

Wards Affected:

All Wards

ITEM 19**CABINET****9 NOVEMBER 2015****REVISIONS TO CAPITAL PROGRAMME AND SPEND APPROVALS REPORT**

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

Author: 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 £144.74m. Against this programme, £131.83m 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 £40.18m with the total spend approval for these contributions at £25.2m.

1. Recommendation(s)

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

2. **Amendments to the 2015/16 Capital Programme**

2.1 There are a number of schemes that were not included in the original 2015/16 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 2015/16 Capital Programme.

2.2 The most significant new scheme submitted for inclusion in the 2015/16 Capital Programme in Annex B is:

- **Solar Photovoltaic Proposal MKWRP** (resource allocation and spend approval of £0.22m in 2015/16) – to procure and install solar PV array on the mechanical treatment and biological treatment building roofs of the Milton Keynes Waste Recovery Park (MKWRP). This project is funded from the S106 Contribution.

2.3 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 main changes are summarised in **Annex B**. The significant requests for resource allocation and spend approval for existing projects in the 2015/16 Capital Programme, as set out in **Annex B** are:

- Additional resource allocation and spend approval request, **Kents Hill Secondary and Special School** of £1.5m in 2015/16 – further funding is required in 2015/16 due to a revised cash flow forecast, but no overall change to project resource allocation. This increase is to be funded from a Basic Need Single Capital Pot Grant.

2.4 The most significant request for change to the phasing of resource allocation and spend approval for existing projects in the 2015/16 Capital Programme, as set out in **Annex B** is:

- Bushfield Junior Expansion resource allocation and spend approval of £0.86m is being re-phased to 2016/17 – project will now be starting on site in November, the phasing has therefore been adjusted in line with this.
- Oakgrove Primary resource allocation and spend approval of £1m is being re-phased to 2016/17 – the phasing of this project has been adjusted following the completion survey and design works.
- South West Milton Keynes Additional Primary Provision resource allocation and spend approval of £5.4m is being re-phased to 2016/17 – following planning application objections a new site has been identified for this school and this has led to a delay.
- New Kents Hill Primary School resource allocation and spend approval of £1,469k is being re-phased to 2016/17 – the phasing of this project has been adjusted following the completion survey and design works.
- HRA Bathroom programme resource allocation and spend approval of £0.86m is being re-phased to 2016/17 – works being deferred until Regeneration Partner has been appointed.

- HRA Roof programme resource allocation of £1.61m is being re-phased to 2016/17 – works being deferred until Regeneration Partner has been appointed.
- CMK Community Sports Facility resource allocation of £1.96m is being re-phased to 2016/17 – project will now be starting on site next financial year the phasing has therefore been adjusted in line with this.

2.5 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**.

2.6 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 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.

2.7 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>.

2.8 **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 sixty 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.

4.2 The significant requests for changes to resource allocation and spend approval for existing projects in the 2015/16 Tariff Programme, as set out in **Annex B** are:

Changes to the phasing of existing project

- **Museum Enhancement** £0.53m of resource allocation to be transferred from 2015/16 to 2016/17 in line with the expenditure profile in the Capital Programme.

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 and the 2015/16 Tariff 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				
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Background Papers: Officer Working Papers, report to all Members
 Previous reports to both Cabinet and Council as mentioned
 within the body of the report