

Wards Affected:

ALL WARDS

ITEM 2**DELEGATED DECISION****14 APRIL 2015****REVISIONS TO CAPITAL PROGRAMME AND SPEND APPROVALS REPORT**

Responsible Cabinet Member: Councillor Middleton, Cabinet member for Resources, Efficiency and Growth

Report Sponsors: Tim Hannam, Corporate Director – Resources
Tel: 01908 252756
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.

The report requests spend approval for schemes in the 2015/16 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 2015/16 of £141.34m. Against this programme, £102.65m 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 2015/16 at £23.51m with the total spend approval for these contributions at £11.92m.

1. Recommendation(s)

- 1.1 That the amended resource allocation and spend approvals for the 2015/16 Capital Programme be approved.
- 1.2 That the funding position for the 2015/16 Capital Programme be noted.
- 1.3 That the amended resource allocation and spend approvals for the 2015/16 Tariff Programme be approved.
- 1.4 That the current position of the 2015/16 Tariff Programme be noted.

2. **Amendments to the 2015/16 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 2015/16 Capital Programme and to approve spending on these projects. The significant requests for changes to resource allocation and spend approval for existing projects in the 2015/16 Capital Programme are:

- Spend approval in 2015/16 of £1,000k is requested for Re-implementation of SAP to commence the procurement process of a new ERP (Enterprise Resource Planning) system. This is funded from New Homes Bonus.
- An increase in resource allocation and spend approval in 2015/16 of £350k is requested for Whitehouse Primary School for the purchase of land and provision of additional utilities required going into the school site due to the increase in pupil places. This is funded from a Single Capital Pot Grant and Tariff contribution.
- An increase in resource allocation and spend approval in 2015/16 of £350k is requested for Shenley Brook End 2 Form of Entry Extension to provide an additional 50 school places within this expansion scheme . This is funded from a Single Capital Pot Grant and School Contribution.
- An increase in resource allocation 2015/16 of £717k is requested for CMK Community Sports Facility to include the site clearance costs associated with making the site ready for construction. This is funded from a Sport England Grant, Third Party Contribution & S106.

2.2 A summary of proposed revisions to the Capital Programme for 2015/16 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 Capital Development, Finance, Procurement, Legal and the Portfolio Office) that the project is well controlled and managed, and that funding is confirmed as available. While some projects have been through this process and have been allocated spend approval, there are a number of schemes where spend approval has not been 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 2015/16 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>.

2.5 **Table 2** in **Annex A** shows the financing position for the 2015/16 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 twelve projects with spend approval phased across multiple years. These projects are fully funded with all of their funding having been confirmed as available within 2015/16. These projects along with the phasing of the spend approvals are detailed in **Annex A, Table 3**.

4. **Approval of the Tariff Allocations**

- 4.1 The February report to Full Council outlined the resource allocation for the 2015/16 Tariff schemes, amendments to the Tariff programme are requested in this report. These revisions are set out in detail in **Annex B**.

The significant requests for changes to resource allocation and spend approval for existing projects in the 2015/16 Tariff Programme are:

- Spend approval in 2015/16 of £1,133k is requested for A421 Kingston Roundabout to complete the capacity improvements required as a result of the developments nearby.
- Spend approval in 2015/16 of £1,033k is requested for A421 Eagle to Fen Farm to complete the duelling works required as a result of the developments nearby.
- Spend approval in 2015/16 of £8,939k is requested for Eastern Expansion Area Secondary Phase 1 for the provision of a new Secondary School.

5. **Annexes to this Report**

ANNEX A	Summary of changes to the Capital Programme and Financing
ANNEX B	Detailed list of changes to the 2015/16 Capital Programme

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
N	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
N	Carbon and Energy Policy				

Background Papers: Officer Working Papers

Annexes: As listed at 5 above