

Report to Council
25 September 2018
Report of Chief finance officer (Section 151 Officer)
Subject Adjustments to 2018/19 General Fund Capital Programme

Item

7

Purpose

To consider the adjustments to the 2018/19 general fund capital programme and to note changes to the presentation of the capital programme in future budget monitoring reports.

Recommendations

To:

- 1) approve the additions to the 2018/19 General Fund capital programme as set out in this report; and
- 2) note changes to the way the capital programme is presented in future budget monitoring reports.

Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

Financial implications

The financial implications are set out in the body of the report.

Ward/s: All wards

Cabinet member: Councillor Kendrick - resources

Contact officers

Karen Watling, chief finance officer	01603 212440
Shaun Flaxman, senior finance business partner	01603 212805
Paul Smithson, service accountant	01603 212603

Background documents

None

Report

1. The General Fund capital programme for 2018/19 was approved by council on 20 February 2018.
2. The carry-forward of unspent 2017/18 capital budgets into the 2018/19 capital programme was approved following delegation to the director of regeneration and development, director of neighbourhoods and chief finance officer, in consultation with the portfolio holder for resources, by cabinet on 11 July 2018.
3. In the February report, it was highlighted that in addition to the schemes included in the approved programme, there were a number of other significant potential schemes still at an early planning stage that would be submitted to cabinet for recommendation to council, for inclusion within the capital programme during the year.
4. Now further work has been carried out, this report seeks to adjust the 2018/19 capital programme to include some of those schemes, whilst also making some changes to the way that the capital programme is presented to provide greater clarity in future budget monitoring reports.

General Fund Capital Expenditure Programme

Cycle Safety Grant

5. In March 2018 Norwich successfully bid for and was awarded a £1.725m Cycle Safety Grant by the Department of Transport. The funding was approved to fund two schemes aimed at improving the safety of cyclists using the Earlham Fiveways Roundabout and the Green Pedalway on Earlham Road. Consultation and design work will be undertaken in 2018/19 with delivery of the schemes scheduled for 2019/20. The improvements will be delivered in partnership with the county council.
6. Cabinet is asked to recommend to council that the General Fund capital programme is increased by £365,000 to facilitate the preparatory work on both schemes in 2018/19.

IT Investment Fund

7. The following key elements of IT infrastructure and telephony are now reaching the end of their useful life and are not Public Sector Network (PSN) compliant. The network provides a secure environment for the utilisation and transfer of information and data between and by public bodies:
 - Internal switches (LAN refresh) £227,000
 - Firewall £30,000
 - Uninterrupted power supply £16,000
 - Skype for business (voice and e-mail) £25,000
 - Mobile phone replacement £50,000

8. The total cost of the upgrades is £348,000 and in order to mitigate the risk of system failures and security vulnerability, must take place during in 2018/19.
9. An existing budget of £309,000 has been carried forward from 2017/18, but an additional budget of £39,000 is required if all upgrades are to be completed within this financial year.
10. Cabinet is therefore asked to recommend to council that the general fund capital programme is increased by £39,000 to cover the cost of IT infrastructure and telephony upgrades, to be funded from capital receipts/revenue contributions.

Formation of development site at former Mile Cross depot

11. The former depot site at Mile Cross is to be cleared to form a development site, with initial demolition and decontamination work commencing in this financial year.
12. The full detail is included in a separate report on the agenda for this meeting and accordingly, Cabinet is asked to recommend to council that the 2018/19 General Fund capital programme is increased by £550,000.

Community Infrastructure Levy (CIL) Strategic Pool Contributions

13. CIL revenues totalling £1.250m are forecast for collection during 2018/19.
14. Cabinet is asked to recommend to council that the General Fund capital programme is increased by £1.050m to facilitate the transfer of 80% of the Community Infrastructure Levy collected in 2018/19, to the strategic funding pool administered by the Greater Norwich Growth Board in accordance with the Joint Working Agreement.

Section 106 St Stephens Towers Public Realm Scheme

15. The redevelopment of the St Stephens Towers was approved subject to a Section 106 agreement requiring the developers to pay a contribution towards specified public realm works in the vicinity of the development. The £80,000 contribution was paid over in 2017.
16. Cabinet is asked to recommend to council that the General Fund capital programme is increased by £10,000 to allow expenditure on the planning and design costs associated with the delivery of the public realm works which are scheduled to be undertaken in 2019/20.

Riverside Walk Accessibility Improvements Scheme

17. The project to improve accessibility to the Riverside Walk between New Mills Yard and Carrow Bridge was commenced in 2017/18 and will continue into 2019/20.
18. Cabinet is therefore asked to recommend to council that the General Fund capital programme is increased by £90,000 to finance the forecast expenditure on the delivery of the improvements in 2018/19. The project is financed by a

£200,000 CIL funded contribution from the Greater Norwich Growth Board Growth Programme.

Summary Table GF Capital Expenditure Programme

19. The table below summarises all of the proposed adjustments to the 2018/19 GF capital programme:

2018/19	Existing Budget £000	Proposed Increase in Budget £000	Revised Budget £000	Funding Source
GF Capital Expenditure Programme				
Cycle Safety Grant	0	365	365	Grant
IT Investment Fund	309	39	348	Capital Receipts/ RCCO
Mile Cross Depot	0	550	550	Capital Receipts/ Grant
CIL Strategic Pool	0	1,050	1,050	CIL
St Stephens Towers Public Realm	0	10	10	S106
Riverside Walk Accessibility	15	90	105	CIL
GF Capital Expenditure Total	324	2,104	2,428	

GF Capital Loans Programme

Loan to Norwich Regeneration Limited

20. On 26 March 2018 Norwich City Council entered into a loan facility agreement with its wholly-owned subsidiary Norwich Regeneration Limited (NRL) with an available facility of £35.49m. To date, NRL has drawn down £11.5m in loan financing to progress the Three Score Phase 2 residential development.
21. The latest review of the Three Score Phase 2 short term cashflow highlights that an additional loan drawdown is likely to be required in 2018/19. The final amount required will be dependent upon the timing of sale receipts from completed dwellings but is expected to be within the current capital budget allocation.
22. The financial modelling for NRL continues to evolve as project timescales and cash flows are revised and investment in future projects is undertaken. It is proposed that the loan budgets currently allocated within the 2018/19 programme are amalgamated by virement to create a single budget which can be administered in line with the company's overall cashflow requirements rather than being allocated to specific schemes and phases.
23. The NRL board continues to look for opportunities to expand the company's development activities and potential expenditure of £100,000 on preparatory work and feasibility studies for new commercial business opportunities in 2018/19 have been identified in the latest NRL Business Plan.

24. Cabinet is therefore asked to recommend to council the amalgamation by virement of the existing GF Capital Loans programme budgets for Three Score Phase 2 & 3 and Ber Street.

Summary Table GF Capital Loans Programme

2018/19	Existing Budget £000	Proposed Increase/ (Decrease) in Budget £000	Revised Budget £000	Funding Source
GF Capital Loans Programme				
New Build Three Score –Phase 2	1,120	(1,120)	0	Borrowing
New Build Three Score –Phase 3	482	(482)	0	Borrowing
New Build Ber Street	280	(280)	0	Borrowing
Loan financing for Norwich Regeneration Limited	0	1,882	1,882	Borrowing
GF Capital Loans Total	1,882	0	1,882	

Changes to Budget Monitoring Report

25. The budget monitoring report currently shows capital budgets grouped only as the general fund (GF) capital programme or the housing revenue account (HRA) capital programme.

26. The budgets within the general fund capital programme have broadened in recent years to include activity such as providing loans and acting as an agent for funds delegated from government departments that are utilised by other organisations. It is correct that these budgets form part of the council's capital programme but the expenditure does not always benefit assets held by the council or the expenditure may not be within the direct control of the council and can therefore distort the position of the controllable capital expenditure shown in the budget monitoring reports.

27. In order to provide more clarity to the budget monitoring, future reports will separate capital expenditure into the following groups:

- General Capital Expenditure
- Section 106/Greater Norwich Growth Partnership
- Capital Expenditure not controlled by NCC
- Capital Asset Investment
- Capital Contingency
- Capital Loans

The current general fund capital programme is shown in this revised format, in detail in Appendix 1.

Report author to complete	
Committee:	Council
Committee date:	25 September 2018
Head of service:	Karen Watling, Chief Finance Officer
Report subject:	Adjustment to 2018/19 Capital Programme
Date assessed:	13 September 2018
Description:	This integrated impact assessment covers proposals for the General Fund and Housing Revenue Account 2018/19 capital programmes.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Report is in line with financial procedures for the management of financial resources
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Report demonstrates awareness of risks to delivery of planned capital works and mitigating actions

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
None

General Fund Capital Programme 2018/19

2018/19 GF Capital Programme Summary	Current Budget
GF Capital Expenditure	3,948,708
Section 106/Greater Norwich Growth Partnership	1,129,812
GF Capital (Expenditure not controlled by NCC)	4,661,741
GF Capital Asset Investment	66,571,036
GF Capital Contingency	64,500
GF Capital Loans	1,881,161
Total GF Capital Programme	78,256,958
GF Capital Expenditure Programme	Current Budget
Grounds Maintenance Equipment	559,580
Riverbank stabilisation	82,500
St Giles MSCP - replace central	15,750
Hewett Yard Refurbishment	46,600
Royal Oak Court - Demolition	38,500
City Hall - Fire system	62,000
Community Centre fire detection	21,000
Earlham Park toilet replacement	86,750
Eaton Park path replacement	45,000
HR System	63,273
Parking machines card upgrade	32,822
Non trafficked pedestrian bridges	55,000
Strangers Hall stores roof	27,500
Riverside Footpath District Lighting	21,000
City Hall heating system	17,250
Castle Museum windows	33,000
Pulls Ferry quay heading	16,500
St Giles MSCP Lift Controller	35,500
CCTV replacement	250,935
City Hall external lighting	5,556
Parking Management System	65,825
Customer centre redesign	440,363
St Giles MSCP - Windows and doors	20,000
New Build - Three Score Phase 2	942,877
IT Investment Fund	309,439
Finance & HR System	241,869
Park Depots demolition	282,319
Investment for regeneration	130,000
Total GF Capital Expenditure Programme	3,948,708

GF Capital S106/GNGP Programme	Current Budget
Section 106	388,462
Greater Norwich Growth Partnership	741,350
Total Section 106/GNGP Programme	1,129,812
GF Capital Expenditure Programme (Expenditure not controlled by NCC)	Current Budget
Riverside Leisure Centre - Plant	12,000
Traveller Site	26,000
Community Infrastructure Levy	253,412
Cycle City Ambition Group 2	3,386,254
Home Improvement Agency Works	984,075
Total GF Capital Expenditure Programme	4,661,741
GF Capital Asset Acquisition Programme	Current Budget
Acquisition of income generating assets	56,368,455
Asset Acquisition 1	40,033
Asset Acquisition 2	184,581
Asset Acquisition 3	23,774
Asset Acquisition 4	9,954,193
Total GF Capital Asset Acquisition Programme	66,571,036
GF Capital Contingency	Current Budget
Capital contingency	64,500
Total GF Capital Contingency	64,500
GF Capital Loans Programme	Current Budget
10-14 Ber Street	280,000
New Build - Three Score Phase 2	1,119,546
New Build - Three Score Phase 3	481,615
Total GF Capital Loans Programme	1,881,161