

Wards Affected:

All Wards

ITEM 14**CABINET****2 JANUARY 2018****REVISIONS TO CAPITAL PROGRAMME AND SPEND APPROVALS**

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

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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 for the Council.

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 in line with the Council's Constitution.

This report requests spend approval for schemes in the 2017/18 Capital Programme and makes amendments to existing schemes. The proposed changes are summarised in tables 1 and 2 of Annex A.

The changes outlined in this report result in a revised Capital Programme for 2017/18 of £231.01m. Against this programme, £230.37m 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 forward funding mechanism to deliver infrastructure in the expansion areas of the borough. Should the recommendations included in this report be approved, the impact will be a revised Tariff Programme for 2017/18 of £21.75m; with the total spend approval for these contributions at £17.65m.

1. Recommendations

- 1.1 That the additions and amendments to resource allocation and spend approval for the 2017/18 capital programme be approved.
- 1.2 That the overall funding position for the 2017/18 capital programme be noted.
- 1.3 That the amendments to resource allocation and spend approvals for the 2017/18 tariff programme be approved.
- 1.4 That the current position of the 2017/18 tariff programme be noted.

2. Amendments to the Capital Programme

- 2.1 There are a number of schemes that were not included in the original 2017/18 capital programme but have now completed the officer review process. Cabinet approval for resource allocation and spend approval is now sought to include new capital projects (summarised in **Annex B**) in the 2017/18 capital programme.
- 2.2 The new schemes submitted for inclusion in the 2017/18 capital programme are shown below:
- Stacey Bushes Meeting Place roof & rainwater system (resource allocation and spend approval of £0.032m in 2017/18) to upgrade the roof and improve insulation to comply with building regulations. The current state of the roof is causing water ingress to several areas of the property. Milton Keynes Council as the Landlord is responsible for repairs and maintenance to the structure of the Premises which includes windows, doors, walls, foundation and the roof. This project is funded from the Strategic Asset Management of MKC Properties project the funding transferred is a single capital pot grant.
- 2.3 Approval is sought to amend the resource allocation and spend approval for existing projects previously allocated resources within the 2017/18 capital programme, as detailed in **Annex B**. The significant changes are:
- Deferral of the resource allocation for **Regeneration Programme** of £19.082m in 2017/18, the regeneration programme is linked to the development of the HRA Business plan. This programme of work will be resubmitted for approval once the planned programme has been developed. This project is funded from HRA Revenue Contribution these resources will remain in the HRA capital reserve for regeneration to be allocated to the specific projects within this programme as identified and approved.
 - Resource allocation and spend approval reduction request for **New Kents Hill Primary School** of £0.165m in 2017/18, the final account agreed and the project has completed under budget. This was to be funded from a single capital pot grant.
- 2.4 A review of resources allocated in within Capital Programme has been completed to clarify the position for 2017/18 and to ensure the approved capital programme in February 2018 reflects the accurate assessment of when spend and delivery will take place. This has resulted in additional requests for changes to the phasing of existing projects. Resource allocation totalling £29.909m with spend approvals totalling £10.550m allocated in the 2017/18 Capital Programme (as set out in **Annex B**) is being delayed to 2018/19 and onwards.
- 2.5 A summary of proposed revisions to the capital programme for 2017/18 is shown in **Annex A, Table 1**. These revisions are set out in detail in **Annex B**.

- 2.6 Project managers have a monthly opportunity to demonstrate to the Capital Programme Review Panel (Corporate Director Resources is the chairman of this Panel and is supported by 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 not yet ready to start or where the Capital Programme Review Panel has requested further work / assurance before the scheme can be brought to Councillors.
- 2.7 The revised 2017/18 capital programme by project is available on the Council website at <http://www.milton-keynes.gov.uk/finance>.
- 2.8 **Table 2** in **Annex A** shows the revised funding position for the 2017/18 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 seventy projects with spend approval phased across multiple years. These projects are fully funded with all of their funding having been confirmed as available from 2017/18. 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 15 February 2017 report to Full Council outlined the resource allocation for the 2017/18 Tariff schemes.
- 4.2 A review of resources allocated in within Tariff Programme has been completed to clarify the position for 2017/18 and to ensure the approved Tariff programme in February 2018 reflects the accurate assessment of when spend and delivery will take place. This has resulted in additional requests for changes to the phasing of existing projects. Resource allocation totalling £18.970m allocated in the 2017/18 Tariff Programme (as set out in **Annex B**) is being delayed to 2018/19 and onwards.
5. **Annexes to this Report**

ANNEX A	Summary of changes to the Capital Programme and Financing
ANNEX B	Detailed list of changes to the 2017/18 Capital Programme and the 2017/18 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.

Annexes: As listed at Section 5.