

## **COUNCIL**

**19 OCTOBER 2023**

### **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 8 August 2023.

#### **1. Recommendations**

- 1.1. The Council is asked to remove the unallocated balance of £49.751million from the MDC programme.
- 1.2. The Council is asked to remove the completed Platters Farm Panels and Rainham Signage schemes, as set out in section 5 of the report and the unallocated balance of £262,000 from the Members Priorities capital programme.

#### **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 Finance 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 8 August 2023, the Cabinet received the Round 1 2023/24 Capital Budget Monitoring Report and recommended the amendments set out below for approval by Council.

### 4. Medway Development Company

- 4.1. The Council is asked to remove the unallocated balance of £49.751million from the MDC programme, the details of which are set out below.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 23-24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Regeneration - Medway Development Company	54,478	4,315	50,163	296	49,751	(116)
<p>The schemes within this area relate to works projects carried out by Medway Development Company (MDC) on behalf of Medway Council:</p> <ul style="list-style-type: none"> <li>Medway Development Co Ltd (Remaining Budget £49.751million), this is the holding code for unallocated budgets until such time as new schemes are developed. It is also the source for budget transfers to other schemes, budget allowing.</li> </ul> <p><b>Funding:</b> the above scheme is funded by way of prudential borrowing (Medway Development Co Ltd [part] and Borrowing in Lieu of Capital Receipts).</p> <p><b>Budgetary Forecast:</b> It is recommended that the remaining unallocated balance of £49.751million be removed from the programme, with any future schemes considered for MDC to deliver within the Council's programme being the subject of a business case report to Cabinet and Council.</p> <p>Schemes carried out by Medway Development Company directly using financial assistance in the form of capital loans from the Council no longer form part of Medway Council's Capital Programme and an update on these is provided as Appendix 1 to this report.</p>						

### 5. Members Priorities

- 5.1. It is expected that all allocated Members Priorities Schemes will be completed within the approved budget. It is recommended that the remaining unallocated balance of £262,000 be removed from the Council's capital programme.

Service	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Business Support Members Priorities	262	0	262	0	262	0
Member Priorities RCE	98	12	86	46	40	0
<b>Members Priorities Total</b>	<b>360</b>	<b>12</b>	<b>348</b>	<b>46</b>	<b>302</b>	<b>0</b>

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 23-24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Members Priorities Unallocated	262	0	262	0	262	0
<p>Member Priorities Unallocated (Remaining Budget £262,000), this scheme provides funding for Member Priority schemes across Medway for the benefit of the community. Each scheme, once agreed, will be reported separately and this scheme will hold the unallocated balance. The forecast assumes no further allocations during the current financial year, with the balance fully allocated in future years.</p> <p><b>Funding:</b> the above scheme once allocated, will be funded by Capital Receipts.</p> <p><b>Budgetary Forecast:</b> It is recommended that the remaining unallocated balance of £262,000 be removed from the programme.</p>						

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 23-24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Member Priorities RCE	98	12	86	46	40	0
<p>The schemes within this area have been approved through the Member Priorities programme. It is recommended that two completed schemes are removed from the Capital Programme:</p> <ul style="list-style-type: none"> <li>• MP Platters Farm Panels, this scheme has now completed, a small budget (£7) remains which Cabinet is asked to recommend to Council to be returned to the Members Priority Fund.</li> <li>• MP Rainham Signage, this scheme has now completed, a small budget (£190) remains which Cabinet is asked to recommend to Council to be returned to the Members Priority Fund.</li> </ul>						

## 6. 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

Risk	Description	Action to avoid or mitigate risk	Risk rating
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	

## 7. Financial Implications

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

## 8. Legal Implications

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

### Lead officer contact

Andy McNally-Johnson, Head of Corporate Accounts, Gun Wharf, 01634 333552,  
[andy.mcnallyjohnson@medway.gov.uk](mailto:andy.mcnallyjohnson@medway.gov.uk)

### Appendices

None

### Background papers

None