

CAPITAL PROGRAMME & ASSET MAINTENANCE 2016/19

Cabinet - 4 February 2016

Report of Chief Finance Officer

Status: For Decision

Also considered by: Finance Advisory Committee - 25 January 2016

Key Decision: No

Executive Summary: This report sets out the proposed 2016/19 Capital Programme, with supporting documentation in a standard format for individual scheme bids. Projected capital receipts are included, indicating the proposed financing of the Programme. A proposed overall provision limit for Asset Maintenance is also made.

This report supports the Key Aim of effective management of Council resources

Portfolio Holder Cllr. Searles

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Recommendation to Cabinet:

- (a) the Capital Programme 2016/19 and funding method set out in Appendix B be approved, and
- (b) the proposed Asset Maintenance budget of £490k be agreed for 2016/17.

Reason for recommendation: To comply with the Councils Procedure Rules and sound financial management principles.

Introduction and Background

- 1 A copy of the existing 2015/18 three year programme is attached at Appendix A. The 2015/16 columns include budgets brought forward from 2014/15. Forecast outturn figures for the current year and estimated carry forward figures are shown.
- 2 The Council's previous policy in relation to capital expenditure was as follows: "no new schemes to be added to the programme except mandatory improvement grants, information technology and vehicle replacements". As agreed by Council, schemes have been added to help the Council achieve self sufficiency.

- 3 This policy has previously been revised and updated as part of the Best Value review of Asset Management and Capital Investment, including the development of a formal options appraisal process.

Capital Bids

- 4 Scheme Bid Documents are attached at Appendix C for all on-going items referred to at paragraph 2 above which require additional capital resources. These documents identify any external funding available and indicate the funding source.
- 5 Appendix B summarises the position if all schemes are approved, and indicates the funding methods proposed.
- 6 Unspent schemes in the current year's programme (2015/16) may be carried forward to 2016/17, subject to Cabinet approval, when the outturn is known.

Capital Receipts

- 7 Capital Receipts are a significant funding source for the capital programme. New receipts expected over the programme period are as follows:

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Shared Ownership Staircasing	80	40	20	10
Mortgage repayments (net of pooling)	0	0	0	0
Land Sales	1,129	2,467	915	157
	<hr/> 1,209	<hr/> 2,507	<hr/> 935	<hr/> 167

The Land Sales receipts arise from the Property Review process which plans and monitors actions to dispose of surplus sites as part of the asset management plan.

- 8 It must be emphasised that the scale and timing of the land sales is very unpredictable and subject to market conditions and planning risks. For this reason, only 75% of the above figures for 2016/17 onwards have been included in Appendix B.
- 9 Up until 2008/09, the Council used its capital receipts to fund its capital programme. However, due to a combination of reducing assets and a period of recession impacting asset values, the level of reliance on capital receipts could not be sustained. Therefore, Members made the decision to fund the capital programme through the revenue budget. The revenue contribution to capital budgets was £148,000 and the latest 10 year budgets proposes this funding level continues.

- 10 Appendix B takes these projections, together with the actual balance of such receipts at 1st April 2015.

Asset Maintenance

- 11 Up until 2010/11 asset maintenance was funded from a separate revenue earmarked reserve. One of the principles adopted as part of the Business and Financial Planning Strategy was to make more effective use of remaining earmarked reserves. It was agreed that from 2011/12, allowing for an emergency asset maintenance reserve of £1m, the remainder be used over the ten-year budget period equally to smooth the rundown of these reserves.
- 12 The allocation of budgets to individual areas and schemes is made in accordance with the asset management plan and service requirements, reflecting backlog maintenance, health & safety and income generation as priorities. The table below does not include any changes proposed for the 2016/17 budget within the Growth and Savings schedule (SCIAs).
- 13 The budget figures are based on an average of 30% of the existing 10 year maintenance assessment. This would then give the following programme :

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Budget	481	490	499	508

Key Implications

Financial

All financial implications are covered elsewhere in this report

Legal Implications and Risk Assessment Statement.

There are no legal or human rights issues. The Council must agree a Capital Programme as part of its financial plan and ensure that resources are available to fund it.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and varies between groups of people. The results of this analysis are set out immediately below.

