

## **CABINET**

**18 DECEMBER 2018**

### **ADDITIONS TO THE REVENUE BUDGET AND CAPITAL PROGRAMME**

Portfolio Holder: Councillor Alan Jarrett, Leader  
Report from: Phil Watts, Chief Finance Officer  
Author: Katey Durkin, Head of Finance Strategy

#### **Summary**

This report requests Full Council approval for a number of additions to the Capital Programme and Revenue Budget.

#### **1. Budget and Policy Framework**

- 1.1. It is the responsibility of Cabinet to ensure that expenditure remains within the budgets approved by the Council, but it remains the responsibility of Council to approve additions to the Capital Programme.
- 1.2. The Cabinet is asked to accept this as an urgent item to enable it to consider the proposed additions to the Capital Programme and Revenue Budget at the earliest opportunity.

#### **2. Background**

- 2.1. Council approved its initial Capital Programme for 2018/19 and beyond at its meeting on 22 February 2018. Since then there have been a number of additions and as at Quarter 2, the Capital Programme amounted to £227.7million.
- 2.2. In the Quarter 2 Capital Budget Monitoring report on 20 November 2018, Cabinet recommended to the January Meeting of the Full Council that the following further additions to the capital programme be made:
  - Children and Adults Mobile Working – £299,000;
  - Medway Adult Education's Management Information System – £33,000;
  - Shared Licensing Service – addition of £11,000 to make a scheme of £34,000; and
  - Capital grant to RVS – up to £25,000.

2.3. Several further schemes and proposals have been identified, which would require spending over and above that previously agreed. The Cabinet are asked to recommend that Council approve these as additions to the Capital Programme.

2.4. Each of these schemes is considered in more detail below.

### **3. Independent ASD Special School – Cornwallis site**

3.1. At its meeting on 23 October 2018 the Cabinet approved the progression by Medway Commercial Group to project manage an Independent Autism Spectrum Disorder (ASD) Special School on the Cornwallis site, which includes provision for residential and respite care. The estimated cost to deliver the school is £24.7million, to be funded through prudential borrowing. Cabinet is asked to recommend to the January meeting of the Full Council that this sum be added to the capital programme.

### **4. Local Transport Capital Funding 2018-19 (Department of Transport)**

4.1. The Chancellor of the Exchequer announced in the Budget 2018 the allocation of £420million in the 2018/19 financial year for local highways maintenance, with Medway Council receiving £1.128million. A programme of works in accordance with the funding criteria is in the process of being developed for scheme delivery. Cabinet is asked to recommend to the January meeting of the Full Council that this sum be added to the capital programme.

### **5. Market Hall Multi-Storey Car Park Infrastructure Works**

5.1. The top deck of Market Hall Multi-Storey Car Park, Chatham, requires resealing as it has reached its economic lifespan being in very poor surface condition. There are also ongoing issues of water ingress that place the Council at risk of third party insurance claims. Under the terms of the existing lease, and proposed new lease that is currently being entered into, Medway Council are responsible for maintenance of the car park including all associated running costs; as such there is a lease obligation for the authority to undertake these works and this cost cannot be avoided.

5.2. However officers have negotiated a proposed agreement with Tesco to extend the head lease, which would result in a £150,000 capital receipt and waiver of the £15,500pa rent (index-linked) for the next 65 years that would otherwise be due from the Council. The cost for the works is estimated at £505,393 to be funded through prudential borrowing. Repayment of a loan at 3% over 65 years can be met from the savings generated to the Parking Account. Cabinet is asked to recommend to the January meeting of the Full Council that this sum be added to the capital programme.

### **6. Family Hubs and Wellbeing Centre**

6.1. In the Quarter 2 Capital Budget Monitoring, an overspend of £50,000 was reported against the Family Hubs and Wellbeing Centre. Cabinet is asked to recommend to the January meeting of the Full Council that this sum be added to the capital programme, to be funded from a revenue contribution.

## **7. CCTV Hardware**

- 7.1. An update on the CCTV Audit carried out by the Council's Front Line Services Division was reported to Regeneration, Culture and Environment Overview and Scrutiny Committee on 6 December 2018. The audit has identified a need to invest in the repair and replacement of cameras for which the sum of £80,000 has been earmarked, to be funded from capital receipts. Cabinet is asked to recommend to the January meeting of the Full Council that this sum be added to the capital programme.

## **8. Housing Infrastructure Fund Bid – Phase 2**

- 8.1. Following on from the successful Expression of Interest to the Housing Infrastructure Fund (HIF) to enable growth in and around the Hoo Peninsula and waterfront regeneration sites of £170million, the Council was invited to the next stage of bidding, the development and submission of a full Green Book Appraisal (GBA) business case. At its meeting on 19 July, the Council agreed to the addition of up to £750,000 to the revenue budget, initially funded from reserves, with this sum sufficient to cover the first phase of work necessary to complete the Green Book Appraisal.
- 8.2. As part of the business case, the Council has to provide a robust programme indicating that delivery of the proposed interventions is possible by the funding spend deadline of 31 March 2023. In order to do this, the Council will need to take the proposed rail station and highways improvements through detailed design ready for capital delivery, prior to securing formal approval for the HIF bid. This second phase of work will require funding of £445,000 to ensure the Council's final GBA business case is robust, and significantly improves the chances of success. Not undertaking this work would not provide certainty around completion by 31 March 2023 and would therefore undermine the Council's case.

## **9. Risk Analysis**

### **9.1. Independent ASD Special School – Cornwallis site:**

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Risk of overspend	Delivery of school could cost more than estimated	Robust monitoring to ensure the school is delivered on budget and schedule	C3
Interest rate risk	Prudential borrowing	Robust treasury management to minimise interest cost	C3

**9.2. Local Transport Capital Funding 2018-19 (Department of Transport):**

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Risk of overspend	Programme developed for the funding could cost more than estimated	Robust monitoring to ensure the programme is delivered on budget and schedule	C3

**9.3. Market Hall Multi-storey Car Park Infrastructure Works:**

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Risk of overspend	Costs for works could be higher than estimated	Robust monitoring to ensure the scheme is delivered on budget and schedule	C3
Interest rate risk	Prudential borrowing	Robust treasury management to minimise interest cost	C3

**9.4. Housing Infrastructure Fund Bid – Phase 2**

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
HIF bid might not be successful	The works will be carried out in advance of the funding bid being approved.	A project board is managing this to maximise the likelihood of the bid being successful.	C2
Risk of overspend	Programme developed for the funding could cost more than estimated	Robust monitoring to ensure the programme is delivered on budget and schedule	C3

## 9.5. Family Hubs and Wellbeing Centre:

Risk	Description	Action to avoid or mitigate risk	Risk rating
The project may not be deliverable if the additional funding is not agreed	The Elaine Centre may not be brought up to the required standard to deliver the services previously provided at Bligh	Robust monitoring to ensure the scheme is delivered within revised budget	D2

## 9.6. CCTV Hardware:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Legislation	Ensure that the CCTV Code of Practice is followed	Ensure that CCTV cameras are annually reviewed as to their effectiveness	C3
Community Safety	Reduction in cameras could increase fear of crime and lessen chances of identifying offenders	Thorough annual reviews to ensure that CCTV is located in the most high risk areas	D3

## 10. Financial and Legal Implications

10.1. The financial implications are fully analysed in the report. There are no direct legal implications to this report.

## 11. Recommendations

11.1. The Cabinet is asked to recommend to Full Council on 24 January 2019 the addition of the following sums to the Capital Programme:

11.1.1 The sum of £24.7million be added in respect of the Independent ASD Special School at the Cornwallis Site as set out in paragraph 3.1 of the report.

11.1.2 The sum of £1.128million be added in respect of the Local Transport Capital Funding Allocation for 2018/19 as set out in paragraph 4.1 of the report.

11.1.3 The sum of £505,393 be added in respect of the Market Hall Multi-storey Car Park infrastructure works as set out in section 5 of the report.

11.1.4 The sum of £50,000 be added in respect of the Family Hubs and Wellbeing Centre as set out in paragraph 6.1 of the report.

11.1.5 The sum of £80,000 be added in respect of CCTV Hardware as set out in paragraph 7.1 of the report.

11.2. The Cabinet is asked to agree to delegate authority to the Chief Finance Officer, in consultation with the Leader, to release the funding for the Independent ASD Special School at the Cornwallis Site, subject to receipt and satisfactory review of a full business case.

11.3. The Cabinet is asked to recommend to Full Council on 24 January 2019 the addition of the sum of £445,000 to the Council's Revenue Budget in respect of the Housing Infrastructure Fund Bid – Phase 2 as set out in section 8 of the report.

## **12. Suggested reasons for decisions**

12.1. Additions to the Revenue Budget and Capital Programme are a matter for Full Council.

### **Lead officer contact**

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### **Appendices**

None

### **Background papers**

Special Educational Needs and Disabilities Provision Proposal reported to Cabinet on 23 October 2018:

<https://democracy.medway.gov.uk/ielIssueDetails.aspx?Id=24167&PlanId=0&Opt=3#A19729>