

## Annex 2 Update and re-profiling of the 2014 – 2019 Capital Programme

### Summary recommendations:

The Cabinet recommends that:

- 2.1. £10m of the current capital budget is used to fund the capital highway costs associated with flooding in 2014/15,
- 2.2. The council's capital programme, including the carry forward of budget from 2013/14 is re-profiled to total £195m in 2014/15 and £780m over the period 2014-19.

### Summary

1. The Medium Term Financial Plan (MTFP) which was approved in March 2014, set out a five year capital programme totalling £560m. A significant element of this was the provision of school places, through the schools basic need programme, and the recurring programmes for transportation and highways maintenance.
2. In May 2014, Cabinet considered the budget outturn report for the 2013/14 financial year. This included approval to carry forward £32m of capital budget to the 2014/15 financial year in respect of projects and schemes that had not been completed by the 31 March 2014 deadline for the closing of accounts.
3. Table 1 sets out the capital budget included in the MTFP 2014 19 by expenditure type and also by directorate. The MTFP provides further details by capital scheme. The budget was funded from government grants, third party contributions, the council's reserves and borrowing.

Table 1 – Summary capital programme 2014 – 2019 (MTFP)

<b>Expenditure group</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>Total £m</b>
School Basic Need	105	69	72	49	32	327
Recurring programmes	74	63	60	62	67	326
Projects	38	32	18	11	8	107
<b>Total capital schemes</b>	<b>217</b>	<b>164</b>	<b>150</b>	<b>122</b>	<b>107</b>	<b>760</b>

<b>Service group</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>Total £m</b>
Adult Social Care	1	1	1	1	1	5
Children, Schools & Families	3	3	3	3	3	15
Customer & Communities	3	4	2	2	2	13
Environment & Infrastructure	48	34	37	37	42	198
School Basic Need	105	69	72	49	32	327
Business Services	46	53	35	30	27	191
Chief Executive Office	11	0	0	0	0	11
<b>Total service programme</b>	<b>217</b>	<b>164</b>	<b>150</b>	<b>122</b>	<b>107</b>	<b>760</b>

4. The impact of the severe weather on the county's infrastructure, and potentially the council's capital programme, along with the carry forward of capital budget from the previous financial year has led to a review of all schemes within the capital programme. A significant element of this is the capital budget for school places.

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5. Officers have undertaken a thorough review of the Schools Basic Need programme. This involved re-prioritising and re-profiling the timing of the expenditure considering the delays that can occur with major projects. The revised programme is for 13,000 new school places to be delivered over the next five years when required. The review has also identified some alternative options for school place provision that does not require the purchase of new land.
  6. The overall impact of the review is that the capital budget for Schools Basic Need required in 2014/15 is £54m, and the total over the five years is £313m
  7. The MTFP included assumptions about the level government grant funding for schools' carbon reduction schemes and capitalised maintenance of £54m over the five year period. The review of the capital programme has led to this assumption reducing by £15m in line with changes in the grant. The expenditure budget has been reduced by an equivalent amount.
  8. The severe weather and flooding over the winter months has had a significant impact on the council's highways and bridges. This is described in more detail in Annex 3. The estimated additional cost for 2014/15 to recover from the impact of the winter's weather is £17m. Road repairs are forecast to cost £13m, bridges and structures a further £2m and £2m on drainage works.
  9. The government have responded to the severe weather by allocating highways authorities additional grants through the Additional Highways funding announced in March and the Pothole Fund in April. Surrey County Council has received a total of £5.8m from these funds. Officers have identified £1.2m of developer contributions that can legitimately be used to fund these highways works. The remaining £10m will need to be found from the council's own resources. The overall reduction in the required expenditure on the Schools Basic Need programme will allow the additional £10m for funding highways to be met within the existing capital budget.
  10. The following table summarises the updated capital budget, taking in to account the changes described above. This is shown in detail by scheme in Appendix 2.

Table 2 – Summary capital programme 2014 – 2019 (Re-profiled)

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
Adult Social Care	1	1	1	1	1	5
Children, Schools & Families	4	4	3	3	3	17
Customer & Communities	6	4	1	2	2	15
Environment & Infrastructure	71	34	37	37	42	221
School Basic Need	54	84	75	50	50	313
Business Services	47	62	41	23	24	197
Chief Executive Office	12	0	0	0	0	12
<b>Total service programme</b>	<b>195</b>	<b>189</b>	<b>158</b>	<b>116</b>	<b>122</b>	<b>780</b>

  

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Expenditure type	£m	£m	£m	£m	£m	£m
School Basic Need	54	84	75	50	50	313
Recurring programmes	92	62	59	59	64	336
Projects	49	43	24	7	8	131
<b>Total capital schemes</b>	<b>195</b>	<b>189</b>	<b>158</b>	<b>116</b>	<b>122</b>	<b>780</b>