

BOROUGH OF KETTERING

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Report Originator	Mark Dickenson Head of Resources	Work Programme	
Wards Affected	ALL	13 th December 2017	
Title	CAPITAL PROGRAMME AMENDMENT		

Portfolio Holder: Cllr L Thurland

1. PURPOSE OF REPORT

In accordance with the Council's Constitution this report seeks Council's approval for a change in the capital budget for Commercial Investments.

2. INFORMATION

- 2.1 An Asset Management Board (AMB) was established to help shape the Council's new asset management arrangements. The AMB had the responsibility for overseeing the development of the Property Investment Strategy and this strategy incorporated all the parameters that were agreed by the AMB. The Strategy was reported to and approved by the Executive at the April 2017 meeting.
- 2.2 The Property Investment Strategy provides a framework for the Council to compete in the property market on an equal footing enabling the acquisition of properties for investment at pace whilst ensuring that governance processes are in place, full assessments are made and risks are minimised.
- 2.3 The Council has a number of live investment opportunities that have been assessed by the AMB. If all of these are to be delivered this would require a re-profiling of the 2018/19 capital programme for commercial investments. As members would expect, the opportunities that are currently being assessed are covered by confidentiality arrangements at the present time; however, any investments that are progressed will be done in line with the requirements of the Council Constitution and the framework of the Investment Strategy.
- 2.4 The capital programme sets out an annual provision of £20 million per year for five years for investment purposes. At the time this was agreed members accepted that the initial budget allocations were indicative and that amendments may well be required led by the timing that investment opportunities arise.
- 2.5 It is important that the Council maintains its capacity to deliver on future commercial investments as an integral part of our medium term financial strategy. If members were minded to re-profile the capital programme by a further sum in this financial year, this would enable us to pursue additional investment opportunities that are currently available. Bringing forward £20m into this financial year from 2018/19 would lock in the investment returns required

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for next year's revenue budget, with the total budget for commercial investments increasing in this year (2017/18) from £22.3m to £42.3m.

The Executive Committee will consider at its December meeting:

- i) to recommend to Council the re-profiling of the £20m from the 2018/19 into the 2017/18 Capital Budget for commercial investments.

2.6 To comply with financial regulations and the Council's Constitution, any change to the capital programme greater than £250,000 needs to be recommended to full Council for approval. The changes to the 2017/18 Capital programme for which Council approval is required are summarised in the following table:

	Current Budget 2017/18 £000	Changes to the 2017/18 Capital Programme £000	Proposed Budget 2017/18 £000
Commercial Investments	22,351	20,000	42,351
Financed by: External Borrowing	22,351	20,000	42,351

2.7 As the Council will need to borrow to finance the re-profiling of the Capital Programme, the Council's prudential indicators require amending to ensure borrowing is within the prudential limits.

2.8 The amendments that require changing are

- a) Operational Boundary - This is the limit beyond which external debt is not normally expected to exceed.
- b) Authorised Limit - This represents a limit beyond which external debt cannot be exceeded during the year, unless subsequently amended by Full Council

The changes required to those approved by Council at the March meeting are summarised in the Table overleaf.

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	Indicators approved by Council at the March 2017 Meeting £000	Changes to the 2017/18 Capital Programme £000	Proposed Indicators 2017/18 £000
Operational Boundary	105,000	20,000	125,000
Authorised Limit	110,000	20,000	130,000

2.9 We will review the working budget for the next financial year, and the years thereafter, as part of the ongoing budget process.

3. POLICY IMPLICATIONS

3.1 None arising from this report.

4. CONSULTATION AND CUSTOMER IMPACT

4.1 None arising from this report.

5. FINANCIAL RESOURCE IMPLICATIONS

5.1 The financial implications are outlined in the report.

6. HR IMPLICATIONS

6.1 None arising from this report

7. LEGAL IMPLICATIONS

7.1 The legal implications are outlined in the report.

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8. RECOMMENDATION

- 8.1 That the changes to the Council's Capital Programme as outlined in 2.6 be approved.
- 8.2 That the changes to the Council's Prudential Indicators as outlined in 2.8 be approved.

Previous Reports/Minutes:

Executive
6th December 2017
Minute No.

Council
1st March 2017
Minute No. 16.C.101