

Wards Affected:

All Wards

ITEM 15**CABINET****11 OCTOBER 2016****REVISIONS TO CAPITAL PROGRAMME AND SPEND APPROVALS**

Responsible Cabinet Member: Councillor Middleton, Cabinet member for Resources and Innovation

Report Sponsor: Tim Hannam, (Corporate Director Resources)
Tel: 01908 252756

Author and contact: Nicole Jones (Service Director Finance and Resources) Tel: 01908 252079

Executive Summary:

Before spending on any scheme can begin within the Capital Programme, project documentation has to be updated and appraised through a formal review process to ensure projects will deliver required outcomes, are fully funded and provide value for money. This review point is the spend approval stage, where following officer scrutiny, Cabinet approval is requested to allow spending against allocated resources for individual projects. Once spend approval has been agreed any changes to either the funding or spending of resources need to be reported to Cabinet for approval.

The report requests spend approval for schemes in the 2016/17 Capital Programme and makes amendments to existing schemes within the Capital Programme. The proposed changes are summarised in Tables 1 and 2 of Annex A.

Once spend approval has been agreed any changes to either the funding or spending of resources need to be reported to Cabinet for approval.

The changes outlined in this report result in a revised Capital Programme for 2016/17 of £302.60m. Against this programme, £270.559m of spend approval has been given to enable individual projects to commence or continue.

The Council is responsible for the management of the Milton Keynes Tariff, which is a unique forward funding mechanism to deliver infrastructure in the expansion areas. This report leaves the Tariff Programme for 2016/17 at £48.72m with the total spend approval for these contributions at £22.08m.

1. Recommendation(s)

- 1.1 That the amended resource allocation and spend approvals for the 2016/17 Capital Programme be approved.
- 1.2 That the revised funding position for the 2016/17 Capital Programme be noted.

- 1.3 That the amended resource allocation and spend approvals for the 2016/17 Tariff Programme be approved.
- 1.4 That the current position of the 2016/17 Tariff Programme be noted.

2. Capital Programme

- 2.1 Approval is sought to amend the resource allocation and spend approval for existing projects which have previously been allocated resources within the 2016/17 Capital Programme and to approve spending on these projects (summarised in **Annex B**).
 - Additional resource allocation and spend approval request, **Responsive Resurfacing** of £0.17m in 2016/17 – for additional resurfacing work following the award of the DfT Maintenance Incentive grant.
 - Additional resource allocation and spend approval request, **Surface Dressing Programme** of £0.29m in 2016/17 – for additional surface dressing work following the award of the DfT Potholes grant.
 - Spend approval request, **Data Hosting** of £0.77m in 2016/17 – for the provision of the Storage Area Network Hardware and Network Switches. This is funded from New Homes Bonus and a Single Capital pot grant.
- 2.2 A summary of proposed revisions to the Capital Programme for 2016/17 is shown in **Annex A, Table 1**. These revisions are set out in detail in **Annex B**.
- 2.3 Project managers have a monthly opportunity to satisfy the Capital Programme Review Panel (Corporate Director Resources, colleagues from Finance and the Portfolio Office, and a representative of the Corporate Leadership Team) that the project is well controlled and managed, and that funding is confirmed as available. While some projects have been through this process and are requesting spend approval, there are a number of schemes where spend approval is not yet ready to be requested or where the Capital Programme Review Panel has requested further work / assurance before the scheme can be brought to Councillors.
- 2.4 The revised 2016/17 Capital Programme resource allocation and spend approval, including schemes still to be given spend approval is available on the Council website at <http://www.milton-keynes.gov.uk/finance>
Table 2 in **Annex A** shows the financing position for the 2016/17 Capital Programme.

3. Spend Approvals Across Multiple Years

- 3.1 Some major capital schemes require spend approval for more than the current financial year. In approving spend approval for the project resources are effectively being committed for the future. This is usually for major schemes which could not be completed in a single financial year, or where the most effective timing of a project crosses financial years e.g. opening a school in September.

3.2 There are currently thirty three projects with spend approval phased across multiple years. These projects are fully funded with all of their funding having been confirmed as available within 2016/17. A summary of these projects along with the phasing of the spend approvals is shown in **Annex A, Table 3** and detailed in **Annex C**.

4. **Tariff Programme**

4.1 The February report to Full Council outlined the resource allocation for the 2016/17 Tariff schemes.

4.2 Cabinet approval for resource allocation and spend approval is now sought for the new scheme submitted for inclusion in the 2016/17 Tariff Programme (summarised in **Annex B**):

- **MK:IT Development Funding** (resource allocation and spend approval of £0.05m in 2016/17 and £0.15m in 2017/18) – to contribute to the development costs for the establishment of MK:IT a new university to promote research, teaching and practice. This is available subject to a clear deliverable being defined for this to meet requirements for the use of tariff funding.

4.3 Approval is sought to amend the spend approval for 2016/17 projects which have been allocated resources within the 2016/17 Tariff Programme (summarised in Annex B). The significant requests are:

- Spend approval request, **Green Space** of £0.69m in 2016/17 – for the endowment payable to The Parks Trust in respect of adoption of the first local park, play area and multiple use games area in the Whitehouse area of the Western Expansion Area.

5. **Annexes to this Report**

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| ANNEX A | Summary of changes to the Capital Programme and Financing |
| ANNEX B | Detailed list of changes to the 2016/17 Capital Programme and the 2016/17 Tariff Programme |
| ANNEX C | Detailed list of projects with Multiple Years Spend Approval |

6. **Implications**

6.1 Policy

The recommendations of this report are consistent with the Council's Medium Term Financial Plan.

6.2 Resources and Risk

Capital implications are fully considered throughout the report. Revenue implications may arise from capital schemes in respect of:

- a) Borrowing to fund capital expenditure (principal and interest),
- b) Running costs associated with capital schemes, and

c) Efficiency savings (e.g. reduced maintenance costs).

These are built into the Council's debt financing and other revenue budgets as appropriate through the Medium Term Planning process.

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|---|---------|---|------------------|---|------------------|
| Y | Capital | Y | Revenue | N | Accommodation |
| Y | IT | Y | Medium Term Plan | N | Asset Management |

6.3 Carbon and Energy Management

All capital schemes consider Carbon and Energy Management implications at the capital appraisal stage before they are added to the capital programme. There are no further implications as a result of this report.

6.4 Legal

Legal implications may arise in relation to specific capital schemes. In particular a capital scheme may be needed to meet a specific legal requirement. These implications are addressed in the individual project appraisals.

There are no significant legal implications arising as a result of this report.

6.5 Other Implications

There are no other implications arising as a result of this report.

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| N | Equalities/Diversity | Y | Sustainability | N | Human Rights |
| N | E-Government | N | Stakeholders | N | Crime and Disorder |

Background Papers:

Officer Working Papers, report to all Members

Previous reports to both Cabinet and Council as mentioned within the body of the report

[Cabinet - 8 February 2016](#)

[Council - 17 February 2016](#)