

# Meeting of the City Council

## 16 December 2015

<b>Report title</b>	Capital programme 2015/16 to 2019/20 Quarter Two Review	
<b>Referring body</b>	Cabinet, 9 December 2015	
<b>Councillor to present report</b>	Councillor Andrew Johnson	
<b>Wards affected</b>	All	
<b>Cabinet Member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Accountable director</b>	Keith Ireland, Managing Director	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Mark Taylor Tel Email	Director of Finance 01902 556609 <a href="mailto:Mark.Taylor@wolverhampton.gov.uk">Mark.Taylor@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Strategic Executive Board Cabinet Confident, Capable Council Scrutiny Panel	17 November 2015 9 December 2015 3 February 2016

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### Recommendation(s) for action or decision:

Subject to the decisions of Cabinet on 9 December and Cabinet (Resources) Panel on 15 December, the Council is recommended to approve:

1. The revised medium term General Fund capital programme of £214.7 million, an increase of £6.7 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
2. The revised medium term Housing Revenue Account (HRA) capital programme of £210.9 million, a decrease of £4.0 million from the previously approved programme.
3. The additional resources for six new and twenty six existing General Fund projects totalling £6.7 million.

## 1.0 Purpose

- 1.1 To provide Council with an update on the financial performance of the General Fund and HRA capital programmes for 2015/16 and the revised forecast for 2015/16 to 2019/20 as at quarter two of 2015/16.
- 1.2 To recommend revised General Fund and HRA capital programmes for the period 2015/16 to 2019/20.

## 2.0 Background

- 2.1 On 9 December 2015 Cabinet considered a report on 'Capital programme 2015/16 to 2019/20 quarter two review'. The report can be accessed online on the Council's website. [Click here to access the report.](#)
- 2.2 Subject to the decision of Cabinet on 9 December, Cabinet recommended to Full Council that it:
  1. Approves the revised medium term General Fund capital programme of £213.6 million, an increase of £5.6 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
  2. Approves the revised medium term Housing Revenue Account (HRA) capital programme of £208.0 million, a decrease of £6.9 million from the previously approved programme.
  3. Approves the additional resources for six new and twenty five existing General Fund projects totalling £5.6 million.
- 2.3 Since then work has been undertaken in relation to a number of specific capital projects. As a result of this work, three further reports have been considered by Cabinet (Resources) Panel on 15 December 2015 which has increased the requirement of the General Fund capital programme by £1.1 million and HRA capital programme by £2.9 million. The three reports are private and are only available for the Committee to view: ([Click here to log in to access the reports.](#))
  - Improving the City Housing Offer: Tower Works and Fort Works, Pelham Street/Ashland Street, residential development procurement
  - Improving the City Housing Offer: Strategic Construction Partnership – Newbuild Council housing Phase 2
  - Occupancy of Floorspace at i10, Interchange
- 2.4 Subject to the decision of Cabinet (Resources) Panel on 15 December, over the three reports Cabinet (Resources) Panel recommended to Full Council that it:

1. Approves an increase to the Housing Revenue Account (HRA) capital programme of £2 million to support the development of new Council housing on this site.
2. Approves an increase to the Housing Revenue Account (HRA) capital programme of £910,000 to deliver the second phase of the SCP new build programme.
3. Approves an increase in the capital budget for i10 of £1.15 million to fund the capital fit-out works. These costs will be recouped through an increase in the rent paid by the tenants.

2.5 Table 1 consolidates all the changes proposed when comparing the approved General Fund budget with that proposed, along with the resources identified to finance the proposed change.

**Table 1: Summary of the General Fund projected budgets compared to approved budgets**

General Fund	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
<b>Budget</b>						
<b>Approved</b>	106,664	65,972	25,466	6,947	2,967	208,016
Cabinet 9 December 2015 recommendations	(10,008)	5,394	7,942	1,504	723	5,555
Cabinet (Recourses) Panel 15 December 2015 recommendations	1,150	-	-	-	-	1,150
<b>Projected</b>	97,806	71,366	33,408	8,451	3,690	214,721
<b>Variance</b>	<b>(8,858)</b>	<b>5,394</b>	<b>7,942</b>	<b>1,504</b>	<b>723</b>	<b>6,705</b>
<b>Financing</b>						
<b>Approved</b>						
Internal resources	62,043	33,917	7,848	1,036	56	104,900
External resources	44,621	32,055	17,618	5,911	2,911	103,116
	<b>106,664</b>	<b>65,972</b>	<b>25,466</b>	<b>6,947</b>	<b>2,967</b>	<b>208,016</b>
<b>Projected</b>						
Internal resources	53,193	37,707	15,557	2,358	728	109,543
External resources	44,613	33,659	17,851	6,093	2,962	105,178
	<b>97,806</b>	<b>71,366</b>	<b>33,408</b>	<b>8,451</b>	<b>3,690</b>	<b>214,721</b>
<b>Variance</b>	<b>(8,858)</b>	<b>5,394</b>	<b>7,942</b>	<b>1,504</b>	<b>723</b>	<b>6,705</b>

2.6 Table 2 consolidates all the changes proposed when comparing the approved HRA budget with that proposed, along with the resources identified to finance the proposed change.

**Table 2: Summary of the HRA projected budgets compared to approved budgets**

Housing Revenue Account	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
<b>Budget</b>						
Approved	68,673	42,338	33,802	35,091	34,928	214,832
Cabinet 9 December 2015 recommendations	(5,911)	3,795	180	(1,383)	(3,560)	(6,879)
Cabinet (Recourses) Panel 15 December 2015 recommendations	-	4,000	(1,090)	-	-	2,910
<b>Projected</b>	<b>62,762</b>	<b>50,133</b>	<b>32,892</b>	<b>33,708</b>	<b>31,368</b>	<b>210,863</b>
<b>Variance</b>	<b>(5,911)</b>	<b>7,795</b>	<b>(910)</b>	<b>(1,383)</b>	<b>(3,560)</b>	<b>(3,969)</b>
<b>Financing</b>						
<b>Approved</b>						
Internal resources	68,673	42,338	33,802	35,091	34,928	214,832
External resources	-	-	-	-	-	-
	<b>68,673</b>	<b>42,338</b>	<b>33,802</b>	<b>35,091</b>	<b>34,928</b>	<b>214,832</b>
<b>Projected</b>						
Internal resources	62,762	50,133	32,892	33,708	31,368	210,863
External resources	-	-	-	-	-	-
	<b>62,762</b>	<b>50,133</b>	<b>32,892</b>	<b>33,708</b>	<b>31,368</b>	<b>210,863</b>
<b>Variance</b>	<b>(5,911)</b>	<b>7,795</b>	<b>(910)</b>	<b>(1,383)</b>	<b>(3,560)</b>	<b>(3,969)</b>

2.7 Table 3 details proposed revised medium term capital programmes, covering the period 2015/16 to 2019/20.

**Table 3: Variance analysis of 2015/16 to 2019/20 projected budgets**

Directorate	Approved budget 2015/16 to 2019/20 £000	Forecast budget 2015/16 to 2019/20 £000	Variance over / (under) £000
Corporate	57,042	57,408	366
People	5,767	6,062	295
Place	145,207	151,251	6,044
<b>Total General Fund</b>	<b>208,016</b>	<b>214,721</b>	<b>6,705</b>
Housing Revenue Account	214,832	210,863	(3,969)
<b>Total Housing Revenue Account</b>	<b>214,832</b>	<b>210,863</b>	<b>(3,969)</b>
<b>Total Capital Programme</b>	<b>422,848</b>	<b>425,584</b>	<b>2,736</b>

2.8 The complete General Fund and HRA capital programmes for the period 2015/16 to 2019/20 can be viewed online on the Council's website. [Click here to read the report.](#)

2.9 The implications of the levels of borrowing required will be fully reflected in the revenue budget and medium term financial strategy. Details of financing of the revised capital programmes are shown in Table 4.

**Table 4: Summary of recommended changes to financing of the General Fund and HRA capital programmes**

	2015/16 to 2019/20			
	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
<b>General Fund Expenditure</b>	<b>208,016</b>	<b>214,721</b>	<b>6,705</b>	
<b>Financing</b>				
Internal resources				
Capital receipts	26,457	15,565	(10,892)	7.2%
Prudential borrowing	77,385	92,920	15,535	43.3%
Revenue contributions	921	921	-	0.4%
Reserves	137	137	-	0.1%
<b>Subtotal</b>	<b>104,900</b>	<b>109,543</b>	<b>4,643</b>	<b>51.0%</b>
External resources				
Grants & contributions	103,116	105,178	2,062	49.0%
<b>Subtotal</b>	<b>103,116</b>	<b>105,178</b>	<b>2,062</b>	<b>49.0%</b>
<b>Total General Fund</b>	<b>208,016</b>	<b>214,721</b>	<b>6,705</b>	<b>100.0%</b>
<b>Housing Revenue Account Expenditure</b>	<b>214,832</b>	<b>210,863</b>	<b>(3,969)</b>	
<b>Financing</b>				
Internal resources				
Capital receipts	5,852	16,980	11,128	8.1%
Prudential borrowing	102,628	87,531	(15,097)	41.5%
Reserves	106,352	106,352	-	50.4%
<b>Subtotal</b>	<b>214,832</b>	<b>210,863</b>	<b>(3,969)</b>	<b>100.0%</b>
External resources				
Grants & contributions	-	-	-	0.0%
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Housing Revenue Account</b>	<b>214,832</b>	<b>210,863</b>	<b>(3,969)</b>	<b>100.0%</b>

### 3.0 Financial, legal, equalities, environmental, human resources and corporate landlord implications

3.1 The implications are detailed in the Cabinet report on 9 December 2015 and Cabinet (Resources) Panel reports of 15 December 2015.

### 4.0 Schedule of background papers

4.1 Capital programme 2015/16 to 2019/20 quarter two review, Report to Cabinet, 9 December 2015

4.2 Improving the City Housing Offer: Tower Works and Fort Works, Pelham Street/Ashland Street, residential development procurement, Report to Cabinet (Resources) Panel, 15 December 2015

- 4.3 Improving the City Housing Offer: Strategic Construction Partnership – Newbuild Council housing Phase 2, Report to Cabinet (Resources) Panel, 15 December 2015
- 4.4 Occupancy of Floorspace at i10, Interchange, Report to Cabinet (Resources) Panel, 15 December 2015