

**Policy Committee – 17th February
2015**



CAPITAL PROGRAMME 2015/16

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

Ward(s) affected: All

1. Purpose of Report

- 1.1 To seek approval of the proposed capital programme for 2015/16-2018/19, subject to there being sufficient capital resources.

2. Recommendations

That the following be recommended to Council:-

- 2.1 Members approve the 2015/16 capital programme of £1,328,540.
- 2.2 That the final allocation of funding for the 2015/16 capital programme is confirmed once the outturn position of the 2014/15 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.

- The proposed capital programme is submitted for Member consideration alongside the proposed revenue budget for the 2015/16 financial year.
- Capital resources are identified to meet all proposals and potential slippage should Members choose to proceed with all of them.

4. **2015/16 Capital Programme**

- 4.1 The proposed capital programme and its funding for 2015/16 of £1.328m in summary is attached at Appendix A. The programme also includes currently known slippage for work to Skipton Depot from the 2014/15 programme.
- 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 2015/16 to 2018/19. The information for 2016/17 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 2015/16 to 2018/19.

Table 1: Planned Capital Programme

	2015/2016 £'000	2016/2017 £'000	2017/2018 £'000	2018/2019 £'000
Vehicle replacements	534	280	350	300
Private Sector Housing	360	312	312	312
Council Properties	40	3,185	300	300
IT facilities	144	110	110	110
Projects carried forward from 2014/15	250	0	0	0
Total Capital Programme Costs	1,328	3,887	1,072	1,022

- 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 £426k of borrowing capacity carried forward from 2014/15, and £349k will be generated in 2015/16 giving a total of £775k 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 £300k 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

	2015/2016 Estimate £'000	2016/2017 Indicative £'000	2017/2018 Indicative £'000	2018/2019 Indicative £'000
Capital Receipts & Grants at Start of Year	1,300	1,395	242	121
In Year resources - disposals	475	0	0	0
In Year resources - grants	239	1,976	191	191
Contribution From Vehicles Reserve	225	50	50	50
Contribution from IT Reserve	144	40	40	40
Contribution from Buildings Reserve	40	0	0	0
Utilisation of Borrowing (MRP Capacity)	300	668	670	620
Capital expenditure in year as per Appendix A & C	1,328	3,887	1,072	1,022
Capital Receipts at end of Year	1,395	242	121	0

- 4.9 The capital programme currently indicates it will be necessary to utilise nearly all available forecasted capital receipts by the end of 2016/17 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 2014/15 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 2014/15 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

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Capital Programme Costs	1,328	3,887	1,072	1,022
<u>Funding Resources</u>				
Capital Receipts	380	1,153	121	121
Capital Grants	239	1,976	191	191
IT Reserve & Buildings Reserves	409	90	90	90
Borrowing	300	668	670	620

5.1.2 The 2015/16 programme will utilise funds within the 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
Estimated Balance Brought Forward 1 April 2015	230	159	162
Allocation To Revenue & Capital Projects	(225)	(144)	(40)
Contributions Received / Planned 2015/16	75	30	30
Estimated Balance Carried Forward 31 March 2016	80	45	152

5.2 **Legal implications**

None as a direct result of this report. The Council has a balanced budget

for 2015/16, 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 Summary 2015/16.
Appendix B – Capital Projects Detail 2015/16
Appendix C – Indicative Capital Programme 2016/17 to 2018/19

CAPITAL PROGRAMME 2015/16

<u>Scheme Description</u>	2014/15	2015/16	2015/16	Proposed Funding				
	Approved / Slipped Projects £	New Projects £	Total Capital Programme £	Grant £	Revenue or Reserve £	Capital Receipts £	Borrowing or Lease £	Total Funding
Skipton Depot Project	250,000	0	250,000				250,000	250,000
Skipton Town Hall / Museum Works		0	0					0
Ashfield Public Conveniences Refurbishment*		40,000	40,000		40,000			40,000
Public Sector Network (PSN) Code of Connection (CoCo)*		10,000	10,000		10,000			10,000
Replacement Planning System*		70,000	70,000		70,000			70,000
Financial Management System Upgrade (Agresso)*		37,520	37,520		37,520			37,520
Payroll System Upgrade / Replacement*		27,020	27,020		27,020			27,020
Disabled Facilities Grants		360,000	360,000	239,000		121,000		360,000
Replacement Vehicles*		534,000	534,000		225,000	259,000	50,000	534,000
TOTAL	250,000	1,078,540	1,328,540	239,000	409,540	380,000	300,000	1,328,540

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

SUMMARY OF CAPITAL BIDS FOR 2015-16

Bid Ref	Description	COST £	External Funding £	CDC cost £	Revenue Implications £
AFM1	Skipton Depot Project 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. 2 Year project of which year 1 costs are £250k originally scheduled for 2014/15 but will now take place 2015/16	250,000		250,000	
AFM2	Ashfield Public Conveniences Refurbishment for Settle TIC Project Currently Ashfield 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. Year 2 of project. Total costs for project £80k.	40,000		40,000	
AFM3	Re-surface Engine Shed Lane This Council has sole ownership of Engine Shed Lane and sole responsibility for its maintenance. The road has been repaired by filling-in potholes over the past years, but now the road has degraded beyond repair and requires re-surfacing. The road services a number of private business and the Council's waste collection facility. Some work will be done to it in 2015/16 alongside the depot project. Longer term external contributions being sought	185,000		185,000	
AFM4	Skipton Town Hall Refurbishment & Alterations Subject of reports to Policy Committee on-going project over number of years. Indicative costs for 2016/17.	2,000,000	(1,600,000)	400,000	
IT1	Public Sector Network (PSN) Code of Connection (CoCo) 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.	10,000		10,000	

Bid Ref	Description	COST £	External Funding £	CDC cost £	Revenue Implications £
IT2	<p>Replacement Planning System</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. Year 2 of implementation project costs. Total project cost £100k</p>	70,000		70,000	
FM1	<p>Financial Management System - Agresso - Upgrade</p> <p>The council uses Agresso for its financial management system. The version currently in use has now been superceded and the software supplier will be withdrawing support for the product. The council is therefore required to move to the latest version of the software to ensure continued system integrity and support.</p>	37,520		37,520	
FM2	<p>Payroll System - iTrent</p> <p>The Council currently procures its payroll system (iTrent) via a three way service level agreement with Hambleton and Richmondshire Councils (Hambleton host the service. The SLA is due to expire in September 2015 There is an option to extend for a further 6 months to March 2016 at which point the current SLA will cease. Due to nework issues with Hambleton the options to the Council are: CDC hosts the service for Richmondshire or vice versa or the system is hosted by the software supplier.</p>	27,020		27,020	
WM1	<p>Vehicle replacements</p> <p>The Council has a rolling seven-year programme for vehicle replacement. An options appraisal for the alternative methods of financing the acquisition via prudential borrowing, use of capital receipts, leasing, or contract hire are undertaken for each year of the programme. (This is an ongoing project with projected cost in future years.)</p>	534,000		534,000	
EH1	<p>DFG programme</p> <p>Disabled Facilities Grants are mandatory grants for which DCLG provides funding and expects the local authority to contribute towards the costs. (This is an ongoing project with projected cost in future years.)</p>	360,000	(239,000)	121,000	

CAPITAL PROGRAMME 2015-16 to 2018-19

<u>CORPORATE PRIORITY/SCHEME:</u>	Proposed Programme	Forecasted Programme	Forecasted Programme	Forecasted Programme
	2015/16	2016/17	2017/18	2018/19
	£	£	£	£
<u>Empowering Communities</u>				
Strategic Housing Services				
- Disabled Facilities Grants	360,000	312,000	312,000	312,000
<u>Reducing Carbon</u>				
Waste Management Services				
- Replacement Vehicles	534,000	280,000	350,000	300,000
<u>Council Transformation</u>				
Projects & Facilities Management		100,000	300,000	300,000
- Skipton Depot Major Works	250,000	900,000		
- Skipton Town Hall / Museum Project		2,000,000		
- Re-surface Engine Shed Lane		185,000		
- Settle TIC Project	40,000			
Information Services		100,000	100,000	100,000
- Upgrade VMware Software				
- Public Sector Network	10,000	10,000	10,000	10,000
- Planning System	70,000			
- Financial Management System	37,520			
- Payroll System	27,020			
		0	0	0
TOTAL	1,328,540	3,887,000	1,072,000	1,022,000