

## 1. Capital Programme

1.1. The following table below (Figure 1) sets out the forecast Capital Outturn position for 2019/20 by Directorate, with further detail provided in Directorate appendices and a full programme summary at the end of this report.

Figure 1 - Capital Forecast Outturn position for 2019/20 by Directorate

| Approved Budget | Previous Period Revised Budget | Directorate             | Revised Budget | Actual Spend to date | Budget Spend to date | Forecast Outturn | Variance      |
|-----------------|--------------------------------|-------------------------|----------------|----------------------|----------------------|------------------|---------------|
| £m              | £m                             |                         | £m             | £m                   | %                    | £m               | £m            |
| 25.8            | 24.9                           | People                  | 24.9           | 4.7                  | 19%                  | 24.0             | (0.9)         |
| 17.7            | 20.8                           | Resources               | 20.8           | 3.9                  | 19%                  | 20.4             | (0.4)         |
| 130.4           | 143.2                          | Growth and Regeneration | 143.6          | 22.0                 | 15%                  | 106.7            | (36.9)        |
| <b>173.9</b>    | <b>189.0</b>                   | <b>Sub-total</b>        | <b>189.4</b>   | <b>30.6</b>          | <b>16%</b>           | <b>151.1</b>     | <b>(38.2)</b> |
| 10.7            | 10.2                           | Corporate               | 10.2           | 2.6                  | 25%                  | 10.2             | 0.0           |
| 51.8            | 51.8                           | Housing Revenue Account | 51.8           | 13.5                 | 26%                  | 50.3             | (1.5)         |
| <b>236.4</b>    | <b>251.0</b>                   | <b>Total</b>            | <b>251.4</b>   | <b>46.7</b>          | <b>19%</b>           | <b>211.6</b>     | <b>(39.7)</b> |

The current forecast indicates a £40m underspend (16%) on the revised capital programme budget of £251m. This relates to schemes deferring expenditure to future periods. The main schemes being;

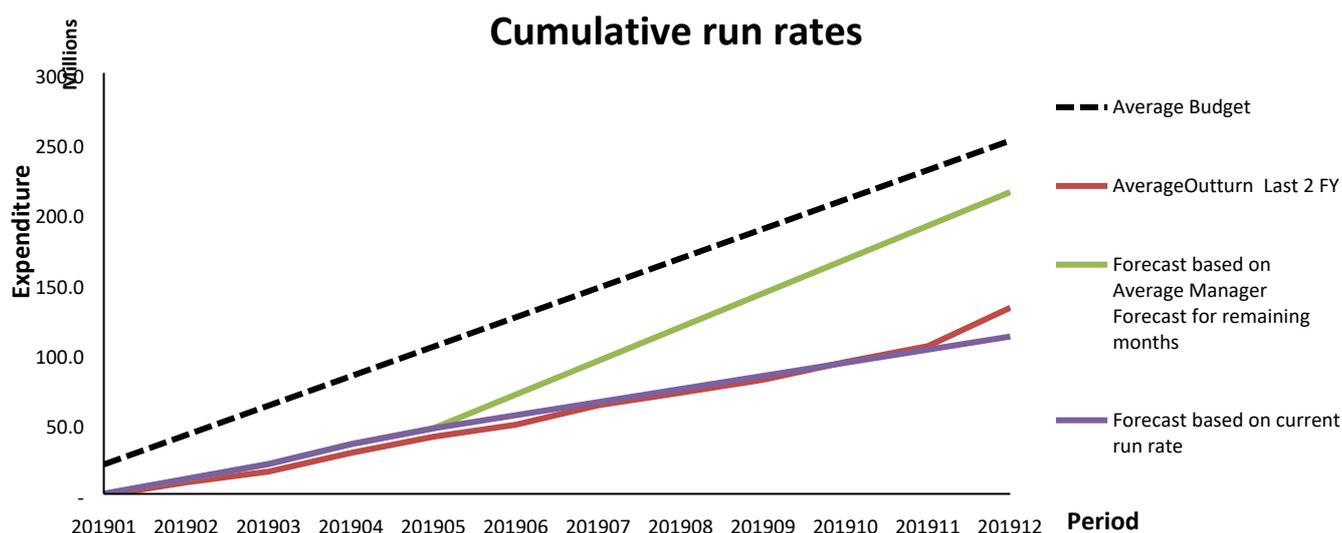
- £14m - PL30 Housing Delivery of site development proposed re-profile of budgets to meet the change in funding options
- £ 6m - PL30A Review of the operation of Goram Housing Company based on more detailed plan of works on the first option of a land transfer
- £ 6m - PL24 Delays to the completion of the Colston Hall scheme

1.2. Despite the reported underspend in the programme, the current forecast assumes that the average monthly spend for the remainder of the year will be over twice as much as the current run-rate.

Given the low level of spend to date (£47m) as indicated in (Figure 1) and the current rate table along with making comparisons with previous years expenditure (Figure 2) the outturn is projected to be region of £130m - £150m based on current and previous spend trends. Based on these assumptions, the current forecast appears to be overly optimistic.

The Capital and Investments Board have recommended a review of the Capital Programme through Capital Workshops to be undertaken during October 2019, with the outcome reporting within later monitoring reports.

**Figure 2 – Period 5 Capital Forecast and Run-Rate Comparison**



**Transport Challenge Fund Grant Bid**

1.3. The Government recently announced a Local Highways Maintenance Challenge Fund. The deadline is 31st October and the fund is split into two tranches

- Tranche 1 – smaller bids <£5m for repairing highway defects – funding to be spent in 2019/20 with ability to carry over.
- Tranche 2 – larger bids >£5m for major structural repairs – The call here is only for “Expressions of Interest.” If successful Bristol City Council will be invited to submit a Full Business Case later in the year.

The authority seeks approval to submit a bid of up to £4m for Tranche 1 focussing on resilient strategic bus and cycle networks. The additional funding will allow the 20/21 and 21/22 maintenance programmes to be expanded.

For the Tranche 2 “Expression of Interest” the authority will focus on St Philips Causeway for up to £20m. The bridge is due its first major service requiring re-painting, replacing of the waterproofing and carriageway renewal among other elements.

Neither Tranche of funding explicitly requires a match-funding contribution, but based on previous versions of this fund a local contribution of 10% is expected. Officers are exploring a combination of match-funding sources including S106 and local contributions.

**Key Risks**

- Failure to deliver the project(s) to funding deadline
- Refinement of costs for St Philips Causeway maintenance between submission of Expression of Interest and Full Business Case fluctuate significantly affecting economic viability
- Unexpected cost increases

**2. Summary of the Capital Programme funding and investments**

2.1. In August the Council took advantage of historic low interest rates on long term borrowing and took out £20m of borrowing through Public Works Loan Board. Rates dropped further in September and the Council took another £10m of the planned £70m borrowing requirement as set out in the 2019/20 Treasury Management Strategy. Further details will be set out within the Treasury Mid-year report to be presented to Full Council in December 2019.