

# Cabinet

20 February 2019



<b>Title</b>	Draft Capital Programme and Strategy 2019/20 to 2022/23		
<b>Purpose of the report</b>	To make a recommendation to Council		
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<b>Cabinet Member</b>	Councillor Howard Williams	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	The Cabinet is asked to recommend that Council : 1) Consider and approve the Capital Programme for 2019/20 to 2022/23 2) Consider and approve the Prudential Indicators for 2019/20 to 2022/23.		
<b>Reason for Recommendation</b>	To allow the authority to spend its capital resources for the financial year 2019/20.		

## 1. Key issues

- 1.1 The report is to consider and approve the proposed Capital Programme for 2019/20 to 2022/23 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 2019/20 programme total £78,050,500 broken down as follows:

<b>Scheme</b>	<b>2018/19 Original £</b>	<b>2018/19 Revised £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
Housing Programme	11,015,000	4,438,000	30,525,150	52,815,600	38,986,300	26,374,100
Grants Received	(746,900)	(746,900)	(796,350)	(770,000)	(770,000)	(770,000)
<b>Total Housing Programme</b>	<b>10,286,100</b>	<b>3,691,100</b>	<b>29,728,800</b>	<b>52,045,600</b>	<b>39,216,300</b>	<b>25,604,100</b>
<b>Other Services Programme</b>	<b>208,955,300</b>	<b>782,931,800</b>	<b>48,321,700</b>	<b>105,600</b>	<b>105,600</b>	<b>105,600</b>
<b>Total Capital Programme</b>	<b>219,223,400</b>	<b>786,622,900</b>	<b>78,050,500</b>	<b>52,151,200</b>	<b>39,321,900</b>	<b>25,709,700</b>

The largest items in the 2019/20 programme relate to funding the initial cost of developing Housing on Council owned assets which will deliver additional housing and an ongoing revenue stream which will improve the Council's revenue position in future years. There is also £40m set aside for investment in Regeneration, Strategic and Investment Acquisitions within the Borough.

- 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 and Revenue contributions as the Council has very limited capital receipts or capital reserves.

### **Proposed Programme**

- 1.4 All bids to go on the Capital Programme for 2019/20 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 2019/20 Programme are a number of schemes that were transferred from the 2018/19 programme. These schemes include the following:
- (a) Regeneration, Strategic and Investment Acquisitions - £40m
  - (b) Ceaser Court - £7.5m
  - (c) Thameside - £2m
  - (d) Whitehouse – £0.75m
- 1.6 There are a number of new schemes identified for the programme in 2019/20 and these include:
- (a) Various development schemes
  - (b) Neighbourhood Services Vehicles - £129k
  - (c) CCTV Provision - £37k
  - (d) Recycling Bins - £27k
- 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. 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 2019/20 is estimated at £78,050,500.
- 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 maintaining 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 2019/20 Capital Programme is as follows:

<b>Type of Funding</b>	<b>Amount £'000</b>	<b>Revenue Impact</b>
External Funding (Disabled Facilities Grant / Housing Improvement Agency)	796	None
Borrowing	77,200	Financing and borrowing repayments
Revenue Contribution to Capital Outlay	750	Interest foregone to allow for future income streams and cashable savings to be generated
Capital Receipts (Council element of Right to Buy etc)	101	Required to progress operational need
<b>Total</b>	<b>78,847</b>	

The external funding shown in the above table is already included in the net capital programme position of £78,051k, 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 2019/20 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 2019 may be incorporated as part of the revised programme for 2019/20.
- 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 2019/20 to 2022/23 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 2019/20 Capital Bids**