

Cabinet

21 February 2018



Title	Capital Programme and Strategy 2018/19 to 2021/22		
Purpose of the report	To make a recommendation to Council		
Report Author	Laurence Woolven (Chief Accountant)		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Cabinet is asked to recommend that Council : 1) Consider and approve the Capital Programme for 2018/19 to 2021/22 2) Consider and approve the Prudential Indicators for 2018/19 to 2021/22.		
Reason for Recommendation	To allow the authority to spend its capital resources for the financial year 2018/19.		

1. Key issues

- 1.1 The report is to consider and approve the proposed Capital Programme for 2018/19 to 2021/22 in the light of the available resources and corporate priorities. The report covers progress on current schemes and includes future schemes for consideration.
- 1.2 The Potential cost of the schemes proposed in the 2018/19 programme total £219.2m broken down as follows:

Scheme	2017/18 Original £	2017/18 Revised £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Housing Programme	754,900	1,042,600	11,015,000	5,910,600	5,110,600	5,110,600
Grants Received	(670,600)	(670,600)	(746,900)	0	0	0
Total Housing Programme	84,300	372,000	10,268,100	5,910,600	5,110,600	5,110,600
Other Services Programme	210,263,100	300,079,900	208,955,300	105,600	55,600	55,600
Total Capital Programme	210,347,400	300,451,900	219,223,400	6,016,200	5,166,200	5,166,200

The largest item in the 2018/19 programme is £203.5m for the continued acquisition of assets. The bulk of the remaining capital spend in 18/19 and 19/20 relates to funding the initial cost of developing Housing on Council owned assets (Benwell, Churchill, Bugle) which will deliver additional housing and an ongoing revenue stream which will improve the Council's revenue position in future years and proposed works on the redevelopment of the Leisure Centre.

- 1.3 With the exception of some small schemes funded by specific grant, the majority of the Capital Programme is now funded from borrowing on a Prudential basis as the Council has very limited capital receipts or capital reserves.

Proposed Programme

- 1.4 All bids to go on the Capital Programme for 2018/19 have been critically assessed and reviewed by Management team and Cabinet to ensure that they meet the new Criteria of Capital expenditure. The level of spend proposed has also been revised to reflect the level of capital resources now available to finance future capital expenditure.
- 1.5 Included within the 2018/19 Programme are a number of schemes that were transferred from the 2017/18 programme. These schemes include the following:
- (a) Laleham Park - £200k
 - (b) Solar PV for Staines Community Centre - £25k
 - (c) Air Quality - £24.5k
 - (d) Affordable Housing Opportunity - £966k
 - (e) Towpath Car Park - £41.2k
 - (f) Acquisition of Assets - £203,500k
 - (g) Agile Working - £27k
 - (h) Scanners - £31k
 - (i) Sharepoint redesign - £90k
 - (j) Corportae EDMS - £93.3k
 - (k) Small scale Area Regeneration - £367.6k
 - (l) CCTV Enhancement - £145.5k
- 1.6 There are a number of new schemes identified for the programme in 2018/19 and these include:
- (a) Leisure Centre redevelopment - £1,800k – Initial costs of Spelthorne Leisure Centre works
 - (b) Project Lima works - £885k – Costs of Project Lima (office reconfiguration to free up space used by the Council)
 - (c) Community Centre capital projects - £100k – Enhancing the community centres
 - (d) Knowle Green Car Park Improvements - £100k – Works on barriers and surrounding footpaths etc

- (e) Shepperton Lock Toilets - £60k – replacement of toilets
 - (f) Tennis Court refurbishments - £27.5k – Refurbishment programme of Borough’s tennis courts
 - (g) Developing Housing on Council owned assets - £10.2m.
- 1.7 The Budget also includes provision for on-going schemes and upgrades on specific areas including Information Technology – The various IT schemes include equipment refresh, upgrades to systems and improvements to ways of working which will help facilitate efficiencies.
- 1.8 The calculation for the prudential Indicators is attached as Appendix 4

2. Options analysis and proposal

- 2.1 The Housing Investment and Other Services Programmes have in the past been funded from Capital receipts as the use of any long term borrowing would have resulted in the loss of the Council’s debt free status. However under the prudential regime Councils now have much greater freedom to borrow for capital investment. The Prudential Code is currently being revised and a new version is expected in early 2018. Any borrowing would of course result in a charge to the General Fund for principal and interest.
- 2.2 If borrowing is not undertaken the programme would need to be financed from additional capital receipts through the selling of assets or a significant revenue contribution to Capital from the services proposing the capital works.

3. Financial implications

- 3.1 As set out within the report and appendices Recommended Capital Programme for 2018/19 is estimated at £219,233,400.
- 3.2 The Council is looking to retain most of its freeholds, which means that future capital receipts will be limited. There will still be a small amount of receipts from the Council’s share of Right to Buy. To improve the resiliency of the Capital Programme, the Council is increasing its revenue contribution to capital and over time its repair and renewal funds. Borrowing will be undertaken to fund acquisitions and developments where future income streams or cashable savings are generated, for example reducing the office footprint.
- 3.3 The Planned financing of the 2018/19 Capital Programme is as follows:

Type of Funding	Amount £’000	Revenue Impact
External Funding (Disabled Facilities Grant / Housing Improvement Agency)	985	None
Borrowing	216,461	Financing and borrowing repayments
Revenue Contribution to Capital Outlay	747	Interest foregone to allow for future income streams and

		cashable savings to be generated
Capital Receipts (Council element of Right to Buy etc)	2,015	Required to progress operational need
Total	220,208	

The external funding shown in the above table is already included in the net capital programme position of £219,223k, hence the difference in the total shown.

4. Other considerations

4.1 There are none

5. Timetable for implementation

- 5.1 Schemes included in the Capital Programme are programmed to commence in 2018/19 and will be monitored monthly to ensure that any slippage of schemes is identified at an early date and the programme is adjusted accordingly.
- 5.2 Any schemes incomplete at the end of March 2018 may be incorporated as part of the revised programme for 2018/19.
- 5.3 Bi Monthly reports are prepared for MAT to show the current status of the schemes and presented to cabinet and Overview and Scrutiny Committee quarterly for revisions and updates to both estimates and projected.

Background papers: None

**Appendices: 1 Summary of 2018/19 to 2021/22 Capital Programme Estimates
2 Capital Project Breakdown relating to Housing
3 Capital Project Breakdown relating to Other Schemes
4 Prudential Indicators & MRP Statement
5 Summary of 2018/19 Capital Bids**