

Cabinet

26 February 2020



Title	Draft Capital Programme and Strategy 2020/21 to 2023/24		
Purpose of the report	To make a recommendation to Council		
Report Author	Laurence Woolven (Chief Accountant)		
Cabinet Member	Councillor Tony Harman	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Cabinet is asked to recommend that Council : 1) Consider and approve the Capital Programme for 2020/21 to 2023/24 2) Consider and approve the Prudential Indicators for 2020/21 to 2023/24.		
Reason for Recommendation	To allow the authority to spend its capital resources for the financial year 2020/21.		

1. Key issues

- 1.1 The report is to consider and approve the proposed Capital Programme for 2020/21 to 2023/24 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 2020/21 programme total £65,636,700 broken down as follows:

Scheme	2019/20 Original £	2019/20 Revised £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Housing	84,200	427,400	29,600	29,600	29,600	29,600
Community Wellbeing	0	195,000	12,000	0	0	0
Environment & Compliance	273,100	489,800	180,000	50,000	50,000	1,350,000
Economic Dev, CS, Estates & Transport	438,000	618,000	233,500	-	-	-
Investment Portfolio, Mgt, Regeneration	77,255,200	65,955,600	65,181,600	102,755,600	54,415,600	22,355,600
Total Capital Programme	78,050,500	67,685,800	65,636,700	102,835,200	54,495,200	23,735,200

The largest items in the 2020/21 programme relate to funding the 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.

- 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 2020/21 have been critically assessed and reviewed by Management team and Cabinet. The level of spend proposed has also been reviewed to reflect the level of capital resources now available to finance future capital expenditure.
- 1.5 Included within the 2020/21 Programme are a number of schemes that were transferred from the 2019/20 programme. These schemes include the following:
- (a) Ceaser Court
 - (b) West Wing
 - (c) Thameside
 - (d) Whitehouse
- 1.6 There are a number of new schemes identified for the programme in 2020/21 and these include:
- (a) Spend on future development schemes
 - (b) Neighbourhood Services Vehicles - £100k
 - (c) Wheelie Bins - £50k
- 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 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 2020/21 is estimated at £65,636,700.

- 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 2020/21 Capital Programme is as follows:

Type of Funding	Amount £'000	Revenue Impact
External Funding - Disabled Facilities Grant	831	None
External Funding - Homes England	2,500	None
Section 106 funding	2,000	None
Borrowing	60,626	Financing and borrowing repayments
Revenue Contribution to Capital Outlay	511	Interest foregone to allow for future income streams and cashable savings to be generated
Total	66,468	

The Disabled Facilities Grant funding shown in the above table is already included in the net capital programme position of £65,637k, 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 2020/21 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 2020 may be incorporated as part of the revised programme for 2020/21.
- 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 2020/21 to 2023/24 Capital Programme Estimates
2 Prudential Indicators & MRP Statement
3 Summary of 2020/21 Capital Bids**