

CHANGES TO 2016-17 CAPITAL PROGRAMME AND 2017-18 TO 2020-21 CAPITAL PLAN

Meeting	Cabinet – 17 January 2017
Report Author	Tim Willis, Director of Corporate Resources & Section 151 Officer
Portfolio Holder	Councillor John Townend, Portfolio Holder for Financial Services and Estates
Status	For Decision
Classification:	Unrestricted
Key Decision	No

Executive Summary:

This report deals with changes to the General Fund 2016-17 capital programme and 2017-18 to 2020-21 capital plan as per the Budget Strategy considered by Cabinet on 17 November 2016.

Recommendation(s):

That Cabinet:

- Approves the General Fund capital programme project changes, budget changes and funding changes identified in this report.
- Recommends this report to Council.

CORPORATE IMPLICATIONS

Financial and Value for Money	The financial implications are highlighted in this report.
Legal	Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, this is the Director of Corporate Resources, Tim Willis, and this report is helping to carry out that function.
Corporate	Failure to undertake this process will impact on the Council's compliance with the Treasury Management Code of Practice.
Equalities Act 2010 & Public	There are no equity and equalities implications arising directly from this report, but the Council needs to retain a strong focus and

Sector Equality Duty	<p>understanding on issues of diversity amongst the local community and ensure service delivery matches these.</p> <p>It is important to be aware of the Council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration had been given to the equalities impact that may be brought upon communities by the decisions made by Council.</p>
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CORPORATE PRIORITIES (tick those relevant)✓	
A clean and welcoming Environment	✓
Promoting inward investment and job creation	✓
Supporting neighbourhoods	✓

CORPORATE VALUES (tick those relevant)✓	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	

1 Introduction and Background

- 1.1 The Budget Monitoring Report presented to Cabinet on 17 November 2016 showed a shortfall in capital receipts of £799,723 to balance the General Fund 2016-17 capital programme.
- 1.2 A capital budget increase of £679,000 has been agreed for the Port Berth project (now incorporating berths 2, 3, 4 and 5) as per the Urgent Decision by Individual Cabinet Member on 29 September 2016 and 9 November 2016.
- 1.3 The original Port Berth project (berths 4 and 5) of £1m was intended to be funded from a new lease to generate income to fund debt repayments. There is some uncertainty as to the deliverability of the new lease, which will place an additional burden on the Port revenue budget to fund the debt repayments.
- 1.4 There are also several new proposed projects in 2017-18 onwards which are detailed in section 3.

2 Underspend/Shortfall in 2016/17 capital programme

- 2.1 If the £1m funding issue for the Port (berths 4 and 5) is considered to be contained within the Port budget as previously agreed, then there is a funding shortfall of £1,478,723 (being £799,723 plus £679,000 described in sections 1.1 and 1.2 respectively). However, a critical review of the programme suggests that some projects will not achieve the level of expenditure previously budgeted.
- 2.2 Some £30k for the existing Swimming Pool/ Sports Hall Essential Capital Repairs budget can be removed, on the basis that no specific projects have been identified for 2016-17.
- 2.3 Some £900k of the Vehicle Replacement Programme is proposed to be deferred to 2017-18.
- 2.4 Some £600k identified for Berth 4-5 works at the Port will now be deferred, pending the outcome of the new lease.
- 2.5 Some £80k identified for the Dalby Square scheme can be deferred.

- 2.6 The CCTV project of £400k is not now programmed to go ahead until 2017-18.
- 2.7 The tables below summarises these changes to forecast General Fund capital expenditure for 2016-17:

Total Amount £000	2016-17 Capital Expenditure Change
679	Increase to the Port Berth budget (section 1.2 above)
(30)	Removal of Swimming Pool/ Sports Hall Essential Capital Repairs budget (section 2.2 above)
(900)	Deferral of Vehicle Replacement Programme budget (section 2.3 above)
(600)	Deferral of Berth 4-5 budget (section 2.4 above)
(80)	Deferral of Dalby Square budget (section 2.5 above)
(400)	CCTV project not now programmed to go ahead until 2017-18 (section 2.6 above)
(1,331)	Decrease in 2016-17 Capital Expenditure

Total Amount £000	2016-17 Funding Change
264	Revenue Contribution
320	Reserves
(1,065)	Capital Receipts
(850)	Prudential Borrowing
(1,331)	Total as Above

- 2.8 All funding for the deferrals will be carried over to 2017-18. Funding for the £679k overspend at the Port was addressed in the Urgent Decision by Individual Cabinet Member of 9 November 2016, which identified £320k of reserves and the balance from receipts. The £800k shortfall in 2016-17 capital receipts is addressed by the £1,065k reduction in the capital receipts funding requirement, shown in the above table.
- 2.9 The above deferrals represent the initial capital receipts target from now to the end of 2017-18, before adding the cost of new 2017-18 capital schemes. In addition, to improve the Council's borrowing cost budget, it is proposed that £400k of the £850k prudential borrowing deferred to 2017-18 (as shown in the above table) is switched to capital receipts.

3 Capital programme for 2017-18 onwards

- 3.1 It is proposed that the following projects be added to the General Fund capital programme for 2017-18 onwards, and also that the annual Better Care Fund capital budget be increased to £742,000 for 2017-18 onwards.
- i) Ramsgate Harbour Water Supply Upgrade - to complete the water supply upgrade at Ramsgate Harbour to comply with water supply regulations: £150,000 budget (spread equally over 2017-18, 2018-19 and 2019-20).
 - ii) Margate Harbour Railings and Lighting - to improve safety for residents and visitors at Margate Harbour: £100,000 in 2017-18.

- iii) Ramsgate Harbour Railings - to improve safety for residents and visitors on Military Road and alongside the Western Inner Marina at Ramsgate Harbour: £100,000 in 2017-18.

3.2 If there is the level of slippage in 2016-17 as identified in section 2 above, then this will occur in 2017-18.

3.3 It is proposed that the following projects be added to the capital programme for 2017-18 onwards:

Project Name	Deferral from 2016-17 to 2017-18 £	New projects 2017-18 £	New projects 2018-19 £	New projects 2019-20 £
Vehicle Replacement Programme	900,000			
CCTV	400,000			
Dalby Square	80,000			
Ramsgate Harbour Water Supply Upgrade		50,000	50,000	50,000
Ramsgate Port Berth 4/5	600,000			
Margate Harbour Railings and Lighting		100,000		
Ramsgate Harbour Railings		100,000		
Total Expenditure	1,980,000	250,000	50,000	50,000
Prudential Borrowing	450,000			
Capital Receipts	1,530,000	250,000	50,000	50,000
Total Funding	1,980,000	250,000	50,000	50,000

3.4 In addition to the above, it is proposed that the annual Better Care Fund capital budget be increased from £700k to £742k for 2017-18 onwards (grant funded).

3.5 It is intended that the new Head of Asset Management will develop a four year asset disposal programme to facilitate the funding of the capital programme.

4 Options

4.1 The recommended option is that Cabinet:

- Approves the General Fund capital programme project changes, budget changes and funding changes identified in this report.
- Recommends this report to Council.

4.2 Alternatively, Council may decide not to do this, and provide reason(s).

5 Next Steps

5.1 This report is to go to Council for approval. The next Council meeting is on 9 February 2017.

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Reporting to:	Madeline Homer, Chief Executive

Corporate Consultation Undertaken

Finance	Nicola Walker, Technical Finance Manager
Legal	Tim Howes, Director of Corporate Governance & Monitoring Officer