

Appendix 6 – New Capital Schemes & Future Years' Variations

New schemes and variations to be added to the Capital Programme for 2018/19 to be approved

New Capital Project Approval Request				
Unit:	Cityparks Projects			
Project title:	Farm Green Play area improvement			
Total Project Cost (All Years):	£60,000			
Purpose, benefits and risks:				
<p>The friends of Farm Green have been awarded funds by the Veolia Environmental Trust to improve the play area. This funding will pass through to the council as a contribution to the scheme. They have also been awarded funds from the Homity Trust which will also be paid direct to the council. The group have raised an additional £8,784 to bring the total budget to £60,000. The play area is a BHCC asset and we will continue to be responsible for maintenance. However, the renewal will significantly reduce the council's liability in the short to medium term as the site is currently towards the end of its economic life and in need of investment. There is a deadline of 20th November to select a supplier. The tender process has been set up to include this milestone in its programme.</p>				
Capital expenditure profile (£):				
Year	This Year	Next Year	Year After	TOTAL
External Contributions - Grants from Veolia Community Trust & Homity Trust	51,216	0	0	51,216
External Contribution	8,784	0	0	8,784
Total estimated costs and fees	60,000	0	0	60,000
Financial implications:				
<p>The improvement works will decrease council expenditure in the short to medium term by funding the replacement of a play area which is in decline and in need of significant investment to provide a good service to the community. The choices of equipment that are proposed require limited maintenance going forward; there is little change to the ongoing position for BHCC. BHCC will make a third party payment to Veolia from its play revenue account of £4,900 to release the funding.</p>				

Appendix 6 – New Capital Schemes & Future Years' Variations

Capital Variation Approval Request				
Service:	Culture			
Project title:	Royal Pavilion Estate (Phase 1)			
Total Project Costs (All Years):	£22.945m (including Variation request of £3.000m)			
Purpose, benefits and risks:				
<p>The project has experienced a number of unforeseen issues with findings on site including human remains in a former Quaker burial ground and structural issues with the Corn Exchange 200 year-old wooden frame and roof trusses, which has structural defects and movement resulting in serious safety issues. This requires significant remedial works to ensure its structural integrity resulting in additional works and delays to the programme that are over and above the scheme's contingency provisions. A review of the current fundraising contribution to the project has also increased the financial risk. The revised profiling and cost of the remaining scheme works, including a requested variation of £3.000m, is shown below.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Unsupported Borrowing	-	1,000	-	1,000
Capital Receipts	2,000	-	-	2,000
External Contributions	1,372	500	-	1,872
Grants with Conditions	3,139	3,464	-	6,603
Capital Reserves	489	343	-	832
Borrowing (BDFL)	-	2,704	-	2,704
Total estimated costs and fees	7,000	8,011	-	15,011

Financial implications:

Note, the actual spending on this project up to 31 March 2018 was £7.934m which is not shown in the table above. A combination of significant additional costs (as detailed above) and agreement to underwrite the fundraising campaign (as previously approved by Policy, Resources & Growth Committee) have increased the financial risk associated with the project resulting in an additional council funding requirement of £3.000m and a need to reprofile the current budget. If approved, this significant variation will be funded from a combination of £1.000m borrowing and £2.000m capital receipts.

The council had originally identified a financial risk associated with fundraising towards the project and, as the accountable body, is required to underwrite a possible shortfall. The original risk assessment indicated a potential financial risk to the council of up to £0.800m, which would be provided through borrowing if required. Following a review of the fundraising position, the level of risk has been updated and it is anticipated that up to £1.000m borrowing will be required. This borrowing requirement will result in annual repayment costs of approximately £0.050m per annum utilising 50 year PWLB funding, which can be met from the corporate capital financing budget.

An additional £2.000m is required which can be funded from identified capital receipts. Given the scheme's importance to the city, local businesses and the visitor economy, it is proposed to utilise capital receipts available from the sale of Preston Barracks which are earmarked for regeneration schemes. There is currently £2.165m unallocated from this capital receipt and this contribution will therefore reduce the level of funding available for other capital projects to £0.165m.

Appendix 6 – New Capital Schemes & Future Years' Variations

Capital Variation Approval Request				
Service:	Housing Revenue Account			
Project title:	Home Purchase Policy			
Variation	£1.500m			
Purpose, benefits and risks:				
<p>The council approved a Home Purchase Policy in 2018 for the purchase of homes funded by the Housing Revenue Account (HRA) enabling the service to:</p> <ul style="list-style-type: none"> Improve the supply of affordable homes in the city in support of the Housing Strategy; Contribute to meeting housing need through the housing register; Utilise retained Right to Buy receipts thereby avoiding the need to return capital funds to the government and reducing the impact on the HRA's borrowing requirements. <p>The council has statutory powers to purchase properties. The Executive Director Neighbourhoods, Communities and Housing has delegated authority to purchase properties up to £250,000 after consultation with the Chairs of Housing & New Homes Committee and Policy Resources & Growth Committee. The Home Purchase Policy provides a framework within which officers can determine whether or not to make offers on properties and was initially allocated £5.000m. This variation will increase the scheme by a further £1.500m utilising 2018/19 revenue underspends across the service as set out below. The funding will be reprofiled to 2019/20.</p>				
Capital Variation (£'000):				
Year	2018/19	2019/20	2020/21	TOTAL
Direct Revenue Funding (HRA)	0	1,500	0	1,500
Financial implications:				
<p>The requested variation will be funded from a revenue contribution to capital of £1.500m funded from various underspending HRA budgets in 2018/19 to further increase the supply of affordable rented housing through the Home Purchase Policy. This funding will be applied to 2019/20 through reprofiling to reflect the expected timeline for acquisition. The underspend is as a result of an additional £0.650m of Leaseholder Major Works income in-year compared to budget assumptions together with a reduction in forecast spend on responsive repairs and voids of £0.300m, savings on service contracts of £0.100m, reduced staffing costs of £0.300m, and savings on the transfer incentive scheme and utilities of £0.150m.</p>				