

Report to Council

**Capital Strategy and Capital Programme 2018/19
to 2021/22**

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28 February 2018

Reason for Decision

To set out the Capital Strategy for 2018/19 to 2021/22 and thereby the proposed 2018/19 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2019/20 to 2021/22, having regard to the resources available over the life of the programme.

Executive Summary

The Council's Capital Strategy and capital programme are set over a four year timeframe. The proposed Capital Strategy and programme for 2018/19 to 2021/22 takes the essential elements of the 2017/21 and previous years' strategies and programmes and moves them forward in the context of the financial and political environment for 2018/19.

In 2012/13, the Council began its investment programme to support a range of regeneration priorities and due to re-profiling of the delivery of some schemes and the approval of new schemes, the programme has now been revised. Given the size of the regeneration programme, it is the main focus for Council spending within the period covered by this Capital Strategy. Investment is mostly being financed or underwritten by prudential borrowing. This requires revenue budget support, including increasing income streams from new developments. The 2018/19 revenue budget has been prepared to accommodate this with future years' projected costs included in the Medium Term Financial Strategy. The Council will be considering the next phase of capital investment during 2018/19.

The general downward trend in Government capital funding has been stemmed in recent years with the introduction of a number of new funding opportunities, some of which carry through to 2018/19 and beyond. Of particular significance is Education Basic Need Capital Grant funding which is available to create more school places, with an allocation of £22.824m in 2018/19 plus a further allocation of £9.868m for 2019/20. The full utilisation of this grant is still to be determined. An additional funding allocation for 2020/21 and beyond is expected.

It is anticipated that Better Care Funding in the form of the Disabled Facilities Grant (DFG) amounting to £1.766m will be received in 2018/19. As in previous years it remains a pooled budget linked into a joint programme of spending with the NHS. The Council continues to provide financing top-up of £0.400m in each of the years of the programme for Adult Social Care.

On 23 December 2014 the Government announced that it would be providing Local Authorities in England (excluding London) with just under £6bn for the maintenance of local highways. Of this funding £4.7bn was allocated according to a needs-based formula. The allocation is initially paid to the Greater Manchester Combined Authority and then re-allocated. The Oldham share of this allocation is expected to be £5.919m for the period 2018/19 to 2020/21.

The Council has also successfully bid for a number of highways and transport-related grants, some of which will be spent in 2018/19:

- Challenge Funding amounting to £3.160m, payable over the three years commencing 2015/16, with total grant spending of £1.336m planned in 2018/19.
- Local Growth and Reform (Round 2) Funding, the total award of £4.970m was announced in August 2015. Total grant related spending planned for 2018/19 totals £1.779m.
- Flood Management Funding from the Environment Agency (Grant in Aid) of £0.765m is expected to be utilised in 2018/19.

A sum of £1.700m has been anticipated within the capital programme for Schools Condition Allocation grant which is slightly lower than the 2017/18 allocation due to expected funding reductions as more schools convert to academy status. This has been part re-profiled to 2019/20 to reflect current planned work. School's Devolved Formula Capital (DFC) funding amounting to £0.345m is also forecast, based on the allocation for 2017/18.

In preparing the 2018/19 to 2021/22 Capital Strategy, account has been taken of local issues, the increase and change in the nature of Government funding and continued uncertainty regarding the level of funding in future years. The principles of the Capital Strategy reflect the prevailing local capital position and remain largely unchanged from previous years. Having regard to the principles which frame capital spending plans, the strategy includes a list of areas for potential future investment, subject to the availability of resources. There is also some unallocated resources (a total of £16.949m over the life of the programme), which is available to support new capital projects and the Council is keen to maximise the use of the resources it has available and undertake targeted investment in priority projects.

The Capital Investment Programme Board (CIPB) will continue as an Advisory Board, chaired by the Deputy Leader and Cabinet Member for Finance and HR. The CIPB has the role of the strategic lead for capital investment and provides a co-ordinated approach to the capital investment programme. The CIPB will continue to be supported in its work by the Strategic Regeneration Project Management Office (PMO) which oversees the management and governance of strategic regeneration projects. The CIPB will consider and recommend the appropriate prioritisation of unallocated resources.

In overall terms, the capital programme includes proposed expenditure for 2018/19 of £89.658m, with the largest area of expenditure being on development and infrastructure projects within Economy, Skills and Neighbourhoods Directorate. Total expenditure increases to £105.681m in 2019/20, falling to £37.605m in 2020/21, and £11.234m in the final year of the current programme.

The main sources of funding are prudential borrowing and Government grants. The programme in 2018/19 relies on £40.664m of prudential borrowing. In addition there is £29.504m of grants and other contributions and £17.347m of capital receipts. The Housing Revenue Account contributes £2.143m towards housing projects. Future years are also predominantly reliant on prudential borrowing and Government grants. The financing of the prudential borrowing has been factored into revenue budget estimates.

It is, however, likely that the capital position will change prior to the start of 2018/19 and during the year as:

- It is possible that there will be further Government funding allocations prior to the start of 2018/19 and during the year.
- The outcome of specific grant bids will become known.
- It is likely that there will be additional initiatives announced.
- There may also be the opportunity to bid for additional funding e.g. transport initiatives.
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

Therefore the overall capital programme position will be kept under review and any new information about funding allocations will be presented to Members in future reports.

The proposed Capital Strategy and Capital Programme for 2018/19 to 2021/22 was presented for scrutiny to the Overview and Scrutiny Performance and Value for Money Select Committee on 25 January 2018. The Select Committee was content to commend the report to Cabinet for approval. Cabinet duly considered and approved the report at its meeting on 19 February 2018 and commended the report to Council.

Recommendations

That Council approves:

- i) The Capital Strategy for 2018/19 to 2021/22 at Appendix 1 of this report and summarised at section 2.1.
- ii) The capital programme for 2018/19 and indicative programmes for 2019/20 to 2021/22 at Annex D of Appendix 1 and summarised at section 2.2 of this report.

Capital Strategy and Capital Programme 2018/19 to 2021/22**1. Background**

- 1.1 The Council's Capital Strategy and capital programme are set over a four year timeframe. The proposed Capital Strategy and capital programme for 2018/19 to 2021/22 takes the essential elements of previous Capital Strategies and programmes and moves them forward in the context of the financial and political environment for 2018/19 onwards. The Capital Strategy is attached at Appendix 1, with the capital programme, which reflects the principles of the Strategy, attached as Annex D of Appendix 1.
- 1.2 The Council's investment programme to support a range of regeneration priorities was initiated in 2012/13 and, due to re-profiling of the delivery of some schemes and the approval of new schemes, the programme has now been revised. Given the scale of investment, regeneration forms the main focus of Council spending within the period covered by this Capital Strategy. This investment is mostly being financed by prudential borrowing, which requires revenue budget support. The 2018/19 revenue budget has been prepared to accommodate this, with future years' projected financing costs included in the Medium Term Financial Strategy. Other regeneration projects will be financed by new income streams. Whilst in the current financial climate this capital investment is a considerable sum, it reflects the Council's commitment to the regeneration of the borough.
- 1.3 During 2017/18 the Council announced the Town Centre Masterplan. This is now the key focus of regeneration plans. The Council has undertaken consultation around a Town Centre Masterplan encompassing the current Civic Centre, existing market site, former leisure centre and other Town Centre assets. The development is progressing to the stage where one or more private sector partners will be engaged to develop the sites. The extent of capital funding required by the Council is as yet uncertain but will evolve as the development plans are finalised. The funding requirement will therefore need to be kept under review.
- 1.4 The general downward trend in Government capital funding has been stemmed in recent years with the introduction of a number of new funding initiatives, some of which carry through to 2018/19 and beyond. Grants have been awarded/anticipated for Education, Social Care and Transport projects.
- 1.5 The Government has also continued its policy of treating the majority of capital grants as un-ringfenced, reflecting its preference that Councils have increased local freedom and flexibility in the use of capital resources (although some of grants are awarded with an expectation of targeted spending). The availability and direction of Government resources still has a significant impact on the Council's Capital Strategy and capital programme.
- 1.6 The Capital Strategy and Capital Programme was scrutinised at the Overview and Scrutiny Performance and Value for Money Select Committee on 25 January 2018 and commended it to Cabinet. Since then there have been further grant announcements and project approvals which have been reflected in this report. Cabinet duly considered and approved the report at its meeting on 19 February 2018 and commended the report to Council.

2 Current Position

2.1 Capital Strategy 2018/19 to 2021/22

- 2.1.1 The overarching aim of the Oldham Capital Strategy is to provide a framework within which the Council's capital investment plans will be delivered. The plans are driven by the Corporate Plan which was refreshed and updated to sharpen its focus and ensure alignment with the Oldham Plan. Both Plans were approved at the Council meeting of July 2017. All capital schemes should contribute to the achievement of the corporate objectives.
- 2.1.2 Aligned to corporate and service priorities, individual schemes are included within approved capital spending plans or are to be considered for a resource allocation over the period of the Capital Strategy having regard to the Corporate Property Strategy.
- 2.1.3 The Capital Strategy must therefore also align to the Council's Corporate Property Strategy which is currently in the process of being updated and sets out a framework for strategic management of the Council's land and property portfolio, reflecting corporate priorities, aims and objectives and driving transformational change in service delivery. The Council is continuing to review the structure of the property function and anticipates making further changes which will improve the way in which the strategic property objectives can be delivered. This will enable the Council to accelerate progress and realise benefits within a shorter timeframe, whilst maximising regeneration and inward investment opportunities.
- 2.1.4 Devolution continues to transfer more powers and responsibilities from Central Government to Greater Manchester. The Council will therefore work with GMCA, the nine other Districts and other partners to maximise the benefits from devolved capital funding opportunities including those announced in the Government's November 2017 Budget.
- 2.1.5 The Council is mindful of the new plan for Greater Manchester 'Our People, Our Place' and the ambition for the Greater Manchester City Region. This new Greater Manchester Strategy which builds on previous strategies sets the framework for inclusive growth.
- 2.1.6 The Government has advised that, as a number of grant programmes distribute funding on the basis of bids as reward grants, it is unable to give access to all grant allocations in time for the preparation of the Capital Strategy. Government departments will provide information about further grant allocations as they become available and the capital programme will be amended accordingly.
- 2.1.7 The Capital Investment Programme Board (CIPB) will continue in its role as an Advisory Board chaired by the Deputy Leader and Cabinet Member for Finance and HR. The CIPB will make recommendations which can be approved under delegated powers as appropriate.
- 2.1.8 The Council will continue to utilise the Strategic Regeneration Project Management Office (PMO) to improve the management and governance of strategic regeneration projects and support the CIPB in ensuring that there is a thorough examination of all key issues in relation to the delivery and financing of a project. The CIPB will consider business cases, but having enhanced information from the PMO will help the CIPB make decisions based on more robust information.

- 2.1.9 In addition to prudential borrowing and Government grants, which together are the main financing source for the capital programme, the Council will, depending on the circumstances, consider using a range of resources and opportunities to finance capital expenditure and will continue to monitor the availability and suitability of alternative sources of financing. Financing decisions will, however, be made in the context of the schemes being considered for approval and the financial position of the Council at the time a decision is required.
- 2.1.10 Having regard to the above and other relevant issues, the Council has established the 2018/19 to 2021/22 Capital Strategy around a range of key principles. These principles are highlighted in Section 2 of the Capital Strategy document at Appendix 1. They illustrate the importance of the role of the CIPB, include linkages to corporate and regional strategies, identify which resources will and will not be ring-fenced, the approach to matched funding that the Council will follow as well as priorities for investment. These principles frame decision making on capital expenditure and underpin the Council's approach to capital investment.
- 2.1.11 The priority investment areas for 2018/19 to 2021/22 are set out in detail in the Capital Strategy document at Appendix 1 Annex A but are summarised below as:
- i) Continuation funding for existing programmes of work:
 - Corporate Major Repairs,
 - Disability Discrimination Act (DDA) Adaptations,
 - Legionella,
 - Health and Safety Projects (Corporate Landlord Function)
 - Schools Condition Works.
 - ii) Further/new projects for which funding may be required:
 - Adult Social Care
 - Unforeseen/emergency Health and Safety works
 - Low Carbon and Energy Efficiency Initiatives
 - School Investment/ Pupil Places Pressures
 - Priority School Building Works Programme
 - Playing Pitch Strategy
 - Surplus Sites
 - Working with NHS Partners
 - AGMA GM Investment Fund Loans
 - Town Centre Regeneration including Town Centre Masterplan
 - Borough-Wide Regeneration
 - Car Parking
 - Housing Initiatives
 - Equity Home Loans
 - Greater Manchester Devolution and Related Initiatives
 - Partnership and Joint Working
 - Matched Funding for Grant Bids
 - Supporting the Council's Co-operative Ethos
 - Town Centre Strategic Acquisitions
 - Upgrade to Crematorium Facilities
- 2.1.12 The changes in Government policy with regard to the financing of major capital programmes, the un-ringfenced label being applied to funding (but carrying an expectation that the resource will be used for the purpose it was issued) and the limited ability of the Council to finance any further capital investment from its own resources,

make it difficult to plan for significant new investment over the medium to longer term. Resources that are available are therefore being deployed not only to meet corporate priorities but also to meet the aspirations of residents.

2.2 Capital Programme 2018/19 to 2021/22

2.2.1 The Council is required to set out its capital programme for the period 2018/19 to 2021/22 based on the principles of the Capital Strategy (as set out in Appendix 1). A four-year timeframe has been adopted. The capital programme and Capital Strategy have, at this stage, been prepared on the basis of grants known or anticipated at the time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

2.2.2 Clearly, the capital programme for 2018/19 is influenced by the performance of the capital programme for 2017/18. A review has taken place of planned spending in 2017/18 and the programme has been re-profiled as necessary with future years estimates updated.

Update on the 2017/18 Capital Programme

2.2.3 The capital programme for 2017/18 was approved at the Council meeting of 1 March 2017, with expenditure of £69.783m and supporting financing. This was supplemented by re-profiling of £4.129m from the previous year and has subsequently been amended month on month to reflect agreed changes. This includes the actions arising from the findings of the 2017/18 annual review of the capital programme, a comprehensive project by project scrutiny of the capital programme conducted by the CIPB over the summer/autumn months of 2017.

2.2.4 The latest available capital monitoring report for the 2017/18 to 2020/21 Capital Programme at month 8 (a separate item on the agenda) includes capital expenditure totalling £35.882m for 2017/18 matched with corresponding financing. The Economy, Skills and Neighbourhoods programme, which includes all the major regeneration projects, constitutes the main area of expenditure (£27.882m). Prudential Borrowing provide the main source of financing (£15.016m) followed closely by Grants and Other Contributions (£13.859m).

2.2.5 The month 8 2017/18 capital programme and capital receipts position is set out in Table 1 below.

Table 1 Revised 2017/18 Capital Programme and Capital Receipts Position

Directorate	Capital Programme as at M08
Expenditure	£000
Corporate and Commercial Services	5,594
Economy, Skills and Neighbourhoods	27,882
Health and Wellbeing	1,362
Housing Revenue Account	1,044
Total Expenditure	35,882

Resources	Capital Programme as at M08 £000
Grants and Other Contributions	(13,859)
Prudential Borrowing - General Revenue	(15,016)
Capital Receipts Required	(970)
Total Resources	(35,882)

Capital Receipts Position	£000
Capital Receipts Available	(11,661)
Expenditure to be Funded from Capital Receipts	6,037
Forecast Capital Receipts Carried Forward (including anticipated receipts)	(5,624)

- 2.2.6 The level of Capital Receipts anticipated in 2017/18 is in excess of in year funding requirements and will enable £5.624m of resources to be carried forward to support expenditure in 2018/19.
- 2.2.7 As referred to at 2.2.3 above, Members will recall that there was the 2017/18 review of the capital programme, to ensure that planned expenditure is still relevant and that projects remain aligned with corporate objectives. The capital programme for 2017/18 (and future years) reflects the results of the review.
- 2.2.8 It is anticipated that the 2017/18 position will still continue to change as Cabinet reports are approved and with amendments reviewed by the CIPB and approved under delegated authority as a result of the on-going monitoring process.

Proposed Expenditure for 2018/19 to 2021/22

- 2.2.9 The table below sets out the summary of the anticipated expenditure and matched financing of £244.178m, which incorporates resources expected to be carried forward from 2017/18. The proposed 2018/19 to 2021/22 programme reflects the 2017/18 month 8 position (summarised previously) together with an enhanced projection of expenditure for 2018/19 to 20/21. The detailed programme is set out at Annex D of Appendix 1 on a Portfolio basis.

Table 2 Capital Proposals for 2018/19 to 2021/22

Proposed Capital Spending	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Corporate and Commercial Services	25,445	6,309	838	1,249
Economy, Skills and Neighbourhoods	52,152	97,097	22,717	3,573
Health and Wellbeing	4,426	500	500	1,100
Housing Revenue Account	2,773	0	8,550	0
Funds Yet to be Allocated	4,862	1,775	5,000	5,312
Total Expenditure	89,658	105,681	37,605	11,234

Funding				
Balance of Resources available by year – over/(under) programming	(89,658)	(105,681)	(37,605)	(11,234)
Cumulative Balance of Resources – over/(under) programming	0	0	0	0

2.3 Resources Available to Support the Capital Programme

2.3.1 The main source of grant income remains education-related with Basic Need Capital grant funding allocations totalling £22.824m for 2018/19 and £9.868m for 2019/20. The School Condition Allocation grant is anticipated with an indicative allocation of £1.700m for 2018/19, which acknowledges some funding will be lost as more schools convert to academy status. This has been part re-profiled to 2019/20 to reflect current planned work programme. The resources available to support the programme are described in more detail in the following sections.

Government Grant Funding

2.3.2 The Government resources available to the Council can be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 5 of the Capital Strategy.

2.3.3 Some Government grant resources have been moved between financial years in order to support re-profiled expenditure as detailed in Annex D of Appendix 1.

2.3.4 The resources available can also be split between those which do not have revenue consequences and those that do have revenue consequences and therefore require financing through the revenue budget.

Funding With No Revenue Consequences

1) Government Grants and other external grants and contributions

This is funding provided directly by Government or other external providers. It can be ringfenced, specific and un-ringfenced. Un-ringfenced resources are those that can be utilised to finance any project (albeit there is usually an expectation of use for a specific purpose). The vast majority of capital Government Grant funding is un-ringfenced. Resources classified as ringfenced have to be utilised to finance particular categories of expenditure and therefore are restricted in their use.

2) Capital Receipts

This is income received from the sale of Council assets and is usually un-ringfenced.

In general it should be noted that a prudent approach is taken in relation to the anticipated level of receipts with no resources anticipated in excess of the requirement to support already approved schemes. However, taking advantage of flexibilities around the use of capital receipts introduced by the Government, the Council anticipates using up to £3m of capital receipts in 2018/19 to support transformational projects which would otherwise be financed by revenue resources.

Funding With Revenue Consequences

1) Prudential Borrowing

This is borrowing undertaken by the Council for specific projects. It is financed by revenue resources and is entirely at the discretion of the Council. Prudential borrowing

has been used to support the major investment programme which could not otherwise have been funded.

In addition, prudential borrowing has in some instances been applied to underwrite grant applications and other contributions, including anticipated fundraising receipts. Such borrowing may therefore not be required.

- 2.3.5 As in previous years, the major source of financing remains prudential borrowing; the amount required in 2018/19 includes borrowing attributed to schemes that have slipped from prior years. The Council will aim to reduce the amount of borrowing and associated financing costs by maximising grant income and capital receipts. As previously indicated, some borrowing will be financed by increased income and revenue streams generated at the point when projects are completed and become operational. In addition, the timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

2.4 Capital Requirements for 2018/19

Resources Committed in 2018/19 to 2021/22

- 2.4.1 A review of the capital programme has highlighted that there is already a full range of commitments for the period 2018/19 to 2021/22 and additional funding allocations totalling £42.471m have been added to support a number of schemes. The table below shows the associated financing:

Financing	£000
Prudential Borrowing	24,770
Capital Receipts	4,451
Grants & Contributions	13,250
Total	42,471

The capital commitments are set out in the follow paragraphs and are shown in detail at Annex D of Appendix 1 of this report.

- 2.4.2 There will be a continued review of capital spending requirements as the Council has further regeneration ambitions. This will however require a further phase of investment and the preparation of a new investment programme.

Corporate and Commercial Services Directorate

- 2.4.3 Total projected spending on Corporate and Commercial Services projects is £33.841m over the strategy period. A total of £7.541m relates to ICT related schemes and the Investment/Income Generation Opportunities totals £26.300m. The Investment/Income Generation opportunities includes a shareholder loan to the Manchester Airport Group and the approved Commercial Property Investment Strategy (CPIS). The objectives of the strategy include providing a sustainable income stream to support the Council's budget from the acquisition of property assets whilst having regard to risk management considerations. Planned Directorate spending is phased as set out below:

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Information Technology	4,145	1,309	838	1,249
Investment / Income Generation Opportunities	21,300	5,000	-	-
TOTAL	25,445	6,309	838	1,249

Economy, Skills and Neighbourhoods Directorate

2.4.4 There is planned Directorate expenditure of £52.152m in 2018/19, £97.097m in 2019/20, £22.717m in 2020/21, and £3.573m in 2021/22.

The major areas of expenditure in relation to 2018/19 are as follows:

Service Area	£000
Corporate Property including major repairs/DDA & schools condition works	4,670
Neighbourhood Development Fund	170
Other Regeneration Priorities including Hollinwood/ Langtree & public realm	5,420
Private Sector Housing	473
Royton Town Centre Development	544
Schools – General	2,371
Schools – Primary	934
Schools – Secondary	1,322
Town Centre & Borough-wide Regeneration	23,623
Transport	12,625
TOTAL	52,152

2.4.5 Clearly, the main focus of spending is town centre and borough-wide regeneration. Both of these areas encompass a wide range of high priority schemes as detailed in Annex B of Appendix 1. It is however possible that some of this spending maybe re-profiled as 2018/19 progresses.

2.4.6 Another significant area of spending is transport, covering a wide range of major highways schemes together with the first phase of the planned £18.000m investment in the carriageway improvement programme approved at Cabinet in November 2017.

2.4.7 In February 2018, the Council received notification of a successful funding application on the Broadway Green capital scheme at Foxdenton of £4.947m from the Housing Infrastructure Fund. As a result £2.000m has been added to the Other Regeneration Priorities budget for 2018/19 (included in the table above) and £2.947m added to 2019/20 budget.

Health and Wellbeing Directorate

2.4.7 Projected spending on Health and Wellbeing Directorate Services is £4.426m in 2018/19; this is focussed on Social Care. The major areas of expenditure in relation to 2018/19 are as follows:

- Resources of £1.310m are specifically allocated in 2018/19 to support local Adult Social Care Schemes.
- Indicative funding of £3.016m relating to the expansion of the Disabled Facilities Grant (including re-phasing of £1.250m from 2017/18).
- A sum of £0.100m has been included in the 2018/19 capital programme for the District Investment Fund. The sum included in the overall capital strategy is currently £1.000m in the financial years 2018/19 to 2021/22. The majority of spend is expected in the later years of the programme.

Housing Revenue Account

2.4.7 Projected spending on Housing Revenue Account is £2.773m in 2018/19 and £8.550m in 2020/21.

2.5 Proposed Capital Programme

2.5.1 Annex D of Appendix 1 of this report details the proposed 2018/19 Capital Programme and the indicative programme for the period 2019/20 to 2021/22. The strategy of the Council is to prepare a capital programme that balances over the life of the programme so that resources equal overall expenditure. Within the programme, there is currently an unallocated resource of £16.949m as highlighted below:

2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
4,862	1,775	5,000	5,312

2.5.2 The recommended use of these unallocated resources will be prioritised by the CIPB, and, if applicable, carried forward into future years. It is expected that all of these resources will be used over the life of the programme.

2.5.2 Total expenditure in 2018/19 is planned at £89.658m. However, the position is anticipated to evolve:

- There may be further Government funding allocations announced prior to the start of 2018/19.
- The outcome of specific grant bids will be announced.
- It is also likely that there will be new initiatives announced later in the financial year.
- There may also be the opportunity to bid for additional funding.
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

2.5.3 Therefore the overall capital programme position will be kept under review and any new information about funding allocations will be presented to Members in future reports.

3. Options/Alternatives

3.1 Members may choose to accept the proposed Capital Strategy and capital programme, or revise and suggest an alternative approach to capital investment, including the revision of capital priority areas.

4. Preferred Option

4.1 The preferred option is that Members accept the proposed Capital Strategy and capital programme as set out in this report, including priority investment proposals.

5. Consultation

5.1 Consultation has taken place with the members of the CIPB which includes Cabinet Members. Members of the CIPB have contributed to the preparation of the 2018/19 to 2021/22 Capital Strategy and Capital Programme. Consultation also took place with the Overview and Scrutiny Performance and Value for Money Select Committee on 25 January 2018. The Select Committee was content to commend the report to Cabinet. Cabinet duly considered and approved the report at its meeting on 19 February 2017 and commended the report to Council.

6. **Financial Implications**

- 6.1 By the very nature of this report, it contains financial details of the capital expenditure and financing associated with the delivery of the 2018/19 capital programme.
- 6.2 In overall terms, the planned programme for 2018/19 to 2021/22 totals £244.178m which is fully financed. The revenue consequences of the anticipated prudential borrowing of £112.554m is included within the estimates underpinning the proposed revenue budget and MTFS.

7. **Legal Services Comments**

- 7.1 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 the responsibility for approving any plan or strategy for the control of local authority borrowing, investment or Capital Strategy or for determining the minimum revenue provision is a decision of the full Council. The function of the Executive is to prepare and propose the relevant strategy to the Council. The Council may require the Cabinet to reconsider, amend, modify, revise, vary, withdraw or revoke the strategy.

8. **Co-operative Agenda**

- 8.1 The Capital Strategy and capital programme have been prepared so that they embrace the Council's co-operative agenda with resources being directed towards projects that support the aims, objectives and co-operative ethos of the Council.

9. **Human Resources Comments**

- 9.1 None

10. **Risk Assessments**

- 10.1 The main risk foreseen at this stage is whether the planned level of capital receipts can be achieved to finance the current capital programme. In order to minimise the risk, a prudent estimate of capital receipts has been made, having regard to the prevailing economic climate which may have an impact on both the timing and level of receipts that can be achieved. The overall level of capital receipts is therefore kept under review and any significant changes are reflected in capital programme forecast outturn figures.
- 10.2 Actual and potential revisions to Government policy present new risks. The Council must ensure that these are successfully managed, over and above those that are a consequence of any traditional capital programme. In particular these cover risks around expenditure that has already been committed in future years where there is no certainty of continued funding, potential unfunded ongoing legal liabilities, potential overspending requiring an unbudgeted allocation of resources and the general risks around the uncertainty over the nature and level of the 2018/19 and future years' capital funding.

11. **IT Implications**

- 11.1 Other than the delivery implications of the specific IT projects being put forward there are no IT implications. The programme of ICT investment contained within the capital programme will enable the Council to transform many of its operations and introduce new ways of working. This will contribute to the achievement of existing savings targets and enable the Council to make further efficiencies.

12. **Property Implications**

12.1 The level of capital receipts generated from reductions in the corporate estate and the asset rationalisation programme underpins the financing of the capital programme. Every effort will be made to maximise capital receipts while delivering outcomes that support corporate priorities.

12.2 Any proposed new capital projects and capital programme developments will be considered and reviewed in the context of the Corporate Property Strategy.

13. **Procurement Implications**

13.1 None.

14. **Environmental and Health & Safety Implications**

14.1 The Capital Programme includes resources that will enable corporate health and safety, legionella, asbestos and Disability Discrimination Act projects to be undertaken in accordance with identified priorities.

15. **Equality, community cohesion and crime implications**

15.1 None.

16. **Equality Impact Assessment Completed?**

16.1 Not applicable.

17. **Key Decision**

17.1 Yes

18. **Forward Plan Reference**

18.1 CFHR-13-17

19. **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref:	Background papers are contained within Appendix 1
Officer Name:	Anne Ryans
Contact No:	0161 770 4902

20. **Appendices**

20.1 Appendix 1 – Capital Strategy 2018/19 to 2021/22