

Bolton Council

Report to: Council

Date: 20th February 2019

Report of: Director of Corporate Resources

Report No: CEX046

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Report Title: **CORPORATE CAPITAL AND ONE-OFF FUNDING 2019-2022**

Non-Confidential: This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To propose a Capital Strategy, Corporate Capital and Revenue Programme, a Minimum Revenue Provision (MRP) Policy and Capital Prudential Indicators for the next three years.

Background Doc(s):

Appendices / Attachments None

Recommendations: That Council recommend:

- i. The Capital Strategy for 2019-2022
- ii. The Corporate Capital and Revenue Programme for 2019/20
- iii. The MRP Policy as set out in section 5
- iv. The Capital Prudential Indicators as set out in section 6

Decision:

Summary:

This report sets out the Corporate Programme for Capital and one-off revenue schemes for 2019/20 including relevant indicators as required by Chartered Institute of Finance and Accountancy's (CIPFA's) code. In addition, a Capital Strategy is also outlined at Appendix 1

1 INTRODUCTION

- 1.1 On 21st February 2018 Council approved the capital programme for financial year 2018/19. The report set out the capital proposals and resources for the year and compared the likely capital resources available. The report detailed the capital programme which met the above requirements and was consistent with the proposed revenue budget. This report provides an update to the 2018/19 capital programme and the recommendation from Cabinet at its meeting of 11th February 2019 (section 2).
- 1.2 From 2019/20 CIPFA's Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.3 The Capital Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.
- 1.4 The Capital Strategy 2019-2022 can be found at Appendix 1.

2 CABINET 11th FEBRUARY 2019

- 2.1 At the meeting of the Cabinet on the 11th February 2019, Cabinet agreed that in respect of the unallocated capital resources for 2019/20 to recommend to Council the following;
 - 2.1.1 The unallocated resources of £2.0m be used for Residential Roads and Pavements
 - 2.1.2 That £4m be allocated for further investment in district town centres, principally in Farnworth Town Centre. This will be funded from the Council's share of the available surplus in PSP

3 CAPITAL OVERVIEW

- 3.1 The significant reductions in the Council's revenue budget have meant that the maximisation of capital funding has become a vital part of ensuring the Council can continue to pursue its key objectives. In recent years, capital monies have been allocated to support the strategic road network across the Borough and to enable developments in the town centre. Capital schemes have also enabled the release of on-going revenue savings, most notably by the refurbishment of the Town Hall.
- 3.2 At its meeting on 21st February 2018 Council approved the following in respect of the £1.0m unallocated resources for 2018/19

- £0.100m to continue the work of Breakfast Clubs
- £0.200m towards the LED Street Lighting programme
- £0.300m for additional Highways maintenance work
- £0.300m for the Waste Behavioural Change programme
- £0.100m for Anti-Social Behaviour / Home Watch schemes

- 3.3 Taking the above into account, and recognising existing approved capital commitments for 2018/19 and beyond, the table below shows the financing of the current programme:

	Current Capital Programme 2018-2022
Corporate Supported Borrowing	112,195
Corporate Revenue	19,662
Corporate Capital Receipts	6,875
Service Supported Borrowing	2,098
Service Revenue (largely Children's)	5,931
Government Grants (largely Children's)	55,383
Other Contributions	7,609
Total	209,754

4 OBSERVATIONS

- 4.1 Additional expenditure may be possible in the course of the year if sponsoring services identify additional sources of finance or obtain grant support.
- 4.2 A report reviewing the current year's projected capital expenditure and resources is to be considered at the meeting of the Executive Cabinet Member – Corporate Resources on 18th February 2019. It is likely some commitments from 2018/19 will be carried forward to be met in 2019/20. Matching resources will be carried forward but additional expenditure commitments for schemes with potentially limited VAT recovery will require individual appraisal.
- 4.3 The Capital programme only includes schemes which have started or will start in 2018/19 plus those annual rolling programmes funded from external resources such as schools and those put forward from the Cabinet meeting above. The detailed programme in subsequent years will need to be considered as part of the overall budget process for these years.
- 4.4 The Council estimates it will have £149m of reserves at the end of 2018/19. Of this total, £62m is held specifically for capital schemes to fund projects such as the Schools Expansion programme

5 VAT

- 5.1 As part of the appraisal of the capital programme the proposals have been assessed for their anticipated impact on the Council's VAT recovery position.

- 5.2 Full VAT recovery is only permitted where less than 5% of VAT recovered relates to activities which are exempt from VAT (largely land transactions, paid for Education, Markets and Cremation). Where the 5% limit is exceeded no VAT recovery on VAT Exempt Activity is permitted unless the 7-year average is below 5%. Bolton has applied to use the 7-year average because of the investment in Bolton Market.
- 5.3 If the proposed programme is approved the exempt input tax proportion is estimated as follows:

	%
2018/19	4.45
2019/20	3.19
2020/21	3.02
2021/22	3.11

- 5.4 The detailed calculations are set out in Appendix 3. The 7-year average is 3.96% and is therefore within the HMRC limit.
- 5.5 Full VAT recovery is projected in each of the years however there is little margin to accommodate scheme slippage. Due to the reduction in resources generally there is a greater degree of uncertainty about the total value of VAT to be recovered and thus the value of VAT exempt schemes which can be accommodated. It is also possible that VAT regulations will change.
- 5.6 In land and property development schemes it is possible to take schemes out of the Exempt VAT calculation by "Opting to tax" i.e. charging VAT voluntarily. However, there are instances where options to tax are rendered invalid for example where the future use of the property is for residential or educational purposes. Opting to tax may make sites less attractive to some purchasers. There is also an option to tax on Cremation and Market activities.
- 5.7 Given the fine margin over the 7-year period to 2018/19 it will be important that input tax totals and expenditure projections are closely monitored. Where additional expenditure is identified, it may be necessary to opt to tax on that or another scheme.

6 MINIMUM REVENUE PROVISION

- 6.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2003/3146) took effect from 31st March 2008. They require the basis on which the Minimum Revenue Provision (MRP) is calculated for future years to be approved by Council. This is the amount Councils are required to set aside for debt repayment each year.
- 6.2 General Fund Borrowing that was previously supported through the RSG system will be provided for in equal annual instalments over a 50 year period commencing 1st April 2015. As at 1st April 2018, the value of this borrowing equalled £145.1m and results in an equal annual minimum revenue provision of £3.022m over the remaining 48 years, the final instalment of which will be provided for by no later than 31 March 2065. For non-Housing schemes financed

from unsupported borrowing, from 1st April 2008 MRP will be made for repayment equal to the estimated depreciation charge on those assets calculated on an equal instalment basis, calculated in accordance with normal accounting practice. For Finance Leases and the PFI scheme the capital element of the lease or unitary payment will be taken to be the MRP.

- 6.3 In instances where the Council incurs borrowing in order to lend funds to a third party, in accordance with the revised guidelines issued by the Secretary of State, MRP is required to be provided over the useful life of the asset created. In certain instances, and after undertaking comprehensive due diligence, if the Director of Corporate Resources is satisfied that any agreed repayment date will be met, the guidance will be reviewed and, if appropriate, no MRP will be set-aside. Annually the Council will undertake a financial assessment of the third parties' ability to repay the debt and where any adverse changes are perceived to be occurring then a provision will be created to cover any future potential financial losses.

7 CAPITAL PRUDENTIAL INDICATORS

- 7.1 Prudential Indicators seek to provide measures of affordability and prudence reflecting Capital Expenditure, Debt and Treasury Management. Debt and Treasury Management indicators are addressed in the Treasury Management and Investment Strategy 2019/20.
- 7.2 Borrowing requirements for capital purposes are shown as a trend; these reflect capital expenditure and financing plans. The financing costs are reflected in the Medium Term Financial Strategy.
- 7.3 Capital expenditure profiles reflect current business plans. They are the aggregate expenditure figures from all sources of finance (borrowing, grants, capital receipts and revenue). The capital financing requirement demonstrates the impact of borrowing to meet capital expenditure plan net of provisions for debt repayment.

		Revised 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
Affordability					
Ratio of financing costs to net revenue stream - General Fund		5.06%	5.13%	5.04%	5.08%
Capital Expenditure and Capital Financing					
General Fund Capital Expenditure per Appendix 2 (£m)		82.1	96.6	31.1	0
Capital Financing Requirement (£m)		233.5	275.2	294.9	286.0

8 Impacts and Implications

- 8.1.1 Financial – as above
- 8.1.2 Legal - none

8.1.3 HR - none

8.1.4 Other – none

9 CONCLUSION

9.1 Appendix 1 contains the Capital Strategy 2019-22

9.2 Appendix 2 to this report sets out a proposed Corporate Programme for capital and one-off revenue schemes including identified slippage, which can be funded from anticipated resources.

9.3 Appendix 3 contains the Exempt VAT monitor for 2019-2022

10 RECOMMENDATION

10.1 The Council recommend;

10.1.1 The Capital Strategy 2019-22 in Appendix 1

10.1.2 The Corporate Programme (Capital and Revenue one-off schemes) for 2019-22 in Appendix 2.

10.1.3 The Minimum Revenue Provision policy as set out in section 6 of this report.

10.1.4 The Capital Prudential Indicators as set out in Section 7 of this report.

CAPITAL STRATEGY 2019-2022

1 Purpose

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.2 The Capital Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

2 Council Objectives

- 2.1 The Council has agreed a number of corporate aims, priorities and objectives which guide its work. These are set out in the Council's [Corporate Plan](#). Capital investment projects must be in line with these overall objectives as well as individual service aims and objectives. The following processes are designed to ensure this happens.

3 Capital Expenditure

- 3.1 Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset that is needed to provide services. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, roads, vehicles. This is in contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services.
- 3.2 The capital programme is the authority's plan of capital works for future years, including details on the funding of the schemes. Included are the projects such as the purchase of land and buildings, the construction of new buildings, design fees and the acquisition of vehicles and major items of equipment. The current detailed capital programme for 2019-2022 is shown in appendix 2

4 Capital vs. Treasury Management Investments

- 4.1 Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

- 4.2 For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Policy and the Annual Investment Strategy.
- 4.3 The annual Treasury Management and Investment Strategy is set out in a separate report to Cabinet.

5 Due Diligence

- 5.1 For all capital investments, the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.
- 5.2 Due diligence process and procedures will include:
- effective scrutiny of proposed investments by the relevant committee;
 - identification of the risk to both the capital sums invested and the returns;
 - understanding the extent and nature of any external underwriting of those risks;
 - the potential impact on the financial sustainability of the Council if those risks come to fruition;
 - identification of the assets being held for security against debt and any prior charges on those assets;
 - where necessary independent and expert advice will be sought.
- 5.3 The Director of Corporate Resources will ensure that members are adequately informed and understand the risk exposures being taken on.

6 Key Capital Considerations

- 6.1 In recent years resources to fund capital expenditure has been severely restricted. The two major areas of development are the Town Centre Strategy, where the council has borrowed £100m to fund the estimated £1bn masterplan, and the Schools building expansion programme (funded by central government grant).
- 6.2 Other schemes have tended to be funded from either capital receipts generated (where an annual target of £2m is set) or from any surplus monies available from the dividend from the shareholding in Manchester airport
- 6.3 Key considerations when determining if a new scheme should be funded include;
- Maintenance of the essential infrastructure of the organisation;
 - Essential Health and Safety works;
 - Essential rolling programmes;
 - Whether wholly financed by external/internal funding;
 - Match funded investment for regeneration projects;
 - Invest to save schemes.
- 6.4 The need for a capital scheme may be identified by a Service through one or more of the following processes.

- Annual service plans
- Corporate Asset Management Strategy
- Education and Schools Asset Management Plans
- Reviews and external inspections
- The need to respond to new legislation / initiatives

6.5 Additionally, consideration should be given to:

6.5.1 Prudence:

- Recognition of the ability to prioritise and refocus following transformation work;
- Recognition of the capacity in the organisation to deliver such a programme;
- Recognition of the knowledge and skills available and whether these are commensurate with the appetite for risk;
- Recognition of the future vision of the authority;
- The approach to commercial activities including ensuring effective due diligence, expert advice and scrutiny, defining the risk appetite and considerations of proportionality in respect of overall resources;
- The approach to treasury management and the management of risk as set out in the Treasury Management Strategy.

6.5.2 Affordability:

- Revenue impact of the proposals on the Medium Term Financial Plan;
- The borrowing position of the Council, projections of external debt and the use of internal borrowing to support capital expenditure;
- The authorised limit and operational boundary for the following year;
- Whether schemes are profiled to the appropriate financial year.

6.5.3 Sustainability:

- A long-term view of capital expenditure plans, where long term is defined by the financing strategy of and risks faced with reference to the life of the project/assets;
- Provision for the repayment of debt over the life of the underlying debt as set out in the Minimum Revenue Provision policy;
- An overview of asset management planning including maintenance requirements and planned disposals.

6.6 Possible sources of funding can then be considered for each of the proposed capital schemes. Each project will be considered in terms of revenue funding to cover the operational running costs of the asset and any borrowing repayment costs, and also how the asset will be funded in terms of capital expenditure.

7 VAT Considerations

7.1 It is important when appraising any capital scheme that an assessment is made on the anticipated impact on the Council's VAT recovery position.

- 7.2 Full VAT recovery is only permitted where less than 5% of VAT recovered relates to activities which are exempt from VAT (largely land transactions, paid for Education, Markets and Cremation). Where the 5% limit is exceeded no VAT recovery on VAT Exempt Activity is permitted unless a 7-year average can demonstrate the 5% rule has been adhered to.
- 7.3 Due to the reduction in resources generally there is a greater degree of uncertainty about the total value of VAT to be recovered and thus the value of VAT exempt schemes which can be accommodated. It is also possible that VAT regulations will change.
- 7.4 In land and property development schemes it is possible to take schemes out of the Exempt VAT calculation by "Opting to tax" i.e. charging VAT voluntarily. However, there are instances where options to tax are rendered invalid for example where the future use of the property is for residential or educational purposes. Opting to tax may make sites less attractive to some purchasers. There is also an option to tax on Cremation and Market activities. The current Town Centre development further re-enforces the need to consider VAT implications at all times.
- 7.5 Given the fine margins around VAT partial exemption, it is important that input tax totals and expenditure projections are closely monitored. Where additional expenditure is identified, it may be necessary to opt to tax on that or another scheme.

8 Management Framework

- 8.1 The officer governance structure of the Council comprises the Departmental and Corporate Leadership teams.
- 8.2 The teams receive reports on proposed capital projects and recommends to the Cabinet proposals for the development of the capital programme.

9 Member Approval Process

- 9.1.1 Cabinet receive the proposed Capital Programme in February each year which is then subject to scrutiny via the relevant scrutiny committee before being recommended to full Council.
- 9.1.2 Members approve the overall borrowing levels at the budget meeting in February each year as part of the Treasury Management Report. The taking of loans then becomes an operational decision for the Director of Corporate Resources who will decide on the basis of the level of reserves and money market position whether borrowing should be met internally from the Capital Reserve/Capital Receipts or whether to enter into external borrowing.
- 9.1.3 Once the Council has approved the capital programme, then expenditure can be committed against these approved schemes subject to the normal contract procedure rules and the terms and conditions of funding.

- 9.1.4 Whether capital projects are funded from grant, contributions, capital allocations or borrowing, the revenue costs must be able to be met from existing revenue budgets or identified (and underwritten) savings or income streams.
- 9.1.5 In-year reports for specific schemes are taken to the appropriate Cabinet Member for consideration and approval. This report will contain details about funding options.

10 Monitoring of the Capital Programme Expenditure

- 10.1 Once detailed capital programmes have been approved by members, the financial spend is monitored on a monthly basis by officers with quarterly reports to Members.

11 Funding Strategy and Capital Policies

- 11.1 This section sets out the policies of the Council in relation to funding capital expenditure and investment.
- 11.2 External Funding
 - 11.2.1 Services must seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government. However, services must underwrite any cost overruns on externally funded schemes.
 - 11.2.2 Prior to submitting bids for grant funding, an assessment of the risk of a contract price increase, associated with market conditions or abnormal building plan demands attached to some grants, must be completed to estimate the likelihood of additional funding being needed.
 - 11.2.3 In respect of match funding bids then the relevant service must fully identify the necessary match funding resources from within existing service budgets. If this is not possible then the appropriate service must raise this for consideration with the members of the Corporate Leadership Team and the relevant Portfolio Holder prior to submitting any bid for funding.
- 11.3 Capital Receipts
 - 11.3.1 A capital receipt is an amount of money exceeding £12,000 which is received from the sale of an asset. They cannot be spent on revenue items.
 - 11.3.2 An annual capital receipts income generation target of £2m is set. The general policy is that any capital receipts are then pooled and used to finance future capital expenditure and investment according to priorities, although they may be used to repay outstanding debt on assets financed from loans, as permitted by the regulations.
- 11.4 Revenue Funding

11.4.1 Services may use their revenue budgets to fund capital expenditure. This may be via the capital reserve which is an internal fund set up to finance capital expenditure as an alternative to external borrowing.

11.4.2 Service directors and the Director of Corporate Resources will need to take an overview and decide the most appropriate way of funding their service areas.

11.5 Prudential/Unsupported Borrowing

11.5.1 Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the government, so services need to ensure they can fund the repayment costs. This borrowing may also be referred to as Prudential Borrowing.

11.5.2 Capital projects that cannot be funded from any other source can be funded from Prudential Borrowing. Services must be able to afford the borrowing repayment and interest charges on the loan from existing revenue budgets or the Council must see this as their key priority for the budget process and to be factored into the medium term financial strategy accordingly.

11.5.3 The Director of Corporate Resources will make an assessment of the overall prudence, affordability and sustainability of the total borrowing requested. The impact of this borrowing will be reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.

11.6 Pump Priming and Invest to Save Schemes

11.6.1 Occasionally projects arise for which services require assistance with meeting the set-up costs of projects which may bring long term service delivery improvements and/or cost savings. The initial set up costs may be of a revenue or capital nature. Assistance for these schemes must be considered on an individual basis by the Corporate Leadership Team and then the Cabinet with consideration to the Council's overall priorities and resources.

11.6.2 For 'invest to save' schemes assistance may be given for initial set up costs, but it is expected that in the longer term these schemes will produce savings and/or additional income that will as a minimum fund any additional operational or borrowing costs. If the additional savings/income does not cover the additional costs incurred, then the service will be required to fund the gap from their existing budgets (i.e. they will underwrite the savings/income).

11.7 Leasing

11.7.1 The Director of Corporate Resources may enter into finance leasing agreements to fund capital expenditure on behalf of services. However, a full option appraisal and comparison of other funding sources must be made, and the Director of Corporate Resources must be certain that leasing provides the best value for money method of funding the scheme.

- 11.7.2 Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

12 Procurement and Value for Money

- 12.1 Procurement is the purchase of goods and services, with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.
- 12.2 The Council has a Procurement team that ensures they provide value for money and to see where efficiency savings can be achieved. This also covers capital procurement.
- 12.3 It is essential that all procurement activities comply with EU procurement directives and adhere to the relevant requirements stipulated in directives. Guidance on this can be sought from the Procurement team. Procurement must also comply with the Council's policies and regulations such as Contract Procedural Rules and Financial Regulations.
- 12.4 The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

13 Performance Management

- 13.1 Clear measurable outcomes should be developed for each capital scheme. After the scheme has been completed, services should check if outcomes have been achieved.
- 13.2 Post scheme evaluation reviews should be completed by Departments for all schemes over £0.5 million and for strategic capital projects.
- 13.3 Reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, financing etc. and identify good practice and lessons to be learnt in delivering future projects.

14 Risk Management

- 14.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully.
- 14.2 Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.
- 14.3 The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.

- 14.4 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.
- 14.5 It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.
- 14.6 The Director of Corporate Resources will report explicitly on the affordability and risk associated with the Capital Strategy. Where appropriate she will have access to specialised advice to enable her to reach his conclusions.
- 14.7 An assessment of risk should therefore be built into every capital project and major risks recorded in a Risk Register.
- 14.8 Further consideration on risk can be found in Treasury Management Practice 1 (TMP1) in the Treasury Management and Annual Investment Strategy report to Members

15 Other Considerations

- 15.1 Capital Schemes must comply with legislation, such as the Disability Discrimination Act, VAT and also Council policies, Contract Procedure Rules and Financial Regulations. Reference should also be made to other strategies and plans of the Council.
- 15.2 Important Linking Documents for reference are:
- Corporate Plan;
 - Individual Service Plans;
 - Procurement Strategy;
 - Financial Regulations;
 - Treasury Management Strategy;

February 2019

Bolton Council

APPENDIX 2

DETAILED CORPORATE CAPITAL AND ONE-OFF FUNDING 2019-22

	Current Programme	Current Programme	Current Programme	Current Programme	Current Programme
	18/19	19/20	20/21	21/22	Total
	£	£	£	£	£
<u>Housing</u>					
Private landlords/ empty dwellings	67,946				67,946
Disabled Facilities Grants	2,749,462	2,622,576			5,372,038
Private Sector Renewal	1,929,324	1,500,000			3,429,324
Safe Warm Dry Cabinet Feb-17		2,000,000			2,000,000
Housing Improvements Cabinet Feb 215	150,269				150,269
Total Housing	4,897,001	6,122,576	0	0	11,019,577
<u>Development & Regeneration</u>					
Town Centre Improvement Fund	212,858				212,858
Development Enabling Fund	419,072				419,072
Town Centre Strategy Enabling Fund	76,729	31,350			108,079
Public Realm Impl Frmwk	817,216				817,216
Horwich Former Leisure Centre Site	273,000				273,000
Bolton One Facilities - Cabinet Feb 16	9,445	72,698			82,143
Smithills Hall Internal Refurbishment	23,518				23,518
Town Centre Strategy	21,396,700	37,000,000	22,103,862		80,500,562
Octagon	5,673,446	5,259,997			10,933,443
Egyptology	1,131,491				1,131,491
Hall ith Wood Museum	125,097				125,097
Bromley Cross Library Heating System	35,000				35,000
Great Lever Library (UCAN)	50,000	548,246			598,246

	Current Programme	Current Programme	Current Programme	Current Programme	Current Programme
	18/19	19/20	20/21	21/22	Total
	£	£	£	£	£
Public Realm Schemes & Gateways	132,000				132,000
Manchester Airport	11,000,000				11,000,000
Investments in District Town Centres Cabinet Feb-19		8,000,000	8,000,000		16,000,000
Total Development & Regeneration	41,375,572	50,912,290	30,103,862	0	122,391,725
<u>Corporate Property</u>					
Asset Management Plan - urgent works	773,690	1,143,820			1,917,510
Westhoughton Town Hall	125,000	2,475,000			2,600,000
Blackrod Library	843	174,157			175,000
Castle Hill Car Park Alterations	13,253	10,180			23,433
61-63 Market St Little Lever	207,312	3,524,000			3,731,312
Town Centres		150,000			150,000
Farnworth Market Precinct		500,000			500,000
Corporate Property Capital Programme		2,000,000	1,000,000		3,000,000
Festival Hall & Albert Halls Cooling System	80,000				80,000
Mere Hall - Service Move Works	276,000	116,000			392,000
Total Corporate Property	1,476,098	10,093,157	1,000,000	0	12,569,255
<u>Children's Services</u>					
Building Maintenance Plan	2,301,441	2,100,000			4,401,441
School Capital Support Fund	114,052	100,000			214,052
Schools Access Initiative	18,163	100,000			118,163
Devolved Formula Capital	626,161	900,000			1,526,161
Primary Expansion Programme	5,852,414	3,378,798			9,231,212
Special School Expansion Programme	1,933,443	2,000,000			3,933,443
Secondary Expansion Programme	4,925,504	13,175,817			18,101,321
Youth and Play Centres	1,260	593,740			595,000
Primary Places	303,520				303,520
Children's Centres	689,466	190,000			879,466

	Current Programme	Current Programme	Current Programme	Current Programme	Current Programme
	18/19	19/20	20/21	21/22	Total
	£	£	£	£	£
School Schemes (including BMP contributions)	317,587				317,587
Children's Services Surface Pros	58,711				58,711
Leisure and Youth Provision Cabinet Feb 215	282,794	330,130			612,924
Children Social Care - DFG	40,000	30,000			70,000
Total Children's Services	17,464,516	22,898,485	0	0	40,363,001
<u>Adult Services</u>					
Wilfred Geere Refurb	15,000				15,000
Day Care - Brazley	1,000				1,000
Day Care - Jubilee	9,876				9,876
Day Care		80,000			80,000
Winifred Kettle	10,594				10,594
Brazley, Winifred Kettle & Thicketford Equip	12,000				12,000
Thicketford IT		15,904			15,904
New Lane Kitchen Refurb	8,004				8,004
Jubilee WiFi		36,623			36,623
Supported Housing Devlpmnts		166,098			166,098
Total Adult Services	56,473	298,624	0	0	355,098
<u>Environmental Services</u>					
Highways					
DfT Highways LTP	3,155,233				3,155,233
Pothole Action Fund	319,000				319,000
Budget 218 Additional Highways Maintenance	902,000	452,000			1,354,000
Concrete lighting columns over 4 years old renewals	99,744	11,083			110,826
Street Lighting LED Programme	2,147,923	150,000			2,297,923
Improved Street Lighting - Cabinet Feb 16 & Feb-18	200,313	518,560			718,874
Depot Improvement Plan - Mayor St	217,451	8,588			226,039
Business Support Systems		12,957			12,957

	Current Programme	Current Programme	Current Programme	Current Programme	Current Programme
	18/19	19/20	20/21	21/22	Total
	£	£	£	£	£
Footpaths Strategic Investment	38,863				38,863
Road Warning Signals - Cabinet Feb 16	237,719	237,719			475,439
Dropped Kerbs Cabinet Feb-17	66,269	132,538			198,807
Insurance Programme: High Risk Road Maintenance	1,400,111	491,885			1,891,996
Highways Improvement Funding (Area Forum)	1,000,000				1,000,000
Highways Maintenance Cabinet Feb-18	300,000				300,000
A666 Average Speed Camera Replacements	287,000				287,000
A666 Challenge Fund St Peters Way Improvement	1,010,842	933,991			1,944,833
Bolton Salford Quality Bus Network	1,277,179				1,277,179
Highways Flood Damage - Dft	303,959				303,959
LSTF Enhancing Cycle Routes & 2 mph schemes	67,717				67,717
Cycle Access to Bolton: East (Middlebrook Way)	5,000	226,109			231,109
Cycle Access to Stations	100,000				100,000
City Cycle Ambition	415,028				415,028
Equipped Play Area Strategy (S16)	282,417				282,417
Greenspace - Playing Pitches & Changing Facilities	51,748	12,263			64,012
Greenspace - Multi Use Games Areas		43,321			43,321
Greenspace - Outdoor Gyms/Health Trails	6,303				6,303
Replacement of Waste bins	210,033				210,033
Replacement of Fleet Vehicles	1,114,380				1,114,380
3G Sports Pitches - Cabinet Feb 16	96,756	786,135			882,890
Street scene Cabinet Feb 215	17,836				17,836
Depot Machine	84,157				84,157
Overdale Paths & Resurfacing	124,000				124,000

	Current Programme	Current Programme	Current Programme	Current Programme	Current Programme
	18/19	19/20	20/21	21/22	Total
	£	£	£	£	£
Heaton Fold Car Park Resurfacing	50,000				50,000
Wellington House Boilers	37,500				37,500
Heaton Fold Summer House Building	50,000	50,000			100,000
Public Realm (Area Forum)	1,100,000				1,100,000
Residential Roads and Pavements - Cabinet Feb-19		2,000,000			2,000,000
Total Environmental Services	16,776,478	6,067,150	0	0	22,843,629
<u>Chief Executive's</u>					
Community Empowerment Fund Cabinet Feb 215/16	42,500	168,900			211,400
Total Chief Executive's	42,500	168,900	0	0	211,400
TOTAL CAPITAL	82,088,639	96,561,183	31,103,862	0	209,753,684
<u>Revenue Schemes</u>					
	18/19	19/20	20/21	21/22	Total
<u>Development & Regeneration</u>					
Business Development Fund	212,561				212,561
Strengthening the Office Market in Town Centre	300,000				300,000
<u>Children's Services</u>					
Free Breakfast Clubs - Cabinet Feb-16/17/18	210,504				210,504
Funding Short Term Breaks	25,947				25,947
<u>Adult Services</u>					
Dementia Equipment	11,992				11,992
<u>Environmental Services</u>					
Clean Up of Neighbourhoods incl Feb-18 Cabinet	300,000				300,000
Anti-Social Behaviour / Home Watch Feb-18 Cabinet	100,000				100,000

	Current Programme	Current Programme	Current Programme	Current Programme	Current Programme
	18/19	19/20	20/21	21/22	Total
	£	£	£	£	£
Behavioural Change	500,000				500,000
<u>Chief Executive's</u>					
Voluntary & Community Groups Fund (Revenue part of Community Empowerment Fund)	600,670				600,670
Benefit Changes Hardship Fund	89,284				89,284
TOTAL REVENUE	2,350,958	0	0	0	2,350,958
GRAND TOTAL	84,439,597	96,561,183	31,103,862	0	212,104,642

APPENDIX 3

EXEMPT INPUT TAX MONITOR

	2017-18 Expenditure attracting VAT	2017-18 Exempt Proportion. %	2014-15 Exempt Expenditure £000s	2015-16 Exempt Expenditure £000s	2016-17 Exempt Expenditure £000s	2017-18 Exempt Expenditure £000s	2018-19 Projected Exempt Exp. £000s	2019-20 Projected Exempt Exp. £000s	2020-21 Projected Exempt Exp. £000s	2021-22 Projected Exempt Exp. £000s
Exempt Expenditure										
<u>Revenue:</u>										
Crematorium	815	100%	785	754	723	815	839	865	891	917
Greenspace	2,937	5%	80	91	74	144	149	153	158	163
Leverhulme Sports Centre	28	100%	59	58	66	28	29	30	31	32
Community Centres	163	100%	121	219	192	163	168	173	178	183
Jubilee Pool	0	100%	11	8	1	0	0	0	0	0
Urban Renewal	365	26%	117	119	94	95	98	101	104	107
Schools	36,154	1%	469	473	578	350	360	371	382	394
Libraries	573	24%	68	55	75	137	141	145	149	154
Museums	215	40%	60	65	78	86	88	91	94	97
Markets	630	99%	604	438	544	625	644	663	683	703
Admin Buildings	1,730	9%	83	82	102	154	158	163	168	173
Land & Property	688	97%	645	644	641	666	686	707	728	750
Castle Hill	1,199	4%	26	30	25	47	49	50	52	53
Legal Services	280	3%	18	15	11	10	10	10	10	11
Debt Management		100%	0	15	0	0	0	0	0	0
Total Revenue			3,146	3,066	3,203	3,319	3,419	3,521	3,627	3,736

	2017-18 Expenditure attracting VAT	2017-18 Exempt Proportion. %	2014-15 Exempt Expenditure £000s	2015-16 Exempt Expenditure £000s	2016-17 Exempt Expenditure £000s	2017-18 Exempt Expenditure £000s	2018-19 Projected Exempt Exp. £000s	2019-20 Projected Exempt Exp. £000s	2020-21 Projected Exempt Exp. £000s	2021-22 Projected Exempt Exp. £000s
Capital		From rev %								
Markets		99%	104	-	-	0	0	0	0	0
Crematorium	-	100%	21	-	-	0	0	0	0	0
Horwich Leisure Centre	-	100%	-	-	-	0	300	0	0	0
Schools	8,837	1%	120	78	150	86	88	91	0	0
Libraries	-	24%	13	2	6	0	0	175	0	0
Museums	3,398	40%	22	44	53	1,356	1,396	0	0	0
Greenspace	491	5%	56	53	22	24	25	26	0	0
Admin Buildings (incl Asset Reviews)	195	9%	393	55	60	17	18	18	0	0
Land & Property	-	97%			-	0	97	0	0	0
Total Capital			728	232	290	1,483	1,924	310	0	0
Total Exempt Expenditure			3,874	3,298	3,493	4,802	5,343	3,831	3,627	3,736
Exempt Input Tax at 20 %			775	660	699	960	1,069	766	725	747
Total Input Tax			22,597	21,517	26,063	24,433	24,000	24,000	24,000	24,000
Exempt as Proportion of Total	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	4.12%	6.01%	3.43%	3.07%	2.68%	3.93%	4.45%	3.19%	3.02%	3.11%

7 year average 3.96%

The above method over-estimates likely exempt input tax to avoid the laborious extraction of data. It is based on current Customs Guidance on the status of activities. Future projections may be distorted by changes in VAT regulations and service delivery methods.

The seven year average for VAT up to March 2019 is currently 3.96%