

Wards Affected:

All Wards

ITEM **17**

CABINET

3 JANUARY 2017

REVISIONS TO CAPITAL PROGRAMME AND SPEND APPROVALS REPORT

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

Report Sponsor: Nicole Jones, Corporate Director Resources
Tel: 01908 252079

Author and contact: Anna Rulton, Capital Finance Manager
Tel: 01908 252482

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 £287.98m. Against this programme, £263.81m 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 £48.09m with the total spend approval for these contributions at £23.4m.

1. **Recommendation(s)**
- 1.1 That the additions to resource allocation and spend approvals for the 2016/17 Capital Programme be approved.
- 1.2 That the amended resource allocation and spend approvals for the 2016/17 Capital Programme be approved.
- 1.3 That the revised funding position for the 2016/17 Capital Programme be noted.
- 1.4 That the amended resource allocation and spend approvals for the 2016/17 Tariff Programme be approved.
- 1.5 That the current position of the 2016/17 Tariff Programme be noted.

2. Capital Programme

- 2.1 There are a number of schemes that were not included in the original 2016/17 Capital Programme but have now completed the officer review process for resource allocation and spend approval. Cabinet approval for resource allocation and spend approval is now sought so that the new capital projects (summarised in **Annex B**) are included in the 2016/17 Capital Programme.
- 2.2 The new schemes submitted for inclusion in the 2016/17 Capital Programme in **Annex B** are:
- (a) **Walton Road Wavendon** (resource allocation and spend approval of £0.04m in 2016/17) - for the provision of highway safety measures allowing for projected future levels of traffic whilst maintaining the character of the village. This project is funded from a Tariff contribution.
 - (b) **Central Milton Keynes Multi-Storey Car Park** (resource allocation and spend approval of £0.05m in 2016/17, resource allocation of £7.0m and spend approval of £0.10m in 2017/18 and resource allocation of £3.12m in 2018/19) - for the provision of further car parking spaces to ensure Central Milton Keynes remains a high quality and desirable destination. This will be subject to the agreement of the Central MK Multi-Storey Options Report also tabled on the Cabinet Agenda for January 2017. Spend approval of £0.05m in 2016/17 is sought for planning and detailed design work to be carried out. This project is funded from Prudential Borrowing.
- 2.3 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**).
- (a) Reduction of resource allocation and spend approval request, **Whitehouse Primary School** of £0.13m in 2016/17 – the draft final account has been received and the contract completed under budget, funding to be returned for re-allocation in the 2017/18 Capital Programme. This project is funded from a Basic Need Single Capital Pot Grant.
 - (b) Reduction of resource allocation and spend approval request, **Newton Leys Primary School** of £0.20m in 2016/17 – the final account has been received and the contract completed under budget, funding to be returned for re-allocation in the 2017/18 Capital Programme. This project is funded from a Basic Need Single Capital Pot Grant.
 - (c) Additional resource allocation and spend approval request, **Aids and Adaptations** of £0.30m in 2016/17 – funding is required to complete the backlog of works outstanding and to assist with some social care

and hospital admissions challenges. This project is funded from the Major Repairs Reserve and Capital Receipts.

- 2.4 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**.
- 2.5 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.
- 2.6 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>.
- 2.7 **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 forty four 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 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:
 - (a) Resource allocation and spend approval request, **Walton Road Wavendon** of £0.04m in 2016/17 – for the provision of highway safety measures allowing for projected future levels of traffic whilst maintaining the character of the village. This is being funded by a reduction in the Other City Streets programme of works.

- (b) Spend approval request, **Tattenhoe Park Combined Sports Pavilion and Community Centre** of £0.05m in 2016/17 – for the provision of funding to the Parks Trust, to support the master planning and outline design work of the new pavilion and associated playing fields.
- (c) Spend approval request, **Tattenhoe Park Combined Sports Pavilion and Community Centre** of £1.85m in 2016/17 – due to spend approval being rephrased in error in the December Cabinet Report when not previously granted.

5. **Annexes to this Report**

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.

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.

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