



# Meeting of the City Council

## 19 July 2017

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

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### 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**

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

- 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	
<b>Expenditure</b>	<b>316,047</b>	<b>329,591</b>	<b>13,544</b>	
<b>Financing</b>				
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%
<b>Subtotal</b>	<b>229,100</b>	<b>240,808</b>	<b>11,708</b>	<b>73.1%</b>
External resources				
Grants & contributions	86,947	88,783	1,836	26.9%
<b>Subtotal</b>	<b>86,947</b>	<b>88,783</b>	<b>1,836</b>	<b>26.9%</b>
<b>Total General Fund</b>	<b>316,047</b>	<b>329,591</b>	<b>13,544</b>	<b>100.0%</b>

2016/17 to 2021/22				
Housing Revenue Account (HRA)	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
<b>Expenditure</b>	<b>263,607</b>	<b>261,699</b>	<b>(1,908)</b>	
<b>Financing</b>				
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%
<b>Subtotal</b>	<b>262,004</b>	<b>260,029</b>	<b>(1,975)</b>	<b>99.4%</b>
External resources				
Grants & contributions	1,603	1,670	67	0.6%
<b>Subtotal</b>	<b>1,603</b>	<b>1,670</b>	<b>67</b>	<b>0.6%</b>
<b>Total HRA</b>	<b>263,607</b>	<b>261,699</b>	<b>(1,908)</b>	<b>100.0%</b>

- 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
<b>Net revenue cumulative impact for General Fund</b>	<b>124</b>	<b>294</b>	<b>571</b>	<b>746</b>	<b>803</b>

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### 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.