

Committee(s): Finance Committee – For decision Court of Common Council – For decision	Date(s): 21 May 2019 Urgency May 2019
Subject: Capital Funding –Interim Revised Prioritisation and Project Funding Update	Public
Report of: The Chamberlain	For Decision
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Summary

In April, Policy and Resources Committee agreed to prioritise a number of capital and supplementary revenue projects (SRPs) for progression outside of the Fundamental Review process. This requires the release of up to £21.818m in respect of schemes requiring internal loan funding as follows:

Bids for Internal Loans	City Fund £000	City's Cash £000	Total £000
<u>Payback within 5 years</u>			
Electric Vehicle Replacements Internal Loan facility (excluding Police)	500	700	1,200
Police Electric Vehicle Replacements Internal Loan facility	1,800	-	1,800
<u>Payback over more than 5 years</u>			
Freemen's School Masterplan Phase 1		18,818	18,818
	2,300	19,518	21,818

The 2019/20 City Fund and City's Cash budgets approved by Finance Committee and Court of Common Council in February/March 2019 did not include provisions for these amounts.

Therefore, approval is now sought to additional budgetary provisions from 2019/20 to provide the following funding support:

- Loan funding for electric vehicle replacements to be released as required in order to comply with the Mayor of London's Ultra Low Emissions Zone (ULEZ) (repayable within 5 years)
 - £2.3m from the general reserves of City Fund for Police and other City Fund vehicles;
 - £0.7m from the general reserves of City's Cash for City's Cash vehicles;

- £18.818m from the general reserves of City's Cash (supplemented as necessary by external borrowing) to provide loan funding for Phase 1 of the Freeman's School Masterplan, to be released as required over the life of the project (to be repaid within 11 years).

Recommendations:

Members of the Finance Committee are asked to:

- i. Approve additional budgetary provisions of up to £21.818m to provide internal loan funding (as detailed above) to be drawn from the general reserves of City Fund and City's Cash.
- ii. Agree that these loan facilities will be available from 2019/20 onwards, to be drawn down as required over the life of the projects subject to other relevant approvals.
- iii. Recommend approval of these budget increases by the Court of Common Council.

Main report

Background

1. In February 2019 Members agreed to place on hold all pre-gateway 5 capital and SRP schemes requiring central funding pending a fundamental review of services, subject to an interim review against approved temporary prioritisation criteria.
2. In April, following the interim review of projects against the temporary prioritisation criteria, Members of the Resource Allocation Sub and Policy and Resources Committees agreed that projects with an estimated combined value of £89m be allowed to progress outside of the Fundamental Review process.
3. Of these projects, early release of £21.818m of internal loan funding with:
 - payback periods of 5 years or less of up to £3m; and
 - payback periods of more than 5 years of up to £18.818m
 was agreed, subject to other relevant approvals including gateways and Court of Common Council. Each scheme will be considered under its own merits.

Proposals

4. The 2019/20 City Fund and City's Cash budgets approved by Finance Committee and Court of Common Council in February/March 2019 did not include provisions for these sums.
5. Therefore, approval is now sought for the following additional budgetary provisions:

- Loan funding for electric vehicle replacements to be released as required in order to comply with the Mayor of London's Ultra Low Emissions Zone (ULEZ)
 - £2.3m from the general reserves of City Fund for Police and other City Fund vehicles;
 - £0.7m from the general reserves of City's Cash for City's Cash vehicles
 - £18.818m from the general reserves of City's Cash (supplemented as necessary by external borrowing) to provide loan funding for Phase 1 of the Freemen's School Masterplan, to be released as required over the life of the project.
6. Release of these funds will be subject to the relevant gateway approvals and will be available from 2019/20 over the life of the relevant projects.
7. It is intended that any shortfall in the general reserves of City's Cash will be supplemented by external borrowing through private placement.

Conclusion

8. Members of the Resource Allocation and Policy and Resources Committees agreed to allow a number of schemes to progress outside of the Fundamental Review, including projects requiring £21.818m of internal loan finance.
9. The 2019/20 City Fund and City's Cash budgets approved by Finance Committee and Court of Common Council in February/March 2019 did not include provisions for these sums.
10. This report seeks approval of Finance Committee to the required additional budgetary provisions from 2019/20 onwards over the life of the relevant projects and to recommend this to the Court of Common Council.

Appendices

None

Background Papers

- Capital and Supplementary Revenue Project Funding – Fundamental Review and Interim Revised Prioritisation Process: Policy and Resources Committee, 21 February 2019 (Public).
- Capital Funding –Interim Revised Prioritisation and Project Funding Update: Resource Allocation Sub Committee, 8th April 2019; Policy and Resources Committee, 11th April 2019 (Public)

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