

Meeting of the City Council

20 July 2016

| | | |
|--|---|---|
| Report title | Capital budget outturn 2015/16 including quarter one capital budget monitoring 2016/17 and financial strategy | |
| Referring body | Cabinet, 29 June 2016 | |
| Councillor to present report | Councillor Andrew Johnson | |
| Wards affected | All | |
| Cabinet Member with lead responsibility | Councillor Andrew Johnson Resources | |
| Accountable director | Keith Ireland, Managing Director | |
| Originating service | Strategic Finance | |
| Accountable employee(s) | Mark Taylor Tel Email | Director of Finance 01902 554410 Mark.Taylor@wolverhampton.gov.uk |
| Report to be/has been considered by | Strategic Executive Board Cabinet Confident Capable Council Scrutiny Panel | 16 June 2016 29 June 2016 14 September 2016 |

Recommendation(s) for action or decision:

Subject to the decisions of Cabinet on 29 June and Cabinet (Resources) Panel on 19 July, the Council is recommended to approve:

1. The revised medium term General Fund capital programme of £275.2 million, an increase of £13.6 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 £249.5 million, an increase of £24.1 million from the previously approved programme.

3. The additional resources for two new and sixty two existing General Fund projects totalling £13.6 million and for 9 existing HRA projects totalling £24.1 million.
4. The updated capital financial strategy relating to: the approval of future capital projects, the declaration of identified underspends and the use of capital receipts to either reduce the Councils need to borrow to fund the approved capital programme or to apply the receipts on revenue reform projects under the new capital flexibility arrangements.

1.0 Purpose

- 1.1 To provide Council with details of the General Fund and HRA capital programmes outturn position at the end of 2015/16, and an update on their financial performance as at quarter one of 2016/17.
- 1.2 To recommend revised General Fund and HRA capital programmes for the period 2016/17 to 2020/21.

2.0 Background

- 2.1 On 29 June 2016 Cabinet considered a report on 'Capital budget outturn 2015/16 including quarter one capital budget monitoring 2016/17 and financial strategy'. The report can be accessed online on the Council's website by following the link:

<https://wolverhamptonintranet.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=5987>

- 2.2 Subject to the decision of Cabinet on 29 June, Cabinet recommended to Full Council that it:
 1. Approves the revised medium term General Fund capital programme of £272.6 million, an increase of £11.0 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
 2. Approves the revised medium term HRA capital programme of £249.5 million, an increase of £24.1 million from the previously approved programme.
 3. Approves the additional resources for two new and sixty two existing General Fund projects totalling £11.0 million and for 9 existing HRA projects totalling £24.1 million.

- 2.3 Since then work has been undertaken in relation to Civic Halls Improvements capital scheme. As a result of this work, a further report has been considered by Cabinet (Resources) Panel on 19 July 2016 which has increased the requirement of the General Fund capital programme by £2.6 million.

<https://wolverhamptonintranet.moderngov.co.uk/ieListDocuments.aspx?CId=143&MId=6012&Ver=4>

- 2.4 Subject to the decision of Cabinet (Resources) Panel on 19 July, Cabinet (Resources) Panel recommended to Full Council that it:
 1. Approves an increase to the General Fund capital programme of £2.6 million to support Civic Halls Improvement scheme funded through additional borrowing that is fully funded from additional net income from the Civic Halls.

- 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 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Budget | | | | | | | |
| Approved | 92,196 | 105,504 | 46,122 | 13,884 | 3,832 | - | 261,538 |
| Cabinet 29 June 2016 recommendations | (23,706) | 23,721 | 143 | 4,068 | 5,112 | 1,691 | 11,029 |
| Cabinet (Recourses) Panel 19 July 2016 recommendations | - | - | 2,600 | - | - | - | 2,600 |
| Projected | 68,490 | 129,225 | 48,865 | 17,952 | 8,944 | 1,691 | 275,167 |
| Variance | (23,706) | 23,721 | 2,743 | 4,068 | 5,112 | 1,691 | 13,629 |
| Financing | | | | | | | |
| Approved | | | | | | | |
| Internal resources | 46,527 | 67,925 | 25,912 | 7,791 | 870 | - | 149,025 |
| External resources | 45,669 | 37,579 | 20,210 | 6,093 | 2,962 | - | 112,513 |
| | 92,196 | 105,504 | 46,122 | 13,884 | 3,832 | - | 261,538 |
| Projected | | | | | | | |
| Internal resources | 30,197 | 85,816 | 29,611 | 13,559 | 4,682 | 1,691 | 165,556 |
| External resources | 38,293 | 43,409 | 19,254 | 4,393 | 4,262 | - | 109,611 |
| | 68,490 | 129,225 | 48,865 | 17,952 | 8,944 | 1,691 | 275,167 |
| Variance | (23,706) | 23,721 | 2,743 | 4,068 | 5,112 | 1,691 | 13,629 |

- 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 | 2020/21 £000 | Total £000 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| Budget | | | | | | | |
| Approved | 62,826 | 48,616 | 52,014 | 32,269 | 29,709 | - | 225,434 |
| Cabinet 29 June 2016 recommendations | (12,057) | 8,389 | 5,798 | 9 | (349) | 22,301 | 24,091 |
| Projected | 50,769 | 57,005 | 57,812 | 32,278 | 29,360 | 22,301 | 249,525 |
| Variance | (12,057) | 8,389 | 5,798 | 9 | (349) | 22,301 | 24,091 |
| Financing | | | | | | | |
| Approved | | | | | | | |
| Internal resources | 61,738 | 48,616 | 52,014 | 32,269 | 29,709 | - | 224,346 |
| External resources | 1,088 | - | - | - | - | - | 1,088 |
| | 62,826 | 48,616 | 52,014 | 32,269 | 29,709 | - | 225,434 |
| Projected | | | | | | | |
| Internal resources | 50,384 | 55,612 | 57,602 | 32,278 | 29,360 | 22,301 | 247,537 |
| External resources | 385 | 1,393 | 210 | - | - | - | 1,988 |
| | 50,769 | 57,005 | 57,812 | 32,278 | 29,360 | 22,301 | 249,525 |
| Variance | (12,057) | 8,389 | 5,798 | 9 | (349) | 22,301 | 24,091 |

2.7 Table 3 details proposed revised medium term capital programmes, covering the period 2015/16 to 2020/21.

Table 3: Variance analysis of 2015/16 to 2020/21 projected budgets

| Directorate | Approved budget 2015/16 to 2019/20 £000 | Forecast budget 2015/16 to 2020/21 £000 | Variance over / (under) £000 |
|--------------------------------------|---|---|------------------------------------|
| Corporate | 78,089 | 87,313 | 9,224 |
| People | 6,677 | 7,502 | 825 |
| Place | 176,772 | 180,352 | 3,580 |
| Total General Fund | 261,538 | 275,167 | 13,629 |
| Housing Revenue Account | 225,434 | 249,525 | 24,091 |
| Total Housing Revenue Account | 225,434 | 249,525 | 24,091 |
| Total Capital Programme | 486,972 | 524,692 | 37,720 |

2.8 The complete General Fund and HRA capital programmes for the period 2015/16 to 2020/21 can be viewed online on the Council's website by following the link below:

<http://www.wolverhampton.gov.uk/article/7046/Medium-Term-Capital-Programme>

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 2020/21 | | | | |
|--|----------------------------|-------------------------------|-----------------|---|
| | Approved budget | Recommended budget | Variance | Resource as % of expenditure |
| | £000 | £000 | £000 | |
| General Fund Expenditure | 261,538 | 275,167 | 13,629 | |
| Financing | | | | |
| Internal resources | | | | |
| Capital receipts | 24,879 | 31,091 | 6,212 | 11.3% |
| Prudential borrowing | 122,994 | 132,630 | 9,636 | 48.2% |
| Revenue contributions | 1,015 | 1,835 | 820 | 0.7% |
| Reserves | 137 | - | (137) | 0.0% |
| Subtotal | 149,025 | 165,556 | 16,531 | 60.2% |
| External resources | | | | |
| Grants & contributions | 112,513 | 109,611 | (2,902) | 39.8% |
| Subtotal | 112,513 | 109,611 | (2,902) | 39.8% |
| Total General Fund | 261,538 | 275,167 | 13,629 | 100.0% |
| Housing Revenue Account Expenditure | 225,434 | 249,525 | 24,091 | |
| Financing | | | | |
| Internal resources | | | | |
| Capital receipts | 35,386 | 39,464 | 4,078 | 15.8% |
| Prudential borrowing | 72,574 | 70,805 | (1,769) | 28.4% |
| Reserves | 116,386 | 137,268 | 20,882 | 55.0% |
| Subtotal | 224,346 | 247,537 | 23,191 | 99.2% |
| External resources | | | | |
| Grants & contributions | 1,088 | 1,988 | 900 | 0.8% |
| Subtotal | 1,088 | 1,988 | 900 | 0.8% |
| Total Housing Revenue Account | 225,434 | 249,525 | 24,091 | 100.0% |

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

3.1 The implications are detailed in the Cabinet report on 29 June 2016 and Cabinet (Resources) Panel report of 19 July 2016.

4.0 Schedule of background papers

4.1 Capital budget outturn 2015/16 including quarter one capital budget monitoring 2016/17 and financial strategy - Report to Cabinet on 20 June 2016.

4.2 Civic Halls Improvement Programme - Report to Cabinet (Resources) Panel on 19 July 2016.

This page is intentionally left blank