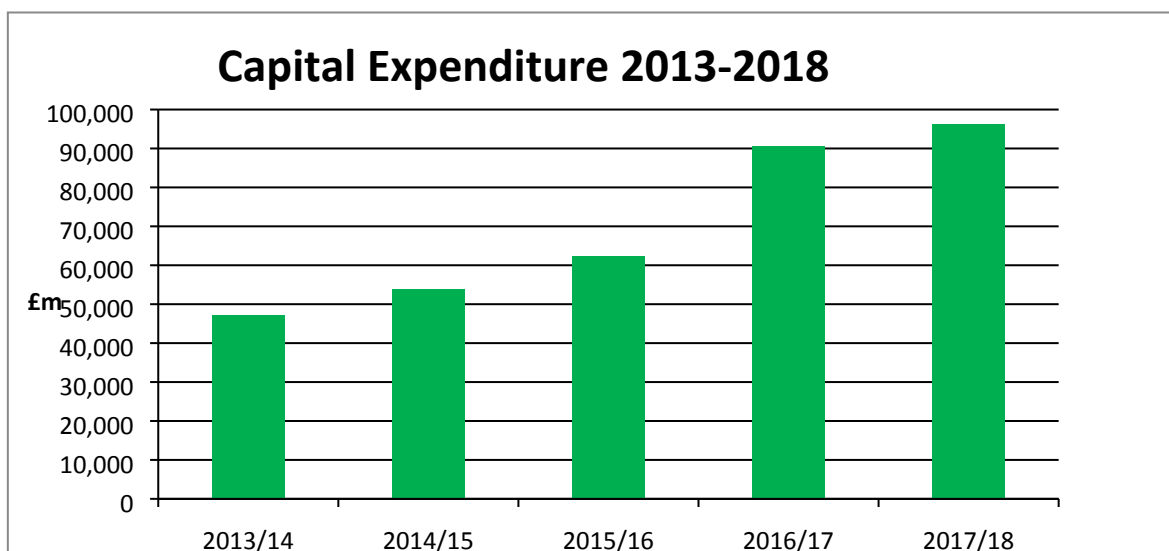


Section B - Capital budget

5. Capital

- 5.1 The Plymouth Plan remains the principal driver for the Council's capital programme. It contains the most ambitious set of proposals this City has ever seen. Primarily through its planning vehicle, the Plymouth and South West Devon Joint Local Plan, there are proposals to build 26,700 new homes across the area, create 13,200 new jobs, and to undertake an unprecedented major investment programme in modernising infrastructure including transport, schools and green spaces.
- 5.2 This investment will enable Plymouth to become the key economic driver for the far South West; will prepare the Council to show the world how to celebrate for Mayflower 2020; and will ensure that communities and businesses have the facilities they need to continue to thrive and prosper. The investment will enable growth within the economy as well as a significant level of new housebuilding and will therefore assist in generating additional business rates, Council Tax, New Homes Bonus and Community Infrastructure Levy.
- 5.3 The Council continues to take a strategic approach to the capital programme, having established 13 strategic outcomes within which individual projects sit. Increasingly the programme will need to be aligned with the strategic outcomes set out in the Plymouth Plan and Plymouth and South West Devon Joint Local Plan as well as the investment and business planning programmes of other organisations to maximise delivery on the ground.
- 5.4 The Council's Capital Programme consists of the approved capital projects the Council intends to deliver over a five year period. In recent years the Programme has been running at an average of £60m per year, although it has shown a rising trend. The scale of the last 5 years annual programmes is shown in the graph below.

Recent annual Capital Programmes



5.5 During this current year (2018/19) the following projects are due to complete:

- Manadon Sports Hub
- Yealmpstone Farm Primary Expansion
- Mannamead Road Junction Improvements
- Demolitions associated with development of Millbay Boulevard
- Langage Development Phase 2
- Asset Investment Fund Acquisitions

5.6 The capital programme covers the five years from 2019 to 2023. It consists of £355.8m of projects. The current year's programme (2018/19) is expected to total £146.75m. The programme has increased in recent years for three main reasons; the establishment of the Asset Investment Fund; investment in a series of key economic development projects and the programme of investment in city infrastructure to support the Plymouth Plan.

5.7 The programme includes the following major projects that have already commenced but are not yet completed, or are due to start:

- The Box;
- Eastern Corridor junction improvement scheme
- Millbay Boulevard
- Plymouth Railway Station regeneration
- Improvements to Charles Cross;
- Forder Valley Link Road;
- Further development at Oceansgate;
- Central Park improvements;
- Pomphlett Primary Expansion
- Investment in ICT

5.8 The breakdown of the current five year Programme across the Directorates is shown below.

Five year Capital Programme by Directorate

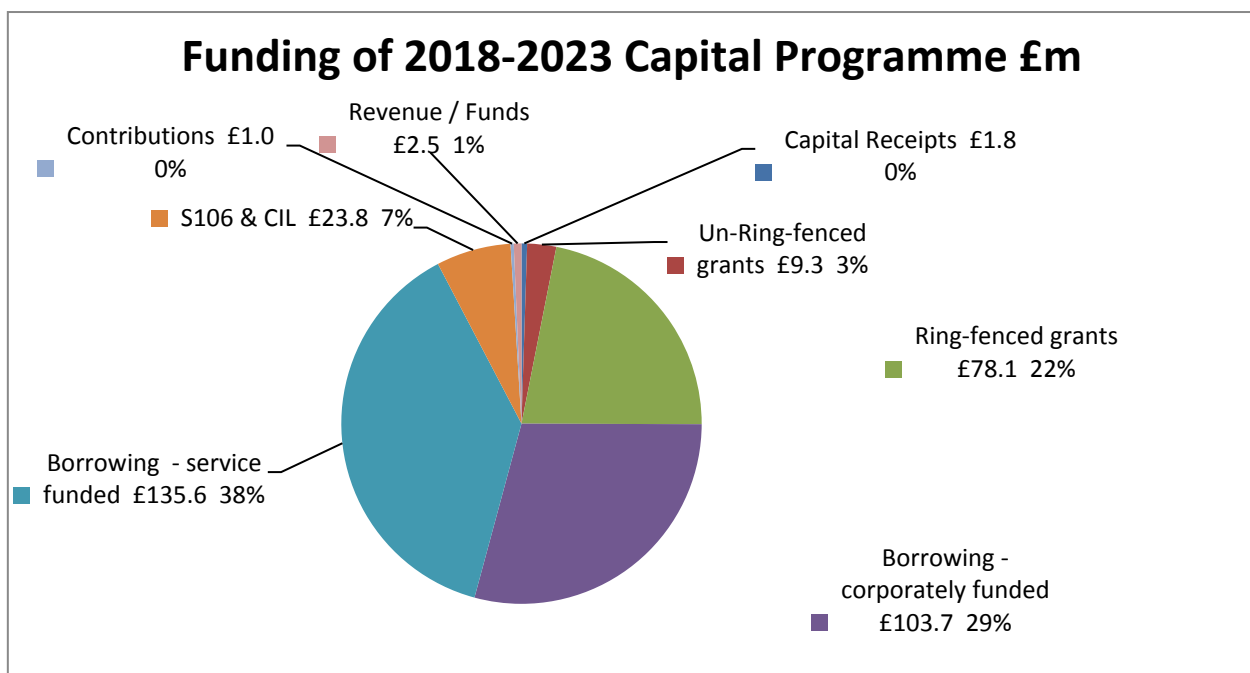
Directorate	Latest Forecast					Total £m
	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	
People	7.578	1.951	0.173	0.172	0.172	10.046
Place	133.253	116.621	59.182	12.296	2.000	323.352
Transformation & Change	4.711	5.671	0.210	-	-	10.592
Public Health	1.173	5.773	4.844	-	-	11.790
Total	146.715	130.016	64.409	12.468	2.172	355.780

5.9 The breakdown of the five year Programme by outcome is shown below.

Five year Capital Programme by outcome

Primary Outcome of Project	£m
Securing Growth in the City Centre/Waterfront	27.839
Securing Growth in Derriford and the Northern Corridor	73.089
Securing Growth in the Eastern Corridor	8.254
Delivering More/Better Housing	5.244
Ensuring Essential City Infrastructure	24.083
Improving Neighbourhoods and Community Infrastructure	9.949
Ensuring Good Quality School Places	3.938
Growing the Economy	2.290
Delivering Oceansgate	18.264
Connecting the City	27.558
Celebrating Mayflower	6.372
Delivering The Box	29.151
Transforming Services	119.749
Total	355.780

6.0 **Funding of the Capital Programme**



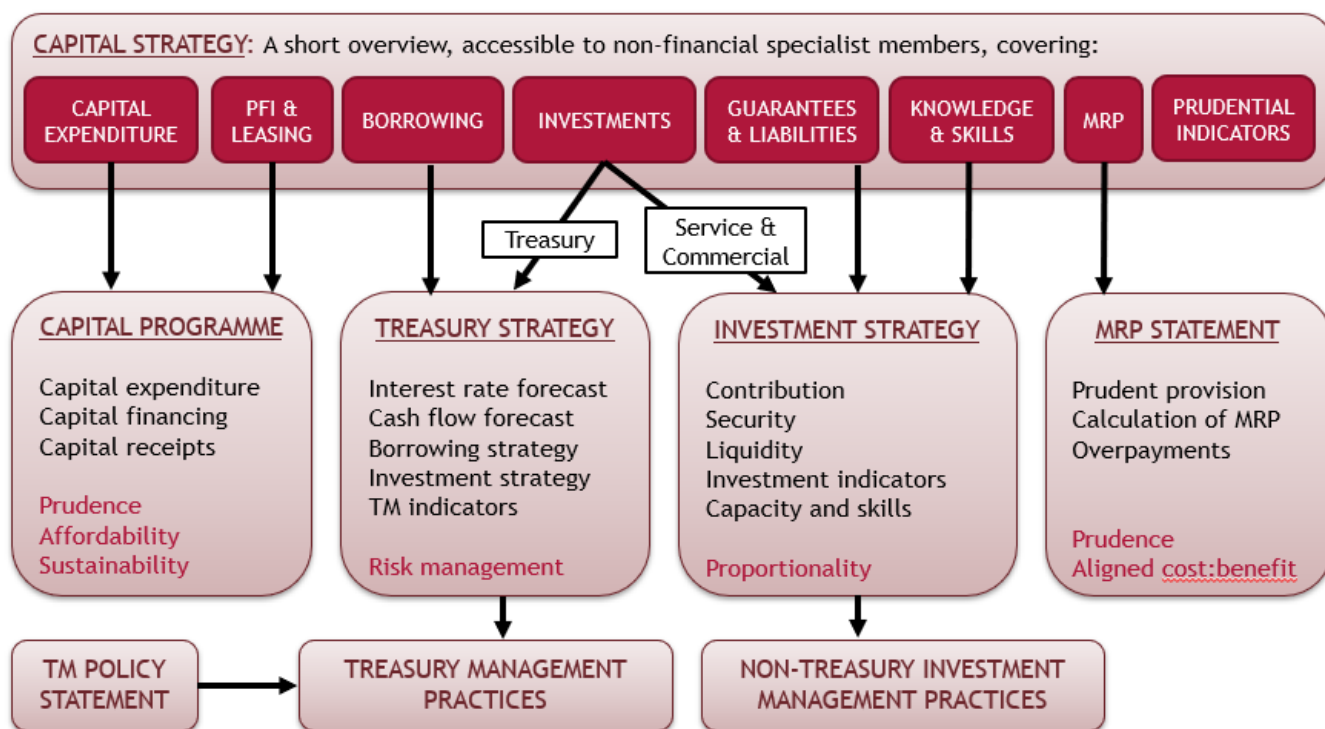
6.1 Funding for the capital programme comes from a variety of sources with the highest proportion from borrowing. (corporate borrowing (38%) and service borrowing (34%)). The corporate borrowing has a direct effect on the revenue budget because it has to pay for the interest and capital repayments (knows

as MRP). Service borrowing interest and repayments are covered by income or savings made within the Service Department.

- 6.3 The council will endeavour to ensure a significant proportion of the funding for the programme comes from external sources – grants from other organisations and Government departments and agencies (27%). Capital receipts make up less than 1% of the programme with S106 contributions and CIL constituting about 7%. Every effort is being made to secure funding from grant programmes and other external sources.

7. Changes to the Statutory Guidance

Strategy Reports: England



- 7.1 The above diagram shows how the requirements of the January 2018 Ministry of Housing, Communities and Local Government (MHCLG) Guidance and The CIPFA Code interacts with the Capital and Treasury Management. There is a requirement for the Council to produce a new Capital Financing Strategy and a new Non-Treasury Management Investment Strategy.
- 7.2 The main reason for the guidance changes is because local authorities have been investing in commercial properties to increase their income. There are obviously risks in these investments and new strategies are to ensure that local authorities have the correct safeguards and due diligence in place to mitigate these risks.
- 7.3 The Capital Financing Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

8. Finance Capital Budget 2018/19-2022/23

8.1 The latest forecast for the Capital Budget 2018-2023 is £870.0m.

Capital Budget 2018-2023

Capital Budget for 2018-2023		£m
Capital Programme Approved by CCIB		355.780
Income Assumptions		514.227
Total		870.007

9. Income Assumptions

9.1 The current forecast for the five year programme 2018-2023 is £514.227.

9.2 External funding currently contributes approximately towards 67% of resources within the capital resource envelope; this is included within the income assumptions and included both ring-fenced and un-ringfenced grants, S106 and contributions.

9.3 Bidding for further external funding is strongly encouraged during the preparation of business cases for new projects.