

This Report will be made public on 16 November 2021

Report Number **A/21/19**

**To:** Council  
**Date:** 24 November 2021  
**Status:** Key Decision  
**Head of Service:** Charlotte Spendley – Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader and Cabinet Member for Finance

**SUBJECT:** UPDATE TO THE GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME

**SUMMARY:** This report seeks approval to update the budget for the General Fund Medium Term Capital Programme for decisions due to be taken by Cabinet earlier today regarding the District Owned Street Lighting and Biggins Wood Development schemes. The report also updates the General Fund Medium Term Capital Programme for works to the Connect 38 building in Ashford which were originally agreed by Cabinet on 26 May 2021.

**REASONS FOR RECOMMENDATIONS:**

Full Council is asked to agree the recommendations set out below because proposed changes to the General Fund Capital Programme need to be submitted to full Council for approval.

**RECOMMENDATIONS:**

1. To receive and note report A/21/19.
2. To approve to update the General Fund Medium Term Capital Programme for the changes outlined in section 2 of the report.

## 1. INTRODUCTION AND BACKGROUND

1.1 Cabinet is due to consider the following two reports on their agenda today which seek approval from Full Council to update the budget for the General Fund Medium Term Capital Programme (MTCP):-

- i) District Owned Street Lighting (Report no. C/21/44)
- ii) Biggins Wood Development Update (Report no. C/21/51)

1.2 On 26 May 2021 Cabinet agreed an urgent decision that £400,000 be added to the General Fund capital programme to allow the necessary Cat A works to the Connect 38 building to be met from monies received under the legal agreement for the original property acquisition and that the matter be reported to Full Council at the next available opportunity (minute 7 refers).

1.3 This report summarises the changes to the individual capital schemes arising from these decisions including the impact to the capital budgets and financing resources for them. Full Council is required to approve budget changes to the General Fund MTCP.

## 2. CAPITAL PROGRAMME CHANGES

### 2.1 District Owned Street Lighting Scheme

2.1.1 Cabinet is seeking approval of a capital budget of £745,000 to be included in the MTCP for the works to council owned street lighting assets to enable them to be transferred to Kent County Council. This will reduce the council's annual revenue maintenance budget by £51,300 from 2023/24.

2.1.2 The capital works are proposed to be funded from the Climate Change Reserve (£408,335) and the Capital Receipts Reserve (£336,665).

### 2.2 Biggins Wood Development Scheme

2.2.1 Cabinet is seeking approval to increase the overall budget for the Biggins Wood Development by £158,000 largely to reflect the latest position regarding the grant awarded by the Department for Levelling Up, Homes and Communities (formerly MHCLG) for the site. At the same time it is proposed to consolidate the capital resources for the Biggins Wood development to the land remediation and service works required for the site. The existing and proposed capital budget position is shown in the following table:

Scheme Description	Available Budget	Capital Resources			Total
		Grant	Revenue	Capital Receipts	
Existing Budget	£'000	£'000	£'000	£'000	£'000
Land Remediation & Services	1,700	(1,016)	(634)	(50)	(1,700)
Commercial Development	481	-	(481)	-	(481)

Other Commercial Property Development	161	-	-	(161)	(161)
<b>Total Existing Budget</b>	<b>2,342</b>	<b>(1,016)</b>	<b>(1,115)</b>	<b>(211)</b>	<b>(2,342)</b>
Updated Budget – Land Remediation & Services	<b>2,500</b>	<b>(1,150)</b>	<b>(1,139)</b>	<b>(211)</b>	<b>(2,500)</b>
Change	<b>158</b>	<b>(134)</b>	<b>(24)</b>	-	-

2.2.2 The increase in the revenue contribution to fund this scheme is proposed to be met from the Business Rates Growth Fund held as part of the Economic Development Reserve. If the final cost of the works exceed £2.5m it is also proposed to provide a further contingency budget of £250k to meet any further costs associated with remediating and servicing the site from the Business Rates Growth Fund held in the Economic Development Reserve. There is currently up to £511k available within the Business Rates Growth Fund.

### 2.3 Connect 38 Cat A Works

2.3.1 On 26 May 2021 Cabinet agreed an urgent decision that £400,000 be added to the General Fund capital programme to allow the necessary Cat A works to the Connect 38 building to be met from monies received under the legal agreement for the original property acquisition and that the matter be reported to Full Council at the next available opportunity (minute 7 refers).

2.3.2 Full Council is asked to approve that the General Fund Medium Term Capital Programme be updated for the Cat A works to the Connect 38 building.

## 3. CONCLUSIONS

3.1 The total value of the General Fund MTCP and the financial resources to support it from 2021/22 to 2025/26 incorporating the changes outlined in section 2 of this report are summarised in the table below:

<b>MTCP</b>	<b>Existing Budget £'000</b>	<b>Changes £'000</b>	<b>Updated Budget £'000</b>
<b>Total Cost</b>	<b>131,033</b>	<b>1,303</b>	<b>132,336</b>
<b>Capital Funding</b>			
Capital Grants	(11,441)	(134)	(11,575)
External Contributions	(1,743)	(400)	(2,143)
Capital Receipts	(24,530)	(337)	(24,867)
Revenue	(2,973)	(432)	(3,405)
Borrowing	(90,346)	-	(90,346)
<b>Total Funding</b>	<b>(131,033)</b>	<b>(1,303)</b>	<b>(132,336)</b>

3.2 In addition to the above, a contingency budget of up to £250,000 is proposed to be allocated for the Bigginswood project to be met from the Economic Development Reserve if required. Full Council approval is required for the changes to the Capital Programme outlined above.

#### 4. RISK MANAGEMENT ISSUES

4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Capital resources not available to meet the cost of the new projects.	High	Low	Schemes supported by grant funding will only commence once fully approved and committed by the relevant body. Revenue resources required to fund capital expenditure are covered by Earmarked Reserves and have been factored into the Council's medium term financial planning
Cost of new projects may exceed the estimate.	High	Medium	Capital monitoring procedures in place allowing prompt early action to be taken to manage the risk effectively.

#### 5 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

##### 5.1 Legal Officer's Comments (NM)

The legal implications of providing borrowing to Veolia Environmental Services Limited are set out in the report.

##### 5.2 Finance Officer's Comments (LW)

This report has been prepared by Financial Services. There are no further comments to add.

##### 5.3 Diversities and Equalities Implications (LW)

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

**5.4 Communications Officer's Comments (JW)**

**5.5 Climate Change Implications (AT) [*Pilot reporting period*]**

There are no climate change implications arising directly from this report. The report is a monitoring report that provides an initial position against the latest approved budget. It updates Cabinet on this position following decisions taken at Cabinet and Full Council. Climate change implications of the various projects referenced in the report will be assessed as part of the development and implementation phases of those projects through the appropriate decision-making process.

**6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Lee Walker, Capital and Treasury Senior Specialist  
Tel: 01303 853593. e-mail: [lee.walker@folkestone-hythe.gov.uk](mailto:lee.walker@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report:

None.