



**WYCOMBE**  
DISTRICT COUNCIL

Report For:	Cabinet
Date of Meeting:	Cabinet 16 September 2019
Part:	Part 1 - Open Report with Part 2 Appendices
If Part 2, reason:	Para 3 - Information about the financial or business affairs of any particular person (including the authority holding that information).

### SUMMARY

<b>Title of Report:</b>	<b>CAPITAL REFRESH</b>
Cabinet Member:	Councillor David Watson
Officer Contact:	David Skinner
Direct Dial:	01494 421322
Email:	Email: David.Skinner@wycombe.gov.uk
Wards affected:	All
Reason for the Decision:	To approve the revised Capital programme for 2019/20 and note the impact on future years programme.
<b>Proposed Recommendation:</b>	That Cabinet recommends to Council the supplementary estimates of £4m for Abbey barn North funded by s106 developer contributions and £87k for the Keep Hill Footpath also funded by s106, as set out in section 2, Table 2
<b>Proposed Decision:</b>	That Cabinet:  (i) Note the changes to the Capital Programme profile since the Programme was approved in February 2019 as set out in section 2; (ii) Note the forecast Q1 Outturn for 2019/20 as set out in section 3; and (iii) Approve the virements set out in section 3 Table 6
Sustainable Community Strategy/Council Priorities - Implications	The key risks with the delivery of the capital programme are set out in within main body of the report  Equalities: EIAs are carried out on all schemes before scheme is given full authorisation to spend  Health & Safety: N/A

Monitoring Officer/ S.151 Officer Comments	<p><b>Monitoring Officer:</b> Under the Local Government Act 2003, the Chief Financial Officer is required to report on the robustness of the budget. This report is part of the Council's financial framework which supports this wider responsibility.</p> <p><b>S.151 Officer:</b> The financial implications are set out within the body of the report</p>
Consultees:	
Options:	
Next Steps:	Recommendation to Council
Background Papers:	<ol style="list-style-type: none"> <li>1. Capital Plan approved Cabinet February 2019</li> <li>2. Capital Outturn Cabinet July 2019</li> </ol>
Abbreviations:	BCC: Buckinghamshire County Council

Appendices to this report are as follows:

Appendix C1 Reprofiting Detail (Confidential)

Appendix C2 Overall Programme Detail (Confidential)

Appendix C3 Scheme Forecast detail (Confidential)

Appendix C4 Capital Receipts (Confidential)

Appendix C5 Programme Management Overview

## 1. Purpose of Report

This report provides an update on the Capital Programme since the Programme was approved in February 2019.

## 2. Background

In February 2019 Council agreed a Capital programme for 2019/20 of £51.8m and an overall programme from 2019/20 to 2023/24 of £112.7m (£134.293m including 2018/19). The table below shows the original profile, the revised profile following the 2018/19 outturn and subsequent carry forwards, and the current position which incorporates bringing forward funding of £0.979m and reprofiling of £34.996m from 2019/20 to later years based on current assessments.

The reprofiling adjustments and forecast estimates are provided by the scheme project managers. In arriving at the revised programme, a series of challenge sessions have taken place with project managers led by the finance team and the Programme Management Office. Responsibility for the accuracy of the forecast ultimately sits with the scheme budget holder who will also report to the relevant Programme Board.

The 2019/20 forecast outturn of £27.208m (see section 3) still contains a significant degree of uncertainty.

As indicated by the Gateway Status (Graph 2 in section 5 below) £14.7M of schemes (54% of the 2019/20 forecast outturn) are classed as in delivery stage with a further £2.6m classed as “pass through” schemes (i.e. being delivered by BCC).

Work continues to ensure well developed project plans, procurement plans and cost plans are in place for each major project and these are regularly reviewed by the Programme Management team and at Programme Boards. (Please refer to section 9 regarding improvements in Programme Management).

**Table 1 Capital Plan Summary 2019/20 - movement**

### Capital Plan Summary 2019/20 - 2022/23

Portfolio	Original 19/20 Budget Feb 2019	Additions March 2019 Council	C/Fs Outturn Report July 2019	Revised 19/20 Budget	Additions	Bring Fwd	Reprofile	Revised Budget 2019/20
	£m	£m	£m	£m	£m	£m	£m	£m
Community	3.825	-	1.482	5.307	-	0.979	(2.069)	4.217
Environment	2.130	-	-	2.130	-	-	-	2.130
Housing	7.300	-	0.797	8.097	-	-	(3.199)	4.898
Econ. Devt and Regen.	25.245	2.500	2.254	29.999	-	-	(22.617)	7.382
Planning	11.266	-	1.677	12.943	0.087	-	(7.111)	5.919
Finance and Resources	0.308	-	-	0.308	-	-	-	0.308
Digital Devt. & Cust. Services	1.671	-	(0.283)	1.388	-	-	-	1.388
<b>Grand Total</b>	<b>51.745</b>	<b>2.500</b>	<b>5.927</b>	<b>60.172</b>	<b>0.087</b>	<b>0.979</b>	<b>(34.996)</b>	<b>26.242</b>

See Appendices for detail:

App. C1 App. C2

**Table 2 Overall Programme – reconciliation of movement since Feb 2019 Cabinet**

	2019/20	Total	Approval	Funded By
	£m	£m		
<b>Total Budget Feb 2019 Cabinet</b>	<b>51.745</b>	<b>112.741</b>	<sup>1</sup>	
<b>Movements</b>				
Carry Fwd from 2018/19	5.927	5.927	July 2019 Cabinet Outturn Report	
Cressex Island	2.500	5.000	Supplementary Estimate - March 2019 Council	Capital Receipts
Keep Hill Footpath	0.087	0.087	Supplementary Estimate - <u>Approval Sought</u>	s106 Developer Contributions
Spade Oak	-		£1.512m approved July 2019 Cabinet	Econ Devt & Regen. Strategic acquisitions
Abbey Barn North <sup>2</sup>		4.000	Supplementary Estimate - <u>Approval sought</u>	s106 Developer Contributions (£2.5m already secured)
Budgets brought fwd	0.979			
Reprofiling	(34.996)			
<b>Total Budget</b>	<b>26.242</b>	<b>127.755</b>		

<sup>1</sup>(£134.293m Total less £21.552m 2018/19)

<sup>2</sup>As noted in the February 2019 Cabinet report (Appendix J, Table 3, Note 1-3), the Abbey Barn Lane Realignment total scheme cost amounts to £11.5m which will be funded by £7.5m from HIF and the remainder being funded by £4m developer contributions.

A separate update report covering the financial position Princes Risborough Expansion Area scheme is being provided to November Cabinet.

**Table 3 Capital Plan 5 year Summary**

Portfolio	Revised Programme 2019/2020	Reprofiled Programme 2020/2021	Reprofiled Programme 2021/2022	Reprofiled Programme 2022/2023	Reprofiled Programme 2023/2024	Total Capital Plan
	£m	£m	£m	£m	£m	£m
Community	4.217	3.216	0.323	0.140	0.303	<b>8.199</b>
Environment	2.130	6.214	-	-	-	<b>8.344</b>
Housing	4.898	8.864	0.800	0.800	-	<b>15.362</b>
Econ. Devt and Regen.	7.382	24.116	4.501	2.000	-	<b>37.999</b>
Planning	5.919	20.500	18.711	9.200	0.366	<b>54.696</b>
Finance and Resources	0.308	0.308	0.308	0.308	-	<b>1.232</b>
Digital Devt. & Cust. Services	1.388	0.210	0.100	0.225	-	<b>1.923</b>
<b>Grand Total</b>	<b>26.242</b>	<b>63.428</b>	<b>24.743</b>	<b>12.673</b>	<b>0.669</b>	<b>127.755</b>

	Revised Programme 2019/2020	Reprofiled Programme 2020/2021	Reprofiled Programme 2021/2022	Reprofiled Programme 2022/2023	Reprofiled Programme 2023/2024	Total
	£m	£m	£m	£m	£m	£m
<b>Expenditure General Fund</b>	<b>26.242</b>	<b>63.428</b>	<b>24.743</b>	<b>12.673</b>	<b>0.669</b>	<b>127.755</b>
<b>Funding:</b>						
Borrowing (see note below)	-	-	(0.109)	(0.443)	-	<b>(0.552)</b>
Grants & Contributions	(9.653)	(17.739)	(12.733)	(6.000)	(0.366)	<b>(46.491)</b>
Capital Receipts	(3.159)	(44.809)	(10.671)	(5.000)	(0.303)	<b>(63.942)</b>
Revenue Financing	(13.430)	(0.880)	(1.230)	(1.230)	-	<b>(16.770)</b>
<b>Total</b>	<b>(26.242)</b>	<b>(63.428)</b>	<b>(24.743)</b>	<b>(12.673)</b>	<b>(0.669)</b>	<b>(127.755)</b>

WDC has a policy of not borrowing and although the funding table above shows temporary borrowing of £0.443m, given the history of slippage and the ability to use internal borrowing if required, the need to borrow externally will not materialise.

Appendix C1 provides detail of the budget reprofiling movements and C2 gives a detailed breakdown of all the projects. Please refer to section 7 for details of funding.

### 3. Current Forecast

**Table 4 Capital Outturn 2019/20 and overall Capital Plan**

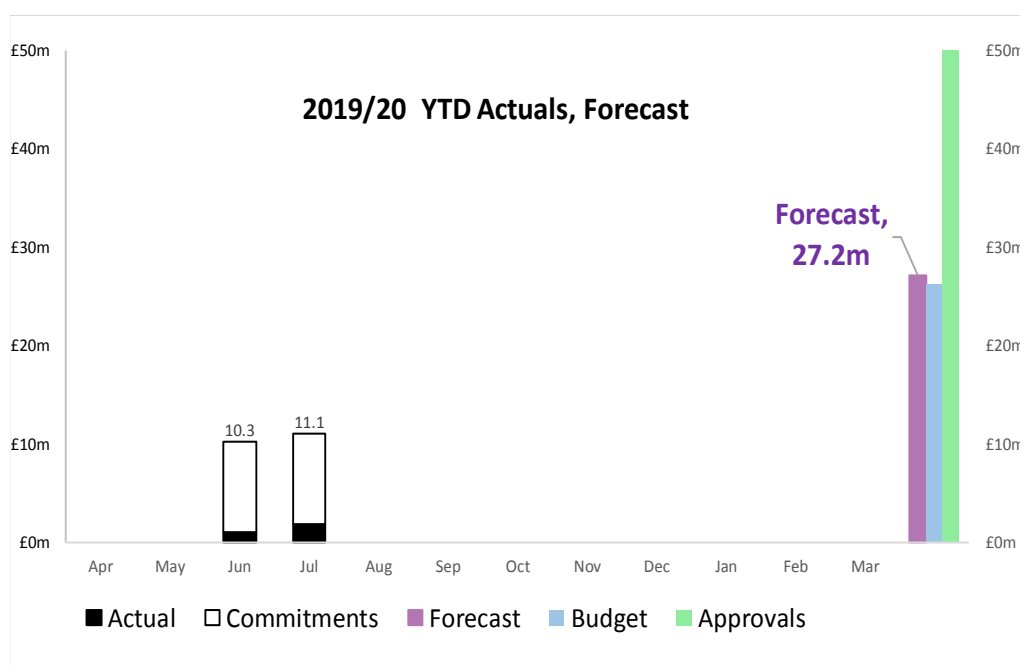
Portfolio	Revised Programme 2019/2020	2019/2020 Outturn	2019/2020 Outturn Var	Total Cap Plan Outturn	Total Cap Plan Outturn Var
	£m		£m	£m	£m
Community	4.217	4.250	0.033	8.199	<b>0.048</b>
Environment	2.130	2.130	-	8.344	-
Housing	4.898	4.927	0.029	15.362	<b>(0.001)</b>
Econ. Devt and Regen.	7.382	8.240	0.858	37.999	<b>1.198</b>
Planning	5.919	5.965	0.046	54.696	<b>0.049</b>
Finance and Resources	0.308	0.308	-	1.232	-
Digital Devt. & Cust. Services	1.388	1.388	-	1.923	<b>0.007</b>
<b>Grand Total</b>	<b>26.242</b>	<b>27.208</b>	<b>0.966</b>	<b>127.755</b>	<b>1.301</b>

**Appendix C3**

Please refer to **Appendix C3** for the detailed outturn by scheme

The key overall project variances are explained in Table 5 below.

#### Graph 1



The £10.3m YTD figure comprises actual spend of £1m and commitments of £9.2m. The breakdown of outturn by Portfolio is given in Table 4 above.

**Table 5 of Pressures (total project budget)**

	Project	Portfolio/ Line ref	Line Ref	Project Budget £m	Project Var £m	Reason for increased costs/Proposed virement
1	Des Box Phase 3	Econ. Devt. & Regen.	17	2.990	0.393	Unbudgeted cost of Public Realm works and underestimate of CIL costs.
2	Handy X Nursery	Econ. Devt. & Regen.	35	1.405	0.145	Additional costs for completion of works and to ensure warranty provided by sub-contractor
3	Handy X Non Contract Costs	Econ. Devt. & Regen.	30	4.635	0.400	2 further years of unbudgeted S106 costs relating to disposal agreement with Next .
4	Handy X Phase 3 Hub	Econ. Devt. & Regen.	33	0.291	0.150	Continuing unbudgeted finishing-off works (budget having been used to obtain Reserved Matters consent)
5	Handy X Phase 3 Hotel	Econ. Devt. & Regen.	29	-	0.250	Cost of unbudgeted drainage alterations linked to disposal agreement (£200k) and cost of landscaping works (£50k). These works are explicitly linked to the capital receipt for this site.
6	30 and 34 Oxford Rd	Econ. Devt. & Regen.	9	2.115	0.080	Unbudgeted cost of refurbishment of the whole unit to achieve a viable lettable state (although should be able to largely offset overspend against recovery of dilapidation costs).
7	Hughenden Quarter	Econ. Devt. & Regen.	37	-	0.050	Star and Garter - unbudgeted contractual payment of s106 as part of disposal agreement
8	Marlow Spittal St	Planning	151	0.185	0.046	Increased project cost due to significant failures to the paving slabs that require immediate rectification so that the Highway Authority can place the work into maintenance.
	<b>Total</b>				<b>1.514</b>	

Many of the pressures above relate to budgets that were set some years ago and are the result of crystallisation of project risks which it has not been possible to fully mitigate against. The improvements in the capital setting and reporting process since then reduce the likelihood of unbudgeted costs arising at the end of projects.

Please note that the positive variance of £0.230m on the Baker Street Aldi scheme partly offsets the pressures listed above to give a net overall project outturn pressure of £1.269m (See Appendix C3).

This Table of pressures can be met from viring funds as set out in Table 6. This results in no net pressure to the capital budget.

## Table 6 Proposed Virements

The following virements are proposed to meet the cost of the project pressures detailed in Table 5 above:

Ref	Project	Portfolio	Line Ref	£m	Reason for virement
1	Projects as listed in Table 5	Econ. Devt. & Regen	See Table 5	1.514	Project pressures as detailed in Table 5
	Regeneration Fund	Econ. Devt. & Regen	50	(0.303)	Fund project pressures noted in Table 5
	Strategic Acquisitions	Econ. Devt. & Regen	51	(1.165)	
	HW Bus Station Expansion feasibility study	Planning	139	(0.046)	
2	Baker St – Des Box	Econ. Devt. & Regen	17	0.200	Fit-out of 10x2nd floor storage units at DesBox as studios to capitalise on demand (subject to Business Case agreed by Hd Commercial)
	Baker St – Capital House	Econ. Devt. & Regen	16	(0.200)	Reduced Capital required to refurbish building

## 4. Impact of Programme on MTFS

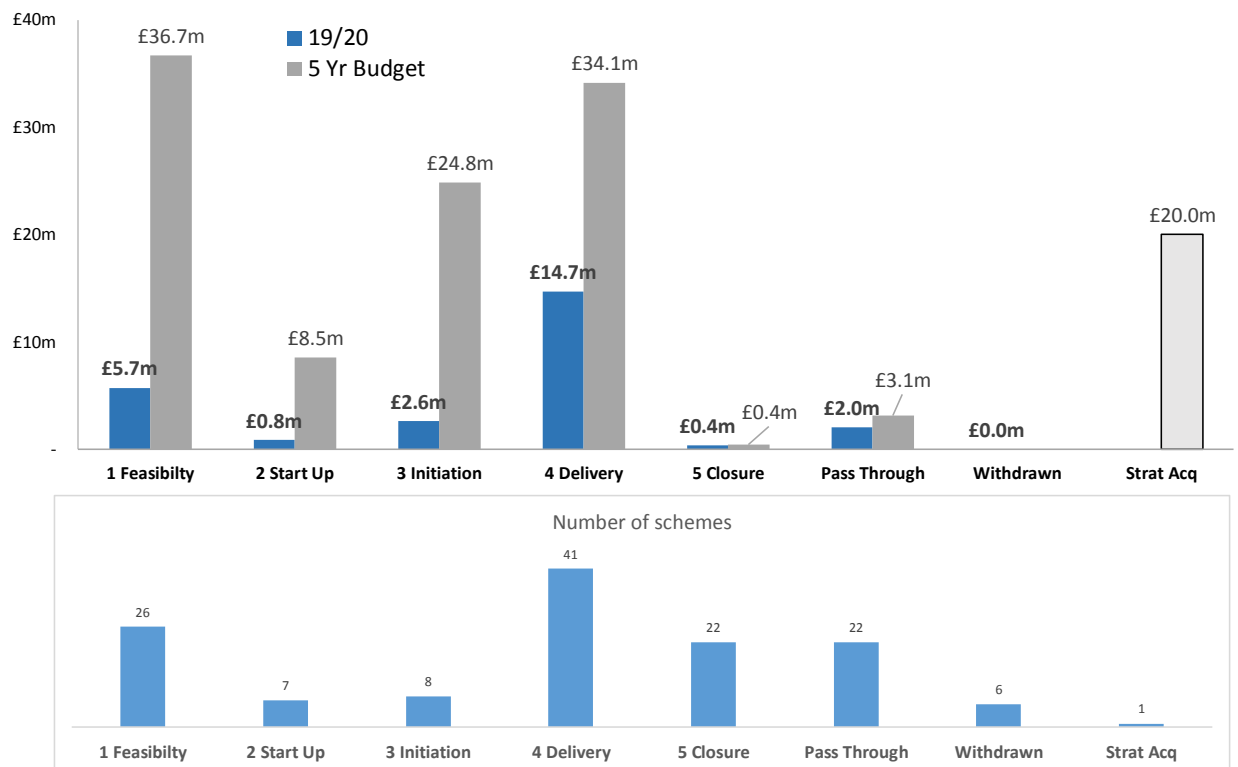
The delivery of some capital schemes are linked to savings and income generation in the Medium Term Financial Plan. At this stage there are no material overall variances from the expected benefits realisation profile and this is kept under close and regular review.

## 5. Overall Programme Review

Graph 2 below shows 41 schemes with a value of £16.1m (38% of the £42.4m 2019/20 forecast) are classed as being in delivery stage.

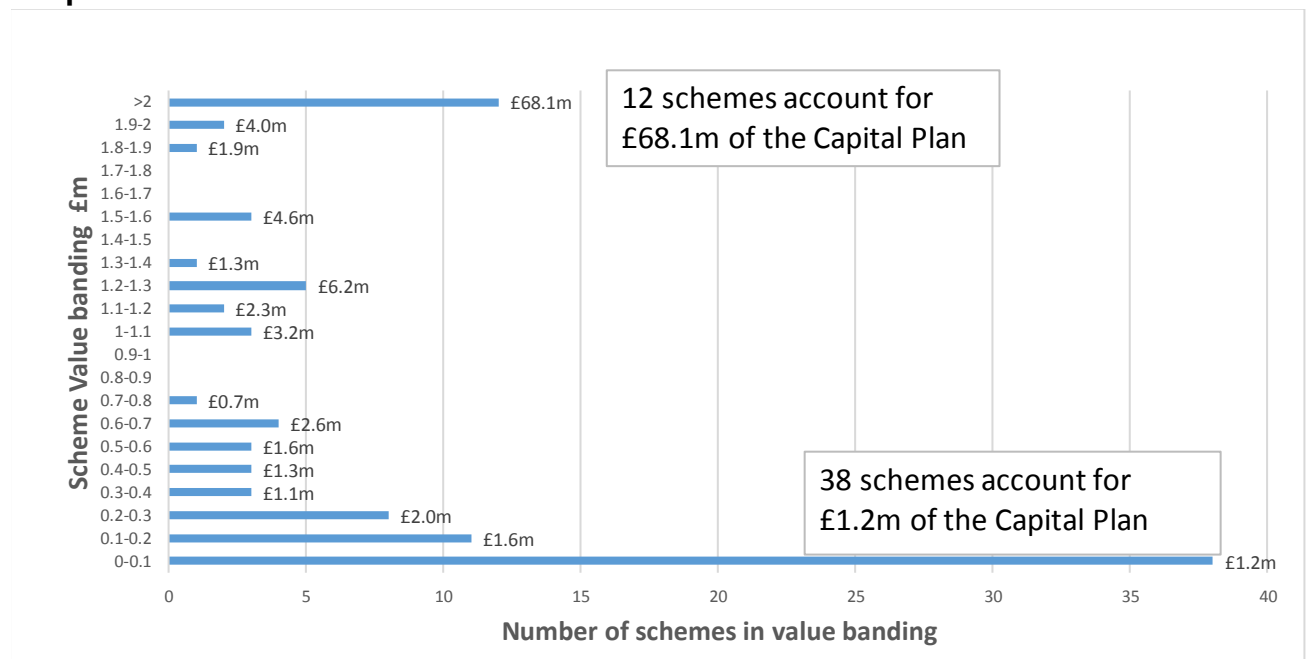
Monthly reviews of the projects take place and in order to provide more visibility of the reliability of the forecast an increased focus will be given to the procurement, planning and legal status of each major project.

**Graph 2: Gateway Status**



**Total Capital Scheme Profile**

**Graph 3**

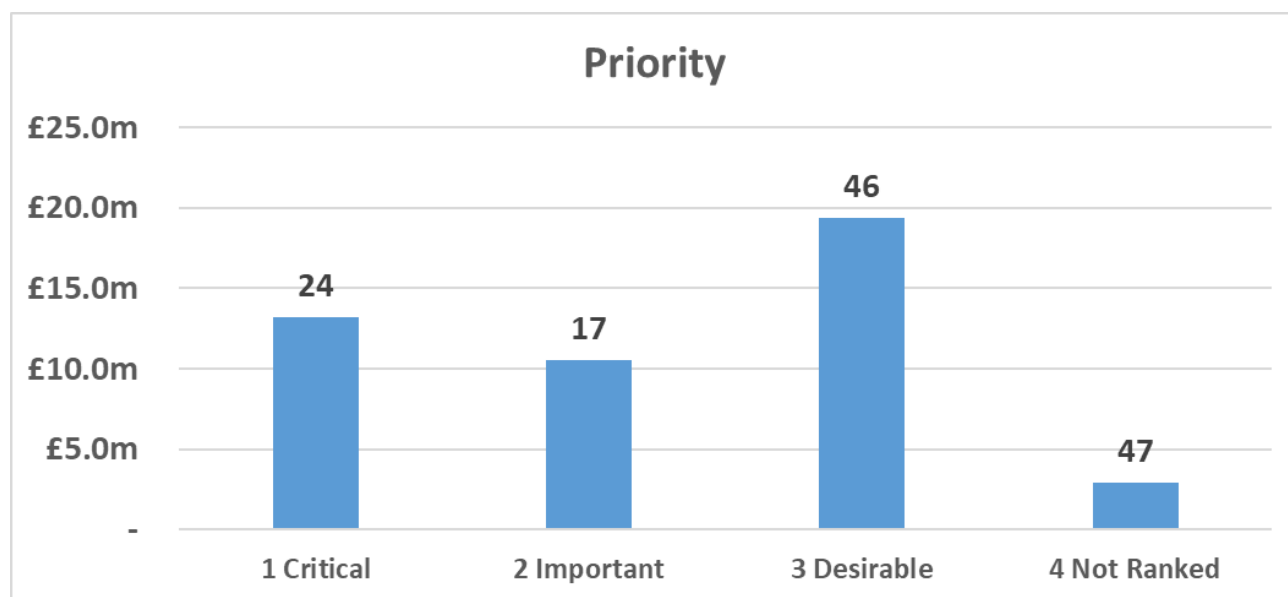


Graph 3 above indicates a 'long tail' to the Capital programme with a large number of relatively low value schemes. Each project has been reviewed by service heads and it was made clear that 22 of the lower value schemes are "pass through" type arrangements, funded by WDC but managed and delivered by third parties, principally BCC, and involving minimal to no project management involvement by WDC.



The projects that are managed and delivered by WDC have been reviewed to determine whether the remaining projects were critical, important or desirable. This will help in allocating project resources in future.

**Graph 4 Scheme Priority Profile**



Please refer to **Appendix C3** for the detailed status of each scheme.

## 6. Feasibility Studies

A budget of £1.15m was established for 2019/20 to undertake feasibility studies on a number of schemes.

The main areas of work are set out below:

**Table 7**

Project	Full Year Budget	Actuals as at P3	Full Year Forecast	Variance
	£k	£k	£k	£k
<b>ECONOMIC DEVELOPMENT</b>				
Easton Quarter	500	47	500	-
Regeneration Strategy	200	16	200	-
Initial Parking Vision	50	-	50	-
Future Projects	115	8	115	-
Princes Risborough Expansion Area Business Case	85		85	-
<b>PLANNING</b>				
Transport Vision & Strategy	200	-	200	-
<b>TOTAL</b>	<b>1,150</b>	<b>70</b>	<b>1,150</b>	<b>-</b>

## 7. Capital Receipts and Funding

**Table 8 Capital Receipts Summary**

Table 8 compares the current estimated capital receipts against the estimate at February 2019.

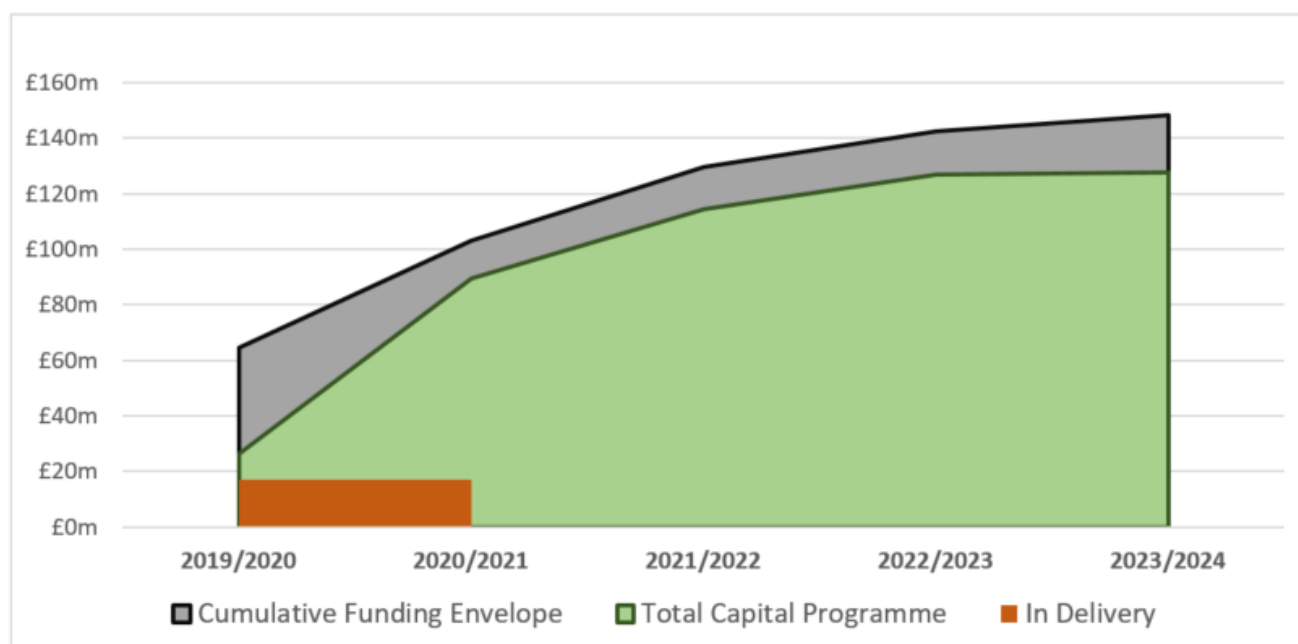
	2019 / 2020	2020/2021	2021/2022	2022/2023	2023/2024	Total
	£m	£m	£m	£m	£m	£m
Receipts Per Original Plan	14.625	7.975	13.450	5.500	2.000	43.550
Revised Forecast	7.975	21.575	9.300	5.000	1.500	45.350
Over/(under) Original Plan	(6.650)	13.600	(4.150)	(0.500)	(0.500)	1.800

<b>Analysis of Movement</b>	<b>£m</b>
Part Disposal of Cressex Island site	9.750
<b>Reductions:</b>	
Right to Buy Receipts (Red Kite)	(2.500)
Easton Quarter - more likely to look at revenue generating options than outright capital receipt	(5.450)
Net Change	1.800

Right to Buy: the actual Right to Buy receipt due for 2017/18 is approximately £1.6m and a similar figure is expected for 2018/19. Based on the past two years and economic uncertainty due to Brexit, this trend is expected to continue in the medium term. The forecast capital receipt has therefore reduced to £1.5m per annum.

The detailed Capital Receipt schedule showing estimates by scheme is shown in Appendix C4.

## Graph 5 Capital Funding Envelope



The detailed funding profile by funding source is given in Table 9 below.

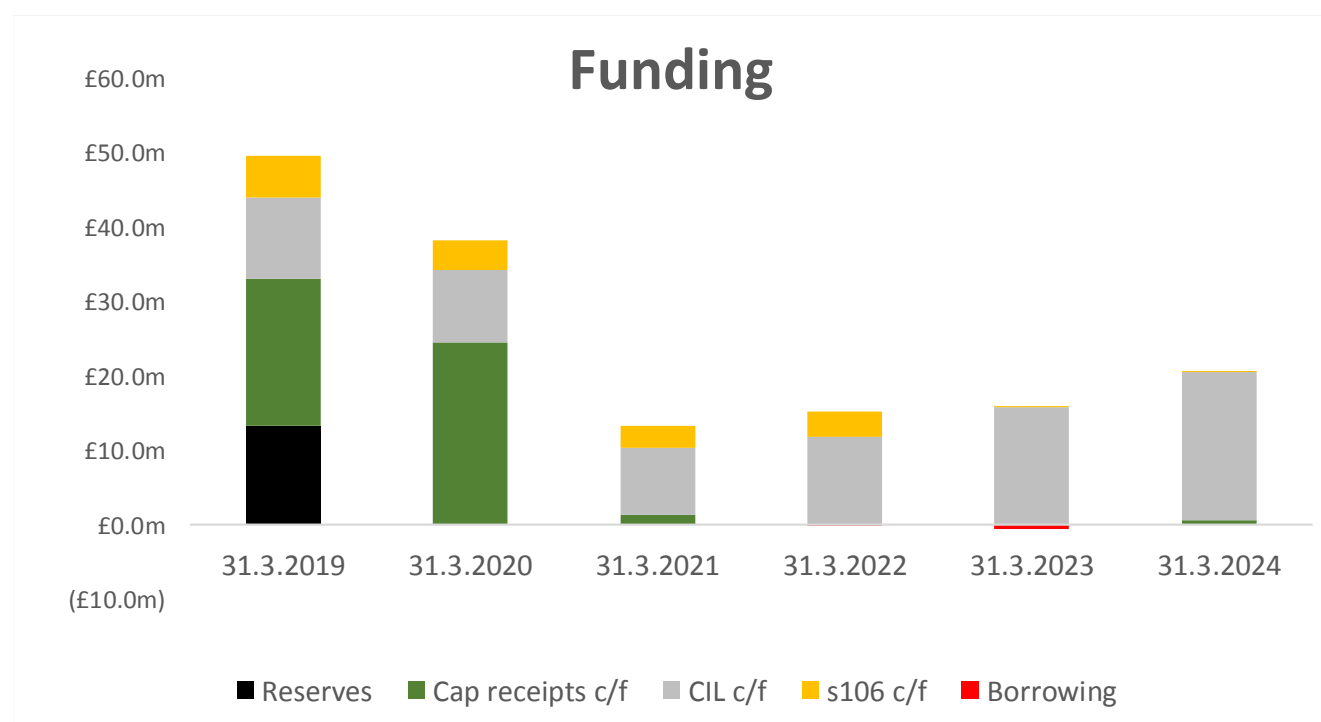
The headroom indicated by the grey area in Graph 5 (the difference between the funding envelope and the Capital Programme) is largely comprised of CIL and s106 balances. Please refer to Table 10 below for a detailed breakdown of reserve balances.

Please note that the values are based on best estimates at this time and are subject to change.

**Table 9 5 Yr Funding Envelope**

5 Yr Funding Envelope £m							
	Balances b/f	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	Total
	£m	£m	£m	£m	£m	£m	£m
Capital Receipts	19.8	8.0	21.6	9.3	5.0	1.5	65.1
CIL	11.0	4.0	4.0	4.0	4.0	4.0	31.0
S106	5.7	-	-	2.0	1.7	0.4	9.7
DFG	-	0.8	0.8	0.8	0.8	-	3.2
HiF Abbey Barn Lane	-	0.6	2.5	4.0	0.4	-	7.5
HiF Princess Reish Relief Rd	-	0.9	6.0	5.1	-	-	12.0
ACF	-	-	2.5	0.2	-	-	2.7
LRF	-	0.4	0.1	-	-	-	0.5
Revenue Reserve	13.3	0.1	0.9	1.2	1.2	-	16.8
<b>Total</b>	<b>49.7</b>	<b>14.9</b>	<b>38.3</b>	<b>26.6</b>	<b>13.1</b>	<b>5.9</b>	<b>148.5</b>
<b>Cumulative Total</b>	<b>49.7</b>	<b>64.6</b>	<b>103.0</b>	<b>129.5</b>	<b>142.6</b>	<b>148.5</b>	

**Graph 6 Funding of the capital programme**



**Table 10**

Balances at:	31.3.2019	31.3.2020	31.3.2021	31.3.2022	31.3.2023	31.3.2024	31.3.2025
Reserves	13.3	-	-	-	-	-	-
Cap receipts c/f	19.8	24.6	1.4	-	-	0.6	0.6
CIL c/f	11.0	9.8	9.0	11.9	15.9	19.9	19.9
s106 c/f	5.7	3.9	2.9	3.4	0.2	0.2	0.2
Borrowing		-	-	(0.1)	(0.6)	-	-
<b>Total Balances (Headroom)</b>	<b>£49.7m</b>	<b>£38.3m</b>	<b>£13.3m</b>	<b>£15.1m</b>	<b>£15.5m</b>	<b>£20.7m</b>	<b>£20.7m</b>

The capital programme is funded using grants, reserves and capital receipts (in that order).

The current funding profile indicates that on the current funding and capital expenditure profile, revenue reserves will be depleted in 2019/20, Capital Receipts Reserve by 2021/22 and borrowing will be required in 2021/22. However, given the significant CIL balance remaining thought needs to be given to increased draw down of this reserve.

## **8. CIL Programme 2021/22**

The CIL process for 20/21 has started with invitations to submit bids issued in July 2019. However, any new commitments will be subject to the new Shadow Authority spend protocols.

## **9. Improvements in Budget Setting and Programme Management and Reporting**

As set out in the Capital Strategy report (February 2019 Cabinet) the governance arrangements surrounding budget setting and programme management have been significantly enhanced over the last twelve months.

With a more structured and focussed Programme Management team, combined with improved monitoring templates and processes, and open and robust challenge sessions at Programme Boards, the confidence in the forecasts and reported delivery has improved and continues to do so.

Please refer to Appendix C5 for an overview of the programme management process.