

**Policy Committee – 11<sup>th</sup> February 2014**



**CAPITAL PROGRAMME 2014/15**

Report of the Corporate Head of Financial Management

Ward(s) affected: All

**1. Purpose of Report**

- 1.1 To seek approval of the proposed capital programme for 2014/15-2017/18, subject to there being sufficient capital resources.

**2. Recommendations**

That the following be recommended to Council:-

- 2.1 Members approve the 2014/15 capital programme of £1.608m.
- 2.2 That the final allocation of funding for the 2014/15 capital programme is confirmed once the outturn position of the 2013/14 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 Strategy of four 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.

- The proposed capital programme is submitted for Member consideration alongside the proposed revenue budget for the 2014/15 financial year.
- Capital resources are identified to meet all proposals and potential slippage should Members choose to proceed with all of them.

#### 4. **2014/15 Capital Programme**

- 4.1 The proposed capital programme and its funding for 2014/15 of £1.608m in summary is attached at Appendix A. The programme also includes currently known slippage from the 2013/14 programme as identified from the Q2 budget monitoring reported to the meeting of Policy Committee on 19 November 2013. In addition, the project for the Town Hall of £220k, also approved at that meeting, is included for completeness.
- 4.2 The details of each project within the programme is attached at Appendix B.
- 4.3 A summary of the outline capital programme is shown at Appendix C for 2014/15 to 2017/18. The information for 2015/16 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 2014/15 to 2017/18.

**Table 1: Planned Capital Programme**

	<b>2014/2015 £</b>	<b>2015/2016 £</b>	<b>2016/2017 £</b>	<b>2017/2018 £</b>
Vehicle replacements	439,000	405,000	245,000	290,000
Private Sector Housing	312,000	312,000	312,000	312,000
Council Properties	480,700	1,325,000	300,000	300,000
IT facilities	146,500	180,000	110,000	110,000
Miscellaneous projects	0	30,000	30,000	30,000
Projects carried forward from 2013/14	230,000	0	0	0
<b>Total Capital Programme Costs</b>	<b>1,608,200</b>	<b>2,252,000</b>	<b>997,000</b>	<b>1,042,000</b>

- 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 The Council has predominantly used capital receipts or borrowing to fund its capital programme. Capital receipts are a finite resource and the projects identified will eventually 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 council will have £637k of borrowing capacity carried forward from 2013/14, and £311k will be generated in 2014/15 giving a total of £966k 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 £450k of the MRP capacity is utilised to fund the programme.

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

**Table 2: Forecast Capital Resources**

	2014/2015 Estimate £'000	2015/2016 Indicative £'000	2016/2017 Indicative £'000	2017/2018 Indicative £'000
Capital Receipts & Grants at Start of Year	1,716	976	0	0
In Year resources - disposals	0	455	0	0
In Year resources - grants	188	187	187	187
Contribution From New Homes Bonus	220	0	0	0
Contribution from IT Reserve	10	0	0	0
Contribution from Buildings Reserve	0	0	0	0
Utilisation of Borrowing (MRP Capacity)	450	634	811	855
Capital expenditure in year as per Appendix A & C	1,608	2,252	998	1,042
Capital Receipts at end of Year	976	0	0	0

4.9 The capital programme currently indicates it will be necessary to utilise all available forecasted capital receipts by the end of 2015/16 unless alternative funds are identified from revenue. Consideration therefore needs to be given to funding projects from revenue or reserves, as well as capital receipts and borrowing. The allocation of current resources to projects in 2014/15 is shown in Appendix A. In addition projects suitable for funding from revenue are also identified.

- 4.10 It is expected that there will be revenue savings generated within the 2013/14 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 213/14 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**

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Capital Programme Costs	1,608	2,252	998	1,042
<b><u>Funding Resources</u></b>				
Capital Receipts	741	1,431	0	0
Capital Grants	187	187	187	187
New Homes Bonus	220	0	0	0
IT Reserve & Buildings Reserves	10	0	0	0
Borrowing	450	634	998	855

- 5.1.2 The 2013/14 programme will utilised the majority of funds within the IT and Buildings reserves and therefore consideration will need to be given for further in year contributions to these reserves.

**Table 4: Earmarked Reserves**

	Vehicles £'000	IT £'000	Buildings £'000	Enabling £'000
Estimated Balance Brought Forward 1 April 2014	50	28	10	258
Allocation To Revenue & Capital Projects	0	10	0	0
Contributions Received / Planned 2014/15	0	0	0	20
Estimated Balance Carried Forward 31 March 2015	50	18	10	278

## 5.2 Legal implications

None as a direct result of this report. The Council has a balanced budget for 2014/15, 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 Council's 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 Summary 2014/15.  
Appendix B – Capital Projects Detail 2014/15  
Appendix C – Indicative Capital Programme 2015/16 to 2017/18

**CAPITAL PROGRAMME 2014/15**

<u>Scheme Description</u>	2013/14 Approved / Slipped Projects £	2014/15 New Projects £	2014/15 Total Capital Programme £	Funding				Total Funding
				Grant £	Revenue or Reserve £	Capital Receipts £	Borrowing or Lease £	
Skipton Depot Project		250,000	250,000				250,000	250,000
Biomass Boiler at Skipton Town Hall		125,000	125,000			125,000		125,000
Instal PV Panels at Skipton Town Hall & Whitefriars PC's		43,000	43,000			43,000		43,000
Skipton Town Hall / Museum Works	220,000		220,000		220,000			220,000
Ashfield Public Conveniences Refurbishment		40,000	40,000			40,000		40,000
Replace pool moveable floor panels and control unit terminal*		22,700	22,700			22,700		22,700
Upgrade VMware Software*	10,000		10,000		10,000			10,000
Public Sector Network (PSN) Code of Connection (CoCo)*		20,000	20,000			20,000		20,000
Replacement Planning System*		30,000	30,000			30,000		30,000
LLPG System Replacement*		30,000	30,000			30,000		30,000
Craven Pool Software System Replacement*		49,000	49,000			49,000		49,000
Democratic Services Software*		17,500	17,500			17,500		17,500
Disabled Facilities Grants		312,000	312,000	187,526		124,474		312,000
Replacement Vehicles*		439,000	439,000			239,000	200,000	439,000
<b>TOTAL</b>	<b>230,000</b>	<b>1,378,200</b>	<b>1,608,200</b>	<b>187,526</b>	<b>230,000</b>	<b>740,674</b>	<b>450,000</b>	<b>1,608,200</b>

Note: Projects marked \* are assessed as suitable for funding from revenue resources.

**PROPOSED CAPITAL PROGRAMME FOR 2014-15**

<b>Scheme Details</b>	<b>Cost £</b>	<b>Revenue Implications £</b>
<p><b>Skipton Depot Project</b> The Waste Management Depot on Engine Shed Lane in its current state is beyond its economic life. With the changes in the way recycling material is dealt with, i.e. recycling will be deposited at the new Yorwaste Waste Transfer Station instead of the depot and then collected and taken away, it is timely that the Engine Shed Lane site/location of the depot site is considered in terms of future delivery requirements with the aim of providing a cost effective, efficient, fit for purpose depot facility. Two year project total £1.15m indicative cost subject to business case.</p>	250,000	
<p><b>Solar PV on Skipton Town Hall &amp; Whitefriars PC's</b> To install a 23 kWp Solar PV array on the Southern orientated hall roof of Skipton Town Hall. Building on the current Solar PV programme at the Pool and Unit 21 and subject to planning it is proposed to install a PV array to provide electricity and reduce the running costs and provide an income through the Governments Feed In Tariff Scheme. It will ensure the impact of introduction of the electricity Market Reform on the council electricity bills will be reduced on this site. The payback for the scheme will be approx. 8 years with a further 12 years income (20 year Feed In Tariff Programme).</p>	43,000	(4,750)
<p><b>Biomass Boiler at Skipton Town Hall</b> To install a Biomass Pellet boiler up to 199 kW at Skipton Town Hall to provide heat to all or sections of the building. The current heating system (including radiators, pipework and boilers) is old, inefficient and is leaking water. Therefore a new heating system is required to replace this current system. The proposed Biomass system would heat the required areas of the building and would receive the governments Renewable Heat Incentive payments which would ensure the project will payback in approx. 12 years depending upon the final design and whether we can sell heat to tenants. This would then be followed by a further 8 years revenue income for generating renewable heat for the building.</p>	125,000	(11,500)
<p><b>Skipton Town Hall Refurbishment &amp; Alterations</b> Subject of report to Policy Committee on 19 November 2013 on Skipton Town Hall business plan. To be funded from New Homes Bonus Reserve.</p>	220,000	
<p><b>Asfield Public Conveniences Refurbishment for Settle TIC Project</b> Currently Asfield Toilet is a redundant toilet but the aim is to move Settle TIC into the building and possibly create a shop for letting. The result will be a saving on Settle Town Hall costs and the additional income from the letting of a shop unit. Bid in total £80k spread over 2 years 14/15 and 15/16</p>	40,000	(12,000)
<p><b>Upgrade VMware Software*</b> Professional Services resource is required to assist with the upgrade of our virtual server software vSphere from 4.1 to 5.1 and also the virtual desktop software VMview from 4. To 5. (Enhancement to asset AS1010). Technical expertise is required to work alongside internal ICT staff due to the complexity of the work involved and the potential risks and impact to the business. Project identified to slip from 2013/14 to 2014/15 Q2 budget monitoring.</p>	10,000	

Scheme Details	Cost £	Revenue Implications £
<p><b>Public Sector Network (PSN) Code of Connection (CoCo)</b></p> <p>The Council has to comply with the Public Sector Network (PSN) Code of Connection (CoCo) to a minimum security level. The risk to the business of not addressing these issues is the loss of the PSN connection and the Council being unable to deliver its benefit service. Councils who are late, or do not meet the necessary level, will be publicised leading to a poor reputation. Work required - 1. Patch Management of Windows Servers 2. Additional IT Security checks both external and internal on the network with remediation work. 3. Implementation of more Network monitoring to ensure compliance of security and data. 4. Software Asset Management.</p>	20,000	2,100
<p><b>Replacement Planning System</b></p> <p>Currently Craven DC use Civica APP in Environmental Health and Licensing. Craven also use Civica FastSuite for Planning and BuildingControl. Although no de-support notice has been issued, it is likely that, at some point in the short to medium term, Civica will look to migrate all FastSuite sites onto APP which is already able to provide the necessary functionality for Planning and Building Control. Land Charges at Craven DC currently use only a paper-based system and have no means of electronically compiling searches. This is quite inefficient and these processes could be improved upon. Two year project total cost £100k.</p>	30,000	
<p><b>LLPG System Replacement</b></p> <p>Craven's LLPG is one of the authority's most valuable data sets. Although it is live data - at present it is stand alone and used to update external bodies via the NLPG every 6 weeks. Cravens internal business applications do not use the LLPG as their source of addressing data and addresses are maintained separately and to varying degrees of accuracy in each system thus creating duplication of effort and discrepancy.</p>	30,000	
<p><b>Craven Pool Software System Replacement</b></p> <p>Current Software system is out of date and requires updating. Recent audit report confirmed this and recommended replacement. The current membership has grown from 400 members to 1,600 plus. In addition the current till system cannot support the services now being offered such as online booking and electronic payments.</p>	49,000	825
<p><b>Vehicle replacements</b></p> <p>Year two of a four-year programme of vehicle replacement as part of a rolling seven-year programme. As with year one an options appraisal for the alternative methods of financing the acquisitions via prudential borrowing, use of capital receipts, leasing, or contract hire will be undertaken prior to purchase. (This is an ongoing project with projected cost in future years.)</p>	439,000	
<p><b>DFG programme</b></p> <p>DCLG expects the local authority to contribute at least 40% towards the cost of DFGs. It is expected that any fluctuation in DCLG funding would be matched by the same fluctuation in LA funding to maintain a 60:40 commitment. (This is an ongoing project with projected cost in future years.)</p>	312,000	



Scheme Details	Cost £	Revenue Implications £
<p><b>Replacement of moveable floor (floor panels) and control unit terminal at Craven Pool</b> To replace the 10yr old small pool flooring unit and controller unit (digital touch screen). To continue allowing community access to disabled groups and those in need of physiotherapy. Also an integral part of the swimming lesson scheme. Currently a £200,000/annum source of revenue for the centre.</p>	22,700	
<p><b>Democratic Services Software</b> Streamline meeting and agenda management including the production of agendas, reports packs, minutes and decision lists and automated publishing of this content to intranet and internet websites. Enable Members to move to paper-less working via use of an app for automatically downloading, viewing, and annotating meeting papers.</p>	17,500	6,500
<b>TOTAL CAPITAL PROGRAMME</b>	<b>1,608,200</b>	<b>(18,825)</b>

\* Slipped project from 2013/14

**CAPITAL PROGRAMME 2014-15 to 2017-18**

	<b>Proposed Programme</b>	<b>Forecasted Programme</b>	<b>Forecasted Programme</b>	<b>Forecasted Programme</b>
<b><u>CORPORATE PRIORITY/SCHEME:</u></b>	<b>2014/15 £</b>	<b>2015/16 £</b>	<b>2016/17 £</b>	<b>2017/18 £</b>
<b><u>Empowering Communities</u></b>				
<b>Strategic Housing Services</b>				
- Disabled Facilities Grants	312,000	312,000	312,000	312,000
<b><u>Reducing Carbon</u></b>				
<b>Waste Management Services</b>				
- Replacement Vehicles	439,000	405,000	245,000	290,000
<b>Projects &amp; Facilities Management</b>				
- Town Hall & PC's PV panels	43,000			
<b><u>Council Transformation</u></b>				
<b>Projects &amp; Facilities Management</b>		200,000	300,000	300,000
- Skipton Depot Major Works	250,000	900,000		
- Skipton Town Hall Boiler	125,000			
- Skipton Town Hall / Museum Project	220,000			
- Re-surface Engine Shed Lane		185,000		
- Settle TIC Project	40,000	40,000		
<b>Leisure &amp; Community Facilities</b>				
- Pool moveable floor refurbishment	22,700			
<b>Information Services</b>		100,000	100,000	100,000
- Upgrade VMware Software	10,000			
- Public Sector Network	20,000	10,000	10,000	10,000
- Planning System	30,000	70,000		
- LLPG System	30,000			
- Carven Pool Software System	49,000			
- Democratic Services Software	17,500			
<b>Miscellaneous</b>		30,000	30,000	30,000
		0	0	0
<b>TOTAL</b>	<b>1,608,200</b>	<b>2,252,000</b>	<b>997,000</b>	<b>1,042,000</b>