

Meeting: EXECUTIVE

Portfolio Area: Resources

Agenda Item:

6

Date: 8 March 2016

**2015/16 THIRD QUARTER CAPITAL STRATEGY UPDATE
KEY DECISION**

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1. PURPOSE

- 1.1 To provide Members with an update on the Council’s 2015/16 and 2016/17 capital programme.
- 1.2 To seek approval for the revisions to the General Fund and Housing Revenue Account capital programme.

2. RECOMMENDATIONS

- 2.1 That the 2015/16 General Fund capital programme net decrease in expenditure of £670,370 be approved, as summarised in paragraph 4.1.4 and detailed in Appendix A to this report.
- 2.2 That the 2016/17 General Fund capital programme net increase in expenditure of £414,590, as summarised in paragraph 4.3.1 be approved.
- 2.3 That the 2015/16 Housing Revenue Account capital programme decrease in expenditure of £150,830 be approved, as summarised in paragraph 4.2.1 and detailed in Appendix B to this report.
- 2.4 That the 2016/17 Housing Revenue Account capital programme net increase in expenditure of £151,180, as summarised in paragraph 4.3.3 be approved.
- 2.5 That in conjunction with the Leader and Portfolio holders for Housing and Resources, officers consider the repayment of Right to Buy “One for One” receipts and mitigating actions to minimise the interest costs to the HRA (paragraph 4.4.10).

3. BACKGROUND

3.1 The 2015/16 capital programme was last approved by Council on the 24 February 2016 in the 2016/17 Capital Forward Plan and 5 Year Strategy report. The 2015/16 General Fund capital budget approved was £7,045,900 and the 2015/16 HRA budget, £28,123,510.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 2015/16 GENERAL FUND CAPITAL PROGRAMME

4.1.1 Projected expenditure on the General Fund capital programme is now forecast to be £6,375,530. As at 10th February 2016 the total actual spend on General Fund capital schemes was £4,133,470 which represents 65% of the projected outturn.

4.1.2 Current projects which have budgets less than 75% spent are:

- Archer Road scheme (£426,729)
- Town centre regeneration improvement (£448,000) – budget may not all be spent in 2015/16.
- Golf Course irrigation works (£104,000) – contract delayed but works forecast to be completed in 2015/16.
- Vehicle acquisitions (£287,000) and recycling equipment (£50,000) are expected to be purchased by the year end.

Excluding these schemes 80% of the 3rd quarter projected outturn has been spent.

4.1.3 Projects completed in the third quarter include the upgrade of the Market Place Play Area, improvements to refuse and recycling at the Town Centre Plaza and Town Centre carriageway works to Danesgate service road.

4.1.4 The 2015/16 General Fund programme has decreased by £670,370 in total which relates to:

- Slippage of £339,390 to 2016/17 (reducing spend in 2015/16)
- Decreases to 2015/16 budgets of £392,080
- Increases to 2015/16 budgets of £61,100

4.1.5 The changes in the working budget are detailed in the following table:

Changes to General Fund Capital Budget			
GF Capital Programme Change to 2015/16 Working Budget & 2016/17 Projected Budget	Increase (Decrease) to 2015/16 Working Budget £	Increase (Decrease) to 2016/17 Budget £	Reason
Slippage			
Parking Restrictions	(42,500)	42,500	Provision of Corey's Mill Parking Restrictions works to be completed in 2016/17. Consultation with the public, Members and other public bodies has commenced.
Plant replacement for Kawasaki (KA2510 MUL036)	(12,000)	12,000	Vehicle to be purchased in 2016/17
Play Centres	(12,000)	12,000	Roofing works have been reprogrammed to be carried out in the spring/summer of 2016.
Asbestos Surveyor for Garages	(7,500)	7,500	Recruitment difficulties have meant works will not be completed until 2016/17.
Town Centre Cross Canopies	(4,080)	4,080	Budget for this scheme now to be spent in 2016/17.
Council Offices	(50,000)	50,000	Re-roofing works have been reprogrammed and are to be carried out in the spring / summer 2016. Project has also been delayed due to difficulties in recruiting in property services.
Changing Channels Payment Portal	(12,720)	12,720	Work to implement the new on-line payments system has been completed. The remaining budget will be required to support the delivery of further on-line projects once the digital strategy has been produced which is scheduled for March 2016.
Replacement Human Resources & Payroll System	(15,000)	15,000	The system is currently out to tender but is not scheduled for full completion until April 2017.
Daneshill House Enhancement Works - Atrium & First Floor	(12,000)	12,000	Recruitment difficulties in property services have meant works will not be completed until 2016/17.
Community Centres (specification and tender documentation)	(15,000)	15,000	Costs of preparing tender documents and specification for replacement roof at Oval Community Centre. These works have been deferred in the 2016/17 programme, however, these documents need to be ready to enable works to commence when required.
Swingate House - Heating	(2,500)	2,500	Recruitment difficulties in property services have meant that work has not been carried out as planned. Works rescheduled to take place in the spring / summer 2016 to minimise disruption.
Toilets Upgrade	7,500	(7,500)	The project is progressing faster than anticipated. Funded from reversal of previously agreed slippage.
Parts of Swingate	(7,500)	7,500	Project delayed due negotiations with/ and changes in tenants requirements
Garage Site Assembly	(115,000)	115,000	Budget required for garage site assembly in order to generate capital receipts from site disposal now required in 2016/17.

Changes to General Fund Capital Budget			
GF Capital Programme Change to 2015/16 Working Budget & 2016/17 Projected Budget	Increase (Decrease) to 2015/16 Working Budget £	Increase (Decrease) to 2016/17 Budget £	Reason
Ridlins End Play Area (New Homes Bonus Funded)	(10,000)	10,000	Ground conditions too wet over the winter months to enable works to progress in a safe and tidy manner
Peartree Park Sports Pitch	(19,090)	19,090	Ground conditions too wet over the winter months to enable works to progress in a safe and tidy manner
Allotments	(10,000)	10,000	Ground conditions too wet over the winter months to enable works to progress in a safe and tidy manner
Total Slippage to 2016/17	(339,390)	339,390	
Virements Between Projects			
Old Town Bowling Green War Memorial	600		Overspend Old Town Bowling Green War Memorial on reduced project funded from savings in Allotment Water Tanks/Infrastructure budget.
Allotments Water Tanks/Infrastructure	(600)		
ICT Equipment	1,000		Savings on Software budget used to fund overspends in ICT Equipment budget.
Software	(1,000)		
Fitness Facility Redevelopment	(12,290)		Savings in Fitness Facility Redevelopment budget used to fund unexpected structural works at Stevenage Arts and Leisure Centre
Stevenage Arts and Leisure Centre	12,290		
Total Virements Between Projects	0	0	
Decreases to 2015/16 Budget			
Town Centre Carriage Ways	(7,000)		Danesgate service road completed in November 2015. No further budget required.
Ventures (Performance Reward Grant Funded)	(7,700)		Budget no longer required
Various Reductions to Vehicles Budgets	(12,860)		Reflecting actual purchase prices of vehicles procured
Grounds Equipment	(9,540)		Budget already brought forward from previous year no longer required and to be given up as saving.
Park Pavilions	(8,000)		These budgets have been identified as not being urgent and deferred from the programme. They will be subject to capital growth bids when required.
Council Offices	(50,000)		
Community Centres	(40,000)		
Depots	(10,000)		
Parts of Swingate	(6,880)		Underspend on project
Museum	(5,000)		Underspend on project
551 Lonsdale Road	(20,000)		Planned works which were to be undertaken prior to letting no longer required as rent opportunity fell through
Old Town Bowling Green War Memorial	(7,000)		Scale of project reduced as LCB funding was not approved
Recycling HCC Funded	(61,000)		Cost of specified baling system cheaper than originally identified
Garages	(147,100)		Pending separate report.
Total Decreases to 2015/16 Budget	(392,080)		

Changes to General Fund Capital Budget			
GF Capital Programme Change to 2015/16 Working Budget & 2016/17 Projected Budget	Increase (Decrease) to 2015/16 Working Budget £	Increase (Decrease) to 2016/17 Budget £	Reason
Increases to 2015/16 Budget			
AutoCAD Solution for Property Services	26,000		CAD Solution for Property Services Team required to be funded from savings on Community Centres budget. (Paragraph 4.1.6)
Cavendish Road Server Room - Air Conditioning	14,500		Cavendish Road Server Room - Air Conditioning to be funded from underspends on Garages budget. (Paragraph 4.1.7)
Town Centre Plaza - Improvement to Refuse & Recycling	18,920		Increased scope of works has meant budget overspend. (Paragraph 4.1.8)
Various Reductions and Increases in Budgets Less than £5,000 each	1,680		
Total Increases to Budget	61,100		
Total Change in Working Budget and Projected Budgets	(670,370)	339,390	

Increases in budget 2015/16

- 4.1.6 The need for an AutoCAD Solution for Property Services has been identified to enable Property Services Team to carry out their work more efficiently. A new capital budget of £26,000 is requested for this project, to fund two AutoCAD Building Design Suite premium licences and a new laptop as the current solution is slow and does not meet the needs of the team. The project will also require an annual revenue budget of £6,800 to fund ongoing support for these licences and for two new annual subscriptions to Building Design Suite. The revenue impact has been included in the 3rd Quarter budget monitoring report to this Executive.
- 4.1.7 Air conditioning works at Cavendish Road to the IT server room (£14,500) is required to remedy the overheating of the server room. The project would considerably increase IT resilience and significantly reduce the chances of further IT outages, as occurred in December 2015. The air conditioning fan coil units will be re-configured within the server room to ensure the temperature is kept at an ambient level within the whole room and the external condenser units will be upgraded to allow a single phased supply to be installed on the server room air conditioning units. Therefore, should one of the electrical phases fail and trip one of the units, the other units will remain live, thus effectively keeping the server room at the required temperature. Underspends in the current programme allow this to be funded.
- 4.1.8 There is an over spend of £18,920 on the Town Centre Plaza – Improvements to Refuse and Recycling. The growth bid originally submitted and approved for this project was for £10,000. The scope of works for this project had not been fully concluded at the time the growth bid was submitted. Following submission of the bid and purchase of the Plaza, Property Services worked with tenants and Environmental Services to determine the best solution to minimise the impact of the paladin bins. It was concluded that the best solution was the formation of a new paladin store within the Plaza. Fire stopping treatments, floor levels, and additional drainage costs increased the scheme costs to £28,920. An increase in the budget of £18,920 is

requested to fund this project, to be funded from the Regeneration Assets allocated reserve.

4.1 2015/16 HRA CAPITAL PROGRAMME

4.2.1 The projected 2015/16 expenditure on the Housing Revenue Account capital programme is estimated to be £27,972,680 which is £150,830 lower than the approved 2015/16 working budget. The decrease in budget relates to:

- Slippage of £151,180 HRA ICT budget to 2016/17 (reducing spend in 2015/16)
- Decreases to 2015/16 budgets of £1,500
- Increases to 2015/16 budgets of £1,850

4.2.2 Virements are also requested within the HRA working budgets. These virements allocate the budgets to projects based on current trends and do not change the overall working budget. The proposed changes to the working budget are detailed in the table below:

Changes to HRA Capital Budget			
HRA Capital Programme Change to 2015/16 Working Budget & 2016/17 Projected Budget	Increase (Decrease) to 2015/16 Working Budget £	Increase (Decrease) to 2016/17 Budget £	Reason
Slippage			
Changing Channels - Payment Portal	(16,680)	16,680	Work to implement the new on-line payments system has been completed. The remaining budget will be required to support the delivery of further on-line projects once the Digital Strategy has been produced which is scheduled for March 2016.
Mobile Working Proof of Concept Pilot	(15,000)	15,000	Work to define a Housing App will be informed by the new Digital Strategy and now will not commence until the new financial year.
Mobile Working - Housing Management	(30,000)	30,000	Work to define a Housing App will be informed by the new Digital Strategy and now will not commence until the new financial year.
Automated Tenancy Contracts Technical Assistance	(4,500)	4,500	Work has commenced but will not be completed until after the year end process.
Replacement Human Resources & Payroll System	(35,000)	35,000	The system is currently out to tender but is not scheduled for full completion until April 2017. (HRA share of cost)

Changes to HRA Capital Budget			
HRA Capital Programme Change to 2015/16 Working Budget & 2016/17 Projected Budget	Increase (Decrease) to 2015/16 Working Budget £	Increase (Decrease) to 2016/17 Budget £	Reason
On-Line Housing Application Form	(50,000)	50,000	Work is deferred until the production of the Digital Strategy in March 2016. The strategy may determine that a different approach to delivering the Housing Application form is required.
Total Slippage to 2016/17	(151,180)	151,180	
Virements Between Projects			
Rental Exchange Project	(6,000)		Project is not proceeding and funding is to be removed.
ICT Programme (Business Plan)	(1,440)		Re-alignment of ICT budget to reflect the current programme of works
New Data Centre	(22,590)		
Harmonising Infrastructure Technology (for shared service)	30,030		
Contingent Major Repairs	(9,000)		Virement to fund overspend on Supported Housing Equipment budget
Supported Housing Equipment	9,000		Overspend on Supported Housing Equipment
Total Virements Between Projects	0	0	
Decreases to 2015/16 Budget			
New Desktop Software	(1,500)		This is a demand led budget and the remaining budget is not needed.
Total Decreases to 2015/16 Budget	(1,500)		
Increases to 2015/16 Budget			
Increase in HRA Technical Assistance Costs Across Various Projects	1,850		Increase costs of Technical Assistance from Housing Development Team and restructure in Asset Management Team
Total Increase to 2015/16 Budget	1,850	0	
Total Change in Working Budget and Projected Budgets	(150,830)	151,180	

4.2.3 Capital expenditure for the Housing Revenue Account at the 10th February 2016 was £14,012,872 representing 50% of the projected outturn. However, this is based only on invoiced works and does not include works, completed but not yet invoiced. If the New Build spend is excluded, £12,690,084 (76%) of the budget had been completed and/or invoiced as at the end of January 2016.

4.2.4 Monthly corporate procurement meetings are held which track the tendering processes against projected spend. It is currently not anticipated that there will be any further significant slippage in 2015/16.

4.2.5 The New Build budget is reliant on acquiring suitable properties and sites for the HRA and the length of time taken to finalise these deals may not necessarily be in the current financial year. However, the budget allocation is still required to progress the acquisitions. As at 2nd February 2016, fourteen open market acquisitions have been completed and offers have been accepted on a further five properties. As at 10th February 2016 25% of the working budget has been physically spent. Any underspend will be requested to be slipped in the 4th quarter budget report to the July Executive.

4.2.6 The number of properties made decent by the end of the 3rd quarter was 445 which means that the Council is on track to achieve its annual target of 468 properties made decent in the year. Decent Homes works completed to the end of January 2016 are shown in the following table.

Number of Decent Homes components completed in 2015/16									
Month	Heating	Electrics	Kitchens	Bathrooms	Roofing	Loft Insulation	Windows	Doors	Other
April	4	3	3	7					
May	33	8	23	18	30		40	79	38
June	22	5	7	6	64	7	39	84	89
July	18	13	10	12	95	47	10	24	109
August	17	6	14	17	123	29	22	42	126
September	1	1	7	8	124	9	14	28	164
October					187	14	36	68	191
November					152		23	55	157
December	10	10	21	29	136	4	16	37	124
January	66	10	12	16	76	5	3	5	67
Total	171	56	97	113	987	115	203	422	1,065

4.3 CAPITAL PROGRAMME 2016/17 ONWARDS

GENERAL FUND CAPITAL PROGRAMME 2016/17 ONWARDS

4.3.1 The General Fund capital programme for 2016/17 was reported to the 24 February 2016 Council meeting as part of the Budget and Policy Framework. The 2016/17 General Fund programme is now projected to be £7,515,310 (as detailed in Appendix A), a total increase of £414,590. This increase relates to budget slippage of £339,390 from 2015/16 and an increase for a Town Square retail unit to be reconfigured. The total increase is detailed in the table below.

Changes to General Fund Capital Budget		
GF Capital Programme Change to 2016/17 Projected Budget	Increase Decrease to 2016/17 Budget £	Reason
Slippage from 2016/17	339,390	Slippage from 2016/17 Detailed at paragraph 4.1.5
Town Square Retail Units Reconfiguration	75,200	Increase in costs of works required (Paragraph 4.3.2)
Total Increase in Projected Budget	414,590	

INCREASE IN BUDGET 2016/17

4.3.2 There is a budget increase requested for one of the Town Square retail units (£75,200). This reconfiguration of rental units would appeal to a wider range of retailers with the aim to reduce the void period. The total cost of the project is now estimated at £475,200 and will be funded from the Regeneration Assets allocated reserve.

HRA CAPITAL PROGRAMME 2016/17 ONWARDS

4.3.3 The HRA capital programme for 2016/17 was presented at the February 2016 Council meeting. The 2016/17 HRA programme is now estimated to be £25,466,980 (detailed in Appendix B). The increase of £151,180 is due to slippage from the 2015/16 budget and is detailed in paragraph 4.2.2.

4.4 CAPITAL RESOURCES GENERAL FUND AND HRA

4.4.1 **General Fund** - projected capital receipts for the current and following years have been reviewed since the 2016/17 Capital Strategy Report presented to Council. While there is no guarantee that all of these receipts will be realised, they reduce the future need for the Council to borrow and/ or the need to utilise the Capital Reserve. The table below shows the forecast use of capital receipts for 2015/16 and 2016/17. The use of capital receipts in 2015/16 is lower than budgeted due to scheme slippage.

General Fund Capital Resources applied to finance capital programme			
	February 2016 Final Budget 2016/17	3rd Quarter Report 2015/16	Increase (Decrease)
	£	£	£
Capital Receipts			
2015/16	2,244,414	1,980,553	(263,861)
2016/17	3,884,409	4,297,909	413,500
Capital Reserve			
2015/16	1,243,303	975,171	(268,132)
2016/17	1,409,566	1,235,866	(155,700)
Other Capital resources			
2015/16	3,558,183	3,419,806	(138,377)
2016/17	1,806,745	1,963,535	156,790
Total 2015/16	7,045,900	6,375,530	(670,370)
Total 2016/17	7,100,720	7,515,310	414,590
Net overall decrease in resources over two years			(255,780)

4.4.2 **HRA** - had 32 Right to Buy (RTB) sales in the third quarter of 2015/16, compared to 30 for the third quarter of 2014/15. As at 18th February 2016, there were 97 Right to

Buys and the total for the year is still forecast to be 100. The gross and net sale price to 31st December 2015 (76 sales) are shown in the table below, together with the average discount given.

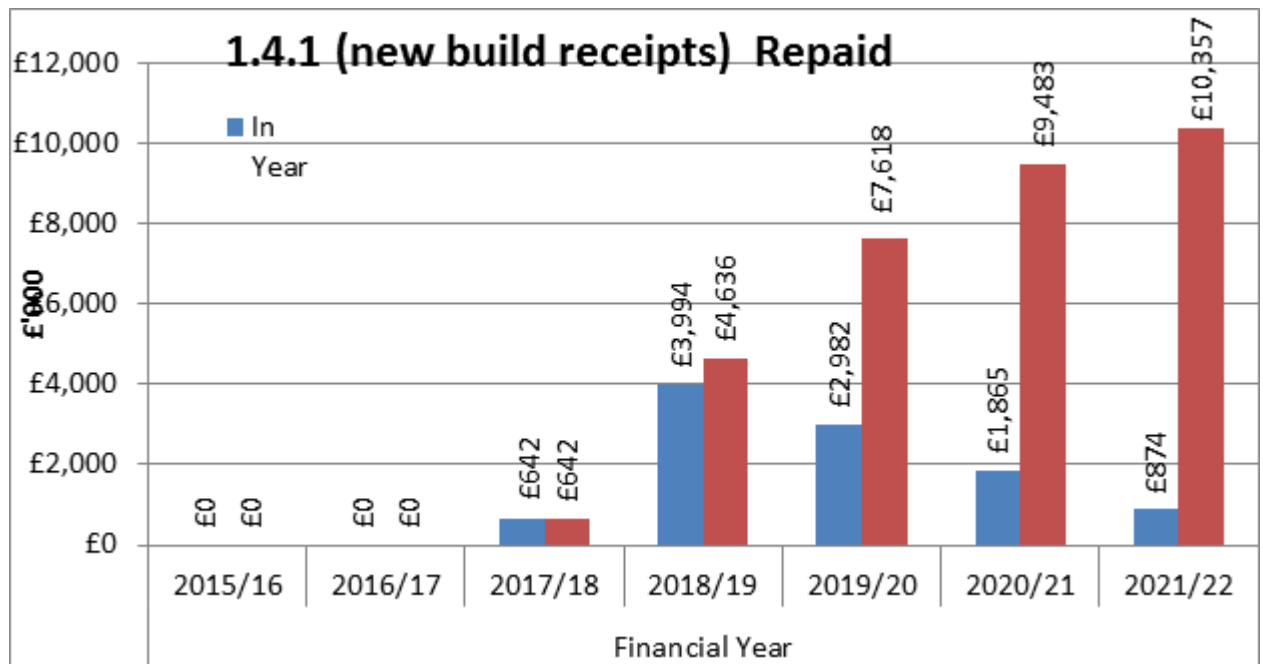
RTB Sales				
	All Stock Sold	Average Gross Price	Average Discount	Average Net Receipt
Year	No.	£	£	£
2014/15	97	163,191	70,682	92,509
2015/16 Quarter 1	18	158,889	72,300	86,589
2015/16 Quarter 2	26	168,077	71,114	96,963
2015/16 Quarter 3	32	189,219	75,995	113,223
2015/16 Quarter 1 to 3 Actual	76	174,803	73,450	101,353
1st January to 18th February 2016 Actual	21	182,381	73,936	107,663

4.4.3 RTB receipts retained by the Council are based on formulas and are categorised as follows:

- **Local Authority Share** - Intended to reflect the 25% share of receipts that the Council would have retained under the old capital receipts pooling system prior to self financing. This figure is capped and for 2015/16 the cap is £86,635 per quarter.
- **Attributable Debt Costs** - An amount equivalent to an assessment of the debt that could be supported by the net rent income of additional dwellings sold over and above those taken into account under the Council's self financing debt settlement.
- **New Build Provision** - this represents the remaining receipt once the other monies have been calculated. Only 30% of the expenditure on a scheme can be funded from New Build Provision receipts, with the Council having to provide the remaining 70%.

4.4.4 Total RTB receipts received to 18 February 2016 was £10,091,153 for 2015/16 (April to December 2015 £7,802,922 and £658,651 paid to the Government for pooled receipts).

4.4.5 The Capital Strategy previously reported that £7.23Million of unused One for One receipts would need to be returned to the government because they would not be spent by 2019/20. Nationally £46Million of receipts has already been returned to the treasury with £1.5Million being returned in Hertfordshire.



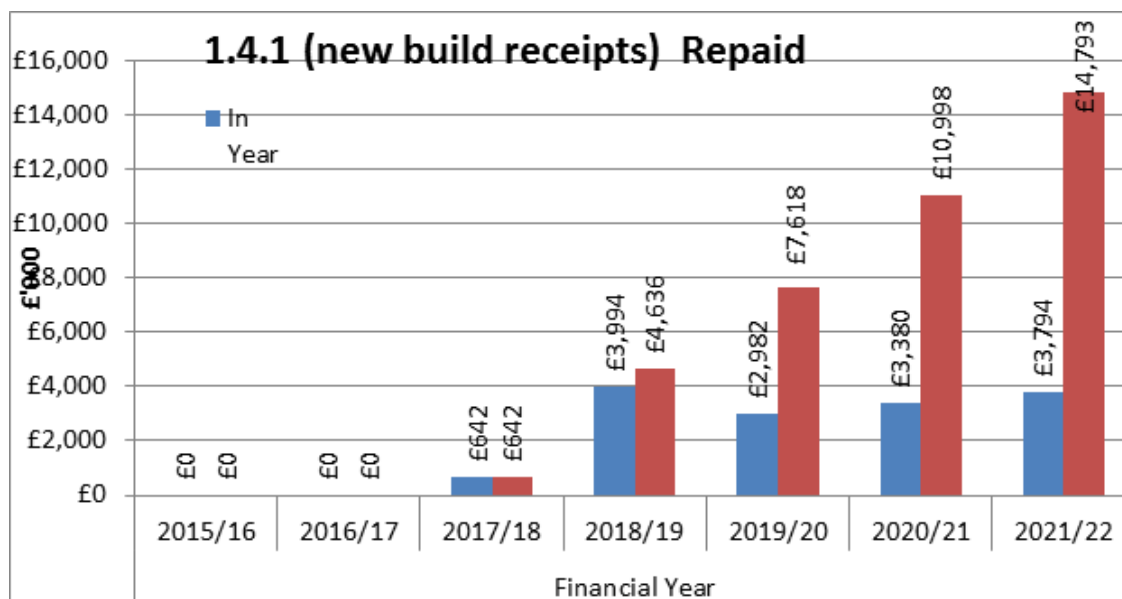
4.4.6 The level of receipts projected to be returned has increased because house sale valuations are increasing and the average amount of new build receipt per property sold (4th quarter -2015/16) is now £70,522 per property compared to £51,903 in 2014/15. Based on 100 sales this would mean an additional 70% match funding required of £1.862Million.

Average per Property									
	Sales	Value	Discount	Net Receipt less admin	Government Share	LA Share	Debt Receipt	New Build	70% match LA funding
2015/16	76	£174,803	£73,450	£101,370	£8,666	£3,420	£28,197	£61,230	£142,870
2015/16 q1	21	£192,857	£77,645	£114,368	£10,455	£4,125	£29,266	£70,522	£164,552
2014/15	97	£163,191	£70,682	£91,209	£7,914	£3,424	£27,967	£51,903	£121,108
2013/14	76	£142,632	£65,699	£75,632	£9,199	£3,897	£25,241	£37,296	£87,023
2012/13	51	£139,471	£65,238	£72,933	£11,902	£4,963	£23,706	£32,362	£75,511
Total	812,953								

4.4.7 The forecast of Right to Buy (RTB) One for One receipts to be repaid is based on receipts received in prior financial years, which are projected to be unspent within the time limits set by Government (3 years). The Council will be required to start repaying unspent One for One RTB receipts received in 2014/15 (£642k) in 2017/18 and 2015/16 receipts (£3.994Million) during 2018/19. Interest is payable on these receipts at 4% above the Bank of England Base Rate, with a 0.5% base rate this would be a cost of £600,000. However, the base rate is forecast to rise in the future and increase the interest cost for the two years.

4.4.8 The HRA Business Plan and the forecast One for One RTB receipts to be repaid illustrated in the chart in 4.4.5 is based on forecast reductions in RTB sales from

2017/18 onwards. If RTB sales do not decrease and remain at 100 sales for the next five years, the level of One for One receipts repaid could increase to £14.7Million. The forecast One for One repaid receipts based on 100 RTB sales per year to 2019/20 is shown in the following chart:



4.4.9 The HRA has borrowing constraints which prevent additional match funding for all the unspent receipts. Furthermore the HRA's ability to service additional debt and fund the existing capital programme has been affected by the 1% rent reduction imposed over the next four years by the Welfare Reform and Work Bill.

4.4.10 Officers are currently considering alternative options to use the receipts to minimise the cost to the Council and avoid returning any of the receipts. It is recommended that in conjunction with the Leader and Portfolio holders for Housing and Resources, officers consider the repayment of "One for One" RTB receipts to minimise the interest costs to the HRA.

4.4.11 There are currently 63 'live applications' for RTB's (as at 1st February 2016). Sales are likely to remain high, due to a change in the eligibility period. A tenant has the right to buy after three years with effect from 1 May 2015.

4.5 BORROWING GENERAL FUND

4.5.1 The introduction of the Capital Reserve and the use capital receipts eliminates the in year need to borrow for the current General Fund 5 Year Capital Strategy. There have been no changes in the forecast borrowing. The following table shows the impact on the General Fund of the forecast borrowing.

Forecast Impact on General Fund Revenue				
	2015/16 Budget Setting February 2016 Forecast £000's	2016/17 Budget Setting February 2016 Forecast £000's	2017/18 Budget Setting February 2016 Forecast £000's	2018/19 Budget Setting February 2016 Forecast £000's
Costs to General Fund of Borrowing				
MRP on Regeneration Assets	335	335	335	335
MRP Other General Fund Assets	319	319	319	291
Total MRP	654	654	654	626
Interest on Regeneration Assets	78	71	65	36
Transfers to Capital Reserve - Interest Saved on Borrowing not Undertaken on Other General Fund Assets	95	95	95	95
Interest on Regeneration Assets Funded from Surplus on Regeneration Assets	(78)	(71)	(65)	(36)
MRP on Regeneration Assets Funded from Surplus on Regeneration Assets	(335)	(335)	(335)	(335)
Net Impact on General Fund	414	414	414	386

4.5.2 The Council has a requirement to make a Minimum Revenue Provision (MRP) in the General Fund to reflect the repayment of the borrowing over the life of the assets which were purchased. The Council makes this payment one year in arrears, regardless of whether physical borrowing has taken place. The MRP (excluding regeneration assets) for 2015/16 as a result of the need to borrow in 2011/12 to 2014/15 is £318,569. In addition there is borrowing relating to regeneration assets (£8,376,465) giving rise to a total MRP for 2015/16 of £653,630.

4.5.3 The decision whether to borrow from the market or the Public Loans Works Board (PWLB) is a Treasury Management decision.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included in the above.

5.1.2 The cumulative changes made to the original General Fund and Housing Revenue Account capital budgets remains within the £250,000 (increase) variation limit delegated to the Executive for each fund.

5.2 Legal Implications

5.2.1 None identified at this time.

5.3 Policy Implications

- 5.3.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition the budget framework represents an Integrated Financial Planning and Priority Based Budgeting approach across Council services and the overall Capital Strategy.

5.4 Equality and Diversity Implications

- 5.4.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund and HRA capital programme. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.

5.5 Risk Implications

- 5.5.1 The significant risks associated with the capital strategy are largely inherent within this report.
- 5.5.2 A significant risk exists that works deferred due to lack of funding become urgent in year, requiring completion on grounds of health and safety. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum. However, it cannot be forecast fully.
- 5.5.3 There are risks around achieving the level of disposals budgeted for. The estimated dates of receipts very much rely on a series of steps being successful at estimated dates. The level of receipts for the General Fund is a significant source of funding its capital programme. The Council manages this risk by reviewing and updating the Strategy quarterly, including resources where a sale is likely to complete. This will enable action to be taken where a receipt looks doubtful.

BACKGROUND DOCUMENTS

BD1 - 2016/17 Final Capital Forward Plan and 5 Year Capital Strategy 24 February 2016
<http://www.stevenage.gov.uk/content/committees/139616/139701/139721/Council-24-Feb-2016-Item5B.pdf>

APPENDICES

Appendix A - General Fund 5 Year Capital Strategy
Appendix B - Housing Revenue Account 5 Year Capital Strategy