

Report to: Cabinet
Confident Council Scrutiny Committee
Council

Date of Meeting(s): 21 February 2019
21 February 2019
6 March 2019

Subject: Treasury Policy, Prudential Indicators, Capital Programme and Minimum Revenue Provision

Report of: Director - Resources (Deputy Chief Executive)

Contact Officer: Tony Clarke

Cabinet Portfolio Holder and area: Councillor Nazia Rehman

Summary: The report provides details of the Treasury Management Policies, Prudential Indicators, Minimum Revenue Provision, Capital Strategy and Capital Programme for 2019/20 to 2021/22.

Link to Corporate Priorities:

Confident Places

- Improving economic and social opportunities;
- An attractive, accessible and lively borough, with a prosperous economy as the location of choice for investment.

Confident People

- Protecting vulnerable groups and enhancing self-reliance, improving life opportunities and independence for everyone to start well, live well and age well;
- Particularly for those most dependent on public services.

Confident Council

- Your Council has re-focused its reduced resources towards early intervention and prevention to achieve more for less –

integrating public services around whole life issues to build self-reliance and maximising community assets.

Wards Affected:

All

Recommendation(s):

The Cabinet is asked to accept the recommendations prior to consideration by the Council.

The Council is requested to agree to the following:

(i) to accept the Treasury Policy and updated position on the Operational Boundary and Authorised Limit;

(ii) to accept the Prudential Indicators as set out in the report;

(iii) to accept the Capital Strategy and Capital Programme now submitted; and

(iv) to accept the Minimum Revenue Provision Statement

Implications:

*What are the **financial** implications?*

The report estimates the impact upon revenue as a result of capital financing decisions it also calculates the impact upon Council Tax and Housing Rents together with setting the limits for external debt for 2019/20 to 2021/22.

Is budget release necessary (Capital Expenditure Only)?

The Cabinet are asked to recommend to Council the updated Capital Programme for 2019/20 to 2021/22

*What are the **legal** implications?*

The Council is required to set a balanced budget and this report proposes a balanced capital programme in line with the budget framework

*What are the **staffing** implications?*

None

Equality and Diversity Impact Assessment attached or not required because (please give reason)

Certain capital programme proposals will have impacts and where necessary the relevant Customer Impact Assessments will be undertaken.

*What are the **property** implications in terms of reduction, addition or change to the council's asset base or its occupation?*

The Capital Programme includes changes to the Council's asset base which are in line with the Corporate Property Management Board strategy to continue to rationalise our asset base.

Risks:

There are risks around the realisation of capital receipts. Certain schemes within the programme are funded from receipts and if receipts are not generated then some spending plans will need to be re-visited, re-profiled.

Some capital projects are based upon the delivery of savings as a result of the investment. There is a risk that savings are delayed or not fully achieved. Effective Monitoring will ensure the risks are mitigated

Interest rate risk may be an issue if the Council fails to achieve its savings targets as it may need to borrow as cash balances reduce. Adherence to the Treasury Management Policy mitigates the risk.

Sustainability:

The policy is integral to the Council's budget and overarching strategy without this in place the strategy would not be delivered.

Has the Assistant Director - Legal (Monitoring Officer) (Brendan Whitworth) confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes

Has the Director Resources and Contracts (Deputy Chief Executive)(Paul McKeivitt) confirmed that any expenditure referred to within this report is consistent with the Council's budget? Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

No alternative. The Treasury indicators are required under the Prudential Code of Practice with the Minimum Revenue Provision being required under Government legislation

Is this a Key Decision and, if so, under which definition?

This report does not involve a key decision as Council approval is required

There are no background papers for this report

Directorate Sign-off:	P McKeivitt
Date:	28 January 2019

Please list any appendices:-

Appendix number or letter	Description
Appendix A	List of Counterparties
Appendix B	Capital Strategy

1 Background

- 1.1 The Council is required to set annual policies for Treasury Management and Minimum Revenue Provision. The main body of this report details the Treasury Management and Minimum Revenue Provision policies.
- 1.2 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.3 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council. Essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.4 The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day to day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will result in a loss to the General Fund Balance.
- 1.5 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is attached in Appendix 2.
- 1.6 This authority has not engaged in any material commercial investments and has no material non-treasury investments.

2 Reporting Requirements

2.1 Capital Strategy Report

2.2 The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all Local Authorities to prepare a capital strategy report which will provide the following:

- A high level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

2.3 The aim of this capital strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

2.4 Treasury Management Reporting

2.5 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. Prudential and treasury indicators and treasury strategy

The first, and most important report is forward looking and covers:

- The capital plans, (including prudential indicators),
- A minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time),
- The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators, and
- An investment strategy, (the parameters on how investments are to be managed).

b. A mid-year treasury management report

This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and reviewing policies which may require updating.

c. An annual treasury report

This is a backward looking review document and provides details of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2.5 Scrutiny

2.6 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by Cabinet and Confidential Council Scrutiny Committee.

3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

3.1 Capital Issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

3.2 Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;

- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

3.3 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

4 Training

4.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Link Asset Services have previously delivered treasury management training to members of Audit, Governance and Improvement Committee. Further training will be provided annually.

4.2 The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

5 Treasury Management Consultants

5.1 The Council uses Link Asset Services as its external treasury management advisors. The current three year contract commenced January 2018 to December 2020 with an option to extend for a further year.

5.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

5.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be accessed are properly agreed and documented, and subjected to regular review.

6 The Capital Prudential Indicators 2019/20 - 2021/22

6.1 The objectives of the Prudential Code are to provide a framework for local authority capital finance that will ensure for local authorities that:

- capital expenditure and investment plans are affordable
- all external borrowing and other long-term liabilities are within prudent and sustainable levels
- treasury management and other investment decisions are taken in accordance with professional good practice

- 6.2 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

7 Capital Expenditure

- 7.1 This prudential indicator is a summary of the Council's expenditure plans, both those agreed previously, and those forming part of the budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Non HRA	49.323	67.799	73.377	4.292
HRA	39.066	38.000	32.200	25.600
Total	88.389	105.799	105.577	29.892

- 7.2 The table below summarises the above capital expenditure plans and how these plans are being financed by capital and revenue resources. Any shortfall in resources results in a borrowing requirement. Full details of the Capital Programme are provided in Appendix 1.

Estimates of capital expenditure £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
People Directorate	8.926	11.709	10.673	0.000
Places Directorate (exc HRA)	20.759	30.674	51.838	3.692
Resources Directorate	19.638	25.416	10.866	0.600
Non-HRA	49.323	67.799	73.377	4.292
HRA	39.066	38.000	32.200	25.600
Total Expenditure	88.389	105.799	105.577	29.892
Financed by:				
Capital receipts	2.179	8.584	5.919	1.200
Capital grants	18.832	24.306	16.732	4.492
Contributions	10.707	8.276	20.823	0.000
Capital reserves	9.595	13.000	13.000	20.000
Revenue	10.166	7.662	5.000	0.200
Net financing need for the year	36.909	43.971	44.103	4.000
Total financing	88.389	105.799	105.577	29.892

8 The Council's borrowing need (the Capital Financing Requirement)

- 8.1 The second prudential indicator in the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

- 8.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing needs in line with each assets life, and so charges the economic consumption of capital assets as they are used.
- 8.3 The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these scheme. The Council currently has £43.542m of such schemes within the CFR.
- 8.4 The Council is asked to approve the CFR projections below:

£m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Financing Requirement				
CFR – non housing	236.060	259.314	283.278	272.683
CFR – housing	308.032	313.064	322.757	322.414
Total CFR	544.092	572.378	606.035	595.097
Movement in CFR	21.590	28.286	33.657	-11.576
Net financing need for the year	36.909	43.971	44.103	4.000
Less MRP/VRP and other financing movements	15.319	15.685	10.446	14.938
Movement in CFR	21.590	28.286	33.657	-11.576

9 Minimum revenue provision (MRP) policy statement

- 9.1 The Council makes provision for the repayment of debt over the life of the asset that the borrowing is funding which is referred to as Minimum Revenue Provision (MRP).
- 9.2 The Council has flexibility, and a variety of options available, in how it calculates its MRP, providing that the calculation is "prudent". The broad aim of prudent provision is that the Council is required to put aside revenue over time to cover the Capital Financing Requirement so that MRP is aligned with the period over which capital expenditure provides benefits.
- 9.3 The Council may choose to pay more MRP than considered prudent in any given year providing that the in-year and cumulative MRP overpayments are separately disclosed.
- 9.4 Before the start of each financial year the Council prepares a statement of its policy on making MRP in respect of that financial year which Council is required to approve annually.
- 9.5 Council is recommended to approve the following MRP Statement.
- 9.6 For capital expenditure incurred before 1st April 2008 it is proposed to continue with the regulatory method, to be charged at 2.5% straight line. For unsupported borrowing in respect of short life assets the depreciation method of calculating repayment provision shall be employed.
- 9.7 For unsupported borrowing where the revenue consequences are to be met from existing revenue budgets the Asset Life Method (equal instalments method) of calculating repayment provision shall usually be employed.

- 9.8 For projects whereby direct income generation is being used to meet the repayment provision, the Council may choose to adopt a more prudent approach to calculating the repayment provision and use an equal instalments method over the period that income is expected to be generated.
- 9.9 For PFI assets the asset life annuity model shall be employed.
- 9.10 For borrowing in lieu of capital receipts, it has been concluded that provision is not necessary as the capital receipt when received will be applied to repay debt.
- 9.11 The Deputy Chief Executive (Director – Resources & Contracts) has the discretion to make additional voluntary provision for debt repayment.
- 9.12 The Council has made advanced voluntary provision for debt repayment in prior years, the cumulative balances of which are as follows.
- Regeneration - £3.685m
 - Corporate & Leisure - £1.454m

Alternative options considered and reasons for the recommended option:

- 9.13 This is a statutory requirement. The options chosen represent the most practical, prudent and affordable methods.
- 9.14 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).
- 9.15 Repayments included in annual PFI or finance leases are applied as MRP.

10 Core Funds and expected investment balances

- 10.1 The application of resources (capital receipts, reserves etc) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cashflow balances.

Estimated cash flow - £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Estimated level of cash invested at start of year	43.146	19.567	22.268
Cash Outflows :			
Loans due for repayment	*-26.945	-0.402	-5.409
Capital Expenditure unsupported	-43.971	-44.103	-4.000
Use of reserves/balances	-7.348	-1.040	-3.300
Cash Inflows :			
MRP & other revenue contributions	15.685	10.446	14.938
Increase in revenue balances	17.000	8.000	0.000
Estimated Borrowing Requirement	22.000	29.800	3.200
Estimated level of cash invested at end of year	19.567	22.268	27.697

*Includes £16.244m due 31/03/19 only repaid in 19/20 due to week-end.

11 Borrowing

- 11.1 The capital expenditure plans provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cashflow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

12 Current treasury position

- 12.1 The Council's treasury portfolio position with forward projects are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

£m	2018/19	2019/20	2020/21	2021/22
External Debt	Est	Est	Est	Est
Debt at 1 April	362.392	377.564	388.863	418.261
Expected change in Debt	15.172	11.299	29.398	-2.209
Transferred Debt 1 April	6.924	5.374	3.824	2.274
Expected change in Trans Debt	-1.550	-1.550	-1.550	-1.550
Other long-term liabilities	44.562	43.542	42.414	41.872
Expected change in OLTL	-1.020	-1.128	-0.542	-0.992
Actual gross debt at 31 March	426.480	435.101	462.407	457.656
The Capital Financing Req	544.092	572.378	606.035	595.097
Under / (over) borrowing	117.612	137.277	143.628	137.441

- 12.2 Within the range of prudential indicators there are a number of key indicators to ensure the council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 12.3 The Deputy Chief Executive (Director – Resources & Contracts) reports that the Council complied with this prudential indicator in the current year and does not envisage any difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

13 Treasury indicators: limits to borrowing activity

- 13.1 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary	2018/19	2019/20	2020/21	2021/22
£m	Estimate	Estimate	Estimate	Estimate
Debt	446.746	480.700	501.588	501.129
Other long term liabilities	43.542	42.414	43.00	42.008
Total	490.288	523.114	544.588	543.137

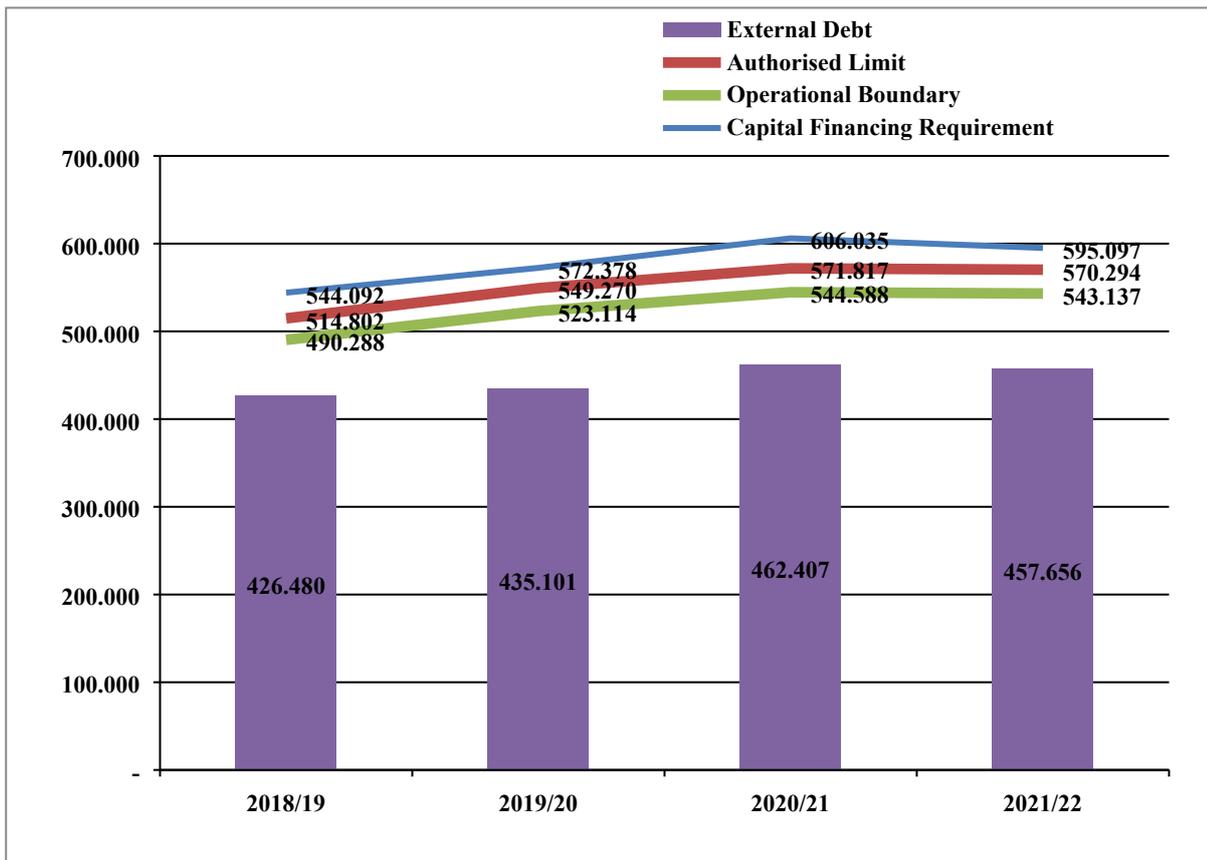
13.2 The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but not sustainable in the longer term.

13.3 This is the statutory limit determined under section 3 (1) of the local government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

13.4 The Council is asked to approve the following authorised limit:

Authorised limit £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	469.083	504.735	526.667	526.185
Other long term liabilities	45.719	44.535	45.150	44.108
Total	514.802	549.270	571.817	570.294

13.5 The following graph shows the CFR and borrowing projections for 2018/19 to 2021/22.



13.6 Separately, the Council is also limited to a maximum HRA CFR. This limit is currently:

HRA Debt Limit £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
HRA debt limit	356.400	356.400	356.400	356.400
HRA CFR	306.543	311.575	321.268	320.926
HRA headroom	49.857	44.825	35.132	35.474

14 Prospects for interest rates

- 14.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their view.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar 2019	0.75	2.10	2.50	2.90	2.70
June 2019	1.00	2.20	2.60	3.00	2.80
Sept 2019	1.00	2.20	2.60	3.10	2.90
Dec 2019	1.00	2.30	2.70	3.10	2.90
Mar 2020	1.25	2.30	2.80	3.20	3.00
June 2020	1.25	2.40	2.90	3.30	3.10
Sept 2020	1.25	2.50	2.90	3.30	3.10
Dec 2020	1.50	2.50	3.00	3.40	3.20
Mar 2021	1.50	2.60	3.00	3.40	3.20
June 2021	1.75	2.60	3.10	3.50	3.30
Sept 2021	1.75	2.70	3.10	3.50	3.30
Dec 2021	1.75	2.80	3.20	3.60	3.40
Mar 2022	2.00	2.80	3.20	3.60	3.40

- 14.2 Following the flow of generally positive economic statistics after the quarter ended 30th June it was no surprise that the Monetary Policy Committee (MPC) raised bank rate from 0.5% to 0.75%. Growth became increasingly strong during 2018 until the last quarter when it slowed significantly. At their November quarterly inflation report meeting, the MPC left bank rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his budget, which would increase inflationary pressures. However it is unlikely that the MPC would increase bank rate in February 2019, ahead of the March deadline for Brexit. On a major assumption that parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in bank rate is forecast to be May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.
- 14.3 From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.
- 14.4 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable for further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average

investment earning beyond the three-year time horizon will be heavily dependent on economic and political developments.

14.5 Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018/19 and while they were on a rising trend during the first half of the year, they have backtracked since early January. The policy of running down cash balances instead of holding has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

15 Borrowing Strategy

- 15.1 The Council is currently maintaining an under-borrowed position. This means that the Capital borrowing need (the Capital Financing requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 15.2 Against this backdrop and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Deputy Chief Executive (Director Resources & Contracts) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 15.3 Any decisions will be reported to the appropriate decision making body at the next available opportunity.
- 15.4 The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 15.5 The authority would not look to borrow more than 12 months in advance of need.
- 15.6 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

16 Debt rescheduling

- 16.1 The Council will undertake debt rescheduling as and when appropriate opportunities arise. Any decision to restructure debt will be taken to satisfy one or more of the following:
- The generation of cash savings and/or discounted cash flow savings:
 - Helping to fulfill the treasury strategy

- Enhance the balance of the portfolio (amend the maturity profile and/or balance of volatility).
- 16.2 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 16.3 All rescheduling will be reported to the Cabinet, at the earliest meeting following its action.

17 Affordability prudential indicators

- 17.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

18 Ratio of financing costs to net revenue stream

- 18.1 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

%	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Non-HRA	5.63	6.48	6.64	6.30
HRA	25.11	25.45	16.54*	20.76

- 18.2 The estimates of financing costs include current commitments and the proposals in this budget report.

*The figure is lower than other years due to lower PWLB repayment in year.

19 Maturity structure of borrowing

- 19.1 These gross limits are set to reduce the Council's exposure to large fixed sums falling due for refinancing, and are required for upper and lower limits.
- 19.2 The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2019/20		
	Lower	Upper
Under 12 months	0%	15%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	25%
10 years to 15 years	0%	35%
15 years to 20 years	0%	30%
20 years to 30 years	0%	30%
30 years to 40 years	0%	30%
40 years to 50 years	0%	30%

20 Annual Investment strategy

20.1 Investment Policy – management of risk

20.2 The Council's investment policy has regard to the following:

- MHCLG's guidance on Local Government Investments ("the guidance")
- CIPFA treasury management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

20.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return).

20.4 The above guidance from MHCLG and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

- Minimum acceptable credit criteria are applied in order to generate a list of high creditworthy counterparties. This also enables diversification and therefore avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.
- Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust process on the suitability of potential investment counterparties.
- "Specified investment" shall include term deposits with approved local authorities and approved credit rated deposit takers such as the Debt Management Office Deposit Facility, money market funds, banks and building societies. "Non Specified Investments" includes the loans to Manchester Airport Group.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investment** are those with less high credit quality, may be for periods in excess of one year, and/are more complex instruments which require greater consideration by members and officers before being authorised for use.
- **Lending Limits**, (amounts and maturity), for each counterparty will set through applying the matrix table in paragraph 21.3.
- This authority will not invest funds in excess of 364 days.
- Investments will only be placed with UK counterparties and approved counterparties from Canada and Australia with a minimum sovereign rating of AAA.
- All investments will be denominated in sterling.

- As a result in the change in accounting standards for 2018/19 under IFRS9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and year end changes to the General Fund.
- No other form of investment will be used during 2019/20 unless prior approval of Cabinet has been given.

20.5 However the authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

21 Creditworthiness policy

21.1 The Council applies the creditworthiness service provided by Link Asset Services to its investment policy. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit agencies – Fitch, Moody's and Standard & Poors. The credit ratings of counterparties are supplemented with the following overlays.

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

21.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties, as below. These colour codes are used by the Council to determine the suggested duration for investments.

Yellow	Dark Pink	Light Pink	Purple	Blue	Orange	Red	Green	No Colour
Banks	Ultra Short dated bond funds with Cr score of 1.25	Ultra Short dated bond funds with Cr score of 1.5	Banks	Nationalised /semi nationalised Banks	Banks	Banks/ Building Society	Banks/ Building Society	Not to be used
5 years	5 years	5 years	2 years	1 year	1 year	6 mths	100 days	

21.3 The Council will therefore use approved counterparties within the following duration bands:

	Colour (and long term rating where applicable)	Money or % limit	Time Limit
Banks	Yellow, Purple, Orange	£15m / 35%	364 days
Ultra Short Dated Bonds	Dark Pink/Light Pink	£5m/ part of £20m MMF Total	Liquid
Banks – part nationalised	Blue	£15m / 45%	364 days
Banks	Red	£15m / 35%	6 mths

Building Societies		£10m	
Banks	Green	£15m / 35%	100 days
Building Societies		£10m	
Limit 3 Category – Authority’s banker (not meeting Banks 1)	N/A	£15m	1 day
Debt Management Acc Deposit Facility (DMADF)	UK Sovereign rating	Unlimited	6 mths
UK Treasury Bills	UK Sovereign rating	£5m	12 mths
Local Authorities	N/A	£5m	364 days
NHS Bodies	N/A	£15m	364 days
Money Market Funds - LVNAV	AAA by 2 or more rating agencies	£20m in total	Liquid
Ultra-short dated bond funds			AAA
Certificate of Deposit	Refer to colour coding of individual bank		

- 21.4 A list of the current approved Counterparties are attached in Appendix 1.
- 21.5 The Link Asset Services’ creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency’s ratings.
- 21.6 Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term ratings of A-. There may be occasions when the Counterparty ratings from one rating agency are marginally lower than these ratings but still may be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 21.7 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services’ creditworthiness service.
- If a downgrade results in the Counterparty no longer meeting the Council’s minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council’s lending list.
- 21.8 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, information on any external support for banks to help support its decision making process.

22 UK Banks – ring fencing

- 22.1 The largest UK banks, (those with more than £25bn of retail/small and medium-sized enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring fencing”. Whilst smaller banks with less than

£25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

- 22.2 Ringfencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.
- 22.3 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to access the new-formed entities in the same way that it does others and those with sufficiently high ratings, will be considered for investment purposes.

23 Country Limits

- 23.1 The Council has determined that it will only use approved counterparties from the UK along with Counterparties from Canada and Australia with a minimum sovereign rating of AAA.

24 Investment Strategy

- 24.1 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e rates for investments up to 12 months).

25 Investment returns expectations. Bank rate is forecast to increase steadily over the next few years to reach 2.00% by quarter 1, 2022. Bank rate forecast for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

- 25.1 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 3 months during each financial year are as follows:

• 2018/19 0.75%	• 2022/23 1.75%
• 2019/20 1.00%	• 2023/24 2.00%
• 2020/21 1.50%	Later years 2.50%
• 2021/22 1.75%	

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependant on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the brexit negotiations move forward positively.

26 Investment risk benchmarking

- 26.1 These benchmarks are simple guides to maximum risk, so that they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons at the next Treasury review.
- Liquidity – when sufficient funds are held the Council seeks to maintain liquid short term depositis of at least £5m available within a weeks notice.
 - Yield – Local measure of yield benchmarks are internal returns on investments are above the 7 day LIBID rate.

27 End of year investment report

- 27.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Review Report.

28 External fund managers

- 28.1 No external cash or fund managers are currently appointed. King & Shaxson were appointed as Custodians to allow the Council to access Treasury Bills and Certificates of Deposit.

29 The treasury management role of the section 151 officer

- 29.1 The following matters are delegated to the S151 (responsible) officer
- recommending clauses within the treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
 - submitting regular treasury management policy reports;
 - submitting budgets and budget variations;
 - receiving and reviewing management information reports;
 - reviewing the performance of the treasury management function;
 - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
 - ensuring the adequacy of internal audit, and liaising with external audit;
 - recommending the appointment of external service providers.

Paul McKevitt

Deputy Chief Executive (Director Resources & Contracts)

Current Approved Counterparties – Investment limits and durations

<u>Banks</u>	<u>Max Investment Period</u>	<u>Max Investment Limit £m</u>	<u>Max Percentage Limit %</u>
Barclays Bank Plc	6 mths	15.0	35%
HSBC Plc	364 days	15.0	35%
Royal Bank of Scotland	364 days	15.0	45%
Lloyds Bank Plc	364 days	15.0 } Group	35% } Group
Bank of Scotland Plc	364 days	15.0 } limit	35% } limit
Goldman Sachs Intl	6 mths	5.0	N/A
Handelsbanken Plc	364 days	5.0	N/A
Santander UK Plc	364 days	5.0	N/A
Standard Chartered	6 mths	5.0	N/A
Sumitomo Mitsui	6 mths	5.0	N/A
Australian & Canadian Banks	Various	5.0 overall	N/A
<u>Building Societies</u>			
Nationwide	6 mths	10.0	N/A
Leeds	100 days	10.0	N/A
Coventry	6 mths	10.0	N/A
Skipton	100 days	10.0	N/A
Yorkshire	100 days	10.0	N/A
<u>Money Market Funds</u>			
Aberdeen Liquidity			
Federated Prime Rate			
Goldman Sachs Sterling	Liquid	20.0 overall	N/A
Blackrock Sterling Fund			
Invesco			
<u>Ultra Short Dated Bond</u>			
Federated Cash Plus	Liquid	Inc in 20.0 MMF	N/A
<u>Other</u>			
Local Authorities (inc Combined Authorities)	364 days	5.0	N/A
NHS Bodies	364 days	15.0	N/A

Capital Strategy 2019-20

1 Background

- 1.1 The 2017 version of CIPFA's Prudential Code introduced the requirement for authorities to produce a Capital Strategy (The Strategy), the purpose of which is firmly place decisions around borrowing in the context of the overall longer term financial position of the authority and to provide improved links between the revenue and capital budgets.
- 1.2 The Strategy forms a key part of the Council's overall Corporate Budget Planning Framework and provides a mechanism by which capital expenditure and investment decisions are aligned over the medium to long-term planning period.
- 1.3 This Strategy sets the framework for all aspects of the Council's capital and investment expenditure including prioritisation, governance, funding and monitoring, and risk management, and maintains links to other key strategic documents, notably the Treasury Management Strategy, Asset Management Strategy and Medium Term Financial Strategy.

2 Aims and Objectives of this Capital Strategy

- 2.1 The aim of this Strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 2.2 This Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 2.3 The current Strategy has been prepared for the period 2019/20 – 2021/22 but recognises that capital decisions are often for the longer term. However, longer term spending plans are more uncertain as funding streams, legislative changes, government policy, and the economic climate can influence future plans.
- 2.4 In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, this Strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 2.5 The Council ensures that all of its capital and investment plans and borrowing are prudent and sustainable. In doing so this takes account of the Council's arrangements for the repayment of debt (including through MRP/repayment of loans fund) and consideration of risk and the impact, and potential impact, on the Council's overall fiscal sustainability. While indicators are required to be set over a minimum three year rolling period, indicators are set in line with the Strategy and Asset Management plans that are sustainable over the longer asset life period.

3 Governance

- 3.1 This Strategy governs the way in which the Council will invest in the creation and maintenance of Council assets such as highways, housing, schools, parks and open spaces, offices and regeneration schemes. As capital resources remain limited it is essential that projects are prioritised to meet the Council's strategic objectives embedded within the Deal 2030 in order to ensure capital resources are focussed and provide the maximum benefit from their use.
- 3.1 Council is required to approve this annual Strategy which forms part of the Council's integrated revenue and capital budget setting.
- 3.2 Council approve this Strategy, the full Capital Programme and the Treasury Management Policy Prudential Indicators annually at the budget setting meeting in March each year.
- 3.3 The Capital Programme will be reported to Cabinet three times a year. Cabinet recommend to Council during the year when additional schemes are added to the programme that exceed £2m.
- 3.4 Ad-hoc reports as new proposals arise will be subject to additional Cabinet scrutiny and, dependent upon value, full Council approval.
- 3.5 Three quarterly capital monitoring reports will be submitted to Cabinet that identify changes to the programme to reflect:
- New resource allocations
 - Rescheduling in programme delivery
 - Programmes reduced or removed
 - Virements between projects and programmes to maximise delivery
 - Revisions to spend profiles and funding
 - The funding of the programme

4 Capital Prioritisation

- 4.1 All projects already approved in the Capital Programme and contractually committed will be supported and sufficient resources will be provided to enable them to proceed to completion (except in exceptional circumstances).
- 4.2 All capital investment and disposal decisions will be made with reference to the Council's strategic priorities embedded within the Deal for the Future, which are as follows:
- **Confident Places** – An attractive, accessible and lively borough, with a prosperous economy as the location of choice for investment.
 - **Confident People** – Improving life opportunities and independence, making sure people feel safe and supported in their communities; helping people to stay healthier longer.
 - **Confident Council** – Your council has re-focussed its reduced resources towards early intervention and prevention to achieve more for less.

- 4.3 Projects will only be considered after a positive value for money contribution (benefits in relation to cost) to one or all of the above priorities has been demonstrated.
- 4.4 Proposed new projects are subject to an appraisal process. Each project must have a recognised sponsor who is responsible for demonstrating that a rigorous process of options appraisals has been carried out which should evidence need, cost, risk, outcomes and method of resourcing.
- 4.5 Once a project has demonstrated that it is in line with the Council's strategic priorities via the appraisal process it will be further tested against the following criteria:

Criteria	Scoring
Unavoidable capital expenditure due to emergency	Outside scoring system
Secured Funding	Amount of secured funding as a % of total estimated scheme costs
Performance Improvement / Outcome Impact	Is the project in line with Council's key objectives and integral to the delivery of savings?
Government	How important is the project to the Government?
Partners	How important is the project for Partners?
Community Importance – The Deal	How highly does the project meet with the Deal for Communities?
Risk	What risk impact does non-delivery of the project have? Multiplied by: The likelihood of the risk occurring

- 4.6 Projects will be ranked in order of their score in order to present an objective as possible view of the proposals and the agreed prioritisation of scarce capital resources.
- 4.7 Realistically it is recognised that the objective criteria set out above will always be capable of challenge in certain circumstances. Therefore the process has to allow for flexibility on occasions.
- 4.8 It is also vital to the success of this process that a proportionate and relevant response is taken to appraising different types of projects.

5 Capital Expenditure

- 5.1 The Council has an approved capital programme covering the period 2018/19 – 2021/22 which has already committed resources to support schemes. A summary of the Council's current capital programme is presented in the table below. Details of the full capital programme can be found in Appendix 1.

Summary Capital Programme

DIRECTORATE	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<u>People Directorate</u>				
Children & Young People	6.935	10.209	10.673	0.000
Adult Services	1.991	1.500	0.000	0.000
<u>Places Directorate</u>				
Environment	6.454	8.675	8.609	3.092
Economy & Regeneration	11.468	19.355	43.229	0.600
Housing (Other)	2.838	2.644	0.000	0.000
Housing (HRA)	39.066	38.000	32.200	25.600
<u>Resources Directorate</u>				
Culture	2.544	5.448	0.568	0.000
Corporate	17.094	19.968	10.298	0.601
TOTAL CAPITAL PROGRAMME	88.389	105.800	105.577	29.893

- 5.2 Capital spend may only be incurred where a budget has been approved and once Budget Release has been secured. Approval for Budget Release should be sought from the decision maker as part of the process for seeking the award of a Contract as set out in the Council's Scheme of Delegation and the Contract Procedure Rules.
- 5.3 The Decision Maker may not grant Budget Release unless Officers have demonstrated to the satisfaction of the Deputy Chief Executive (Director Resources and Contracts) that all the necessary Legal, Procurement and Value for Money aspects of a project have been considered.
- 5.4 The Decision Maker will set out in the relevant report on Decision Making process as per the Council's Constitution. For projects with capital costs below £2m Budget Release is requested through a report to the Director / Assistant Director of Finance. For projects with capital costs above £2m Budget Release has to be requested through a report to Cabinet.
- 5.5 The Council's Procurement Strategy is employed to help ensure Best Value is received from all aspects of service provision and the procurement of capital projects fits into that strategy just as any other aspect of the Council's activities do. Procurement of capital projects will follow whichever route offers the greatest value for money, flexibility and fit with the Council's priorities.

- 5.6 Chief Officers are responsible for monitoring capital expenditure against their approved capital budgets, and reporting to the Deputy Chief Executive (Director Resources and Contracts) on any project slippage and variations, and on any changes in projected expenditure in accordance with the Council's Financial Procedure Rules.
- 5.7 Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment will only be capitalised provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. A de minimis level of £6,000 is in place for the capitalisation of expenditure for repairs.
- 5.8 Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

6 Capital Resources to Support Capital Expenditure

- 6.1 The current proposed capital programme is fully funded and the strategy is to continue to operate the programme in this way. A summary of the Council's current capital programme financing estimates is shown in the table below.

Financing of the Capital Programme	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Capital Receipts	2.179	8.584	5.919	1.200
Capital Grants	18.832	24.306	16.732	4.492
Contributions	10.707	8.276	20.823	0.000
Capital Reserves	9.595	13.000	13.000	20.000
Revenue	10.166	7.662	5.000	0.200
Net Financing Requirement for the Year	36.909	43.971	44.103	4.000
TOTAL FINANCING	88.388	105.799	105.577	29.892

- 6.2 The capital programme is funded from a range of funding sources which if not ring-fenced as dictated by terms and conditions will be treated as a general source of capital resource and will be allocated to best achieve the Council's capital priorities.
- 6.3 The main sources of capital funding are summarised below:

Government Grants

- Grants are allocated in relation to specific programmes or projects and the Councils will seek to maximise in the current climate such allocations, developing appropriate projects and programmes which reflect government and partnership led initiatives which address priority needs in the Borough.
- The majority of planned expenditure for maintenance of transport infrastructure, schools buildings and provision of disabled facilities are provided by appropriate grants.
- Where un-ring fenced grants are received these will be first treated as a general resource in support of the overall capital programme. If additional

resource is available then this will be utilised to provide funding towards prioritised schemes.

Capital Receipts from asset disposals

- Resources generated locally (mainly capital receipts) are firstly employed to fund the priority rolling programme of capitalised repairs as well as any emergencies which may arise. The present economic climate however, has significantly restrained the level of resources the Council is able to generate locally.

Prudential Borrowing

- Prudential Borrowing provides the necessary flexibility the Council needs to operate an iterative capital programme. Whenever possible opportunities to utilise prudential borrowing will be considered as it allows the freedom to procure capital investment where plans are sustainable, prudent and affordable.
- Any decision of prudential borrowing will be subject to a full appraisal process to ensure that sufficient revenue returns accrue to capital projects to cover the cost of borrowing.
- Appraisals will explicitly link borrowing to expected asset lives to ensure that an appropriate charge is made to revenue and hence reflected in Council Tax and Housing Rent levels.
- Prudential borrowing may also be used to provide support for projects in advance of any associated capital receipts which have been delayed or where the value of the receipt has been reduced below that anticipated at capital appraisal stage due to current economic conditions.

Contributions

- In some cases contributions are received in order to mitigate the impact of new developments on communities, referred to as Section 106. These contributions are usually earmarked for specific purposes in the planning agreements and often relate to infrastructure projects.

Revenue Contributions

- In the current programme there are significant contributions to the Housing Revenue Account programme utilising the Major Repairs Reserve which is funded from housing rents.
- The redevelopment of many of the Council's leisure centres are being funded from contributions from Inspiring Healthy Lifestyles via a reduction to the fee the Council pays to the company.

Use of Operational Leasing

- This has been a key source of finance for vehicles, plant and equipment for a number of years. The advent of the Prudential Borrowing regime means that it has sometimes become more cost effective to fund from loan rather than lease. This area is subject to constant review as the market changes on a sometimes daily basis. Following appraisal the most appropriate funding source to finance vehicle and equipment purpose will be pursued.

7. Treasury Management and Prudential Indicators

- 7.1 The Council also produces a Treasury Management Strategy which is approved by full Council annually as part of the budget setting process.
- 7.2 There are close links between the Capital Strategy and the Treasury Management Strategy as the Council's capital expenditure plans are the key driver of treasury management activity.
- 7.3 The output of the capital expenditure plans is reflected in Prudential Indicators, which are designed to assist members overview and confirm capital expenditure plans.
- 7.4 The Prudential Indicator for capital expenditure is a summary of the Council's expenditure plans which is presented in 5.1.
- 7.5 The capital programme also determines the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses.
- 7.6 The Council's borrowing need (the Capital Financing Requirement) is the second Prudential Indicator relating to Capital and is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure in 5.1 which is not immediately paid for will increase the CFR.
- 7.7 The Council's estimated Capital Financing Requirement over the period of the current capital programme is shown in table below.

Capital Financing Requirement	2018/19 £m's	2019/20 £m's	2020/21 £m's	2021/22 £m's
CFR – non housing	236.060	259.314	283.278	272.683
CFR – housing	308.032	313.064	322.757	322.414
Total CFR	544.092	572.378	606.035	595.097

- 7.8 The treasury management function ensures that sufficient cash is available to meet the Council's capital expenditure plans. This will involve the organisation of the cashflow and, where capital plans require, the organisation of appropriate borrowing facilities.
- 7.9 The table below shows the actual external debt (the treasury management operations) against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing.

External Debt	2018/19 £m's	2019/20 £m's	2020/21 £m's	2021/22 £m's
Actual gross debt at 31 March	424.480	435.101	462.407	457.656
The Capital Financing Req	544.092	572.378	606.035	595.097
Under / (over) borrowing	117.612	137.277	143.628	137.441

- 7.10 The Council's Authorised Borrowing Limit for 2019/20 which is £549.27m represents a limit beyond which external debt is prohibited, and this limit is set or revised by Council.
- 7.11 The Council's Operational Boundary debt forecast for 2019/20 is £523.11m. This represents the limit beyond which external debt is not normally expected to exceed.

8 Minimum Revenue Provision

- 8.1 The Council makes provision for the repayment of debt over the life of the asset that the borrowing is funding which is referred to as Minimum Revenue Provision (MRP).
- 8.2 The MRP estimates for the next three years are shown in the table below.

Minimum Revenue Provision	2019/20 £m's	2020/21 £m's	2021/22 £m's
MRP & other revenue contributions	15.685	10.446	14.938

- 8.3 The Council has flexibility, and a variety of options available, in how it calculates its MRP, providing that the calculation is "prudent". The broad aim of prudent provision is that the Council is required to put aside revenue over time to cover the Capital Financing Requirement so that MRP is aligned with the period over which capital expenditure provides benefits.
- 8.4 The Council may choose to pay more MRP than considered prudent in any given year providing that the in-year and cumulative MRP overpayments are separately disclosed.
- 8.5 Before the start of each financial year the Council prepares a statement of its policy on making MRP in respect of that financial year which Council is required to approve annually.
- 8.6 The MRP Policy for 2019/20 is reported as part of the Treasury Management Strategy.

9 Strategic Asset Management

- 9.1 The overriding objective of the Council's Strategic Asset Management (SAM) is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable, which takes into account the asset based approach to service delivery, supporting Service Delivery Footprints (SDF's) and Place Based Working.
- 9.2 The Capital Strategy will align to the Strategic Asset Management Plan, which is currently under review and being refreshed. The SAM will present 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.
- 9.3 The guiding principles and policies of the SAM are as follows.
- To ensure the number and location of buildings is appropriate.
 - Buildings are used efficiently in terms of utilisation, SMART working, shared occupancy with partners.

- Buildings are energy efficient.
- Intelligent corporate landlord principles are applied.
- Maximise income from the commercial estate.
- Enable and facilitate service delivery and regeneration and growth.

9.4 The SAM will continue the culture of property portfolio management ensuring that property is treated as a strategic resource, actively used in line with the Council's Deal 2030, and is actively managed both at service and corporate levels and financial and managerial responsibilities are clear.

9.5 The Council's Corporate Property Management Board, chaired by the Deputy Chief Executive (Director Resources and Contracts), will review and approve all asset management related activity, including Corporate Land Management, Service Asset Planning, Corporate Property Maintenance Planning, all of which will inform the Council's capital programme requirements.

9.6 Planned asset management activities over the short term are as follows.

- Town Centre Regeneration including the Galleries, Civic Centre, Homelessness Hub, HS2 & Station Gateway, Housing.
- Wigan Pier Quarter regeneration.
- Leigh Town Centre including Mayors Challenge, Leigh Town Hall, LSV.
- Pennington Flash Masterplan implementation.
- Continuation of the Community Asset Transfer programme.

10 Commercial Interests

10.1 The Council has interests in the following commercial assets.

- Industrial units
- Land holding
- Offices buildings
- Shops including the Galleries shopping centre
- Manchester Airport Group

10.2 Whilst the Council has interests in these commercial assets, the primary reason for buying, owning, and/or investing in them is for market and economic opportunity, and economic development and regeneration activity in the Borough and Greater Manchester.

10.3 Financial return from commercial activity is a secondary objective, and will be maximised wherever possible, however, there is currently no reliance on commercial returns to support service activity.

10.4 The Council has a low risk appetite with regards to commercial activity and, as is the case with Treasury Management investments, the Council's investment priorities will be security first, portfolio liquidity second and then yield (return).

11. Town Centre Strategic Regeneration Framework

11.1 The purpose of the Strategic Regeneration Framework (SRF) is to provide a single integrated plan for the strategic redevelopment of Wigan Town Centre. It identifies

a clear set of interventions in the short, medium and long term to guide growth and to help deliver the transformational change that is required through regeneration in the town.

- 11.2 Significant capital investment has already taken place or is underway to drive this agenda, including substantial investment in facilities at the Wigan Life Centre, the delivery of public realm at Believe Square, and the recently opened Wigan Bus Station. Despite this, further capital investment is required for growth and employment in key sectors including retail, residential and commercial.
- 11.3 It is recognised that the equity values in the town are currently challenging, therefore, the Council can't rely on the private sector to drive change and deliver growth at this stage in the town's life cycle. On this basis the SRF identifies the need for a transitional phase of 24 months (built around a series of key strategic priorities established in the Framework) to disrupt the current pattern of demand.
- 11.4 A summary of the priority projects identified in the transitional phase are shown below.
- **Creation of hubs** - Existing buildings such as the Civic Centre within the council's ownership will be repurposed to create start up space with fast broadband connection in the digital, technology, arts and cultural sectors in particular.
 - **The Galleries** - Early action will be taken to pave the way for a major development scheme or series of schemes on the site.
 - **Market Hall** - a new market proposition will need to be developed that would involve refreshing the offer and potentially relocating the market.
 - **Wigan Pier Quarter** – this is a major regeneration area. It is crucial to plan for how this area can be linked to the town centre.
 - **HS2 Opportunity** – to define the development opportunity of the wider area through the preparation of a HS2 Growth Strategy.
 - **Car parking strategy** – review of existing car park utilisation and the current distribution across the town.
 - **Live/Work** – explore the delivery of a live and work concept in Wigan Town Centre in conjunction with a partner.
 - **Borough wide skills strategy** - to provide a deeper understanding of the existing skills provision and gaps.
 - **Defensive Retail Strategy** - Developing a strategy which protects a redefined retail core.
 - **Town Centre Management**
- 11.3 The interventions in the transitional phase could begin to drive up values and lay the important foundations for future commercially driven proposals to come forward in the short, medium, and long term.
- 11.4 The Council will consider how to deliver against the aspirations of this Framework. It is envisaged that a Delivery Strategy will be required to outline how each priority project identified within the transitional phase will be implemented.
- 11.5 The formation of an Investment Fund which will be administered by the Council and designed to support interventions in the Town Centre which are considered necessary to achieve the outcomes as required by the Framework.

- 11.6 The Fund will seek to be self-sustainable over a period of years based on returns from uplift in land value captured by the Council, increased business rates, and returns from capital employed.
- 11.7 All proposals seeking access to the Investment Fund will require detailed submissions to be prepared demonstrating the relationship between proposals and outcomes including risk and return.
- 11.8 The Council will proactively seek external funding from national and/or regional government to support the ambitions of the Framework.

12 Knowledge and Skills

- 12.1 The capital investment and treasury management activities of the Council require access to a range of specialist skills to ensure robust decision making and effective ongoing management and monitoring.
- 12.2 The Council recognises the importance of ensuring that all staff involved in the capital investment and treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.
- 12.3 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
- 12.4 Where Council staff do not have the knowledge and skills required, use is made of external advisors that are specialists in their field. This approach ensures access to the right knowledge and skills and can be more cost effective than employing such staff directly. The overarching requirement is that the Council has access to knowledge and skills commensurate with its risk appetite.

13 Evolving Capital Strategy

- 13.1 This Strategy continues to be adapted to changing circumstances. The Council enjoys the freedom to borrow if investment decisions are affordable, prudent and sustainable and this means that the Council will actively consider the application of capital solutions to the challenges it faces where any positive business case exists. Projects which may arise may be based upon the following.
- Opportunities to save where the revenue consequences of capital costs incurred may be less than the high revenue costs of external service provision – i.e. a switch from a revenue to capital intensive approach.
 - Savings compared with operational leasing.
 - Opportunities to invest in development sites to unlock capital receipts.

Summary Capital Programme

DIRECTORATE	CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW							
	Total Cost £000's	Previous Years £000's	Outturn 2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Actual Spend Apr-Nov 2018/19
People Directorate								
Children & Young People	68,919.8	33,382.4	7,719.7	6,935.3	10,209.1	10,673.3	0.0	5,606.9
Adult Services	11,443.5	5,942.9	2,010.0	1,990.6	1,500.0	0.0	0.0	1,248.7
Places Directorate								
Environment (Roads)	61,633.8	35,462.4	5,252.7	6,212.4	6,096.3	5,518.0	3,092.0	3,467.7
Environment (Other)	7,144.9	1,028.9	204.9	241.1	2,579.0	3,091.0	0.0	70.9
Economy & Regeneration	90,891.9	13,607.3	2,632.6	11,468.3	19,355.0	43,228.7	600.0	4,747.1
Housing (Other)	16,480.6	8,713.6	2,285.3	2,837.5	2,644.2	0.0	0.0	1,002.9
Housing (HRA)	240,816.3	68,416.4	37,533.6	39,066.3	38,000.0	32,200.0	25,600.0	21,891.7
Resources Directorate								
Culture	22,012.7	10,060.9	3,392.3	2,543.6	5,447.9	568.0	0.0	1,369.9
Corporate	71,161.8	13,450.3	9,751.2	17,093.9	19,968.0	10,297.9	600.5	8,775.9
TOTAL CAPITAL PROGRAMME	590,505.3	190,065.1	70,782.3	88,389.0	105,799.5	105,576.9	29,892.5	48,181.7
PREVIOUSLY APPROVED PROGRAMME	557,183.2	203,650.0	70,782.3	96,872.6	92,925.5	92,952.7	0.0	
CHANGE	33,322.2	-13,584.9	0.0	-8,483.6	12,874.0	12,624.2	29,892.5	

Capital proj Code	Responsible Officer	PEOPLE DIRECTORATE CHILDREN & YOUNG PEOPLE Project	Estimated Date of		CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW									
			Start	Finish	Total Cost	Previous Years	Outturn	2018/19	2019/20	2020/21	2021/22	Actual Spend	Overspending	
					£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	Apr-Nov 2018/19	in 2018/19
EC002010	Gary Howcroft	SCHOOLS ACCESS INITIATIVE Various Schools Schools Access Initiative			3,369.4	3,369.7	-0.3						0.0	
EC002025	Belinda Jones	CHILDREN'S SERVICES FUNDING Aiming High For Disabled Children			1,012.9	946.5	66.4	0.0					0.0	
E1104001	Dave Clegg	MISCELLANEOUS The Phoenix Centre - Phase 2 alterations			87.5	88.0	-0.5						0.0	
E1003001	Andrew Dunne	Douglas Valley Hub			90.0	11.6	75.8	2.6					0.6	
E3025001		Leigh CE Primary Purchase of Land & Buildings			305.4			305.4					305.4	
E4805001		St Edmund Arrowsmith - School Loan			15.0			15.0					15.0	
E4035001	Dave Clegg	The Deanery School Loan			256.8			256.8					250.4	
E7022003		Oakfield - Aspire Federation			455.0		448.6	6.4					22.6	Overspent
EC001150		Larch Ave - Create Engagement Centre			280.0			155.9	124.1				123.4	
EC002150		Cavendish Street - Create Engagement Centre			175.0			157.3	17.7				132.6	
EC002027		Foster Care Provision		Mar 21	1,440.0			480.0	480.0	480.0			12.8	
EC002170	Andrew Dunne	CAPITAL MAINTENANCE			8,498.0	3,377.5	925.2	1,062.2	3,133.1				760.2	
E1104170	Andrew Dunne/Brian Roberts	The Phoenix Centre - Reroofing & Window Replacement	Jun 15	Mar 18	563.4	555.4	6.0	2.0					2.0	
E4022170		Golborne High 2 Classroom Extension & Maintenance Work			698.3	626.2	72.1						0.0	
E2043170	Andrew Dunne	RL Hughes – Block Refurbishment			394.1		380.4	13.7					7.3	
E4612160	Brian Roberts	PATHFINDER 1 Learning Alliance East (Atherton)			1,885.1	1,817.8	67.3						0.0	
E****116	Dave Clegg	PRIMARY BASIC NEEDS PROJECTS Primary Places			5,519.1		0.0	0.0	5,519.1	0.0			0.0	
E2000116	Andrew Dunne	Beech Hill - 0.5FE Extension	May 15	Mar 18	1,388.1	1,325.5	72.6	-10.0					-1.3	Overspent
E2009117	Brian Roberts	Marsh Green 1FE Extension			3,250.6	228.9	851.9	2,141.1	28.7				2,213.0	Overspent
E2015116	Dave Clegg/Brian Roberts	Marus Bridge Proposed Extension 2FE Scheme	Jul 14	Apr 16	1,615.0	1,615.0	0.0						0.0	
E2039117		Lowton J& I - Extend & Remodel			80.2		0.5	1.8	77.9				1.8	
E2049116		Lowton West Remodeling			410.1			410.1					288.5	
E2050116		Shevington Vale - Remodelling	Feb 17	Mar 18	1,239.2	56.5	1,159.6	23.2					17.4	
E3025116	Brian Roberts	Leigh CE Jnrs - Remodelling & Extension	Jan 16	Apr 16	1,204.1	1,201.1	3.0						0.0	
E2058116		Tyldesley Garrett Hall - Reduce to 2 form entry			-11.8		-11.8						0.0	
E2058117	Brian Roberts	Garrett Hall 0.5FE Extension			255.1	155.1	26.4	21.6	13.0	39.0			21.6	
E2058118		Garrett Hall - Permanent Extension			786.5		125.7	660.8					532.4	
E3423116	Dave Clegg/Gary Howcroft	St Phillips - Additional Places	Jan 13	Oct 13	2,239.3	2,252.1	-12.8	0.0					0.0	
E3424116	Dave Clegg	Leigh CE Infants - Remodelling & Extension	Jul 15	Feb 16	1,140.6	1,140.6	0.0						0.0	
E3425116	Brian Roberts	Leigh St Johns CE Infants - Remodelling	Sep 15	Feb 16	1,084.8	1,082.3	2.5						0.0	
E3434116	Dave Clegg	St Georges Central- Enabling Works			380.7		347.2	33.5					3.8	
E3438116	Brian Roberts	Leigh St Peters - Single Siting	Oct 15	Apr 16	2,334.3	2,330.3	0.4	3.6					0.0	
E7018116	Andrew Dunne	Willowgrove - additional places	Jul 15	Jan 16	315.4	303.1	0.0	12.3					7.6	
E7002116	Dave Clegg/Andrew Dunne	Hope School - Modular Accommodation			396.6		176.0	140.6	80.0				39.8	
E7002117		Hope School- Replace Collapsed Modular Building			260.0		260.0						222.1	
E7020116	Andrew Dunne	Greenhall - Internal Remodelling	Jun 15	Dec 15	828.7	829.2	-0.5						0.0	
E7020117	Dave Clegg/Andrew Dunne	Rowan Tree - Modular Accommodation			356.3		237.7	118.7					39.6	

Capital proj Code	Responsible Officer	PEOPLE DIRECTORATE CHILDREN & YOUNG PEOPLE (continued) Project	Estimated Date of		CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW								Actual Spend Apr-Nov 2018/19	Overspending in 2018/19
			Start	Finish	Total Cost	Previous Years	Outturn	2018/19	2019/20	2020/21	2021/22			
					£000's	£000's	£000's	£000's	£000's	£000's	£000's			
SECONDARY BASIC NEEDS PROJECTS														
E****126	Dave Clegg	Secondary Places			10,214.4		0.0	-0.0	60.1	10,154.3				
E4019126	Dave Clegg	Bedford High - Suitability Issues		Aug 16	1,447.1	1,378.5	65.0	3.6					3.6	
E4020126	Dave Clegg	Westleigh High - 2FE Extension	Oct 15	Aug 16	2,546.1	2,533.6	7.9	4.6					0.0	
E4027126		Shevington High - Suitability Works			2,076.0	1,710.0	279.4	86.6					1.9	
E4028126		Lowton High - Suitability Works			820.5	781.1	19.3	20.2					0.0	
E4035126		Hawkley Hall - Extend 1FE			2,560.0	484.7	2,038.5	36.8					154.2	Overspent
E4501146		Ashton Byrchall - New English Block			-4.7		-4.7						0.0	
E4614126	Brian Roberts	St Peters High - 1FE Extension	Jun 15	May 16	2,306.9	2,282.6	24.2	0.0					0.0	
E7023126		Newbridge - Internal Refurb at Central Park			71.6		70.6	1.0					1.0	Overspent
Standard Fund Grant Schemes														
E****141	Andrew Dunne	Devolved Capital Community Schools			2,002.6	623.3	195.8	508.1	675.4				427.6	
OTHER ITEMS														
FINAL ACCOUNTS & BALANCES														
E2034116	Dave Clegg	Leigh Central - Remodelling	Jul 15	Sep 15	280.5	276.2	4.3						0.0	
TOTAL FINAL ACCOUNTS & BALANCES					280.5	276.2	4.3	0.0	0.0	0.0			0.0	
CHILDREN & YOUNG PEOPLE TOTAL					68,919.8	33,382.4	7,719.7	6,935.3	10,209.1	10,673.3	0.0		5,606.9	
BALANCE TO 2018/19 2ND REVIEW					77,202.5	41,977.2	7,719.7	6,361.3	10,470.9	10,673.3	0.0			
CHANGE AT 3RD REVIEW					-8,282.6	-8,594.8	0.0	574.0	-261.8	0.0	0.0			

Capital proj Code	Responsible Officer	PEOPLE DIRECTORATE ADULT SERVICES Project	Estimated Date of		CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW								Actual Spend Apr-Nov 2018/19	Overspending in 2018/19
			Start	Finish	Total Cost	Previous Years	Outturn	2018/19	2019/20	2020/21	2021/22			
					£000's	£000's	£000's	£000's	£000's	£000's	£000's			
FINAL ACCOUNTS & BALANCES														
TOTAL FINAL ACCOUNTS & BALANCES					0.0	0.0	0.0	0.0	0.0	0.0			0.0	
ADULT SERVICES TOTAL					11,443.5	5,942.9	2,010.0	1,990.6	1,500.0	0.0	0.0		1,248.7	
BALANCE TO 2018/19 2ND REVIEW					11,443.5	5,942.9	2,010.0	1,990.6	1,500.0	0.0	0.0			
CHANGE AT 3RD REVIEW					0.0	0.0	0.0	0.0	0.0	0.0	0.0			

Capital proj Code	Responsible Officer	PLACES DIRECTORATE ECONOMY & REGENERATION Project	Estimated Date of		CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW								Actual Spend Apr-Nov 2018/19	Overspending in 2018/19
			Start	Finish	Total Cost £000's	Previous Years £000's	Outturn 2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's			
CYCLING SCHEMES														
LC233024	Claire Butler	Robin Park Road Cycling Facilities	Apr 18	Mar 19	698.6	47.5	106.8	541.3	3.0				530.0	
LC233025	Claire Butler	Central Boulevard	Oct 19	Mar 21	1,250.0		-	22.7	50.0	1,177.3			18.7	
LC233028	Claire Butler	CCAG2 - Wallgate and Saddle Gyrotory	Apr 18	Mar 19	1,420.1	17.5	86.5	1,316.1					854.1	
LC239082	Claire Butler	Victoria Street / Warrington Road junction improvements	Apr 18	Mar 20	630.0	7.5	20.1	52.4	550.0				6.4	
LC233031	Claire Butler	Schools and Colleges	Apr 18	Mar 19	35.0			35.0					0.0	
LC239084	Christine Bainbridge	Standish Mineral Line Enhanced Cycle and Pedestrian Links	Apr 19	Mar 20	718.9				718.9				0.0	
LC239085	Christine Bainbridge	MCF Bridgewater Canal Towpath	Jan 19	Mar 20	241.0			192.8	48.2					
	Christine Bainbridge	MCF Wigan Toucan Crossings	Apr 19	Mar 20	700.0				700.0					
MAJOR SCHEMES - DEVELOPMENT														
LC402004	Mark Tilley/Keith Benson	Sportsman Junction (NHB)	Apr 14	Mar 16	885.6	885.5	0.1	0.0					0.1	Overspent
LC402011	Claire Butler	Eastern Gateway/New Market Street Gateway	Sep 14	Mar 21	3,020.0	87.7	25.3	27.5	80.0	2,199.5	600.0		17.5	
LC402012	Claire Butler	Chapel St Leigh The Loom-Mather Lane/Bridgewater Canal	Sep 14	Mar 17	70.0	33.6	0.1			36.3			0.0	
LC239075	Claire Butler	Market Place Improvements Phase 1	Apr 15	Mar 19	661.1	51.1	74.0	536.0					-18.6	
LC239076	Claire Butler	Bradshawgate Improvements	Apr 15	Mar 19	901.3	36.5	711.0	153.8					153.8	
LC239081	Claire Butler	Poolstock Environmental Improvements	Jul 18	Dec 20	400.0			3.6	10.0	386.4			1.2	
LC239079	Claire Butler	Leigh Town Centre Improvements			4,000.0			300.0	3,700.0				79.6	
LC239083	Claire Butler	Wigan Hub / Station Gateway / HS2			0.0								3.0	Overspent
MAJOR SCHEMES - HIGHWAYS														
LC239052	Claire Butler	A49 Link Road	Apr 11	Mar 20	22,310.0	2,375.0	868.9	6,174.4	9,157.6	3,734.1			2,358.7	
LC239051	Claire Butler	A49 / Smithy Brook Rd Junction Improvements	Jan 19	Apr 19	700.0			28.8	671.2				3.1	
LC239073	Claire Butler	M58 Link Road	Apr 14	Apr 21	23,609.4	1,495.3	232.4	623.9	1,840.5	19,417.3			137.0	
	Claire Butler	East of Pemberton Station (M58 Link)	Apr 20	Apr 21	2,600.0					2,600.0			0.0	
LC402006	Claire Butler	Amberswood Link Road (NHB)	Apr 14	Mar 22	507.6	407.5	0.1	100.0					14.0	
LC402008	Claire Butler	Phoenix Way / Seaman's Way Link Road (East to West Link)	Jul 14	Dec 22	4,600.0	283.3	28.9	100.0		4,177.8			5.6	
LC239077	Claire Butler	North Leigh Link Road	Apr 18	Jun 23	10,000.0			100.0	500.0	9,400.0			10.6	
LC402005	Claire Butler	South of Hindley Link Road	Apr 18	Jun 23	313.6	164.3	49.3	100.0					0.3	
	Claire Butler	Atherleigh Way to Leigh Road	Apr 18	Jun 23	100.0			100.0						
	Claire Butler	Ince Link	Apr 18	Jun 23	100.0			100.0						
LC402007	Mark Tilley/Keith Benson	Marus Bridge Pinch Point Scheme	Nov 13	Mar 18	1,516.7	1,407.3	59.4	50.0					46.6	
ENVIRONMENTAL PLANNING														
KC518115	Martin Purcell	Wigan Flashes	Jul 11	Mar 12	230.3			0.0	230.3				0.0	
KC121005	Marie Bintley	Wigan Wallgate Townscape Heritage	Apr 11	Mar 13	1,720.4	491.4	33.7	0.0	1,095.3	100.0			0.0	
KC121011	Marie Bintley	Westleigh Waterfront	Apr 15	Mar 15	84.3	49.3	-	35.0					0.0	
KC917003-014	Marie Bintley	Public Open Space - Section 106 funds	Apr 07	Mar 12	2,149.7	1,765.7	267.0	117.0					73.2	
KC917016	Marie Bintley	Recycled Affordable Housing Section 106 Receipts			43.3	27.5	-	15.8					37.0	Overspent
KC917017	Marie Bintley	Standish Mineral Line		Dec 18	431.2	31.2	41.4	358.6					269.8	
KC917018	David Kearsley	Golborne/Lowton Infrastructure Levy			30.8	0.0	5.8	25.0					15.3	
KC917019	David Kearsley	Standish Infrastructure Assessment			25.0			25.0					0.9	
KC002001		Lilford Park Mitigation Works			32.8	23.3		9.5					0.0	
PC001001	Martin Purcell	GreenHeart Project General		Mar 11	322.8	188.0	15.7	119.1					20.0	
PC001003	Martin Purcell	Bickershaw Flood Risk Management Scheme			95.0			95.0					108.9	Overspent
FINAL ACCOUNTS & BALANCES														
LC239067		LSM Busway (On Highway Works)	Apr 12	Mar 15	3,730.8	3,730.8							0.3	Overspent
LC34M676		Upholland Road Retaining Wall - Structural Maintenance			6.6	0.5	6.1						0.0	
TOTAL FINAL ACCOUNTS & BALANCES					3,737.4	3,731.3	6.1	0.0	0.0	0.0	600.0	4,747.1		
ECONOMY & REGENERATION TOTAL					90,891.9	13,607.3	2,632.6	11,468.3	19,355.0	43,228.7	600.0	4,747.1		
BALANCE TO 2018/19 2ND REVIEW					90,878.7	14,844.1	2,632.6	12,776.8	17,963.7	42,661.5	0.0			
CHANGE AT 3RD REVIEW					13.2	-1,236.8	0.0	-1,308.5	1,391.3	567.2	600.0			

Capital proj Code	Responsible Officer	PLACES DIRECTORATE HOUSING - OTHER Project	Estimated Date of		CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW							Actual Spend Apr-Nov 2018/19	Overspending in 2018/19
			Start	Finish	Total Cost	Previous Years	Outturn	2018/19	2019/20	2020/21	2021/22		
					£000's	£000's	£000's	£000's	£000's	£000's	£000's		
JC101001	A Mank	Housing Demolition			0.0		0.0					0.0	
JC101002	A Mank	Purchase for Resale			535.7	212.4	272.1	51.2				51.2	
JC415 var	A Mank	Home Improvement Grants/Loan		Mar 18	2,916.4	2,610.0	53.4	1.0	252.0			0.9	
JC424002	A Mank	Empty Homes	Sep 12	Mar 18	1,065.9	960.5	77.5	27.9				21.0	
JC424003	A Mank	Leigh EWI Scheme	Apr 13	Mar 18	826.8	595.1	84.0	0.0	147.7			0.0	
JC429003	A Mank	Platt Bridge EWI Scheme	Apr 14	Mar 18	1,063.2	677.5	79.5	0.0	306.2			0.0	
JC417001	L Seddon	Disabled Facilities Grant		Mar 18	9,192.0	2,795.0	1,718.8	2,757.4	1,920.8			929.8	
JC416003	A Mank	Energy Efficiency Assistance			880.6	863.1		0.0	17.5			0.0	
FINAL ACCOUNTS & BALANCES													
TOTAL FINAL ACCOUNTS & BALANCES							0.0	0.0	0.0	0.0	0.0	0.0	
HOUSING GENERAL TOTAL							16,480.6	8,713.6	2,285.3	2,837.5	2,644.2	0.0	1,002.9
BALANCE TO 2018/19 2ND REVIEW							16,429.4	8,713.6	2,285.3	3,509.7	1,920.8	0.0	0.0
CHANGE AT 3RD REVIEW							51.2	0.0	0.0	-672.2	723.4	0.0	0.0

Capital proj Code	Responsible Officer	PLACES DIRECTORATE HOUSING REVENUE ACCOUNT (HRA) Project	Estimated Date of		CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW							Actual Spend Apr-Nov 2018/19	Overspending in 2018/19	
			Start	Finish	Total Cost	Previous Years	Outturn	2018/19	2019/20	2020/21	2021/22			
					£000's	£000's	£000's	£000's	£000's	£000's	£000's			
HC001001 / 013 / 019		MAIN PROGRAMME												
HC001002-003		Planned Maintenance			1,244.6		703.6	541.0				204.7		
HC001004-008		Fuel Changes - Elec- Gas & New Boilers			1,699.9		699.9	1,000.0				542.6		
HC001010		Sheltered Housing			5,500.4		2,140.4	3,360.0				1,670.0		
HC001011		HRA - Fees			932.5		532.5	400.0				0.0		
HC001012		Capitalisation of Voids			12,154.3		5,354.3	6,800.0				3,401.7		
HC001013		Kitchens			3,957.8		1,957.8	2,000.0				992.9		
HC001014		Planned Maintenance			654.7		154.7	500.0				252.1		
HC001015		Environmental Improvements			627.0		227.0	400.0				161.1		
HC001016		Re-Roofing			2,370.6		1,307.6	1,063.0				831.9		
HC001017		Insulations			49.6		24.6	25.0				8.6		
HC001018		Rewires - 30 Year Programme			1,821.9		921.9	900.0				434.9		
HC001021		Carbon Reduction Programme			502.3		298.3	204.0				67.5		
HC001023		Bathrooms			14,633.6		9,243.6	5,390.0				3,362.8		
HC001024		NEDO Air Source Heat Pump Installation			1.8		1.2	0.6				0.6		
HC001025		Block Flats Improvements			1,908.2		1,017.4	890.8				229.0		
HC001026		Multi Storey Flats - Sprinklers			70.0			70.0				47.6		
HC001027		Ground Source Heating			0.0							0.0		
HC0018**		Sheltered Housing Digital			250.0			250.0				38.7		
H*		Disabled Persons Adaptations			7,474.2	4,081.6	1,742.6	1,650.0				816.4		
HC0017**		Future/Past Years Programmes			108,988.4	48,488.4		0.0	23,000.0	19,900.0	17,600.0	0.0		
HC0019*		Demolitions			522.5		134.5	388.0	0.0	0.0		279.3		
HC0019*		New Build & Regeneration			74,946.9	15,341.3	11,071.7	13,233.9	15,000.0	12,300.0	8,000.0	8,549.3		
FINAL ACCOUNTS & BALANCES														
HC001600		Insulation Loans - Private Housing			505.1	505.1						0.0		
TOTAL FINAL ACCOUNTS & BALANCES							505.1	505.1	0.0	0.0	0.0	0.0		
HOUSING HRA TOTAL							240,816.3	68,416.4	37,533.6	39,066.3	38,000.0	32,200.0	25,600.0	21,891.7
BALANCE TO 2018/19 2ND REVIEW							207,381.5	68,416.4	37,533.6	43,573.1	30,800.0	27,058.4	0.0	
CHANGE AT 3RD REVIEW							33,434.8	0.0	0.0	-4,506.8	7,200.0	5,141.6	25,600.0	

Capital proj Code	Responsible Officer	RESOURCES DIRECTORATE CULTURE SERVICES Project	Estimated Date of		CAPITAL PAYMENTS FORECAST 2018/19 - 3RD REVIEW								
			Start	Finish	Total Cost £000's	Previous Years £000's	Outturn 2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Actual Spend Apr-Nov 2018/19	Overspending in 2018/19
KC917001/002	Rebecca Woods	PLAY Play Area schemes - various townships		Mar 13	4,960.5	3,046.7	413.8	500.0	500.0	500.0		225.8	
		SPORTS CENTRES											
20070005	Karen Hewitt	Robin Park Sports Pitches	Apr 14	Oct 14	293.0	293.0	0.0					0.0	
20210001	Stuart Holden	Howe Bridge Sports Centre - Internal Refurbishment	Dec 14	Oct 15	2,548.3	2,515.2	33.1					0.0	
20070007	Stuart Holden	Ashton Leisure Centre	Apr 15	Nov 16	3,104.6	293.6	2,328.7	450.8	31.5			444.5	
20070008	Stuart Holden	Leigh ISC	Apr 15	Sep 15	406.2	388.5	17.7					0.0	
20070009	Stuart Holden	Robin Park ISC & Arena	Apr 15	Nov 16	6,632.0	97.2	50.4	1,500.0	4,916.4	68.0		662.6	
		MISCELLANEOUS											
20500002	Penny McGinty	Unadopted Haigh Estate Rds Upgrade			69.0	55.9		13.1				0.0	
20090001-3	Stuart Holden	Haigh Phase One Part A	Apr 15	Nov 15	2,649.5	2,442.7	182.1	24.7				23.0	
20090004-6	Stuart Holden	Haigh Phase One Part B	Nov 15	Apr 16	1,349.6	928.1	366.5	55.0				14.0	
		FINAL ACCOUNTS AND BALANCES											
		TOTAL FINAL ACCOUNTS & BALANCES			0.0	0.0	0.0	0.0	0.0	0.0		0.0	
		CULTURE SERVICES TOTAL			22,012.7	10,060.9	3,392.3	2,543.6	5,447.9	568.0	0.0	1,369.9	
		BALANCE TO 2018/19 2ND REVIEW			22,815.5	10,873.7	3,392.3	5,021.6	2,959.9	568.0	0.0		
		CHANGE AT 3RD REVIEW			-802.8	-812.8	0.0	-2,478.0	2,488.0	0.0	0.0		

Relevance Check

Budget Reduction/Service Area:

Service Lead:

Date:

In what ways does this Budget reduction have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

n/a

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service you provide?

n/a

Is a Customer Impact Assessment needed? NO