

Cabinet

24 February 2016



Title	Capital Programme report 2016/17 to 2019/20		
Purpose of the report	To make a recommendation to Council on a Key Decision		
Report Author	Adrian Flynn		
Cabinet Member	Councillor Tim Evans	Confidential	No
Corporate Priority	Value for money Council		
Cabinet Values	Accountability		
Recommendations	The Cabinet is asked to recommend that Council : 1) Consider and approve the Capital Programme for 2016/17 to 2019/20 2) Consider and approve the Prudential Indicators for 2016/17 to 2019/20.		

1. Key issues

- 1.1 The report is to consider and approve the proposed Capital Programme for 2016/17 to 2019/20 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 2016/17 programme total £16.455m broken down as follows:

Scheme	Capital Estimates 2016/17 - 2019/20					
	Estimated Programme					
	2015/16		2016/17	2017/18	2018/19	2019/20
	Original Estimate	Revised Estimate				
Capital Programme Summary	£	£	£	£	£	£
Housing Investment Programme	285,600	285,600	247,900	300,600	300,600	300,600
Other Services Programme	10,669,700	1,709,100	16,207,500	105,600	105,600	56,000
Total Capital Programme	10,955,300	1,994,700	16,455,400	406,200	406,200	356,600

- 1.3 It should be noted that the Council has sufficient resources to fund the programme up to the end of 2019/20 financial year based on the current level of receipts held.
- 1.4 The use of borrowing under the prudential regime can be considered on a scheme by scheme basis where appropriate. On an invest to save or invest to generate income scheme, if the savings exceed potential borrowing costs then there may be a business case to borrow. The Council's asset base is being kept under constant review and wherever possible additional resources will be generated from the disposal of both under performing and surplus assets.

Proposed Programme for 2016/17

- 1.5 All bids to go on the capital programme for 2016/17 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:
- 1.6 Included within the 2016/17 Programme are a number of schemes that were transferred from the 2015/16 programme. These schemes include the following,
- (a) Laleham park Upgrade -£200k
 - (b) Council Accommodation Replacement - £7m
 - (c) Affordable Housing Opportunity - £1.1M
 - (d) Small scale Area regeneration - £350k
 - (e) Pay and Display Machines - £136k
 - (f) Spelride Vehicle Replacement - £250k
 - (g) Electronic Document Management System - £40k
- 1.7 There are a number of new schemes identified for the programme in 2016/17 and these are
- (a) Acquisition of Assets: - £6m – As part of the Council's Towards a Sustainable Future aimed at acquiring property for investment purposes as a way of increasing income generation and to promote the economic growth and regeneration of its main town centres.
 - (b) Landlord Guarantee Scheme: - £65k - Purchase, installation and set -up of a rent accounting system to manage rent payments.
 - (c) Memorial Gardens Plant Room: - £65k- To relocate the plant rooms for the water features In Memorial Gardens above ground to prevent them being flooded.

- (d) Greeno Centre Car Park:- £65k – To provide additional car parking at the Greeno Centre.
- (e) Day Centre Replacement Furniture - £35k – Replacement of worn out furniture at a number of day centres.

1.8 The Budget also includes provision for on- going schemes and comments on specific areas including:-

(a) Information Technology- The total budget of £409k reflects the purchase of new IT equipment and systems in implementation of the Council's ICT strategies, including supporting greater mobile/flexible working. Any other ICT changes proposed, as per the revised capital strategy definition, will be classified as revenue and require funding as per paragraph 1.2.

1.9 A number of on -going schemes have had the basis of their funding reviewed in the new programme to ensure that the budgetary provision is in line with the expectation as to what can be achieved with the current staffing resources and prior year spends.

1.10 The resources set out below assume that the programme is funded from Capital Receipts.

Programme	Revised				
	Estimate	Estimate	Estimate	Estimate	Estimate
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Housing Investment	286	248	301	301	301
Other Services	1,709	16,207	106	106	56
Total Programme to be Financed	1,995	16,455	407	407	357
Resources Available Including ongoing stream of share of right to buy proceeds	2,448	20,623	4,338	4,101	3,864
(Surplus)/Deficit	-453	-4,168	-3,931	-3,694	-3,507

1.11 It is an option to borrow resources under the prudential code as set out in paragraph 1.4.

1.12 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, introduced in 2004, Councils now have much greater freedom to borrow for capital investment provided certain criteria are met as set out in the prudential code. Any borrowing would of course result in a charge to the General Fund for principal and interest.
- 2.2 The ability to borrow to finance capital investment does increase available resources, but would have to be set at a level that is prudent and affordable in the longer term. This option may be suitable for specific revenue enhancing projects following prudent appraisal. With current historically low interest rates there may be more potential to consider specific business cases for prudential borrowing.
- 2.3 If the option of borrowing is not pursued the programme needs to be financed from additional capital receipts through the selling of assets or a 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 2016/17 is estimated at £16.455m.

Financing the capital programme from capital receipts results in a loss of investment income. An Estimate of these costs is included on appendix 2& 3, under the column headed "Interest Lost". The loss for 2016/17 has been calculated at £335,900 for the year.

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 2016/17 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 2016 may be incorporated as part of the revised programme for 2016/17.
- 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 outturns

Background papers: None

Appendices: 1 to 5