

Lincoln Eastern Bypass Update Note Responding to the Inspectors request on funding August 2015

LCC Capital Programme

Lincolnshire County Council have an approved capital programme which includes provision for both the direct contribution to the LEB and the underwriting of the £34m to be received from developer contributions.

The capital programme allows for prudential borrowing*. The Council therefore recognise the potential for the recovery of the money to occur over an extended period of time.

Detailed financial projections have not at this stage specifically identified the quantum or timing of the income recovery as this is the prudent accounting approach.

A copy of the 2015/16 budget report approved by Council in February 2015 is available. Appendix M details the capital programme and the separate entry for the LEB. Table 3 on page 17 of the report shows the funding of the gross programme which identifies that in future years borrowing is the source of funding from the LEB.

The principle of underwriting the funding had been agreed by the Executive on 15 August 2011. That decision acknowledged that the recovery of the money would occur over the time period of the then Core Strategy. That would have been until 2031. The Council have therefore always been aware of the potential for recovery of the money to be over the longer term. That is now reflected in the capital programme that has been approved. That recovery period now relates to the Local Plan period which is until 2036.

CIL/ S106

The evidence of Marc Willis explains this. For clarity the Central Lincolnshire partnership recognises that CIL funding will only occur once the Local Plan and the charging schedule are adopted. This is reflected in the approved LDS that demonstrates the timeline for early adoption and the resources being put into the partnership to deliver to that timetable.

Ahead of that date S106 agreements will be negotiated to secure equivalent levels of funding subject to the relevant tests including pooling constraints. The draft heads of terms in place for the current application at North Greetwell demonstrate how that is working in practice in accordance with the MOU entered into by the partners

The proposed approach to the CIL includes an instalment policy which will include staged payments relating to the commencement date on site. This approach will ensure that payments are received in advance of schemes being substantially completed.

CIL income streams are predicated on the expected housing delivery expected during the plan period. These delivery rates take account of the proposed housing need figure in the plan and the land being allocated. Assumptions are made on delivery rates. These delivery rates have been sense checked with the house-building industry in the work carried out to assess whole plan viability.

CAPITAL PROGRAMME

<u>Capital Programme (2015/16 Plus Future Years)</u>	Net Programme 2014/15 £'000	Grants and Contributions 2014/15 £'000	Gross Programme 2014/15 £'000	Net Programme 2015/16 £'000	Grants and Contributions 2015/16 £'000	Gross Programme 2015/16 £'000	Net Programme future years £'000	Grants and Contributions future years £'000	Gross Programme future years £'000
Children's Services									
<u>Readiness for School</u>									
Other Readiness for School	1,534	534	2,068	0	0	0	0	0	0
Sub Total	1,534	534	2,068	0	0	0	0	0	0
<u>Learn and Achieve</u>									
Devolved Capital	1,800	1,395	3,195	0	1,344	1,344	0	0	0
Provision of School Places (Basic Need)	12,561	11,056	23,617	0	11,434	11,434	0	12,006	12,006
School Condition / Maintenance Capital	1,243	0	1,243	0	0	0	0	0	0
Schools Modernisation / Condition Capital	2,431	6,752	9,183	0	5,421	5,421	0	0	0
Academy Projects	1,995	299	2,294	1,115	0	1,115	0	0	0
Other Learn and Achieve	581	0	581	600	0	600	0	0	0
Sub Total	20,611	19,602	40,113	1,715	18,199	19,914	0	12,006	12,006
<u>Readiness for Adult Life</u>									
Other Readiness for Adult Life	133	30	163	0	0	0	0	0	0
Sub Total	133	30	163	0	0	0	0	0	0
<u>Children are Safe and Healthy</u>									
Universal Infant Free School Meals Capital	0	1,085	1,085	0	0	0	0	0	0
Other Children are Safe and Healthy	640	0	640	0	0	0	0	0	0
Sub Total	640	1,085	1,725	0	0	0	0	0	0
Adult Care									
<u>Adult Frailty, Long Term Conditions and Physical Disability</u>									
Adult Care	313	1,848	2,161	490	1,875	2,365	0	0	0
Better Care Fund - Disabled Facility Grants	0	0	0	0	2,970	2,970	0	0	0
Sub Total	313	1,848	2,161	490	4,845	5,335	0	0	0
Community Wellbeing and Public Health									
<u>Community Resilience and Assets</u>									
Libraries	0	0	0	1,028	0	1,028	0	0	0
Other Community Resilience and Assets	253	0	253	0	0	0	0	0	0
Sub Total	300	0	300	1,028	0	1,028	0	0	0
Economy and Economy									
<u>Sustaining and Developing Prosperity Through Infrastructure</u>									
Highways Asset Protection	6,671	29,865	36,536	0	31,012	31,012	0	105,909	105,909
Integrated Transport	3,748	7,423	11,171	75	3,312	3,387	0	13,248	13,248
Lincoln Eastern Bypass	2,000	0	2,000	14,687	33,291	47,978	28,000	16,659	44,659
Lincoln East-West Link	4,958	0	4,958	7,989	0	7,989	1,403	0	1,403
Spalding Relief Road (Phase I)	0	0	0	0	0	0	10,000	0	10,000
Grantham Southern Relief Road	0	800	800	1,000	9,200	10,200	35,000	18,000	53,000

TABLE 3 – Capital Programme

	2014/15 £m	2015/16 £m	Future Years £m
Children's Services	44.069	19.914	12.006
Adult Care	2.161	5.335	0.000
Community Wellbeing and Public Health	0.330	1.028	0.000
Environment and Economy	72.417	111.807	239.454
Finance and Public Protection	34.377	35.589	24.287
Other programmes	3.230	15.000	0.000
Gross Programme	156.584	188.673	275.747
Funded By:			
Revenue Funding	6.076	4.500	0.000
Use of Capital Receipts	2.000	2.000	0.000
Borrowing	35.700	73.862	109.690
Use of Capital Grants Unapplied	21.240	0.000	0.000
Use of Revenue Grant Reserves	4.515	0.000	0.000
Use of Other Earmarked Reserves	3.757	0.000	0.000
Government Grants and Other Contributions	83.296	108.311	166.057
Total Funding	156.584	188.673	275.747

7.4 The following additions have been made to the net capital programme as part of the budget setting process. These add an additional £18.950m into the capital programme in 2015/16 and £1.500m into future years. These additions comprise:

- Removal of the budget for the Leverton Fire Station Replacement in 2015/16 (£1.500m) and replacement with a fire station adaption and repair budget of £0.500m in both 2015/16 and 2016/17;
- An additional £6.000m for the Grantham Southern Relief Road Project. £5.000m transferred from the Grantham Growth Point budget plus an additional £1.000m funded from borrowing in 2016/17.
- Addition of a maintenance block budget for:
 - o The replacement of short life equipment assets for Fire and Rescue: £0.650m in 2015/16.
 - o The maintenance of existing property assets and essential property works linked to Asbestos, work place regulations and disabled access. £3.200m in 2015/16.
 - o The ICT infrastructure and IT refresh programme: £1.100m in 2015/16.
- The creation of a Capital Contingency Budget: £15.000m in 2015/16 to fund any emerging schemes identified in this financial year.

7.5 The Council is currently in the process of bidding for Challenge monies from the Department of Transport (DfT) for roads maintenance and street lighting. If successful, the