

NOT FOR PUBLICATION

Appendices B & C contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Report to: **Council**
Date: **12 February 2019**
Title: **Capital Budget Proposals for 2019/20**
Portfolio Area: **Budget Proposals – Cllr P R Sanders**
Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

It is recommended to Council to:-

- 1. approve the Capital Programme Proposals for 2019/20, which total £500,000 (Appendix A)**
- 2. approve the Capital Programme Proposals for 2019/20, which total £5,553,000 (Exempt Appendix C)**
- 3. finance the 2019/20 Capital Programme of £6,053,000 from the funding sources set out in Section 4.**

1. Executive summary

1.1 The report sets out the Capital Bids to the 2019/20 Capital Programme totalling £6,053,000 and a suggested way that these Bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.

1.2 The Council has limited resources, in the form of capital receipts, to fund Capital Projects in 2019/20.

Consideration needs to be given to the funding options for the 2019/20 Capital Programme. The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.

1.3 The Prudential Code for capital, which came into effect from 1st April 2004, replaced the previous Government regulated limits on capital expenditure and borrowing. In its place Councils now have the power to determine their own appropriate levels of capital expenditure and borrowing for capital purposes, based on the principles of affordability, prudence and sustainability.

1.4 The Code requires the Council, in setting its capital spending plans, to assess the impact on its revenue account and council tax levels. Section 4 demonstrates that there are sufficient capital funds (which includes PWLB borrowing for commercial acquisitions) in 2019/20 to fund the bids which have been submitted by project officers within the Council.

2. Background

2.1 The capital programme for 2018/19 was approved by Council on 20 February 2018 (CM57 and HC61 refer).

2.2 A new Capital Programme is proposed for 2019/20. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during July 2018 on the strict proviso that all bids must go towards meeting a strategic priority. All capital bids received would be ranked against a prescribed priority criteria set out in the bid process.

2.3 The submitted capital bids have now been assessed against the categories in each priority. Priority 1 categories include meeting strategic priorities and statutory obligations (e.g. Health and Safety, DDA etc) and other capital works required to ensure the existing Council property assets remain open. Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending. A capital bid that will enable rationalised service delivery or improvement is also considered a Priority 2 category to meet the Council's aims and objectives.

2.4 The programme outlines the principles of the projects proposed for capital expenditure and includes an estimate of predicted costs including fees. All projects will be subject to project appraisals as required under the Council's Asset Strategy.

3. Outcomes/outputs

Members are requested to give their views on the proposals for the Capital Programme for 2019/20. Appendix A and exempt Appendix C set out the bids which total £6,053,000.

3.1 Capital Programme 2019/20

3.2 Community Project Grants

There is sufficient underspend in the 2018/19 Capital Programme on this project which can be rolled forward into 2019/20. Therefore no new budget allocation is required for 2019/20 however an allocation of £36,000 per annum has been modelled for 20/21 onwards.

3.3 Affordable Housing

Within the last year, the capital programme has helped to support the following schemes:

- Cannonsmead Cottages, South Tawton. This is a scheme of 6 units of rented accommodation owned and managed by Rural Specialists Hastoe Housing. The properties have been advertised through Devon Home Choice and are now occupied by people with a local connection to South Tawton. A final contribution of £50,000 was made to Hastoe on completion and occupation of the development.

- Walkham Meadows, Horrabridge. This scheme is 10 units all of which are for affordable rent. The scheme is being owned and managed by Live West who also own the properties on the adjacent scheme. The properties were advertised through Devon Home Choice and are now occupied.

In terms of the capital programme, housing officers would like to ask for £50k to support schemes similar to those above. Further developments have not yet been identified but this amount is requested to enable affordable housing developments to come forward.

3.4 Private Sector Renewals (including Disabled Facilities Grants)

This budget is used to fund Private Sector Renewals, primarily Disabled Facilities Grants (DFG's). DFG's are mandatory, means tested and enable people to live independently within their own home. Adaptations range from simple stair lifts and Level Access Showers through to full extensions. The budget of £450,000 will be funded from the Better Care Fund (Government Grant). The demand for DFG's is not under our control and cannot be predicted at this stage.

3.5 Hayedown Depot, Tavistock – upgrade

Details of this capital proposal are included in exempt Appendix B.

3.6 Hayedown Depot, Tavistock – new drainage system

Details of this capital proposal are included in exempt Appendix B.

3.7 Waste Fleet Replacement

A report on Frontline Services (Waste and Cleansing Procurement) was presented to Council in December 2018. Council resolved to approve the upfront costs of vehicle purchases required in 2019/20 (CM42 refers). A detailed fleet procurement programme for the future will be presented to Members early in 2019.

3.8 Development Opportunities

Details of development opportunity capital schemes are included in exempt Appendix B. A separate report from the Group Manager for Business Development was also on the January 2019 Hub Committee Agenda, which gives further information.

4 FINANCING THE CAPITAL PROGRAMME

4.1 Capital bids shown in Appendix A total £500,000 with the total of bids in exempt Appendix C being £5,553,000. Funding of £6,053,000 is therefore required. The table below shows the recommended way that these projects are financed:-

Capital Programme 2019/20 <i>Appendix A (£500,000) and exempt Appendix C bids (£5,553,000)</i>	£ 6,053,000
Funded By:	
Innovation (Invest to Earn) Reserve*	150,000
Strategic Change Reserve*	167,000
Vehicle & Plant Renewals Reserve*	50,000
16/17 Budget Surplus Contingency Reserve*	179,000
Better Care Grant funding towards Disabled Facilities Grants (estimated)	450,000
New Homes Bonus	80,000
S106 receipts(up until 31/3/2020)	408,000
Capital receipts	100,000
Borrowing (this is a proportion of the total PWLB borrowing for the projects shown within the West Devon Commercial Developments report and relates to the capital expenditure up to the 19/20 year only)	4,469,000
TOTAL	6,053,000

*These amounts of funding have already been approved by Council on 4th December 2018 as part of the report on Frontline Services (Waste and Cleansing Procurement)

5. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	The Hub Committee is responsible for control of the Council's capital expenditure. The Hub Committee recommends the Capital Programme to Council in February 2019. The Heads of Finance and Assets Practices are responsible for providing Capital Monitoring reports to the Hub Committee, detailing the latest position of the Council's Capital Programme.

		<p>Council is responsible for setting the Capital Programme and approving the Capital Budget, following consideration and recommendation from the Hub Committee.</p> <p>Since there is commercially sensitive information in Appendices B and C, regarding the budgets for individual projects, there are grounds for the publication of these Appendices to be restricted, and considered in exempt session.</p> <p>The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the Appendices. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p>
Financial	Y	<p>The report sets out the Capital Bids to the 2019/20 Capital Programme totalling £6,053,000 and a suggested way that these bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.</p> <p>Section 4 demonstrates that there are sufficient capital funds (which includes PWLB borrowing for commercial acquisitions) in 2019/20 to fund the bids which have been submitted by project officers within the Council.</p>
Risk	Y	<p>There is a risk that the Capital Programme does not meet the Council's strategic priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal. This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.</p>

		<p>The Council demonstrates that capital investment contributes to strategic priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Summary of Capital Bids for 2019/2020

EXEMPT – Appendix B – Details of exempt Capital Bids

EXEMPT - Appendix C – Summary of exempt Capital Bids for 2019/2020 (table)

Background papers

Capital Programme for 2018/19 - Council 20 February 2018 (CM57 and HC61 refer)