Bolton Council

<table>
<tr><td>Report to:</td><td colspan="3">Cabinet</td></tr>
<tr><td>Date of meeting:</td><td colspan="3">7th February 2022</td></tr>
<tr><td>Report of:</td><td>Deputy Chief Executive</td><td>Report Number:</td><td>31716</td></tr>
<tr><td>Reporting Officer:</td><td>Sue Johnson</td><td>Telephone Number:</td><td>1502</td></tr>
<tr><td>Contact Officer:</td><td>Tony Glennon
Head of Finance - Corporate</td><td>Telephone Number:</td><td></td></tr>
<tr><td>Report title:</td><td colspan="3">Corporate Capital and One-off funding 2022-2025</td></tr>
<tr><td colspan="4">Not confidential
This report does not contain information which warrants its consideration in the absence of the press or members of the public.</td></tr>
<tr><td>Purpose:</td><td colspan="3">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.</td></tr>
<tr><td>Recommendations:</td><td colspan="3">Cabinet is recommended to approve:
The Capital Strategy for 2022-2025
The Corporate Capital and Revenue Programme for 2022-2025
The MRP Policy as set out in section 5
The Capital Prudential Indicators as set out in section 6</td></tr>
<tr><td>Decision:</td><td colspan="3"></td></tr>
<tr><td>Background documents:</td><td colspan="3"></td></tr>
<tr><td>Signed:</td><td>Leader/Executive Cabinet Member</td><td colspan="2">Monitoring Officer</td></tr>
<tr><td>Date:</td><td></td><td colspan="2"></td></tr>
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<tr><td colspan="4">Consultation with other officers</td></tr>
<tr><td>Finance</td><td>n/a</td><td></td><td></td></tr>
<tr><td>Legal</td><td>No</td><td></td><td></td></tr>
<tr><td>HR</td><td>No</td><td></td><td></td></tr>
<tr><td>Procurement</td><td>No</td><td></td><td></td></tr>
<tr><td>Climate Change</td><td>No</td><td></td><td></td></tr>
<tr><td>Equality Impact Assessment</td><td>No</td><td></td><td></td></tr>
<tr><td colspan="3">(a) Pre-consultation reports
Is there a need to consult on the proposals?
(b) Post consultation reports
Please confirm that the consultation response has been taken into consideration in making the recommendations.</td><td>No

No</td></tr>
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<table>
<tr><td rowspan="6">Vision outcomes
Please identify the appropriate Vision outcome(s) that this report relates or contributes to by putting a cross in the relevant box.</td><td>1. Start Well</td><td>X</td></tr>
<tr><td>2. Live Well</td><td>X</td></tr>
<tr><td>3. Age Well</td><td>X</td></tr>
<tr><td>4. Prosperous</td><td>X</td></tr>
<tr><td>5. Clean and Green</td><td>X</td></tr>
<tr><td>6. Strong and Distinctive</td><td>X</td></tr>
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1. **INTRODUCTION & BACKGROUND**

1.1 On 17th February 2021 Council approved the capital programme for financial year 2021/22. 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 2021/22 capital programme and future programme to 2024/25.

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.

1.3 The Capital Strategy 2022-2025 can be found at Appendix 1.

2. **ISSUES**

2.1. Since 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.

3. **MAIN BODY OF THE REPORT**

3.1. **CAPITAL OVERVIEW**

3.2. 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.

3.3. The table below outlines the current funding position for 2021/22 onwards

	Current Capital Programme 2021-2025
	£m
Corporate Supported Borrowing	51.2
Corporate Revenue	9.4
Corporate Capital Receipts	8.6
Service Supported Borrowing	0
Service Revenue	19.4
Government Grants	120.8
Other Contributions	3.0
Total	**212.4**

3.4. **OBSERVATIONS**

3.5. Additional expenditure may be possible in the course of the year if sponsoring services identify additional sources of finance or obtain grant support.

3.6. The Capital programme only includes schemes which have started or will start in 2022/23 plus those annual rolling programmes funded from external resources such as schools. The detailed programme in subsequent years will need to be considered as part of the overall budget process for these years.

3.7. The Council estimates it will have £145m of reserves at the end of 2021/22. Of this total, £42m is held specifically for capital schemes to fund projects such as the Schools Expansion programme.

3.8. **VAT**

3.9. 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.

3.10. 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%.

3.11. If the proposed programme is approved the exempt input tax proportion is estimated as follows:

	%
2020/21	2.96%
2021/22	2.44%
2022/23	2.70%
2023/24	2.86%

3.12. The detailed calculations are set out in Appendix 3. The 7 year average is 3.20% and is therefore within the HMRC limit.

3.13. 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.

3.14. 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. This can mean we don't go above the 5% limit. 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.

3.15. 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.

3.16. MINIMUM REVENUE PROVISION

3.17. 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.

3.18. 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 2021, the value of this borrowing equalled £133.0m and results in an equal annual minimum revenue provision of £3.022m over the remaining 44 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.

3.19. 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 Deputy Chief Executive 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.

3.20. Work is being undertaken to implement International Financial Reporting Standard (IFRS) 16, which will come into effect from 1 April 2022 and will result in operating leases and similar instruments coming onto the balance sheet. Similar to PFI and finance lease liabilities, the MRP associated with each of these instruments will charged on an annuity basis through the breakdown of the lease charge. This will have no impact on the General Fund Balance, as the MRP charge will be no different to the charge the Council currently incurs under the old method and is purely an accounting requirement to highlight overall leasing liabilities.

3.21. **CAPITAL PRUDENTIAL INDICATORS**

3.22. 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 2022/23.

3.23. 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.

3.24. 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 2021/22	**Budget 2022/23**	**Budget 2023/24**
Affordability			
Ratio of financing costs to net revenue stream - General Fund	3.76%	3.79%	3.73%
Capital Expenditure and Capital Financing			
General Fund Capital Expenditure per Appendix 2 (£m)	£86.4m	£87.6m	£38.4m
Capital Financing Requirement (£m)	£296.2m	£295.5m	£294.8m

4. **OPTIONS**

4.1. n/a

5. **IMPACTS AND IMPLICATIONS:**

5.1 **Financial**

5.1.1 As above

5.2 **Legal**

5.2.1 NONE

5.3 **HR**

5.3.1 NONE

5.4 **Climate Change**

5.4.1 NONE

5.5 **Other**

5.5.1 NONE

6. **EQUALITY IMPACT ASSESSMENT (EIA)**

6.1. Under the Equality Act 2010, the council has a general duty to have due regard to the need to:

1. **eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Act;
2. **advance equality of opportunity** between people who share a protected characteristic and people who do not share it; and
3. **foster good relations** between people who share a protected characteristic and people who do not share it.

6.2. It is important to consider how the proposals contained within this report may impact positively or negatively on protected characteristics. It has been determined that due to the high level focus of the report, it is not anticipated that the proposals within this report will have a differential impact on any of Bolton's diversity groups, including staff. A full EIA is therefore not required at this stage.

7. **CONSULTATION**

7.1. n/a

8. **VISION 2030**

8.1. n/a

9. **RECOMMENDATIONS**

9.1. Cabinet is recommended to approve:

- The Capital Strategy 2022-25 in Appendix 1
- The Corporate Programme (Capital and Revenue one-off schemes) for 2022-25 in Appendix 2.
- The Minimum Revenue Provision policy as set out in section 5 of this report.
- The Capital Prudential Indicators as set out in Section 6 of this report.

APPENDIX 1

CAPITAL STRATEGY 2022-2025

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 contrasts with 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 2021-2025 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 Deputy Chief Executive 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 or from any surplus monies available from the dividend from the shareholding in Manchester airport. The impact of Covid-19 has had an effect on these funding streams with no dividend expected to be paid for at least the next two years.

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 Deputy Chief Executive 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 Due to the Covid-19 pandemic and after reviewing current performance for generating capital receipts, no target is being set for 2022/23 but will be kept under review in conjunction with the council's Asset Management Plan. 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 Deputy Chief Executive 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 Deputy Chief Executive 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 From April 2022 a new International Financial Reporting Standard (IFRS 16) comes into operation. Under IFRS16 there is no longer any differentiation between finance and operating leases - instead everything is brought onto the balance sheet as a new 'right of use' (ROU) asset type (we can subsequently reclassify these assets to different headings if appropriate).

11.7.2 There are exceptions to this where the underlying asset is a 'low value' asset, or where the lease is a short term (less than 12 months) lease. Low value assets are not defined in the regulations, but there has been general consensus between the GM authorities that we will each use our capital de minimis for the cut-off (£12k for Bolton)

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 Deputy Chief Executive 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

DETAILED CORPORATE CAPITAL AND ONE-OFF FUNDING 2021-24

	Current Programme	Current Programme	Current Programme	Current Programme
	21/22	**22/23**	**23/24**	**Total**
Housing				
Private landlords/ empty dwellings (REFCUS)	53,606	53,000		106,606
Total Housing	**53,606**	**53,000**	**0**	**106,606**
Development & Regeneration				
Town Centre Improvement Fund	35,320	34,726		70,046
Public Realm Impl Frmwk		98,951		98,951
Smithills Hall Internal Refurbishment		20,282		20,282
Town Centre Strategy	25,629,544	5,391,000		31,020,544
Hall ith Wood Museum	102,555			102,555
Great Lever Library (UCAN)		408,915		408,915
Investments in District Town Centres	4,577,592	8,352,953		12,930,545
Library Self-Service kiosk replacements	61,890			61,890
Towns Fund	1,032,167	10,489,000	9,222,500	20,743,667
Enabling works	23,370	506,499		529,869
Rivington Chase HIF	285,000			285,000
FHSF Farnworth	4,174,151	4,514,986	4,587,680	13,276,817
Bolton College of Medical Sciences	2,000,000	12,400,000	5,600,000	20,000,000
Farnworth Library Improvements	62,065			62,065
Full Fibre Network GMCA (REFCUS)	612,892			612,892
Disabled Facilities Grants (REFCUS)	4,270,009	898,370		5,168,379
Private Sector Renewal (REFCUS)	599,995	867,840		1,467,835
Total Development & Regeneration	**43,466,551**	**43,983,522**	**19,410,180**	**106,860,253**
Corporate Property				
Asset Management Plan - urgent works	486,496			486,496
Westhoughton Town Hall	1,910,114			1,910,114
Blackrod Library	109,643			109,643
61-63 Market St Little Lever	3,433,737			3,433,737
Corporate Property Capital Programme	1,500,000	2,594,652		4,094,652
Backlog Maintenance 22-23		2,000,000		2,000,000
Mere Hall - Service Move Works	14,710			14,710
Decarbonisation Works	1,044,023			1,044,023
Total Corporate Property	**8,498,723**	**4,594,652**	**0**	**13,093,376**

	Current Programme 21/22	Current Programme 22/23	Current Programme 23/24	Current Programme Total
<u>Children's Services</u>				
Building Maintenance Plan	2,064,481	4,600,000	3,000,000	9,664,481
School Capital Support Fund	120,300	100,000	100,000	320,300
Schools Access Initiative		50,000	50,000	100,000
Devolved Formula Capital	673,695	800,000	450,000	1,923,695
Primary Expansion Programme	76,813	3,396,984	1,710,776	5,184,573
Special School Expansion Programme	1,090,956	4,066,753	7,528,608	12,686,317
Secondary Expansion Programme	189,843	1,000,000	1,000,000	2,189,843
Youth and Play Centres	221,119	50,000		271,119
Primary Places	56,000	41,526	49,000	146,526
Children's Centres	233,644	386,225		619,869
Improvement to Leisure Provision	167,565			167,565
School Schemes	140,653			140,653
Decarbonisation Programme - Schools	3,068,314			3,068,314
Decarbonisation Programme - LA	334,615			334,615
Primary Expansion Programme REFCUS	122,052	950,000	1,638,000	2,710,052
Special School Expansion Programme REFCUS	2,383,020	5,092,220	3,442,380	10,917,620
Secondary Expansion Programme REFCUS	528,119	2,669,201	50,000	3,247,320
Total Children's Services	**11,471,189**	**23,202,909**	**19,018,764**	**53,692,862**
<u>Adult Services</u>				
Day Care - Jubilee	757,653	5,357,347		6,115,000
Adults TEC	67,930			67,930
Decarbonisation Programme	162,785			162,785
ICP Hubs IT Infrastructure	60,000	140,000		200,000
Supported Housing Devlpmnts (REFCUS)		166,000		166,000
Total Adult Services	**1,048,368**	**5,663,347**	**0**	**6,711,715**
<u>Environmental Services</u>				
Highways				
DfT Highways LTP	6,088,636	500,000		6,588,636
Challenge Fund - Highways maintenance	724,872			724,872
Section 31 Grant - Daisy Hill Station Bridge	33,556	2,310,000		2,343,556
Improved Street Lighting	133,655	350,000		483,655
Depot Improvement Plan - Mayor St		30,374		30,374
Road Warning Signals	12,658			12,658
Highways Improvement Funding (Area Forum)	294,575	500,000		794,575
Highways investment	5,464,716			5,464,716
Highways Maintenance 22-23		1,000,000		1,000,000
External Highways				
A666 Challenge Fund St Peters Way Improvement	400,601	380,000		780,601

	Current Programme	Current Programme	Current Programme	Current Programme
	21/22	22/23	23/24	Total
LGF Crompton Way / Blackburn Road	150,648	500,000		650,648
LGF Town Centre 20mph scheme	178,512			178,512
LGF Bus Stop Improvement 2021	291,983			291,983
Bolton Salford Quality Bus Network	1,385,734			1,385,734
LSTF Bolton - Bury cycle route	48,546			48,546
City Cycle Ambition	89,903			89,903
MCF - Doffcocker to TC Bee Route	121,677	1,400,000		1,521,677
MCF - Bolton Town Centre East Phase 1 (T5)	265,543			265,543
MCF - Westhoughton (T6)	78,104	200,000		278,104
MCF - Astley Bridge (T6)	83,169	350,000		433,169
Safe Streets Cycling & Walking	352,153			352,153
MCF -A58 Moss Bank Way	35,000			35,000
MCF-Bolton to Farnworth	667,000			667,000
MCF -Farn to Borough Boundary	20,000			20,000
Bolton Culvert Repairs	2,869			2,869
Bolton Local Levy (Smiths Road)	7,000			7,000
TFGM Development Fund	200,000			200,000
Capability Funding	150,000			150,000
Non-Highways				
Equipped Play Area Strategy (S106)		37,525		37,525
Old Station Park		99,649		99,649
Replacement of Fleet Vehicles	3,704,522	1,510,577		5,215,099
Public Realm (Area Forum)	250,791	189,413		440,204
Cleaner Greener	215,000	438,773		653,773
Mortfield Lodge Embankment works	240,000			240,000
Elgin St Prevent Landslip	20,000	200,000		220,000
Parking improvements in the Moss Bank Park area		100,000		100,000
Total Environmental Services	**21,711,423**	**10,996,311**	**0**	**31,707,734**
<u>Chief Executive's</u>				
One-Stop Shop Feasibility	117,847			117,847
Total Chief Executive's	**117,847**	**0**	**0**	**117,847**
TOTAL CAPITAL	**86,367,708**	**87,593,742**	**38,428,944**	**212,390,393**

Revenue Schemes				
Development & Regeneration				
Strengthening the Office Market in Town Centre	300,000			300,000
Town Centre Strategy (Revenue)	1,267,359			1,267,359
Economic Recovery	402,966			402,966
Environmental Services				
Cleaner Greener	120,879	122,910		243,789
Chief Executive's				
Anti-Social Behaviour / Home Watch	66,224			66,224
Rugby League World Cup 2021	100,041			100,041
TOTAL REVENUE	**2,257,469**	**122,910**	**0**	**2,380,379**
GRAND TOTAL	**88,625,177**	**87,716,652**	**38,428,944**	**214,770,773**

APPENDIX 3

EXEMPT INPUT TAX MONITOR

Exempt Expenditure	2020-21 Expenditure attracting VAT	2020-21 Exempt Proportion. %	2016-17 Exempt Expenditure £000s	2017-18 Exempt Expenditure £000s	2018-19 Exempt Expenditure £000s	2019-20 Exempt Expenditure £000s	2020-21 Exempt Expenditure £000s	2021-22 Projected Exempt Exp. £000s	2022-23 Projected Exempt Exp. £000s	2023-24 Projected Exempt Exp. £000s
Revenue:										
Crematorium	727	100%	723	815	749	758	727	749	771	794
Greenspace	2,120	5%	74	144	165	220	113	117	120	124
Leverhulme Sports Centre	18	100%	66	28	34	39	18	19	19	20
Community Centres	46	100%	192	163	73	33	46	47	49	50
Jubilee Pool	0	100%	1	0	0	0	0	0	0	0
Urban Renewal	0	0%	94	95	79	0	0	0	0	0
Schools	30,068	2%	578	350	1,000	743	532	548	565	582
Libraries	385	12%	75	137	160	93	45	46	48	49
Museums	263	17%	78	86	79	99	45	47	48	50
Markets	459	65%	544	625	435	532	299	468	482	497
Admin Buildings	2,596	7%	102	154	187	186	187	193	199	205
Land & Property	863	95%	641	666	787	832	818	843	868	894
Castle Hill	1,405	0%	25	47	17	17	1	1	1	1
Legal Services	650	1%	11	10	6	8	5	5	5	5
Debt Management		100%	0	0	0	0	0	0	0	0
Total Revenue	**39,600**		**3,203**	**3,319**	**3,770**	**3,561**	**2,838**	**2,923**	**3,011**	**3,101**

	2020-21 Expenditure attracting VAT	2020-21 Exempt Proportion. %	2016-17 Exempt Expenditure £000s	2017-18 Exempt Expenditure £000s	2018-19 Exempt Expenditure £000s	2019-20 Exempt Expenditure £000s	2020-21 Exempt Expenditure £000s	2021-22 Projected Exempt Exp. £000s	2022-23 Projected Exempt Exp. £000s	2023-24 Projected Exempt Exp. £000s
Capital		**From rev %**								
Markets	-	65%	-	-	-	0	0	65	67	69
Crematorium	-	100%	-	-	119	0	0	0	0	0
Horwich Leisure Centre	-	100%	-	-	265	0	0	0	0	0
Schools	6,764	2%	150	262	490	384	120	149	154	257
Libraries	53	12%	6	-	3	7	6	6	7	7
Museums	-	17%	53	943	315	7	0	0	0	0
Greenspace	143	5%	22	42	21	7	8	8	8	8
Admin Buildings (incl Asset Reviews)	1,366	7%	60	17	79	97	342	194	199	205
Land & Property	-	95%	-	-	-	0	0	0	0	0
Total Capital			**290**	**1,264**	**1,292**	**500**	**476**	**422**	**435**	**546**
Total Exempt Expenditure			**3,493**	**4,583**	**5,063**	**4,062**	**3,314**	**3,346**	**3,446**	**3,648**
Exempt Input Tax at 20 %			**699**	**917**	**1,013**	**812**	**663**	**669**	**689**	**730**
Total Input Tax			**26,063**	**24,433**	**23,285**	**25,760**	**22,373**	**27,392**	**25,500**	**25,500**
	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Exempt as Proportion of Total	3.43%	3.07%	2.68%	3.75%	4.35%	3.15%	2.96%	2.44%	2.70%	2.86%
										7 year average 3.20%

The above method over-estimates likely exempt input tax to avoid the laborious extraction of data. It is based on current HMRC 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 2022 is currently 3.20%