

Meeting of the City Council

19 July 2017

Report title	Capital budget outturn 2016/17 including quarter one capital budget monitoring 2017/18	
Referring body	Cabinet (Resources) Panel, 27 June 2017	
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)	Claire Nye Tel Email	Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Cabinet (Resources) Panel Confident Capable Council Scrutiny Panel	6 June 2017 27 June 2017 27 September 2017

Recommendation(s) for action or decision:

The Council is recommended to:

1. Approve the revised medium term General Fund capital programme of £329.6 million, an increase of £13.5 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
2. Approve the revised medium term Housing Revenue Account (HRA) capital programme of £261.7 million, a decrease of £1.9 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
3. Approve the net additional General Fund resources of £13.5 million identified for;
 - i. CCTV - Grant to Wolverhampton Homes, a new project, of £20,000;
 - ii. Penn Kids, a new project of £325,000;

- iii. sixteen new projects totalling £11.8 million;
 - iv. sixty six existing projects net reduction totalling £518,000;
 - v. Southside – Market Relocation, an existing project, of £1.9 million.
4. Award a grant of £20,000 to Wolverhampton Homes to procure and install CCTV equipment on the Glentworth Gardens estate.
 5. Approve the receipt of grant of £325,000 awarded by Department of Education for Penn Kids to increase capacity in order to deliver 30 hours free childcare.
 6. Approve to passport the full grant awarded to the Council of £325,000 to the third party provider Penn Kids.

Recommendations for noting:

The Council is asked to note:

1. Whilst the capital budget requirements of the 'Southside – Market Relocation' project is included in this report, the capital budget required to instruct a contractor to commence the market relocation project will not be released until a further paper is considered by Cabinet (Resources) Panel.

1.0 Purpose

- 1.1 To provide Council with the outturn position for 2016/17 and update on the 2017/18 financial performance of the General Fund and HRA capital programmes and the revised forecast for 2017/18 to 2021/22 as at quarter one of 2017/18.
- 1.2 To recommend revisions to the current approved General Fund and HRA capital programmes covering the period 2017/18 to 2021/22.

2.0 Background

- 2.1 On 27 June 2017 Cabinet (Resources) Panel considered a report on 'Capital budget outturn 2016/17 including quarter one capital budget monitoring 2017/18'. The report can be accessed online on the Council's website by following the link:

<http://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=143&MId=7495&Ver=4>

- 2.2 Cabinet (Resources) Panel recommended to Full Council that it:

1. Approves the revised medium term General Fund capital programme of £327.7 million, an increase of £11.7 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 £261.7 million, a decrease of £1.9 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
 3. Approves the net additional General Fund resources of £11.7 million identified for;
 - i. CCTV - Grant to Wolverhampton Homes, a new project, of £20,000;
 - ii. Penn Kids, a new project of £325,000;
 - iii. sixteen new projects totalling £11.8 million;
 - iv. sixty six existing projects net reduction totalling £518,000.
 4. Awards a grant of £20,000 to Wolverhampton Homes to procure and install CCTV equipment on the Glentworth Gardens estate.
 5. Approves the receipt of grant of £325,000 awarded by Department of Education for Penn Kids to increase capacity in order to deliver 30 hours free childcare.
 6. Approves to passport the full grant awarded to the Council of £325,000 to the third party provider Penn Kids.
- 2.3 At the same Cabinet (Resources) Panel meeting a verbal update was provided regarding the project 'Southside – Market Relocation'. This update requested that the project be

increased from £3.0 million to £4.9 million and that this should be reflected in the figures to be included in this report to Full Council. The drawdown of the budget is subject to a further report being submitted to Councillors.

- 2.4 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 projects requiring approval

General Fund	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£000	£000	£000	£000	£000	£000	£000
Budget							
Approved	113,853	118,358	49,281	11,544	21,351	1,660	316,047
Cabinet (Resources) Panel 27 June 2017 recommendations	82,105	132,010	69,986	17,985	23,089	2,546	327,721
Verbal update at Cabinet (Resources) Panel 27 June 2017 recommendations	-	1,870	-	-	-	-	1,870
Projected	82,105	133,880	69,986	17,985	23,089	2,546	329,591
Variance	(31,748)	15,522	20,705	6,441	1,738	886	13,544
Financing							
Approved							
Internal resources	65,990	88,277	44,747	7,075	21,351	1,660	229,100
External resources	47,863	30,081	4,534	4,469	-	-	86,947
	113,853	118,358	49,281	11,544	21,351	1,660	316,047
Projected							
Internal resources	46,812	102,334	54,285	12,743	22,088	2,546	240,808
External resources	35,293	31,546	15,701	5,242	1,001	-	88,783
	82,105	133,880	69,986	17,985	23,089	2,546	329,591
Variance	(31,748)	15,522	20,705	6,441	1,738	886	13,544

2.5 Table 2 details the proposed revised medium term capital programmes, covering the period 2016/17 to 2021/22.

Table 2: Approved and forecast capital financing 2016/17 to 2021/22

2016/17 to 2021/22				
General Fund	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	316,047	329,591	13,544	
Financing				
Internal resources				
Capital receipts	29,646	30,384	738	9.2%
Prudential borrowing	198,530	207,809	9,279	63.1%
Revenue contributions	924	2,615	1,691	0.8%
Subtotal	229,100	240,808	11,708	73.1%
External resources				
Grants & contributions	86,947	88,783	1,836	26.9%
Subtotal	86,947	88,783	1,836	26.9%
Total General Fund	316,047	329,591	13,544	100.0%

2016/17 to 2021/22				
Housing Revenue Account (HRA)	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	263,607	261,699	(1,908)	
Financing				
Internal resources				
Capital receipts	25,512	30,636	5,124	11.7%
Prudential borrowing	126,115	119,042	(7,073)	45.5%
Reserves	110,377	110,351	(26)	42.2%
Subtotal	262,004	260,029	(1,975)	99.4%
External resources				
Grants & contributions	1,603	1,670	67	0.6%
Subtotal	1,603	1,670	67	0.6%
Total HRA	263,607	261,699	(1,908)	100.0%

2.6 The complete General Fund and Housing Revenue Account (HRA) capital programmes for the period 2016/17 to 2021/22 can be viewed online on the Council's website by following the link:

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

3.0 Financial implications

3.1 The financial implications have been updated to include the additional resources required. The revenue implications of the new and existing projects seeking approval for additional resources can be seen in the table below. These have been fully reflected in the treasury management budget forecasts reported to Cabinet on the 19 July 2017 in the 'Treasury Management – Annual Report 2016/17 and Activity Monitoring Quarter One 2017/18' report.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Forecast cumulative impact:					
interest	110	191	404	424	453
minimum revenue provision	14	103	167	322	350
Net revenue cumulative impact for General Fund	124	294	571	746	803

[RJ/11072017/Y]

4.0 Legal, equalities, environmental, human resources and corporate landlord implications

4.1 The implications are detailed in the Cabinet (Resources) Panel report of 27 June 2017.

5.0 Schedule of background papers

5.1 27 June 2017 Cabinet (Resources) Panel report - Capital budget outturn 2016/17 including quarter one capital budget monitoring 2017/18.