

TITLE OF REPORT: Capital Programme and Prudential Indicators 2019/20
– Third Quarter Review

REPORT OF: Darren Collins, Strategic Director, Resources and Digital

Purpose of the Report

1. This report sets out the latest position on the 2019/20 capital programme and Prudential Indicators at the end of the third quarter to 31 December 2019. The report assesses reasons for the variances from the approved programme and details the proposed financing of the capital programme. In addition, the report considers the impact of CIPFA's Prudential Code on the capital programme and the monitoring of performance against the statutory Prudential Indicators.

Background

2. The original budget for the capital programme for 2019/20, as agreed by Council on 19 February 2019, totalled £118.921m, which was reduced to £95.637m at the second quarter review to accommodate re-profiling into future years. The third quarter review of schemes progress has resulted in a revised estimate for total capital expenditure of £93.892m.

3. The proposed reduction of the capital programme at the third quarter comprises of the following movements:

	£m
Increased borrowing/external funding/contributions	2.685
Re-profiling of capital expenditure to future years	(3.960)
Reduction of planned expenditure	(0.470)
Total Variance	<u>(1.745)</u>

4. A total of £2.685m increased capital expenditure primarily relates to the following schemes:
 - £0.723m increased spend on the Decent Homes – Investment Programme due to roof repair requirements being identified at Vigo and Sheriff Hill which were not included within the original programme of works, work to start in December and be completed by year end.
 - £0.334m additional spend on Eastwood – Centre of Excellence (purchase of the River View development) to fund the deposit payment requirement.
5. Planned investment has been re-profiled to 2020/21 on several schemes, amounting to £3.960m in reductions, these include:
 - HRA Fire Safety Works £0.793m re-profiled into 2020/21 as the programme of works to replace fire doors will not complete until the end of the next financial year.
 - Works on West Askew Road have been delayed due to the issues around utilities, this has resulted in £0.500m being reprofiled into 2020/21.

- Expenditure on Quays has been re-profiled with £1.040m moving into 2020/21 as planning will not be submitted until March, resulting in a revised programme of works.

6. The other changes primarily relate to minor amendments to realign the schemes within the programme.

Proposal

12. The report identifies planned capital expenditure of £93.892m for the 2019/20 financial year. The expected resources required to fund the 2019/20 capital programme are as follows:

	£m
Prudential Borrowing	48.940
Projected Capital Receipts	0.500
Capital Grants and Contributions	22.121
Major Repairs Reserve (HRA)	21.331
Right to Buy Receipts (HRA)	1.000
Total Capital Programme	93.892

13. CIPFA's Prudential Code advises the regular monitoring of performance against the prudential indicators which regulate borrowing and investment. Targets and limits for the prudential indicators for 2019/20 were agreed at Council on 19 February 2019 and borrowing and investment levels have remained within these limits.

Recommendations

14. Cabinet is asked to:

- Recommend to Council that all variations to the 2019/20 Capital Programme as detailed in Appendix 2 are agreed as the revised programme.
- Recommend to Council the financing of the revised programme.
- Confirm to Council that the capital expenditure and capital financing requirement indicators have been revised in line with the revised budget and that none of the approved Prudential Indicators set for 2019/20 have been breached.

For the following reasons:

- To ensure the optimum use of the Council's capital resources in 2019/20.
- To accommodate changes to the Council's in-year capital expenditure plans.
- To ensure performance has been assessed against the approved Prudential Limits.

Policy Context

1. The proposals within this report are consistent with the objectives contained within the Council's corporate Capital Strategy and will contribute to achieving the objectives and priority outcomes set out in the Council's Thrive Agenda.

Background

2. The original budget for the capital programme for 2019/20, as agreed by Council on 19 February 2019, totalled £118.921m, which decreased to £95.637m at the second quarter review.
3. The third quarter review has re-profiled the capital programme to reflect in year progress within capital schemes, resulting in a revised estimate of £93.892m.
4. The £1.745m reduction is due to updated programme timelines for a number of schemes. All variations in the programme during the third quarter are detailed in Appendix 2.
5. Appendix 3 summarises the original budget and actual year end payments by Corporate Priority. The budget, projected year end payments and comments on the progress of each scheme are detailed in Appendix 4.
6. The Prudential Code sets out a range of Prudential Indicators that were agreed by the Council on 19 February 2019. Performance against the indicators for 2019/20 is set out in Appendix 5.

Consultation

7. The Leader of the Council has been consulted on this report.

Alternative Options

8. The proposed financing arrangements are the best available in order to ensure the optimum use of the Council's capital resources in 2019/20.

Implications of Recommended Option

9. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resource and Digital confirms that the financial implications are as set out in the report.
 - b) **Human Resources Implications** – There are no human resources implications arising from this report.
 - c) **Property Implications** - There are no direct property implications arising from this report. Capital investment optimises the use of property assets to support the delivery of corporate priorities. The property implications of individual schemes will be considered and reported separately.
10. **Risk Management Implication** - Risks are assessed as part of the process of monitoring the programme and in respect of treasury management. The Cabinet will

continue to receive quarterly reports for recommendation of any issues to Council, together with any necessary action to ensure expenditure is managed within available resources.

11. **Equality and Diversity Implications** - There are no equality and diversity implications arising from this report.
12. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising from this report.
13. **Health Implications** - There are no health implications arising from this report.
14. **Sustainability Implications** - The works will help to make the environment more attractive and reduce health and safety hazards.
15. **Human Rights Implications** - There are no direct human rights implications arising from this report.
16. **Area and Ward Implications** - Capital schemes will provide improvements in wards across the borough.
17. **Background Information**
 - i. Report for Cabinet, 19 February 2019 (Council 19 February 2019) - Capital Programme 2019/20 to 2023/24; and
 - ii. Report for Cabinet, 16 July 2019 (Council 16 July 2019) – Capital Programme and Prudential Indicators 2019/20 – First Quarter Review.
 - iii. Report for Cabinet, 19 November 2019 (Council 19 November 2019) – Capital Programme and Prudential Indicators 2019/20 – Second Quarter Review.