



Author/Lead Officer of Report:

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Report of: *Eugene Walker*

Report to: *Cabinet*

Date of Decision: *19th July 2017*

Subject: *Capital Approvals for Month 02 2017/18*

Is this a Key Decision? If Yes, reason Key Decision:-

Yes No

- Expenditure and/or savings over £500,000

- Affects 2 or more Wards

Which Cabinet Member Portfolio does this relate to? ***Finance and Resources***

Which Scrutiny and Policy Development Committee does this relate to?
Overview and Scrutiny Management Committee

Has an Equality Impact Assessment (EIA) been undertaken?

Yes No

If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information?

Yes No

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."

Purpose of Report:

This report provides details of proposed changes to the Capital Programme as brought forward in Month 02 2017/18

Background Papers:
Appendix 1 -

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Marianne Betts</i>
		Legal: <i>Sarah Bennett</i>
		Equalities: No
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Cabinet Member consulted:	<i>Councillor Olivia Blake Cabinet member for Finance and Resources</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Damian Watkinson</i>	Job Title: <i>Finance Manager Business partner Capital</i>
	Date: 10 th June 2017	

MONTH 02 2017/18 CAPITAL APPROVALS

1. SUMMARY

- 1.1 A number of schemes have been submitted for approval in line with the Council's capital approval process during the Month 2 reporting cycle. This report requests the relevant approvals and delegations to allow these schemes to progress.
- 1.2 Below is a summary of the number and total value of schemes in each approval category:
- 2 additions of specific projects to the capital programme with a value of £24m.
 - 3 variations to the capital programme creating a net decrease of £1.2m
 - 5 variations were undertaken under delegated approval powers (3 Director Variations and 2 Feasibility Funding requests under £100k)
- 1.3 Further details of the schemes listed above can be found in Appendix 1.

2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 The proposed changes to the Capital programme will improve the recreational leisure facilities, schools, roads and homes used by the people of Sheffield, and improve the infrastructure of the city council to deliver those services.

3. BACKGROUND

This report is part of the monthly reporting procedure to Members on proposed changes to the Council's capital programme.

4. OUTCOME AND SUSTAINABILITY

- 4.1 By delivering these schemes the Council seeks to improve the quality of life for the people of Sheffield.

5. OTHER IMPLICATIONS

5.1 Finance Implications

The primary purpose of this report is to provide Members with information on the proposed changes to the City Council's Capital Programme further details on each scheme are included in Appendix 1.

However, specific attention is drawn to the implications of the decision to approve the £23m construction budget of the Astrea Academy as part of the School's Growth Programme, as this approval now crystallises the funding gap which was forecast to emerge as a result the requirement to deliver additional school places in advance of the Central Government funding allocations for this purpose. Whilst it is this specific approval that results in the over commitment of funds this needs to be viewed in the context of a the wider schools expansion programme which includes the new provision to be delivered on the former Bannerdale site (£26m), the Oasis Academy at Don Valley (£16m) and numerous temporary and permanent expansions particularly in the Primary sector totalling £9m in 2016-17.

The principle of committing the authority to expenditure in excess of grant allocations and the use of SCC internal resources (i.e. Strategic Capital Reserves and Capital receipts) to cash flow this deficit position was presented in the Cabinet Report on Schools Growth in February 2016

The table below indicates the summarised cash flow of the Schools Programme in 000's:

	2017/18	2018/19	2019/20	2020/21	2021/22
<i>Funds</i>					
<i>b/f</i>	20,463				
Estimated Income	15,034	14,051	13,362	13,500	13,500

Estimated Spend	38,231	33,541	4,554	3,554	3,809
mvt	-23,197	-19,490	8,809	9,946	9,691
cum.					
mvt	-2,734	-22,224	-13,416	-3,470	6,221

Currently the Department For Education (DfE) have confirmed grant funding allocations for school places up to 2019/20. The approval of the construction phase for the Astrea Academy now commits the council to expenditure £12m in excess of these allocations on the understanding that first call on future allocations will be to repay this deficit. This maintains the principle that the creation and maintenance of school places will be funded by the central government grants made for this purpose. However, due to variations in the timing of expenditure required to deliver the school places and the receipt of funds from DfE, the cash-flowing of this deficit will require the ring fencing of up to £22m of resources which will impact upon the authority's ability to provide funding for further capital schemes requiring the support of internal resources until the programme returns to surplus (currently estimated at 2021/22).

A re-assessment of the overall capital programme position and capital receipts is in hand and will be reported to Members.

5.2 Procurement and Contract Award Implications

This report will commit the Council to a series of future contracts. The procurement strategy for each project is set out in Appendix 1. The award of the subsequent contracts will be delegated to the Interim Director of Financial and Commercial Services.

5.3 Legal Implications

Any specific legal implications in this report are set out in Appendix 1.

5.4 Human Resource Implications

There are no direct Human Resource implications for the Council.

5.5 Property Implications

Any specific property implications from the proposals in this report are set out at Appendix..

6. ALTERNATIVE OPTIONS CONSIDERED

6.1 A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers

believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The proposed changes to the Capital programme will improve the services to the people of Sheffield
- 7.2 To formally record changes to the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.
- 7.3 Obtain the relevant delegations to allow projects to proceed.

Recommendations

Cabinet is recommended to:

- Approve the proposed additions and variations to the Capital Programme listed in Appendix 1, including the procurement strategies and delegate authority to the Interim Director of Finance and Commercial Services or nominated Officer, as appropriate, to award the necessary contracts;
 - And
- (ii) and note
- the variations authorised by directors under the delegated authority provisions; and Feasibility

Finance May 2017

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