set out in appendix 5.

6 Summarised Changes (as set out in appendix 2)

6.1 On 22 February 2018 the Capital Programme for the Council was approved as follows:

2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/2022 Budget £000	Total Current Budget £000
92,984	74,949	39,074	3,950	210,957

6.2 On 19 June 2018 members approved further changes which subsequently changed the 2018/19 budget from £92.984million to £77.689million. These changes included the carry forward and accelerated delivery of previous year's programme of £4.211million. Also included were budget re-profiles and adjustments totalling £19.467million and new external funding of £0.287million and other adjustments of £0.326million.

6.3 On 19 June 2018 the Capital Programme for the Council was approved as follows:

2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
77,689	71,600	51,042	14,640	214,971

6.4 Following the capital challenge sessions in September further changes are now requested which will amend the capital budgets.

6.5 For 2018/19 this means the budget changing to £60.481million. The changes include the removal of budgets identified as no longer required totalling £0.664million and new budgets of £0.567million as set out in Appendix 7.

The changes to the programme also include the following:

6.6 Virement requests (as set out in appendix 3)

This is reported in appendix 3 and it is to ensure that budgets are properly aligned to schemes. There is no change to the overall budget and there are no adverse financial implications as a result of these virements.

6.8 Re-profile Request (as set out in appendix 4)

The funding profiles of a number of schemes have been revised in line with actual works. This is to ensure that the actual works undertaken or earmarked is aligned to spend profile of the budget. This will have the effect of carrying forward £18.546million from 2018/19 into 2019/20 and later years and an

accelerated spend of £0.263million into 2018/19 which will be financed from the 2019/20 programme. This does not alter the overall budget for the programme.

6.9 New Schemes Financed by new external funding (as set out in appendix 5)

There is new funding of £1.172million to support programmes in 2018/19 to 2021/22.

6.10 The impact on the programme of the capital challenge sessions and other amendment requests is as follows:

2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
60,481	73,013	55,360	24,728	213,582

7. Spending Plans

7.1 The Council's revised Capital Programme for 2018/19 to 2021/22 is attached as Appendix 8 which includes all of the adjustments set out in Appendix 2.

7.2 The proposed capital programme represents a significant investment of £214million on the part of the Council in the Southend area and the projected investment in 2018/19 alone amounts to some £60million.

8. Other Options

8.1 The proposed Capital Programme is made from a number of individual projects, any of which can be agreed or rejected independently of the other projects.

9. Reasons for Recommendations

9.1 To approve proposed changes to the Capital Programme since the last Cabinet meeting on 19 June 2018.

10. Corporate Implications

10.1 Contribution to Council's Vision & Corporate Priorities

The projects directly contribute to the delivery and achievement of the Councils Corporate Priorities.

10.2 Financial Implications

As set out in the report.

10.3 Legal Implications

None at this stage.

10.4 People Implications

None at this stage.

10.5 Property Implications

None at this stage.

10.6 Consultation

Consultation has taken place as agreed in the budget timetable.

10.7 Equalities and Diversity Implications

Assessments have been carried out for all capital investment proposals.

10.8 Risk Assessment

All capital projects are delivered using best practice project management tools as appropriate. This requires a full risk assessment and management review to be carried out. The programme includes an appropriate sum within each project to cover build risk and claims.

10.9 Value for Money

All projects are required to follow and adhere to procurement guidance issued by the Council. They must also comply with procedure rules for entering into and managing contracts with suppliers.

10.10 Community Safety Implications

Assessments have been carried out for all capital investment proposals where appropriate.

10.11 Environmental Impact

Assessments have been carried out for all capital investment proposals where appropriate.

11. Background Papers

None.

12. Appendices

Appendix 1 – Approved Capital Programme June 2018

Appendix 2 – Changes to Approved Capital Programme;

Appendix 3 - Virements Between Approved Schemes;

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