

## **Council**

**24 January 2024**

### **Amendments to the Capital Programme**

Portfolio Holder: Councillor Vince Maple, Leader of the Council

Report from: Katey Durkin, Chief Finance Officer

Author: Andy McNally-Johnson, Head of Corporate Accounts

#### **Summary**

This report requests Council approval for amendments to the Capital Programme as recommended by Cabinet on 21 November 2023.

#### **1. Recommendations**

1.1. The Council is requested to agree the removal of the following budgets relating to schemes that are either complete or no longer required:

- Motorway Signage, £60,000 funded from Capital Receipts.
- World Heritage Site & GLHP, £31,000 funded from Capital Grants.
- Civic Centre Decant, £24,000 funded from Reserves.
- Mountbatten House Purchase, £92,000 funded from Borrowing.
- MDC Queen Street, £20,000 funded from Borrowing.
- MP St Marys Amateur Boxing Club, £40,000 funded from Capital Receipts.

#### **2. Budget and policy framework**

2.1. Cabinet is responsible for ensuring that capital expenditure remains within the budget approved by Council. Additional schemes (capital additions) or movements in budgets between schemes (virements) are required. Virements below £150,000 can be approved by Directors under delegated authority. Virements between £150,000 and £1million can be approved by Cabinet and those in excess of £1million are a matter for Council.

2.2. The Chief Operating Officer has delegated authority to approve in year additions to the capital programme, in consultation with the Finance Portfolio Holder, subject to the following criteria:

- funding coming from external sources,
- no financial contribution coming from the Council,
- funding being ringfenced for specific purposes.

Any additions made under delegated authority are reported through the next budget monitoring report.

### 3. Background

- 3.1. Council approved the capital programme for 2023/24 and beyond at its meeting on 23 February 2023. On 21 November 2023, the Cabinet received the Round 2 2023/24 Capital Budget Monitoring Report and recommended the amendments set out below for approval by Council.

### 4. Front Line Services - Highways - Motorway Signage

- 4.1. Motorway Signage (Remaining Budget £60,000), the original project design will not proceed. There are no current plans for the progression of this project. It is therefore recommended that this scheme, funded by capital receipts, be removed from the Capital Programme.

### 5. Culture and Community - World Heritage Site & GLHP

- 5.1. World Heritage Site & Great Lines Heritage Park (GLHP) (Remaining Budget £31,000), this scheme is now complete. There is a small amount of remaining unspent grant and officers are exploring alternative schemes that this could fund. This scheme is currently forecasting an underspend of £31,000. It is therefore recommended that this scheme, funded by Government grants and reserves, be removed from the Capital Programme and should other uses be found for the remaining grant, this will be presented as a request for a new addition to the capital programme.

### 6. Regeneration – Corporate Property – Civic Centre Decant

- 6.1. Civic Centre Decant (Remaining Budget £24,000), residual budget left for decant from Civic Centre. This scheme is currently forecasting an underspend of £24,000. As the decant was completed in 2008, the removal of this scheme, funded by reserves, from the Capital Programme is recommended.

### 7. Regeneration – Medway Development Company – Mountbatten House Purchase and Queen Street

- 7.1. Mountbatten House Purchase (Remaining Budget £126,000), the purchase of Mountbatten House is now complete. The forecast for 2023/24 covers valuation fees for sale to MDC and temporary roof works to prevent water ingress. It is expected that this scheme will underspend by £92,000. As this scheme, funded by prudential borrowing, is now complete, it is recommended that it be removed from the Capital programme.
- 7.2. MDC - Queen Street (Remaining Budget £20,000), project complete, planning permission approved. No further spend expected and scheme will produce an underspend of £20,000. It is recommended that this scheme, funded by borrowing in lieu of capital receipts, be removed from the Capital Programme.

## 8. Members' Priorities RCE

- 8.1. MP St Marys Amateur Boxing Club (Remaining Budget £40,000) The club have stated over a period of several years that they are working on a detailed design. As the Member Priority funding cannot be claimed until the club demonstrates all other funding is in place, and it has been unable to do so, removal of this scheme from the Capital Programme is recommended.

## 9. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Capital receipts	A significant proportion of the Capital Programme is funded from capital receipts; if the Council does not achieve the required receipts, some elements of the programme may either need to be curtailed or refinanced.	Close monitoring of the programmes anticipated to deliver capital receipts, and careful management of the delivery of those schemes funded from receipts.	BII
The Council overspends against the agreed budget.	Overspends would need to be funded from other sources; the Council's limited reserves or further borrowing, at further revenue cost.	The capital monitoring process is designed to identify and facilitate management action to mitigate the risk of overspending against the agreed budget.	BIII
Deliverability of the Capital Programme	Macro-economic conditions, largely but not wholly resulting from the external factors, have affected the cost and availability of both materials and labour.	Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	BIII
<b>Likelihood</b>		<b>Impact:</b>	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

## 10. Financial Implications

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

## 11. Legal Implications

11.1. There are no direct legal implications to this report.

### Lead officer contact

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### Appendices

None

### Background papers

None