

## **CAPITAL PROGRAMME & ASSET MAINTENANCE 2015/18**

### **Finance and Resources Advisory Committee – 20 January 2015**

Report of                      Chief Finance Officer

Status:                         For Decision

Also considered by:        Cabinet – 5 February 2015

Key Decision:                No

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**Executive Summary:** This report sets out the proposed 2015/18 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.

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

**Portfolio Holder**        Cllr. Ramsey

**Contact Officer(s)**     Helen Martin Ext. 7483

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#### **Recommendation to Cabinet**

- (a) the Capital Programme 2015/18 and funding method set out in Appendix B be approved, and
  - (b) the proposed Asset Maintenance budget of £479k be agreed for 2015/16.
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**Reason for recommendation:** To comply with the Councils Procedure Rules and sound financial management principles.

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#### **Introduction and Background**

- 1        A copy of the existing 2014/17 three year programme is attached at Appendix A. The 2014/15 column includes budgets brought forward from 2013/14. 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 last year, schemes have been added to help the Council achieve its aims to become more self sufficient.

- 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 (2014/15) may be carried forward to 2015/16, subject to Cabinet approval, when the outturn is known.

### Capital Receipts

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

	<b>2014/15</b> <b>£000</b>	<b>2015/16</b> <b>£000</b>	<b>2016/17</b> <b>£000</b>	<b>2017/18</b> <b>£000</b>
Shared Ownership Staircasing	60	30	15	10
Mortgage repayments (net of pooling)	1	0	0	0
Land Sales	0	2,430	1,130	1,750
	<b>61</b>	<b>2,460</b>	<b>1,145</b>	<b>1,760</b>

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 2015/16 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 at an annual cost of £330,000. This was reduced to £198,000 in 2014/15 following a reduction in the gross capital scheme costs for Improvement Grants. SCIA 19 of 2015/16 will further reduce the revenue contribution to capital budgets to £148,000.

- 10 Appendix B takes these projections, together with the actual balance of such receipts at 1 April 2014.

### **Asset Maintenance**

- 11 Up until 2010/11 asset maintenance was funded from a separate revenue earmarked reserve.
- 12 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.
- 13 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.
- 14 The budget figures are based on an average of 30% of the existing 10 year maintenance assessment. This would then give the following programme :

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Budget</b>	469	479	488	497

### **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.

It is a statutory duty to provide Disabled Facility Grants to the older and or disabled residents in the district.

### **Conclusions**

Members are asked to review the scheme bids submitted at Appendix C, and approve the programme and funding at Appendix B.

### **Appendices**

Appendix A – Existing 2014/17 capital programme  
(to follow)

Appendix B – Proposed 2015/18 capital programme  
(to follow)

Appendix C – Scheme bid documents (to follow)

### **Background Papers:**

none

**Adrian Rowbotham**  
**Chief Finance Officer**