

CABINET – 18 DECEMBER 2018

CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Director of Finance

Recommendations

1. The Cabinet is RECOMMENDED to:
 - (a) note the report;
 - (b) approve the updated Capital Programme at Annex 2 and the associated changes to the programme in Annex 1c; and
 - (c) approve the budget requirement of £6.3m towards the extension of Broadband for Business in Rural Oxfordshire.

Executive Summary

2. This is the third separate capital programme update and monitoring report and focuses on the delivery of the 2018/19 capital programme based on projections at the end of October 2018 and new inclusions within the overall ten-year capital programme.
3. The forecast directorate programme expenditure for 2018/19 is **£127.1m** (excluding school's local capital). This has increased by **£0.2m** compared to the latest approved capital programme.
4. The total ten-year capital programme (2018/19 to 2027/28) is now **£891.2m**, an increase of **£22.5m** compared to the capital programme approved by Cabinet in October 2018.
5. The report also includes capital funding announcements made as part of the Autumn Budget 2018.
6. The following annexes are attached:

Annex 1 Capital Programme Monitoring
Annex 2 Updated Capital Programme

2018/19 Capital Monitoring

7. The capital monitoring position set out in Annex 1a, shows the forecast directorate programme expenditure for 2018/19 is **£127.1m** (excluding school's local capital). This has increased by **£0.2m** compared to the latest approved capital programme. The table in the following paragraph summarises the variations by portfolio area.
8. The variations in 2018/19 include the approved recommendations from the October 2018 Cabinet meeting and schemes that have been re-

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profiled accordingly. Significant in-year variations for each directorate are listed in Annex 1b. New schemes and total programme/project budget changes are listed in Annex 1c.

Portfolio Area	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
People: Children's Services	24.9	25.1	+0.2
People: Adult Services	6.9	6.9	+0.0
Communities: Transport	65.6	65.6	+0.0
Communities: Other Property Resources	13.7	13.7	+0.0
	15.8	15.8	+0.0
Total Directorate Programmes	126.9	127.1	+0.2
Schools Local Capital	1.2	1.2	+0.0
Earmarked Reserves	10.6	10.6	+0.0
Total Capital Programme	138.7	138.9	+0.2

* Approved by Cabinet 16 October 2018

9. Within the basic need programme, stage 2 business cases (contract let) have been approved for expansions at Marcham and John Blandy Primary Schools. The budget provision for both projects have been increased by £0.6m from the previous approved budget. This will enable both projects to commence on site in accordance with the Construction Development Agreement. Both projects were tendered through the Scape framework and the increase funded through the basic need programme contingency.

Actual Expenditure to Date

10. Excluding forecast expenditure on third party schemes (OxLEP funded schemes and the Housing and Growth Deal Affordable Housing element), the 2018/19 programme reduces from **£127.1m** to **£115.2m**. Actual capital expenditure as at the end of October for Council controlled projects was **£24.6m** with in year commitments at **£39.4m**. The combined value is **51%** of the forecast expenditure. These figures are based on paid invoices at the end of October, so delivery levels are likely to be higher than this.

Ten Year Capital Programme Update

11. The total ten-year capital programme (2018/19 to 2027/28) is now **£891.2m**, an increase of **£22.5m** compared to the capital programme approved by Cabinet in October 2018. The updated capital programme is set out in Annex 2. The following table summarises the variations by directorate and the main reasons for these variations is explained in the following paragraphs.

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Portfolio Area	Last Approved Total Programme (2018/19 to 2027/28) *	Latest Updated Total Programme (2018/19 to 2027/28)	Variation
	£m	£m	£m
People: Children Services	164.1	164.3	+0.2
People: Adults Services	26.5	26.5	+0.0
Communities: Transport	443.0	452.3	+9.3
Communities: Other	36.4	36.4	+0.0
Resources	99.2	99.2	+0.0
Total Directorate Programmes	769.2	778.7	+9.5
Schools Local Capital	6.3	6.3	+0.0
Earmarked Reserves	93.2	106.2	+13.0
Total Capital Programme	868.7	891.2	+22.5

* Approved by Cabinet 16 October 2018

12. The capital programme now includes the additional £3.5m towards the Eastern Arc Phase 1: Access to Headington Project following approval by Cabinet in October 2018. The project now has an overall budget of £14.5m, with the additional element being funded from the Housing & Growth Deal Infrastructure Grant.
13. As announced in the Autumn Budget on 29 October 2018, the government has allocated £420m to Local Authorities in 2018/19 to tackle potholes, repair damaged roads, and invest in keeping bridges open and safe. The Council's share of this additional funding is £7.4m. This funding has been included in the capital programme and will be used to fund the additional £10m highway maintenance programme approved by Cabinet in July 2018. The Council funding will be carried forward and added to the 2019/20 programme.
14. When the £40.8m Street Lighting LED investment project was approved it was envisaged that the Street Lighting annual programme would contribute £0.5m per year for four years, thus reducing the prudential borrowing required by £2m on the project. It has since been established that the project will be fully funded through prudential borrowing as the Street Lighting annual programme budget is required for the maintenance or replacement of street lighting columns not affected by the LED project.
15. Cabinet was notified in July 2018 that the 2020/21 basic need (schools places) grant allocation will be £27m. During November 2018 it was announced that several Councils would receive their 2020/21 funding allocation in 2018/19, of which Oxfordshire was included.
16. When compared to the forecasted funding which was already included within the overall capital programme for pupil places, this generates an additional £13m. This has been placed into earmarked reserves until the outcome of next service & resource planning process between 2019/20 and 2028/29. As funding has been received two years in advance, the

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capital cashflow balance has subsequently improved for 2018/19 and 2019/20.

Capital Programme Approvals

17. The Community Infrastructure Programme Board (CIPB) recommend that Cabinet approve the following schemes and programmes for inclusion in the capital programme. The business case documents presented to CIPB are available as background papers.

Broadband for Business in Rural Oxfordshire (BiRO)

18. Cabinet is recommended to approve a £6.3m budget for a project to provide small and medium businesses in rural areas of Oxfordshire with fibre broadband to enable growth. The project will be fully funded by a grant from DEFRA. Any additional revenue costs will be met from surpluses of the Better Broadband project.

Capital Funding Update

19. Announced in the Autumn Budget on 29 October 2018, was an increase to the Disabled Facilities Grant of £45m in 2018/19. The Council receives this funding but is required to passport it to the City and District Councils. The Council has not yet been notified of the increased allocation.
20. The Budget also provided £400m for schools across England to spend on equipment and facilities in 2018/19. This equates to £0.010m per primary and £0.050m per secondary school.

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Background papers:

Stage 0 Business Case – Broadband for Business in Rural Oxfordshire

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