

CABINET – 20 DECEMBER 2022

CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Director of Finance

Recommendations

1. The Cabinet is RECOMMENDED to:

OCC Capital Programme

1. Approve the latest capital monitoring position for 2022/23 (Annex 1) and the associated updated capital programme at Annex 2, incorporating the changes set out in this report
2. Note the approval made under delegated authority of the Leader of the Council for:
 - a) New Heyford Primary School (paragraph 26)
 - b) Heyford Park School Expansion (paragraph 28)
3. To note:
 - c) increase of £0.360m to the Active Travel Programme (Tranche 2) funded from the Budget Priorities Reserve (paragraph 34)
 - d) the inclusion of the Department for Transport (DfT) grant of £32.8m into the capital programme following the Cabinet Report on 18 October 2022 as funding towards the Zero Emission Bus Regional Area (paragraph 37).
 - e) progress on the Structural Maintenance 2022/23 Milestones (Annex 3):
 - f) funding of £0.185m towards the Highway Tree Planting programme funded from the Budget Priorities Reserve (paragraph 52)

Re-profiling

4. Agree the in-year re-profiling as identified in the report and (Annex 1 and 2)

Funding

5. Note the following grant funding updates and allocations:
 - a) Housing & Growth Deal (paragraph 39)
 - b) Children Homes (paragraph 66),
 - c) Safer Roads (paragraphs 71),

Executive Summary

2. The report sets out the monitoring position based on activity to the end of October 2022 and is the third update for 2022/23. It also includes an update to the Capital Programme approved by Cabinet in October 2022 taking into account additional funding and new and/or changes to schemes.
3. Forecast programme expenditure for 2022/23 is £195.9m (excluding earmarked reserves). This has decreased by £33.1m compared to the latest approved capital programme (Annex 1) and reflects the spend profile from the latest delivery timeframes as well as the inclusion of new grants received by the Council.
4. Due to a number of new inclusions and changes, the total ten-year capital programme (2022/23 to 2031/32) is now £1,378.0m. This has increased by £39.9m compared to the capital programme approved by Cabinet in October 2022. The updated capital programme summary is set out in Annex 2 and the main variations are set out in this report.
5. As highlighted in previous reports inflationary increases in contract prices are continuing to increase the risk to the deliverability and cost of capital schemes. This is reflected in several recent business cases that have been approved at programme board level. The impact on the capital programme is reflected in the updates in this report.

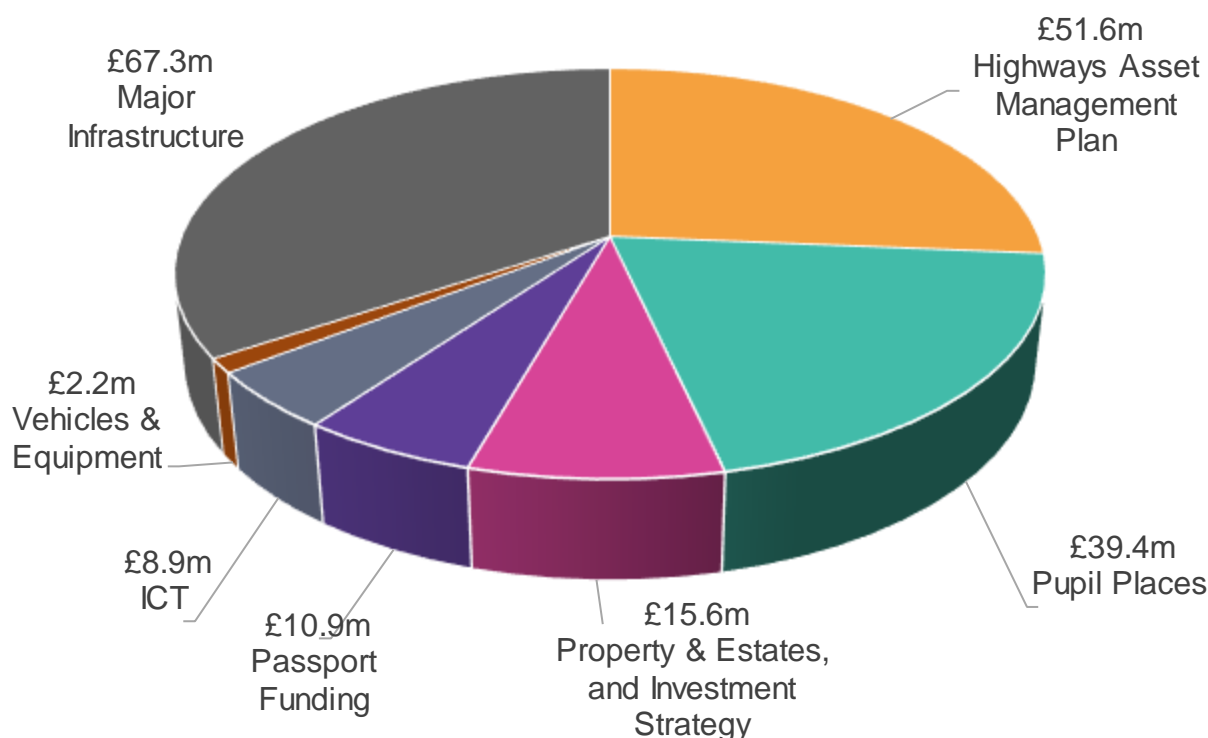
Introduction

6. Capital expenditure is defined as spending that creates an asset for the Council (e.g. buildings, vehicles and equipment), and spending which meets the definition in regulations specified under the Local Government Act 2003 which includes spend on non-current assets that are not owned by the Council such as academies and the award of capital grants and funding agreements.
7. The capital programme sets out how the council will use capital expenditure to deliver the council's priorities as set out in the Strategic Plan 2022-25. The programme is updated quarterly and fully refreshed annually as part of the Budget and Business Planning Process to ensure that it remains aligned to the latest priorities, reflects the latest cost projections and profile for delivery, and incorporates the current funding position.
8. The capital programme is structured as follows:
 - **Pupil Place Plan:** including basic need (new schools and expansion), maintenance, health and safety and improvements
 - **Major Infrastructure:** including Growth Deal Infrastructure programme
 - **Highways and structural maintenance:** including street lighting, and bridges
 - **Property and Estates:** including health & safety, maintenance, improvements and the Investment Strategy

- **ICT Strategy:** including broadband and End User equipment
- **Passported Funds:** including Disabled Facilities Grant and Devolved Schools Capital
- **Vehicles and Equipment:** including fire and rescue vehicles and equipment

9. The detailed investment profile for the 2022/23 Capital Programme is set out below and shows the forecast spend for the year by programme area based on the totals in the table in paragraph 15.

2022/23 Programme - Latest Spend Forecast



10. This is the third capital programme update and monitoring report for the year and focuses on the delivery of the 2022/23 capital programme based on projections at the end of October 2022 and new inclusions and changes within the overall ten-year capital programme.

Prioritisation Framework

11. The report to Cabinet in July 2022 highlighted significant pressure on the Council's Capital Programme due to the wider macro-economic climate. It also noted this pressure was expected to continue to place further demands on resources and the ability to meet the Council's ambitions, expected outcomes and benefits.
12. To help address this, a fundamental review of the current capital programme has been undertaken, prioritising the schemes and initiatives using the prioritisation framework endorsed by Cabinet in October 2022.

This framework has been used to review schemes to avoid future overspends while still delivering major projects for the benefit of Oxfordshire communities within the footprint of the finances available.

13. Changes impacting on 2022/23 were approved through the Capital Monitoring Report to Cabinet on 18 October 2022.
14. Proposals for 2023/24 onwards are included in the [Budget & Business Planning Report to Performance & Corporate Services Overview and Scrutiny Committee on 9 December 2022.](#)

2022/23 Capital Monitoring

15. The capital monitoring position set out in Annex 1, shows the forecast expenditure for 2022/23 of £195.9m (excluding earmarked reserves). This has reduced by £33.1m compared to the latest approved capital programme.

The table below summarises the changes by strategy area:

Strategy Area	Last Approved Programme 2022/23 *	Latest Forecast Expenditure 2022/23	Variation
	£m	£m	£m
Pupil Places	43.3	39.4	-3.9
Major Infrastructure	95.0	67.3	-27.7
Highways Asset Management Plan	50.8	51.6	+0.8
Property, Estates & Investments	17.3	15.6	-1.7
ICT	9.6	8.9	-0.7
Passport Funding	10.8	10.9	0.1
Vehicles & Equipment	2.2	2.2	0.0
Total Strategy Programmes	229.0	195.9	-33.1
Earmarked Reserves	0.00	0.0	0.0
Total Capital Programme	229.0	195.9	-33.1

* Approved by Cabinet 18 October 2022

16. Actual capital expenditure at the end of October 2022 was £73.2m. The combined spend to date and current forecasted in-year commitments for the Capital Programme is £155.0m or 79% of the revised estimate for the year but the rate of expenditure is expected to increase in the remaining part of the year due to several major infrastructure schemes reaching the construction stage.

Pupil Places

17. The forecast expenditure for the Pupil Places Programme in 2022/23 has decreased by £3.9m to £39.4m. This reflects the latest anticipated profile of expenditure against the delivery timeframe of projects within the programme.
18. The Basic Need Programme is expected to spend £15.2m in 2022/23 with no change from the previous forecast.
19. The Growth Portfolio Programme has forecast expenditure of £21.3m, a decrease of £1.5m compared the last update. The Shrivenham New Primary School project will start work on site during December 2022 with the expectation that the Academy Trust will take possession of the new school in February 2024. The forecast spend for 2022/23 has been revised based on an update from the contractor and a revised delivery timeframe reflecting a delay with the transfer of the new school site from the developer. The overall project budget has also increased by £0.486m to £10.983m as a consequence of inflation and market prices.
20. The new building for Folly View Primary School, Faringdon was recently completed. This provides a new school facility to support the relocation and change of age range of Faringdon Infant School, providing 420 primary pupil places, 90 nursery places.
21. Schools Structural Maintenance (SSM) is part of the schools' annual programme. The 2022/23 programme included 35 projects with a forecasted budget requirement of £5.7m towards the repair and upgrades to school buildings primarily consisting of the replacement of boilers with hybrid low carbon heat pump solutions and flat roof replacement projects.
22. Some SSM projects, including the installation of heat pumps, which were required to be delivered during the school summer holiday period have been moved into the following year. The programme is reporting a further £2.4m reprofile from 2022/23 to 2023/24. The latest forecast is £2.3m delivered in-year with £3.4m planned to be spent in 2023/24.
23. The current forecast is that 19 SSM projects will be completed in-year, 4 projects will be partially complete as several large flat roof projects are currently planned to commence in early March 2023. 12 projects will be carried forward into 2023/24.
24. The overall ten-year programme for the Pupil Places programme has increased by £8.1m since the last update. This reflects the additional Section 106 funding from the two new projects being included in the capital programme, as reported below. The remaining variation is from completed projects that have been funded from Section 106 contributions. As the projects are complete, the remaining budget has been removed from the capital programme.

25. New projects are identified through the Pupil Place Plan and included within the annual capital budget planning cycle. Recent Section 106 agreements have been completed for the following two schemes. To progress the projects in advance of the annual budget setting process, initial business cases have received delegated approval from the Leader of the Council and Section 151 Officer as per part 5.1.1 of the Financial Regulations.

New Heyford Primary School

26. A new 1.5 form entry primary school will be delivered by the developer of Upper Heyford Airfield. Based on current pupil modelling additional primary school places will be needed in around 2026. The current need is for a new school to provide 315 pupil places and 75 nursery places.
27. As part of the agreement, the Council will pass across to the developer the relevant Section 106 contributions towards primary infrastructure that we will receive from other contributing developments. The overall amount is capped, limited to amounts held and once the mid-point of construction of the school has been reached. The project is a new inclusion in the capital programme and the overall budget including the passing of Section 106 funding to the developer is £4.003m.

Heyford Park School - Expansion

28. The Heyford Park School is an all-through academy and is managed by the Eynsham Partnership Academy Trust. The project will extend the secondary provision from two forms of entry to three, providing 150 additional pupil places. The additional places are not expected to be required before 2026. The project is a new inclusion in the capital programme and the indicative budget is expected to be financed from the identified Section 106 contributions of £5.078m

Major Infrastructure

29. The Major Infrastructure Programme in-year expenditure is forecast to be £67.3m compared to the latest capital programme budget of £95.0m, a reduction of £27.7m. The programme is divided into 6 sub-programme areas as shown in the table below:

Major Infrastructure	Original Budget	Last Approved Budget	Latest Forecast	Variation
	£'m	£'m	£'m	£'m
Housing Infrastructure Fund 1 (HIF1)	21.2	6.5	3.6	-2.9

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Housing Infrastructure Fund 2 (HIF2) & A40	48.1	29.0	22.2	-6.8
Banbury & Bicester	19.3	6.9	6.5	-0.4
Oxford	28.7	27.1	20.2	-6.9
South & Vale	27.1	18.3	9.6	-8.7
Major Infrastructure Sub-total	144.4	87.8	62.1	-25.7
Countywide & Integrated Transport	6.5	7.2	5.2	-2.0
Major Infrastructure – Total	150.9	95.0	67.3	-27.7

HIF1

30. Forecast expenditure on HIF1 in 2022/23 has reduced by £2.9m. This reflects further rescheduling due to a range of factors that have changed the profile of in-year spend for the programme. The majority of detailed design will now start in March 2023. Land purchase agreements due this year will also move into early next year and the Network Rail asset agreement also moves a proportion of these costs into next year.

HIF2 & A40 Corridor

31. The HIF2 programme is forecasting a reduction of £6.8m in anticipated in-year expenditure. This is mainly due to the pausing of some elements for a further review of the programme including the recent cabinet agreement to withdraw the Compulsory Purchase Order, and a delayed start in the construction phase of the Dukes Cut Bridge project until February 2023. The re-phasing of utility diversion costs for the Access to Witney project will also now be incurred next year.

Banbury & Bicester

32. There is nothing significant to report in this programme.

Oxford

33. This programme is forecasting a reduction of £6.9m for 2022/23. There are significant in-year spend reductions in both the North Oxford Corridor [1b] Kidlington Roundabout (£4.7m) and North Oxford Corridor [1a&1d] A44 Loop Farm to Cassington Road projects (£1.5m). The Kidlington Roundabout scheme was paused post an initial public consultation in mid-2022 to allow for a re-design and this revised design is now intended to go to Cabinet Member Decision in January 2023. Subject to approval, the scheme would spend all of its remaining budget during 2023/24. The reduction in Loop Farm to Cassington is due to programme slippage associated with access to required land, including that owned by National Highways. The scheme is forecasted to be completed by Q3 2023/24.
34. The Active Travel Programme (Tranche 2 – City Schemes) involves a programme of work largely related to the Cowley and East Oxford Low Traffic Neighbourhoods and quickways cycle project. £0.360m from the Budget Priorities Reserve will be used to enable work to continue work up to March 2023. A further £0.610m required to complete the programme in 2023/24 is proposed to be met from the Vision Zero funding included in the Category 1 proposals ([see Annex 4b of the Budget and Business Planning](#))

[Report to Performance and Corporate Services Overview and Scrutiny Committee](#) on 9 December 2022).

South & Vale

35. Forecast expenditure on this programme in 2022/23 has reduced by £8.7m and is primarily due to delays in the Watlington Relief Road project getting into the preliminary design stage, the construction phase of the Wantage Eastern Link Road requiring further assessment and ratification of the developer produced design before moving into a construction contract (construction is now programmed to begin in Summer of 2023) and the Benson Relief Road land acquisition requirements prior to construction causing delays and meaning most expenditure will now happen in early 2023/24.

Countywide and Integrated Transport

36. The programme is reporting a reprofile of £2.0m from 2022/23 into 2023/24 due to a split year payment now expected for the Oxford Station project and anticipated timeframe for the A423 Improvements Programme.
37. The overall ten-year programme for the Major Infrastructure programme has increased by £33.1m since the last update. This reflects the addition grant funding of £32.8m towards the Zero Emission Bus Regional Areas as noted in paragraphs 40-43 and the additional funding from the Budget Priority Reserve.

Housing & Growth Deal – Housing from Infrastructure (Hfi) Programme

38. The October Capital Monitoring Report to Cabinet highlighted that the final £30m instalment of the £150m grant funding for the Housing & Growth Deal that was expected to be received in 2022/23 was still outstanding.
39. Following the decision by the Future Oxfordshire Partnership (FOP) to end the Oxfordshire Plan 2050, the Department for Levelling Up, Housing and Communities has reviewed the implications along with the availability of the final £30m instalment of the grant funding. Following an update on the availability of the funding received by the council in early December, the implications are being worked through and an update will be included in the next report.

Zero Emission Bus Regional Areas (ZEBRA)

40. The Capital Investment proposals approved by Council in February 2022 included the inclusion of £6m funding into the capital programme to support the Government's Road to Zero Strategy for transition to zero emission transport by 2050. This financial assistance would support the purchase of 159 electric buses and associated charging infrastructure, as part of the ZEBRA programme.

41. The Department for Transport (DfT) will also pay the County Council grant funding of £32.8m towards the programme. The Council's contribution plus the DfT grant is expected to be passed over to the bus operators in accordance with the funding agreements. Bus operators are contributing £43.7m to the programme.
42. The Council's financial exposure under the funding agreements will be limited to the Council's £6m contribution and the £32.8m DfT grant.
43. The DfT grant of £32.8m has been entered into the capital programme and this follows the Cabinet report on 18 October 2022 which requested approval to enter into the funding agreements with the bus operators. The council has signed the Memorandum of Understanding with the DfT and the funding is expected to be received from DfT later in December.

Highways Asset Management Plan

44. The total in-year capital forecast for 2022/23 is estimated to be £51.6m and has increased by £0.8m. The programme is divided into 4 sub-programme areas.

Highways Asset Management Plan	Latest Capital Programme Budget	Outturn Forecast	Variation
	£'m	£'m	£'m
Structural Maintenance Annual Programme	31.7	32.1	+0.4
Improvement Programme	3.0	3.4	+0.4
Structural Maintenance Major Schemes	15.3	15.2	-0.1
Other Programmes	0.8	0.9	+1.0
Major Infrastructure – Total	50.8	51.6	+0.8

45. The Structural Maintenance Programme is forecasting to spend £32.1m, an increase of £0.4m. This reflects additional external funding and the reprofiling of future years budgets into the current year. Annex 3 shows the planned key structural maintenance deliverables for 2022/23.
46. The annual planned target total surfacing programme (excluding patching) for 2022/23 is calculated at 3% of the network. The expectation is that this would enable the council to maintain the 4,656km of network that it is responsible for in as close as possible to a 'steady state' within the funding available.
47. The annual Improvement Programme in forecast to spend £3.4m. This includes 62 road safety and traffic improvements including road markings, cycle provision improvements, pedestrian crossings, footway improvements and speed limit alterations. The programme also includes enhancement to support bus journey time reliability and aiding bus movements.

48. Structural Maintenance Major Schemes are forecast to spend £15.2m. Annex 3 shows the planned key major scheme deliverables for 2022/23.
49. The Street Lighting LED Replacement programme is on target to deliver an agreed increased number of units following previous programme delays, within the £12m in-year forecast. There is a small risk that the programme could underspend by the year end due to delivery timescales for materials needed to complete the works. However, there is greater level of certainty that the whole programme will now be delivered, primarily due to the focus of works being with a single supplier.
50. 74% (45,068 out of 60,6000) of the council's total street lighting assets have now been converted to LED.
51. The 20mph speed limit programme consists of 76 schemes for delivery by end of March 2023. The programme is progressing well, including the implementation of the new speed limit in the whole of Witney. A further 14 schemes have been approved, with the remainder going through the approval process through the remainder of the year. Some of the schemes planned to be approved in February 2023 for delivery by March 2023, may however slip into April 2023.
52. In April 2022, Cabinet approved a new [Tree Policy for Oxfordshire](#). £0.185m funding from the Budget Priorities reserve will be used to be used to plant 450 replacement trees on highways over the winter period. The capital programme has been increased to reflect the addition of that funding. The capital proposals set out in Annex 4c of the report to Performance & Corporate Services Overview and Scrutiny Committee includes £3.0m funding for climate schemes with the option of trees. More detailed proposals for the use of this funding will be considered as part of the Budget and Business Planning Process in January 2023.
53. The overall ten-year programme for the Highways Asset Management Plan programme has decreased by £1.6m since the last update. This reflects budgets being returned as part of the budget prioritisation and capital budget planning process.

Property, Estates and Investments

54. The Property, Estates and Investment Programme for 2022/23 is forecasting to spend £15.6m and has decreased by £1.7m compared to the previous update.
55. The Investment Strategy budget has been used to support the relocation and closure of Nash Court, delivered at the end of October 2022 to achieve revenue savings (premises & waived dilapidations). Works were undertaken to Union Street to create a new working space to accommodate the council's fostering and adoption teams and there is further work planned to deliver additional space for agile working. This is currently being scoped and costed to create the business case which will also address net zero carbon targets at Union Street.

56. Following the approval of the Property Strategy by Cabinet in November, the focus is on the initial implementation of this strategy and establishing the sequencing of the overarching programme.
57. The overall ten-year programme for the Property, Estates and Investment programme has increased by £1.8m since the last update. This reflects the additional budget provision towards Banbury Library as identified in the Capital Programme Update and Monitoring Report to Cabinet on 18 October 2022.

ICT

58. Forecast expenditure for 2022/23 is estimated to be £8.9m and has decreased by £0.7m compared to the previous update. The main changes are within the Digital Infrastructure Programme relating to returned budgets from completed projects and a reprofile of £0.4m from the End User Programme used to purchase and replace laptops and other service ICT equipment needs.
59. The Businesses in Rural Oxfordshire programme (BiRO) completed delivery under both supplier contracts in the second quarter of 2022/23. The final position is £4.9m expenditure against the original budget of £6.3m. This investment has delivered 777 rural businesses and 818 residential premises with full fibre services, in some of the most isolated parts of the county, where they would not have had access to these services otherwise. The average infrastructure build cost per premises was £3,051. The programme is entirely grant funded from central government following a successful bid by the programme team into the Department for Environment, Food and Rural Affairs (Defra). Take up of services is already strong and expected to continue to grow, further benefitting local businesses and the wider Oxfordshire economy.
60. The overall ten-year programme has decreased by £1.5m as result of the removal of the unspent budget provision and grant funding provision on the BiRO programme.

Passported Funding

61. The total in-year capital forecast for 2022/23 is estimated to be £10.9m, with no change from the previous forecast. £6.7m of the total is Disabled Facilities Grant that is required to be passported to the district councils. A further £2.8m relates to the final elements of the Local Growth Fund and Getting Building Fund where the county council is acting as the accountable body.
62. There is no impact to the overall ten-year programme.

Vehicles and Equipment

63. The total in-year capital forecast for 2022/23 is estimated to be £2.2m, no change from the previous forecast.
64. There is no impact to the overall ten-year programme.

Ten Year Capital Programme Update

65. The total ten-year capital programme (2022/23 to 2031/32) is now £1,378.0m (excluding earmarked reserves), an increase of £39.9m compared to the latest approved capital programme in October 2022. The main changes have been identified within the report.

Strategy Area	Last Approved Total Programme (2022/23 to 2031/32) *	Latest Updated Total Programme (2022/23 to 2031/32)	Variation
	£m	£m	£m
Pupil Places	233.6	241.7	+8.1
Major Infrastructure	714.1	747.2	+33.1
Highways AMP	266.8	265.2	-1.6
Property, Estates & Investments	74.2	76.0	+1.8
ICT	23.5	22.0	-1.5
Passport Funding	16.5	16.5	0.0
Vehicles & Equipment	9.4	9.4	0.0
Total Strategy Programmes	1,338.1	1,378.0	+39.9
Earmarked Reserves	63.8	63.6	-0.2
Total Capital Programme	1,401.9	1,441.6	+39.7

* Approved by Cabinet 18 October 2022

Capital Funding Update

Potential new grant funding not yet included in the Capital Programme

Children's Homes

66. Through a bid process the Council has received notification that it has been successful in a bid for grant funding of £5.2m (50% of the total cost) towards the purchase and conversion of four properties into Residential Children's Homes in Oxfordshire. The four properties would be as follows:
- Two four bedroom houses to accommodate and support 1-2 children who require at times solo provision or can only share with one other child
 - One six bedroom house to accommodate and support four children with autistic spectrum disorder (ASD)

- c) One six bedroom house to accommodate and support four children with who have experienced adverse childhood experiences who are now displaying elevated levels of dysregulated behaviours as a result of trauma and attachment.
67. These new homes would contribute to the existing portfolio of three high quality Children's Homes for Children We Care For, along with the new 4 bedroom children's home currently being constructed in the village of Aston, due for completion in Autumn 2023.
68. To utilise the grant funding, all four homes would have to be delivered by March 2025.
69. As the grant funding requires 50% match funding, council funding of £5.225m would be required to proceed with all four properties. The current capital proposals set out in Annex 4b of the report to Performance & Corporate Services Overview and Scrutiny Committee on 9 December 2022 include an estimated Council funding requirement of up to £4m.
70. The availability of the £1.2m council funding required to increase the match funding to £5.2m will be considered as part of the 2023/24 Budget and Business Planning process along with the £4m included in the existing proposals.

Safer Roads

71. Funding of £0.025m from the revenue Vision Zero funding from the Budget Priority Reserve is being used to support submission to the DfT to release funding for two out of three indicative grant allocations from the DfT from the Safer Roads Fund. The overall grant allocation is just under £4m.

Prudential Borrowing

72. The ten-year Capital Programme includes a requirement to fund £272.4m through prudential borrowing. This is unchanged from the last update. The latest borrowing requirement for 2022/23 is £42.6m and is expected to be taken as internal borrowing because of the level of cash balances. The majority of this relates to schemes that have already been delivered but have, until now, been funded temporally by borrowing from other funding sources within the Capital Programme to delay the need to apply the prudential borrowing. The borrowing in 2022/23 is expected to include a further £23m from the £120m agreed in 2018 (£16m relates to additional investment in the Highways Asset Management Plan and £7.0m to the Property defect liability programme). A further £6m (from the £41.7m) borrowing which supports the OxLEP City Deals programme with the remaining £13.6m from other agreed spending plans.
73. The use of prudential borrowing will increase the Council's Capital Financing Requirement. The Council is required under statute to set aside a Minimum Revenue Provision to pay down the Capital Financing Requirement. Prudential borrowing is generally paid over 25 years. The Medium Term Financial Strategy takes account of this cost. As the Capital programme includes the OxLEP City Deal Programme, the borrowing costs

relating to this scheme (for which the Council is the Accountable body) will be fully funded through Enterprise Zone 1 retained business rates.

Earmarked Reserves

74. The level of earmarked reserves have reduced by £0.2m from the previous reported position. The net impact relates to budgets being returned to the capital programme as part of the capital prioritisation framework and the release of additional funding towards the Banbury Library project.

Capital Reserves

75. The current level of capital reserves (including capital receipts and capital grants reserves) is approximately £184.4m. This is forecasted to reduce to £71m by the end of 2024/25 based on current spending and funding plans. The reduction is mainly due to the delivery of the Growth Deal Programme. Reserves can be used to temporarily fund schemes to delay the need for prudential borrowing or to help manage timing difference between the delivery of schemes and the receipt of Section 106 funding. The level of reserves impacts on the cashflow of the capital programme and the overall Council Balances and is already factored into the funding of the overall capital programme.

Risk Management

76. As explained in previous reports, there are a number of factors continuing to impact on the deliverability and cost of capital schemes. The combined impact of these factors has affected delivery across three key areas:
- Workforce – both skilled and unskilled
 - Availability of materials
 - Contract price (value and ability to maintain an agreed price)
77. These risks are continuing to be managed at both project and programme level and up to the Strategic Capital Board and where necessary action is being taken to adjust scheme deliverables and to use value engineering to maintain spend within the available funding.
78. There are two strategic risks being managed to mitigate impacts on the major infrastructure (Core Schemes and Major Infrastructure Programme more broadly). These are reported in the Business Management Monitoring Report, as part of the Strategic Risk Register.
79. As noted above at paragraph 39, the Department for Levelling Up, Housing and Communities have reviewed the final £30.0m instalment of the housing and growth deal grant funding. Following an update on the availability of the funding received by the council in early December, the implications and risks are being worked through and an update will be included in the next report.

Financial Implications

80. The paragraphs above set out the planned investment and available funding for the ten-year Capital programme including the risks associated with the delivery of the programme.
81. The following risks are inherent within the funding of the capital programme:
- Certainty over the timing and value of future capital receipts and Section 106 Contributions
 - Certainty of the value of future grant funding
82. If capital receipts or Section 106 contributions are not received within the planned timeframe it may be necessary for the Council to temporarily fund capital expenditure through Prudential Borrowing. The Council has a Prudential Borrowing reserve to help manage the revenue impact of additional prudential borrowing.
83. Where additional funding is required to fund schemes on a permanent basis this will need to be addressed by reducing investment elsewhere within the programme (reprioritisation) or by permanently funding through prudential borrowing. This would require the identification of long term revenue funding as the Prudential Borrowing is usually repaid over 25 years through the Minimum Revenue Provision.

Comments checked by:
Lorna Baxter, Director of Finance

Staff Implications

84. There are no staffing implications arising directly from the report.

Equality & Inclusion Implications

85. There are no equality and inclusion implications arising directly from this report.

Legal Implications

86. In year changes to the capital programme must be approved by Cabinet in accordance with the councils Financial Regulations and in particular paragraph 5.1.1(IV) where the total estimated resource allocation is above £1,000,000, then Cabinet can agree its inclusion into the Capital Programme, via the periodic Capital Report to Cabinet, based on the recommendations by Capital Programme Board and the Section 151 Officer; and
87. In relation to paragraph 2 above, then paragraph 5.1.1 (v) of the councils Financial Regulations state that '*The Leader of the Council may, in*

CA8

conjunction with the Section 151 Officer, approve any proposed change to the Capital Programme in advance of a report to Cabinet where Cabinet approval is required. In these cases, funding must be agreed by the Section 151 Officer and reported to Cabinet in due course.'

Comments checked by: Kate Charlton, Head of Improvement Law and Governance

LORNA BAXTER

Director of Finance

Background papers:

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Belinda Dimmock-Smith, Capital Programme Manager

December 2022