

**Policy Committee – 14th February
2017**



CAPITAL PROGRAMME 2017/18

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 2017/18-2020/21, subject to there being sufficient capital resources.

2. Recommendations

That the following be recommended to Council:-

- 2.1 Members approve £460k of slippage and £455k of continuing projects from the 2016/17 programme for projects as identified within the report.
- 2.2 Members approve new capital programme projects of £1,544,807.
- 2.3 Members approve a total capital programme for 2017/18 of £2,459,807.
- 2.4 That the final allocation of funding for the 2017/18 capital programme is confirmed once the outturn position of the 2016/17 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 2017/18 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. **2017/18 Capital Programme**

- 4.1 The proposed capital programme and its funding for 2017/18 of £1.545m is attached at Appendix A. This also details the continuing commitments of £455k, from the 2016/17 programme as well as the projects that require funding slippage equalling £460k. The total proposed Capital programme for 2017/18 equals £2.460m.
- 4.2 The programme currently includes slippage for two projects from the 2016/17 programme, the first being £60k for the Planning Software Replacement and the second being the Aireview House Refurbishment & Remodel, £400k. Any further adjustments will be made as part of the year end processes. The capital proposals also included £72k of projects which have been placed on a reserve list pending further funding becoming available.
- 4.3 A summary of the outline capital programme is shown at Appendix B for 2017/18 to 2020/21. The information for 2018/19 onwards is indicative only and will be subject to confirmation when project details are available.
- 4.4 Table 1 Summarises the estimated capital programme for 2017/18 to 2020/21.

Table 1: Planned Capital Programme

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Vehicles, Plant & Equipment	350	300	100	-
Private Sector Housing	433	433	433	433
Council Properties	1,449	441	4	-
IT facilities	20	-	-	-
Projects carried forward from 2016/17	208	1,397	130	50
Total Capital Programme Costs	2,460	2,571	667	483

- 4.5 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.

- 4.6 Table 2 summarises the current estimated capital resources available to fund the capital programme.
- 4.7 The Council has predominantly used capital receipts or borrowing to fund its capital programme. However 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.
- 4.8 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 2017/18 is shown in Appendix A.

Table 2: Forecast Capital Resources

	2017/18 Estimate £'000	2018/19 Indicative £'000	2019/20 Indicative £'000	2020/21 Indicative £'000
Capital Receipts & Grants at Start of Year (CRR)	2,584	2,297	1,821	1,717
In Year resources - (Capital Grants/receipts received)	1,362	866	433	433
Use of in Year Capital grants	1,122	866	433	433
Use of Capital Receipts (both 16/17 committed and 17/18 indicative)	527	476	104	50
Contribution From NHB Reserve	230	0	0	0
Contribution From Vehicles Reserve	190	91	46	0
Contribution from IT Reserve	185	90	40	0
Contribution from Buildings Reserve	106	49	44	0
Utilisation of Borrowing (MRP Capacity)	100	1,000	0	0
Capital expenditure in year as per Appendix A	2,460	2,572	667	483
Capital Receipts & Grants at end of Year	2,297	1,821	1,717	1,667

- 4.9 The council will have £1.170m of borrowing capacity in 2017/18 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 £100k 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. The borrowing capacities for future years are estimated to be £1.317m in 2018/19, £590k in 2019/20 and £661k in 2020/21.

4.10 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.

4.11 It is expected that there will be revenue savings generated within the 2016/17 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 2016/17 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; NHB Reserve, 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

	2017/18 Estimate £'000	2018/19 Indicative £'000	2019/20 Indicative £'000	2020/21 Indicative £'000
Capital Programme Costs	2,460	2,572	667	483
<u>Funding Resources</u>				
Capital Receipts	527	476	104	50
Capital Grants	1,122	866	433	433
Earmarked Reserves	711	230	130	0
Borrowing	100	1,000	0	0

5.1.2 The 2016/17 programme will utilise funds within the New Homes Bonus, 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	NHB £'000
Estimated Balance Brought Forward 1 April 2017	275	584	260	251	1,271
Allocation To Revenue & Capital Projects 2017/18	(190)	(185)	(111)	(35)	(476)
Contributions Received / Planned 2017/18	30	30	52	20	735
Estimated Balance Carried Forward 31 March 2018	115	429	201	236	1,530

5.2 **Legal implications**

None as a direct result of this report. The Council has a balanced budget for 2017/18, 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**

The Capital programme provides vital funding to ensure that the Council maintains its assets in good order to provide a safe environment for staff and users of the facilities, and ensure appropriate delivery of Council Services.

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 and SLT 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

Planned Capital Programme 2017/18 - onwards

Ref.	Service Unit	Description	2017/18 £	External Contributions 2017/18 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2018/19 £	2019/20 £	2020/21 £	External Contributions in 18/19 to 20/21 £	Funding Allocation
New Bids for 17/18											
CAP01 17/18	Craven Pool & Fitness Centre	Install a controller (access gate) leading down to the dance studio/spin studio and pool so that all customers are required to record their activities and avoid ad-hoc customer entering without paying	11,000	-	11,000	(3,480)	-	-	-	-	Buildings Reserve
CAP02 17/18	Skipton Town Hall	Investment in improving the Bar and Café Facilities at Skipton Town Hall.	181,000	-	181,000	(64,000)	-	-	-	-	Buildings Reserve
CAP03 17/18	Car Parking	4 Year programme of maintenance of the condition of the Council Car Parks - to maximise Revenue & mitigate liability claims.	15,000	-	15,000	-	9,000	4,000	-	-	Buildings Reserve
CAP04 17/18	Craven Pool & Fitness Centre	Replacement of Building Energy Management System (BEMS)	21,500	-	21,500	(2,000)	-	-	-	-	Buildings Reserve
CP07 17/18	Environmental Services & Housing	Statutory Delivery Disabled Facilities Grants (DFG)	433,307	(433,307)	-	-	433,307	433,307	433,307	(1,299,921)	Grant
CAP08 17/18	Craven Pool & Fitness Centre	Replacement of moveable floor (floor panels) to "learner pool"	45,000	-	45,000	-	-	-	-	-	Buildings Reserve
CAP11 17/18	Strategic Housing Services	Remodelling of Aireview House	350,000	(175,000)	175,000	-	-	-	-	-	Grant & Reserves
CAP13 17/18	ICT & Transformation	Replace the current Web hosting arrangements	20,000	-	20,000	-	-	-	-	-	IT Reserve
CAP14 17/18	Assets & Commercial Services	Skipton Town Hall - Phase III works	100,000	-	100,000	-	432,290	-	-	-	NHB
CAP15 17/18	Assets & Commercial Services	Shared Ownership - Burnroyd Avenue	325,000	(72,000)	253,000	-	-	-	-	-	£13k Capital Receipts £72k HCA Grant (Assumed sales at 50% = £240k)
CPF 01	Craven Pool	To refurbish and replace existing fitness kit	-	-	-	-	225,000	-	-	-	TBC
WM 02	Waste management	4 Post Vehicle Lift for Commercial Vehicles (Vehicle Workshop)	20,000	-	20,000	-	-	-	-	-	Vehicle Reserve
BR 01	Bereavement Services	New walls around the cemeteries.	10,000	-	10,000	-	42,000	50,000	50,000	-	Capital Receipts
BR 07	Bereavement Services	Refurbishment of Garages and Outbuildings, Waltonwrays	13,000	-	13,000	-	-	-	-	-	Buildings Reserve
Total 17/18 Bids			1,544,807	(680,307)	864,500	(69,480)	1,141,597	487,307	483,307	(1,299,921)	
Ref.	Service Unit	Description	2017/18 £	External Contributions 2017/18 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2018/19 £	2019/20 £	2020/21 £	External Contributions in 18/19 to 20/21 £	Funding Allocation
Continuing Commitments from 16/17 Bids											
16/17 - Cont	IT	Public Sector Network (PSN) Code of Connection (CoCo)	5,000	-	5,000	-	-	-	-	-	IT Reserve
16/17 - IS 03	Information Services	SAN Replacement 2016-2020	80,000	-	80,000	-	-	-	-	-	IT Reserve
16/17 - IS 01	Information Services	Computer Replacement Programme	20,000	-	20,000	-	20,000	20,000	-	-	IT Reserve
16/17 - slipped	Information Services	Replacement Planning Software	60,000	-	60,000	-	-	-	-	-	IT Reserve
16/17 - Cont	Waste Management	Vehicle replacements	350,000	-	350,000	-	300,000	100,000	-	-	Vehicle Reserve & Capital Receipts
16/17 - slipped	Environmental Services & Housing	Aireview House Refurbishment & Remodel - combined with CAP11 17/18 above	400,000	-	400,000	-	-	-	-	-	Grant & Reserves
16/17 - PK 01	Parking Services	Parking payment machine replacement	-	-	-	-	40,000	40,000	-	-	TBC
16/17 - IS 02	Information Services	Network & Firewall Replacement 2016-2020	-	-	-	-	70,000	-	-	-	IT Reserve
16/17 - BR 05	Bereavement Services	Cremator replacement	-	-	-	-	1,000,000	-	-	-	Borrowing
16/17 - IS 04	Information Services	UPS & Environment Monitoring Replacement 2016-2020	-	-	-	-	-	20,000	-	-	IT Reserve
Total 16/17 Bids Continuing			915,000	0	915,000	0	1,430,000	180,000	0	0	
Total 16/17 & 17/18 Bids			2,459,807	(680,307)	1,779,500	(69,480)	2,571,597	667,307	483,307	(1,299,921)	

CAPITAL PROGRAMME 2017/18 to 2020/21

CORPORATE PRIORITY/SCHEME:	Proposed Programme 2017/18	Forecasted Programme 2018/19	Forecasted Programme 2019/20	Forecasted Programme 2020/21
	£	£	£	£
Strategic Housing Services				
- Disabled Facilities Grants	433,307	433,307	433,307	433,307
- Refurbishment / reconfiguration Aireview House * <i>including slipped programme from 2016/17</i>	750,000	-	-	-
Waste Management Services				
- Replacement Vehicles	350,000	300,000	100,000	
- 4 Post Vehicle Lift for Vehicle Workshop	20,000	-	-	-
Projects & Facilities Management				
- Refurbishment of Garages and Outbuildings, Waltonwrays	13,000	-	-	-
- Maintain walls around the cemeteries	10,000	42,000	50,000	50,000
- Cremator Replacement	-	1,000,000	-	-
Projects & Facilities Management				
- 4 Year programme of maintenance of the Council Car Parks	15,000	9,000	4,000	
- Skipton Town Hall Bar & Café improvements	181,000	-	-	-
- Parking payment machine replacement	-	40,000	40,000	-
- Skipton Town Hall - Phase III Works * <i>year two subject to grant funding</i>	100,000	432,290	-	-
- Burnroyd Avenue - Shared Ownership	325,000	-	-	-
Leisure & Community Facilities				
- Install a controller (access gate)	11,000	-	-	-
- Replacement of Building Energy Management System (BEMS)	21,500	-	-	-
- Replacement of moveable floor (floor panels) to "learner pool"	45,000	-	-	-
- To refurbish and replace existing fitness kit	-	225,000	-	-
Information Services				
- Replace the current Web hosting arrangements	20,000	-	-	-
- Replacement programme	20,000	20,000	20,000	-
- Replacement Planning Software	60,000	-	-	-
- SAN replacement	80,000	-	-	-
-Network Firewall Replacement	-	70,000	-	-
- UPS & Environment Monitoring Replacement 2016-2020	-	-	20,000	-
- Public Sector Network (PSN) Code of Connection (CoCo)	5,000	-	-	-
TOTAL	2,459,807	2,571,597	667,307	483,307