

Wards Affected:

All Wards

ITEM 17**CABINET****11 JANUARY 2016****REVISIONS TO CAPITAL PROGRAMME AND SPEND APPROVALS REPORT**

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

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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. 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 £151.29m. Against this programme, £138.66m 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 £40.23m with the total spend approval for these contributions at £25.73m.

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 the 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 new schemes submitted for inclusion in the 2015/16 Capital Programme in **Annex B** are:

- **Haversham Junior Expansion** (resource allocation and spend approval of £0.02m in 2015/16 and resource allocation of £0.02m in 2016/17, £1.19m in 2017/18 and £0.76m in 2018/19) – to expand Haversham Junior School to provide additional school places. The 2015/16 spend approval request is to complete the required feasibility study. This project is funded from the Basic Need Single Capital Pot Grant.
- **St Mary & St Giles CE Junior School** (resource allocation and spend approval of £0.02m in 2015/16 and resource allocation of £0.04m in 2016/17, £1.7m in 2017/18 and £0.4m in 2018/19) – to expand St Mary & St Giles CE Junior School to provide additional school places. The 2015/16 spend approval request is to complete the required feasibility study. This project is funded from the Basic Need Single Capital Pot Grant.
- **Orchard Academy** (resource allocation and spend approval of £0.02m in 2015/16 and resource of £0.04m in 2016/17, £1.92m in 2017/18 and £1.22m in 2018/19) – to expand Orchard Academy to provide additional school places. The 2015/16 spend approval request is to complete the required feasibility study. This project is funded from the Basic Need Single Capital Pot Grant.
- **Aylesbury Street, Fenny Stratford** (resource allocation and spend approval of £0.07m in 2015/16 and resource allocation of £0.08m in 2016/17) – to design and construct a new road layout which incorporate additional car parking bays. This project is funded from a Single Capital Pot Grant, Third Party and Revenue contribution.
- **Olney Open Space Improvements – East Street Play Area** (resource allocation and spend approval of £0.04m in 2015/16) – to upgrade this existing play area by installing new equipment and safer surfacing. This project is funded from a S106 Contribution
- **Westcroft Pavilion Reconfiguration** (resource allocation and spend approval of £0.01m in 2015/16 and £0.14m in 2016/17) – to extend and reconfigure Westcroft Pavilion to enable wider use by the community. This project is funded from a 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. These changes are summarised in **Annex B**.

- Additional resource allocation and spend approval request, **Fairfield Primary** of £0.54m in 2015/16 – the project is progressing more quickly than originally planned, which means funding needs to be brought forward

from 2016/17, although the overall project resource allocation has not changed. This increase is to be funded from a Basic Need Single Capital Pot Grant.

- Additional resource allocation and spend approval request, **Walton High at Brooklands** of £0.43m in 2015/16 – the project is progressing more quickly than originally planned, which means funding needs to be brought forward from 2016/17, although the overall project resource allocation has not changed. This increase is to be funded from a Basic Need Single Capital Pot Grant.
- Additional resource allocation and spend approval request, **Rural and Urban Bus Stops** of £0.15m in 2015/16 – for the completion of bus stop upgrades in Westcroft and Kingston. This increase is to be funded from a S106 Contribution.

2.4 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**.

2.5 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 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.

2.6 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>.

2.7 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 new scheme submitted for inclusion in the 2015/16 Tariff Programme, as set out in **Annex B** is:

- **H9 Groveway Redway** (resource allocation and spend approval of £0.05m in 2015/16) for the construction of the new H9 Redway.

4.3 Approval is sought to amend the spend approval for an existing project which has previously been allocated resources within the 2015/16 Tariff Programme, as set out in **Annex B** is:

- Spend approval of £0.48m for **Other City Streets** is requested in 2015/16 to commence work on the Fairfield/Area 11 City Street.

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:

- Borrowing to fund capital expenditure (principal and interest),
- Running costs associated with capital schemes, and
- 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, report to all Members
Previous reports to both Cabinet and Council as mentioned within the body of the report

Annexes: As listed at paragraph 5.