

Policy Committee – 16th February 2016



CAPITAL PROGRAMME 2016/17

Report of the Strategic Manager – Financial Services (s151 Officer)

Lead Member – Finance: Councillor Mulligan

Ward(s) affected: All

1. Purpose of Report

- 1.1 To seek approval of the proposed capital programme for 2016/17-2019/20, subject to there being sufficient capital resources.

2. Recommendations

That the following be recommended to Council:-

- 2.1 Members approve the 2016/17 capital programme of £1,531,050
- 2.2 That the final allocation of funding for the 2016/17 capital programme is confirmed once the outturn position of the 2015/16 revenue budget is finalised.

3. Background Information

- 3.1 The CIPFA Code for Capital Finance in Local Authorities states (as a minimum):

“In considering the affordability of its capital plans, the authority is required to consider all of the resources currently available to it/estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years”.

This authority aligns its rolling capital programme with the Medium Term Financial Plan of three years.

- 3.2 The process for determining the capital programme is:
- All services are requested to review ongoing capital projects, and submit new or amended capital spending proposals on ‘bid documents’;
 - The bid documents are presented to CLT for prioritisation. CLT holds delegated power to revise the content of the programme and therefore the financing requirement.
 - CLT And SLT hold a budget workshop and review priorities for capital projects.

- The proposed capital programme is submitted for Member consideration alongside the proposed revenue budget for the 2016/17 financial year.
- Capital resources are identified to meet the agreed proposals and potential slippage should Members choose to proceed with all of them.
- Projects for which no resource is currently identified are held on a reserved list awaiting funding availability.

4. **2016/17 Capital Programme**

4.1 The proposed capital programme and its funding for 2016/17 of £1.53m is attached at Appendix A. The programme does not currently include slippage for work from the 2015/16 programme, for which any adjustments will be made as part of the year end processes. The capital proposals also include £1.68m of projects which have been placed on a reserve list pending further funding becoming available.

4.2 A summary of the outline capital programme is shown at Appendix B for 2016/17 to 2019/20. The information for 2017/18 onwards is indicative only and will be subject to confirmation when project details are available.

4.3 Table 1 Summarises the estimated capital programme for 2016/17 to 2019/20.

Table 1: Planned Capital Programme

	2016/2017 £'000	2017/2018 £'000	2018/2019 £'000	2019/2020 £'000
Vehicles, Plant & Equipment	411	390	1,340	140
Private Sector Housing	312	312	312	312
Council Properties	699	1,930	150	150
IT facilities	109	100	110	140
Projects carried forward from 2015/16	0	0	0	0
Total Capital Programme Costs	1,531	2,732	1,912	742

4.4 As part of the monitoring of the of the capital programme, a business case to CLT will be required for each, project prior to release of the funding. This will then inform the progress update presented to members on a quarterly basis.

4.5 Table 2 summarises the current estimated capital resources available to fund the capital programme.

4.6 The Council has predominantly used capital receipts or borrowing to fund its capital programme. Capital receipts are a finite resource and the projects identified exceed the resources available. As part of the Medium and Longer Term Financial Planning process consideration is therefore being given to the

options available to the Council to continue to fund its capital programme to remove the reliance on capital receipts.

- 4.7 The capital programme currently indicates it will be necessary to utilise the majority of available forecasted capital receipts by the end of 2019/20 unless alternative funds are identified from revenue. Consideration is therefore given to funding projects from revenue or reserves, as well as capital receipts and borrowing. An indicative allocation of current resources to projects in 2016/17 is shown in Appendix A. In addition projects suitable for funding from revenue are also identified.

Table 2: Forecast Capital Resources

	2016/2017 Estimate £'000	2017/2018 Indicative £'000	2018/2019 Indicative £'000	2019/2020 Indicative £'000
Capital Receipts & Grants at Start of Year	1,500	1,427	1,031	608
In Year resources - disposals	0	0	0	0
In Year resources - grants	309	1,876	239	239
Contribution From Enabling Efficiencies	19	0	0	0
Contribution From NHB (Empty Property)	130	0	0	0
Contribution From Vehicles Reserve	310	170	50	0
Contribution from IT Reserve	90	100	110	140
Contribution from Buildings Reserve	118	90	90	90
Utilisation of Borrowing (MRP Capacity)	482	100	1,000	150
Capital expenditure in year as per Appendix A & B	1,531	2,732	1,912	742
Capital Receipts at end of Year	1,427	1,031	608	485

- 4.8 The council will have £1.016m of borrowing capacity in 2016/17 for use in either the capital programme or to repay external loans. This borrowing capacity arises through the Minimum Revenue Provision (MRP) charge to the revenue account each year. It is proposed that £482k of the MRP capacity is utilised to fund the programme. The use of the borrowing capacity is flexible and can be carried forward to future years.
- 4.9 In addition the Council can choose to increase its borrowing capacity however this has to be affordable to the revenue account going forward. Borrowing is generally assigned to assets with the longest useful life.

- 4.10 It is expected that there will be revenue savings generated within the 2015/16 revenue budget that are available to contribute to reserves which can then be used to support the capital programme and other projects. The total contribution to reserves cannot be confirmed until the final outturn position of the 2015/16 revenue budget is assessed as part of the annual accounts process.

5. Implications

5.1.1 Financial and Value for Money Implications

The updated capital programme costs and its resources are summarised in Table 3. The forecasted balance on the following earmarked reserves Vehicle Replacement Reserve, IT Projects Reserve and Buildings Reserve and the impact of the proposals within this report are summarised in Table 4.

Table 3: Capital Programme & Resources

	2016/17 Estimate £'000	2017/18 Indicative £'000	2018/19 Indicative £'000	2019/20 Indicative £'000
Capital Programme Costs	1,531	2,732	1,912	742
<u>Funding Resources</u>				
Capital Receipts	73	396	423	123
Capital Grants	309	1,876	239	239
Earmarked Reserves	667	360	250	230
Borrowing	482	100	1,000	150

- 5.1.2 The 2016/17 programme will utilise funds within the Enabling Efficiencies, IT, Vehicles and Buildings reserves and therefore consideration will need to be given for further in year contributions to these reserves to ensure a sustainable capital programme.

Table 4: Earmarked Reserves

	Vehicles £'000	IT £'000	Buildings £'000	Enabling Efficiencies £'000
Estimated Balance Brought Forward 1 April 2016	505	465	317	317
Allocation To Revenue & Capital Projects	(311)	(105)	(135)	(103)
Contributions Received / Planned 2016/17	30	30	30	20
Estimated Balance Carried Forward 31 March 2017	224	390	212	234

5.2 Legal implications

None as a direct result of this report. The Council has a balanced budget for 2016/17, and going forward it is a further requirement that the budget is balanced.

5.3 Contribution to Council Priorities

The delivery of a balanced and managed budget is critical to the well being of the Authority. Investment in the Councils assets underpins the delivery of all Council priorities.

5.4 Risk Management

Failure to achieve a balanced budget in the financial year would have had serious consequences for the Council.

5.5 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

6. Consultations with Others

CLT have assessed the proposed projects for inclusion in the programme.

7. Access to Information : Background Documents

None

8. Author of the Report

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9. Appendices

Appendix A – Capital Projects and Proposed Funding 2016/17.
Appendix B – Indicative Capital Programme 2017/18 to 2019/20

APPENDIX A

Proposed Capital Programme 2016/17 - 2019/20

Bid No	Service Unit	Description	2016/17 £	2016/17 External Funding £	Post 2016/17 On-going Revenue Impact £	2017/18 £	2018/19 £	2019/20 £	2017/18 to 2019/20 External Funding £	Total CDC resources all years £	Comments
1	Bereavement Services	Cremator replacement					1,000,000			1,000,000	Parts for the current ones are hard to obtain. New ones will fit larger people and run more efficiently and have mercury abatement technology installed. During the closure period service delivery will not take place.
2	Bereavement Services	Health and Safety Works to Crematorium Roof Void	18,000							18,000	The cremator flues at Skipton Crematorium go up into the roof space of the building before exiting through the external wall. The roof is exposed wood and it can get hot so it's a fire hazard. This proposes a fixed ventilation system.
3	Asset & Facilities Mgt	Resurface Engine Shed Lane				185,000			(185,000)	-	Funding to be provided from external contributions. Bring to adoptable standard & transfer to NYCC
4	Asset & Facilities Mgt	Skipton Town Hall Refurbishment & Alterations	481,500			1,444,500			(1,251,500)	674,500	Town Hall & Museum Project - funded from HLF & CDC resources.
5	Craven Pool	Funding for a new pool cover	15,500							15,500	Current cover is wearing and splitting at the seams. The cover will help the pool retain heat. Without this utility bills will increase by 15% Pool covers help to protect the building structure by allowing air handling units to work correctly. Pool shut for 1/2 days
6	Environmental Health & Housing Services	Disabled Facilities Grants to help private home owners make adjustments to their property	312,000	(238,818)		312,000	312,000	312,000	(716,454)	292,728	External funding (better care fund) not yet confirmed. The Minister for Housing and Local Government has provided indicative minimum allocations to upper tier authorities so some level of funding is assured.
7	Parking Services	Parking payment machine replacement	40,000		-	40,000	40,000	40,000		160,000	Good quality parking will improve the experience for both visitors and residents. Work will be phased in order to keep activities fully operational.
8	Waste Management	Vehicle replacements	280,000			350,000	300,000	100,000		1,030,000	7 yr rolling replacement programme.

Bid No	Service Unit	Description	2016/17 £	2016/17 External Funding £	Post 2016/17 On-going Revenue Impact £	2017/18 £	2018/19 £	2019/20 £	2017/18 to 2019/20 External Funding £	Total CDC resources all years £	Comments
9	Information Services	Network & Firewall Replacement 2016-2020	-	-	-		70,000			70,000	Replace the Network and firewall infrastructure equipment which has reached its end of life and no longer support the capacity or security standards of the business. The Firewall secures all of the businesses critical systems and data requires replacement with equipment capable of meeting the capacity and performance requirements of the authority for the next 7 years. This technical project should be considered a technical imperative.
10	Information Services	SAN Replacement 2016-2020	-	-	-	80,000				80,000	Replace the San (Storage Area Network) equipment which has reached its end of life and no longer support the capacity or security standards of the business. The SAN hosting all of the businesses critical systems and data requires replacement with equipment sized to meet the capacity and performance requirements of the authority for the next 5 years. This technical project should be considered a technical imperative.
11	Information Services	VDI Infrastructure 2016-2020	40,000		-					40,000	Replace the VDI infrastructure which is end of life and no longer supported for security patching with more cost effective architecture, quote for like for like infrastructure = £175k over 5 years. Compared to traditional PC architecture and a Microsoft deployment solution based on SCCM. This technical project should be considered a technical imperative.
12	Parking Services	Introduction/changes to 3 areas within the Council's car parks	44,850		(20,035)					44,850	Capital costs associated with introduction of overnight parking charges for HVG's parking, introduction of pilot scheme for motorhome overnight parking with charges in Coach Street and Greenfoot car parks, extension of parking charges at the Craven Pool car park approved by Policy Committee Each of these requires some capital funding to cover the set up costs, but will ultimately generate additional income for the service. The capital costs would be required to pay for replacement and new signs, payment/parking management infrastructure e.g. pay machines and changes/new tariff software for machines. There are also some additional revenue running cost implications; however, these will be met through the income generated.

Bid No	Service Unit	Description	2016/17 £	2016/17 External Funding £	Post 2016/17 On-going Revenue Impact £	2017/18 £	2018/19 £	2019/20 £	2017/18 to 2019/20 External Funding £	Total CDC resources all years £	Comments
13	Waste Management	Waste Management Vehicle Reversing Equipment Aid and 360 Degree Camera System	30,500							30,500	Equipment is portable and could be used on other vehicles in the future The installation of warning systems significantly decreases the risk of death or serious injury to operatives or the general public when waste management vehicles are being used.
14	Information Services	Computer Replacement Programme	50,000	-		20,000	20,000	20,000		110,000	Replace Computer and Server equipment which have reached their end of life and no longer support the capacity or security standards of the business. The ESXi servers running all of the businesses critical systems require replacement as do a percentage of the established Laptop equipment. This technical project should be considered a technical imperative.
15	Information Services	UPS & Environment Monitoring Replacement 2016-2020	-	-	-			20,000		20,000	Replace the UPS (Uninterruptable Power Supply) and Environment Monitoring equipment which has reached its end of life and no longer has capacity to maintain the environment in the event of power loss. The UPS equipment protects the technical environment from power fluctuations and disruptions affecting all of the businesses critical systems and data replacement equipment should be sized to meet the capacity requirements of the authority for the next 7 years. This technical project should be considered a technical imperative.
16	Waste management	Route optimisation software to help with waste collections	18,700		-					18,700	Waste collections are not be completed every time and there is an increasing number of houses in Craven. This software can increase speed and efficiency of collection. If license is renewed cost is £26K however if we re-procure cost is £34k
17	Environmental Health and Housing	Refurbishment of an existing self-contained flat, and repair & conversion of unfit bedsit accommodation into eight self-contained flats, plus office and meeting room.	200,000	(70,000)	(10,000)	200,000			(200,000)	130,000	Homeless households need to be rehoused during the works, Risk that HCA bid may not succeed
TOTAL			1,531,050	(308,818)	(30,035)	2,631,500	1,742,000	492,000	(2,352,954)	3,734,778	

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Reserve List - Projects Requiring Further Information

18	Craven Pool	To refurbish and replace existing fitness kit	225,000							225,000	Fitness suite is large element of income from pool and it contributes to the running costs of the rest of the facility. Needs to remain competitive to attract new customers. Update will only take 5 working days with a relatively minor impact on customers. Options for funding proposals being assessed
19	Parking Services	Parking re-surfacing and lining project	398,000			140,000	140,000	140,000		818,000	Resurfacing is necessary to minimise risk of people tripping on uneven surfaces. there will be a requirement for a period of down time within the car parks being resurfaced/lined, however, this would be scheduled for as quiet and minimum time as possible. Schedule of planned works proposal under review
20	Bereavement Services	New walls around the cemeteries.	64,000	-		42,000	50,000	50,000	-	206,000	Some raised bed walls may collapse if not repaired, will make crematorium more aesthetic and reduce chance of compensation claim, usual services not interrupted. Costings and schedule for work requires further assessment.
21	Bereavement Services	Music/Media Replacement Project	10,000		(5,680)					10,000	Increasing functionality and quality of music, a projection facility for the projection of photographs and video's during arrival and webcasting in order to be virtually present. This could increase income. Business case under review including impact on income generation.
22	Bereavement Services	For another exit to be installed at the chapel And other physical improvements.	-	-	-		200,000			200,000	Currently when one group is going in another is going out causing extra upset and stress. Building another exit will help to attract more custom It will be necessary for the business to close for the duration of the works being complete. Business case requires further work - costings and impact on income.
24	Bereavement Services	To widen the existing entry/exit point and adding a new pedestrian access. Or create a new exit.	32,000							32,000	Building a new exit will help reduce upset and stress. It will help the crem remain competitive and there is currently a chance of an accident as mourners are coming in/out at the same time, a new exit reduces the chance of an accident.

Bid No	Service Unit	Description	2016/17 £	2016/17 External Funding £	Post 2016/17 On-going Revenue Impact £	2017/18 £	2018/19 £	2019/20 £	2017/18 to 2019/20 External Funding £	Total CDC resources all years £	Comments
23	Leisure Services	Refurbishment of café layout and equipment, provision of a canopy to extend seating area and decorative and seating alterations	50,000		(20,000)					50,000	A canopy would increase capacity and bring in more people in the summer. Would improve customer satisfaction and ambience within café, potential for more income. There will be some disruption to the café operation whilst the refurbishment works are carried out. Business case costings & income projection need further work.
25	Asset & Facilities Mgt	Skipton Depot redevelopment / refurbishment	900,000								Year 2 of redevelopment project for the depot. Dependant on waste management requirements. Yr 1 phase not commenced
Total of All programmes / Bids			3,210,050	(308,818)	(55,715)	2,813,500	2,132,000	682,000	(2,352,954)	5,275,778	

CAPITAL PROGRAMME 2016-17 to 2018-19

<u>CORPORATE PRIORITY/SCHEME:</u>	Proposed Programme	Forecasted Programme	Forecasted Programme	Forecasted Programme
	2016/17	2017/18	2018/19	2019/20
	£	£	£	£
Strategic Housing Services				
- Disabled Facilities Grants	312,000	312,000	312,000	312,000
- Refurbishment / reconfiguration Aireview House	200,000	200,000	0	0
Waste Management Services				
- Replacement Vehicles	280,000	350,000	300,000	100,000
- Route optimisation software	18,700	0	0	0
- Reversing equipment aids for vehicles	30,500	0	0	0
Projects & Facilities Management				
- Health & Safety Work To Crematorium Roof	18,000	0	0	0
- Cremator Replacement	0	0	1,000,000	0
Projects & Facilities Management	0	100,000	150,000	150,000
- Skipton Depot Major Works				
- Skipton Town Hall / Museum Project	481,500	1,444,500	0	0
- Re-surface Engine Shed Lane	0	185,000	0	0
- Car Parking Machines	40,000	40,000	40,000	40,000
- Car Parking Changes	44,850	0	0	0
Leisure & Community Facilities				
- Pool cover	15,500	0	0	0
Information Services	0	0	20,000	100,000
- VDI Infrastructure	40,000	0	0	0
- Replacement programme	50,000	20,000	20,000	20,000
- UPS & Environmenet monitoring	0	0	0	20,000
- SAN replacement	0	80,000	0	0
- Network firewall	0	0	70,000	0
TOTAL	1,531,050	2,731,500	1,912,000	742,000