

# Bolton Council

<b>Report to:</b>	Cabinet		
<b>Date of meeting:</b>	8 <sup>TH</sup> February 2021		
<b>Report of:</b>	Deputy Chief Executive	<b>Report number:</b>	3546
<b>Contact officer:</b>	Sue Johnson	<b>Telephone number</b>	X1502
<b>Report title:</b>	Corporate Capital and One-off funding 2021-2023		
<b>Not confidential</b>			
This report does not contain information which warrants its consideration in the absence of the press or members of the public.			
<b>Purpose:</b>	To propose a Capital Strategy, Corporate Capital and Revenue Programme, a Minimum Revenue Provision (MRP) Policy and Capital Prudential Indicators for the next two years.		
<b>Recommendations:</b>	That Council recommend: The Capital Strategy for 2021-2023 The Corporate Capital and Revenue Programme for 2021/2022 The MRP Policy as set out in section 5 The Capital Prudential Indicators as set out in section 6		
<b>Decision:</b>			
<b>Background documents:</b>			
<b>Signed:</b>	Leader/Executive Cabinet Member	Monitoring Officer	
<b>Date:</b>			
<b>Consultation with other officers</b>			
Finance	Yes	Sue Johnson	
Legal	No		
HR	No		
Equality Impact Assessment required?	No		
<b>(a) Pre-consultation reports</b> Is there a need to consult on the proposals?		No	
<b>(b) Post consultation reports</b> Please confirm that the consultation response has been taken into consideration in making the recommendations.		No	
<b>Vision outcomes</b> Please identify the appropriate Vision outcome(s) that this report relates or contributes to by putting a cross in the relevant box.	1. Start Well	X	
	2. Live Well	X	
	3. Age Well	X	
	4. Prosperous	X	
	5. Clean and Green	X	
	6. Strong and Distinctive	X	

## 1 INTRODUCTION

- 1.1 On 19<sup>th</sup> February 2020 Council approved the capital programme for financial year 2020/21. 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 2020/21 capital programme and future programme to 2022/23.
- 1.2 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.
- 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 2021-2022 can be found at Appendix 1.

## 2 CAPITAL OVERVIEW

- 2.1 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.
- 2.2 The table below outlines the current funding position for 2020/21 onwards

	<b>Current Capital Programme 2020-2023</b>
	£m
Corporate Supported Borrowing	74.9
Corporate Revenue	9.8
Corporate Capital Receipts	14.1
Service Supported Borrowing	0.1
Service Revenue	17.4
Government Grants	39.8
Other Contributions	5.8
<b>Total</b>	<b>161.9</b>

### 3 OBSERVATIONS

- 3.1 Additional expenditure may be possible in the course of the year if sponsoring services identify additional sources of finance or obtain grant support.
- 3.2 The Capital programme only includes schemes which have started or will start in 2020/21 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.
- 3.3 The Council estimates it will have £84m of reserves at the end of 2020/21. Of this total, £31.5m is held specifically for capital schemes to fund projects such as the Schools Expansion programme

### 4 VAT

- 4.1 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.
- 4.2 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%.
- 4.3 If the proposed programme is approved the exempt input tax proportion is estimated as follows:

	%
2020/21	3.83%
2021/22	3.95%
2022/23	4.07%

- 4.4 The detailed calculations are set out in Appendix 3. The 7 year average is 3.49% and is therefore within the HMRC limit.
- 4.5 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.
- 4.6 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. 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.

- 4.7 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.

## **5 MINIMUM REVENUE PROVISION**

- 5.1 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.
- 5.2 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 2020, the value of this borrowing equalled £136.0m and results in an equal annual minimum revenue provision of £3.022m over the remaining 45 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.
- 5.3 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 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.
- 5.4 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 be 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.

## 6 CAPITAL PRUDENTIAL INDICATORS

- 6.1 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 2021/22.
- 6.2 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.
- 6.3 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.

	<b>Revised 2020/21</b>	<b>Budget 2021/22</b>	<b>Budget 2022/23</b>
<b>Affordability</b>			
Ratio of financing costs to net revenue stream - General Fund	3.77%	3.71%	3.69%
<b>Capital Expenditure and Capital Financing</b>			
General Fund Capital Expenditure per Appendix 2 (£m)	£88.1m	£72.3m	£2.5m
Capital Financing Requirement (£m)	£292.5m	£310.7m	£304.8m

## 7 Impacts and Implications

- 7.1.1 Financial – as above
- 7.1.2 Legal - none
- 7.1.3 HR - none
- 7.1.4 Other – none

## 8 CONCLUSION

- 8.1 Appendix 1 contains the Capital Strategy 2021-23
- 8.2 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.
- 8.3 Appendix 3 contains the Exempt VAT monitor for 2021-2022

## 9 RECOMMENDATION

- 9.1 The Council recommend;
- 9.1.1 The Capital Strategy 2021-22 in Appendix 1
- 9.1.2 The Corporate Programme (Capital and Revenue one-off schemes) for 2021-23 in Appendix 2.
- 9.1.3 The Minimum Revenue Provision policy as set out in section 5 of this report.
- 9.1.4 The Capital Prudential Indicators as set out in Section 6 of this report.

**CAPITAL STRATEGY 2021-2023**

**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 2021-2022 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 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 2021/22 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

February 2021

**APPENDIX 2**

**DETAILED CORPORATE CAPITAL AND ONE-OFF FUNDING 2021-23**

	Current Programme	Current Programme	Current Programme	Current Programme
	20/21	21/22	22/23	Total
<b><u>Housing</u></b>				
Private landlords/ empty dwellings	7,800	40,548		48,348
Disabled Facilities Grants	3,381,552	1,876,445		5,257,997
Private Sector Renewal	692,549	1,286,513		1,979,062
<b>Total Housing</b>	<b>4,081,901</b>	<b>3,203,506</b>	<b>0</b>	<b>7,285,407</b>
<b><u>Development &amp; Regeneration</u></b>				
Town Centre Improvement Fund	16,515	75,711		92,226
Development Enabling Fund	15,666			15,666
Public Art S106	24,923	4,198		29,122
Public Realm Impl Frmwk	5,200	98,951		104,151
Smithills Hall Internal Refurbishment		20,282		20,282
Town Centre Strategy	22,283,414	15,000,000		37,283,414
Octagon	2,338,827			2,338,827
Hall ith Wood Museum	16,500	86,055		102,555
Great Lever Library (UCAN)	4,000	404,915		408,915
Airport Drop and Go 19-20	3,740,000			3,740,000
Manchester Airport - Project Mere	9,677,419			9,677,419
Investments in District Town Centres	1,585,951	13,189,049		14,775,000
Library Self-Service kiosk replacements	115,000			115,000
Towns Fund		1,000,000		1,000,000
Enabling works	124,207	429,467		553,674
Full Fibre Network	1,131,113	261,666		1,392,779
<b>Total Development &amp; Regeneration</b>	<b>41,078,736</b>	<b>30,570,294</b>	<b>0</b>	<b>71,649,029</b>
<b><u>Corporate Property</u></b>				
Asset Management Plan - urgent works	945,964			945,964
Westhoughton Town Hall	801,311	1,680,000		2,481,311
Blackrod Library	54,616	108,343		162,959
61-63 Market St Little Lever	2,431,000	2,104,471		4,535,471
Corporate Property Capital Programme	2,895,000	1,000,000	1,000,000	4,895,000

	Current Programme	Current Programme	Current Programme	Current Programme
	20/21	21/22	22/23	Total
Mere Hall - Service Move Works	46,073			46,073
<b>Total Corporate Property</b>	<b>7,173,963</b>	<b>4,892,814</b>	<b>1,000,000</b>	<b>13,066,777</b>
<b>Children's Services</b>				
Building Maintenance Plan	1,793,204	3,216,000		5,009,204
School Capital Support Fund	50,408	100,000		150,408
Schools Access Initiative	23,513	50,000		73,513
Devolved Formula Capital	983,237	800,000		1,783,237
Primary Expansion Programme	412,869	1,800,000		2,212,869
Special School Expansion Programme	763,607	4,660,000		5,423,607
Secondary Expansion Programme	349,491	90,000		439,491
Youth and Play Centres	102,935	234,414		337,349
Primary Places	77,601	28,000		105,601
Children's Centres	191,530	270,227		461,757
Improvement to Leisure Provision	7,240	178,895		186,135
Social Care	30,000			30,000
Leisure and Youth Provision Cabinet Feb 2015	31,926			31,926
Primary Expansion Programme REFCUS	2,128,595	715,000		2,843,595
Special School Expansion Programme REFCUS	892,597	2,429,000		3,321,597
Secondary Expansion Programme REFCUS	1,455,627	3,001,569		4,457,196
<b>Total Children's Services</b>	<b>9,294,380</b>	<b>17,573,105</b>	<b>0</b>	<b>26,867,485</b>
<b>Adult Services</b>				
Day Care - Jubilee	250,000	5,243,854		5,493,854
Supported Housing Developments		166,098		166,098
<b>Total Adult Services</b>	<b>250,000</b>	<b>5,409,952</b>	<b>0</b>	<b>5,659,952</b>
<b>Environmental Services</b>				
<b>Highways</b>				
DfT Highways LTP	5,225,055	250,000		5,475,055
Challenge Fund - Highways maintenance	390,000	370,000		760,000
Section 31 Grant - Daisy Hill Station Bridge	400,000	2,100,000		2,500,000
Improved Street Lighting - Cabinet Feb 16 & Feb-18	378,844			378,844
Depot Improvement Plan - Mayor St		34,767		34,767
Footpaths Strategic Investment	5,823			5,823
Road Warning Signals - Cabinet Feb 16	28,290			28,290
Dropped Kerbs Cabinet Feb-17	5,274			5,274



	Current Programme	Current Programme	Current Programme	Current Programme
	20/21	21/22	22/23	Total
Insurance Programme: High Risk Road Maintenance	458,456			458,456
Highways Improvement Funding (Area Forum)	660,028	250,000		910,028
Highways investment Sep-19	9,921,344			9,921,344
<b>External Highways</b>				
A666 Challenge Fund St Peters Way Improvement	398,103	400,000		798,103
LGF Tonge Moor Corridor Junction Improvement	196,299	150,000		346,299
LGF Crompton Way / Blackburn Road	689,431			689,431
LGF Town Centre 20mph scheme	200,000			200,000
Bolton Salford Quality Bus Network	1,754,361	1,000,000		2,754,361
Highways Flood Damage - DfT	162,519			162,519
LSTF Bolton - Bury cycle route	105,749			105,749
Cycle Access to Bolton: East (Middlebrook Way)	94,870			94,870
City Cycle Ambition	121,184			121,184
MCF - Doffcocker to TC Bee Route	150,322	1,442,000		1,592,322
MCF - Bolton Town Centre East Phase 1 (T5)	202,000	158,000		360,000
MCF - Westhoughton (T6)	100,000	220,000		320,000
MCF - Astley Bridge (T6)	180,000	320,000		500,000
Safe Streets Cycling & Walking	1,075,000			1,075,000
Bolton Culvert Repairs	2,869			2,869
<b>Non-Highways</b>				
Equipped Play Area Strategy (S106)	175,645	12,525		188,171
Old Station Park	21,920	46,210		68,130
Replacement of Waste bins	200,000			200,000
Replacement of Fleet Vehicles		3,260,500	1,510,577	4,771,077
3G Sports Pitches - Cabinet Feb 16	700,000	31,519		731,519
Public Realm (Area Forum)	414,894	330,460		745,354
Behavioural Change/Cleaner Greener	657,225	75,170		732,395
Mortfield Lodge Embankment works	15,630	211,370		227,000
<b>Total Environmental Services</b>	<b>25,091,136</b>	<b>10,662,521</b>	<b>1,510,577</b>	<b>37,264,235</b>
<b>Chief Executive's</b>				
One-Stop Shop Feasibility	120,000			120,000
<b>Total Chief Executive's</b>	<b>120,000</b>	<b>0</b>	<b>0</b>	<b>120,000</b>
<b>TOTAL CAPITAL</b>	<b>87,090,116</b>	<b>72,312,192</b>	<b>2,510,577</b>	<b>161,912,885</b>

	Current Programme	Current Programme	Current Programme	Current Programme
	20/21	21/22	22/23	Total
<b><u>Revenue Schemes</u></b>				
<b><u>Development &amp; Regeneration</u></b>				
Strengthening the Office Market in Town Centre	300,000			300,000
Town Centre Strategy	1,295,820	1,000,000		2,295,820
Full Fibre Network - Project Management	90,000			90,000
RLWC 2021	140,041			140,041
<b><u>Environmental Services</u></b>				
Anti-Social Behaviour / Home Watch Feb-18 Cabinet	75,248			75,248
Cleaner Greener	428,297			428,297
<b>TOTAL REVENUE</b>	<b>2,329,406</b>	<b>1,000,000</b>	<b>0</b>	<b>3,329,406</b>
<b>GRAND TOTAL</b>	<b>89,419,522</b>	<b>73,312,192</b>	<b>2,510,577</b>	<b>165,242,291</b>

**APPENDIX 3**

**EXEMPT INPUT TAX MONITOR**

	2019-20	2019-20	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Expenditure	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Projected	Projected	Projected	Projected
	attracting VAT	Proportion.	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Exempt Exp.	Exempt Exp.	Exempt Exp.	Exempt Exp.
	£000s	%	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Exempt Expenditure</b>											
<u>Revenue:</u>											
Crematorium	758	100%	754	723	815	749	758	781	804	828	853
Greenspace	2,761	8%	91	74	144	165	220	227	234	241	248
Leverhulme Sports Centre	39	100%	58	66	28	34	39	40	41	43	44
Community Centres	33	100%	219	192	163	73	33	34	35	36	37
Jubilee Pool	-	100%	8	1	-	-	-	-	-	-	-
Urban Renewal	-	26%	119	94	95	79	-	-	-	-	-
Schools	33,971	2%	473	578	350	1,000	743	765	788	811	836
Libraries	448	21%	55	75	137	160	93	96	99	102	105
Museums	300	33%	65	78	86	79	99	102	105	108	112
Markets	537	99%	438	544	625	435	532	548	565	582	599
Admin Buildings	2,388	8%	82	102	154	187	186	191	197	203	209
Land & Property	925	90%	644	641	666	787	832	857	882	909	936
Castle Hill	1,287	1%	30	25	47	17	17	18	19	19	20
Legal Services	591	1%	15	11	10	6	8	9	9	9	9
Debt Management		100%	15	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>44,038</b>		<b>3,066</b>	<b>3,203</b>	<b>3,319</b>	<b>3,770</b>	<b>3,561</b>	<b>3,668</b>	<b>3,778</b>	<b>3,891</b>	<b>4,008</b>

**APPENDIX 3 (cont'd)**

Capital

	From rev %											
	2019-20	2019-20	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
	Expenditure	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Projected	Projected	Projected	Projected	
	attracting VAT	Proportion.	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Exempt Exp.	Exempt Exp.	Exempt Exp.	Exempt Exp.	
	£000s	%	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Markets	-	99%	-	-	-	-	-	99	102	105	108	
Crematorium	-	100%	-	-	-	119	-	-	-	-	-	
Horwich Leisure Centre	-	100%	-	-	-	265	-	-	-	-	-	
Schools	17,553	2%	78	150	262	490	384	420	432	445	459	
Libraries	32	21%	2	6	-	3	7	35	36	37	38	
Museums	20	33%	44	53	943	315	7	-	-	-	-	
Greenspace	85	8%	53	22	42	21	7	7	7	7	8	
Admin Buildings (inc Asset Reviews)	1,242	8%	55	60	17	79	97	369	380	391	403	
Land & Property	-	90%	-	-	-	-	-	-	-	-	-	
<b>Total Capital</b>	<b>18,932</b>		<b>232</b>	<b>290</b>	<b>1,264</b>	<b>1,292</b>	<b>500</b>	<b>930</b>	<b>958</b>	<b>987</b>	<b>1,016</b>	
<b>Total Exempt Expenditure</b>	<b>62,970</b>		<b>3,298</b>	<b>3,493</b>	<b>4,583</b>	<b>5,063</b>	<b>4,062</b>	<b>4,598</b>	<b>4,736</b>	<b>4,878</b>	<b>5,025</b>	
<b>Exempt Input Tax at 20 %</b>			660	699	917	1,013	812	920	947	976	1,005	
Total Input Tax			21,517	26,063	24,433	23,285	24,351	24,000	24,000	24,000	24,001	
Exempt as Proportion of Total	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
	6.01%	3.43%	3.07%	2.68%	3.75%	4.35%	3.34%	3.83%	3.95%	4.07%	4.19%	
	<b>7 year average</b>											
	<b>3.49%</b>											

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 2021 is currently 3.49%**