

1 Purpose of Report

This report presents members with the capital financing available to the council for the medium term together with a list of potential capital schemes.

2 Executive Summary

- 2.1 This report forms part of the council's capital strategy process and provides the Committee with the opportunity to review the list of potential capital schemes and to note the current level of funding available.
- 2.2 The funding for the capital programme included in this report is based on the assumption that the council will, at any one time, maintain a balance of £5 million in its capital resources available for future years.
- 2.3 Following the review of the capital programme recently undertaken, members of Resources Committee agreed on 16 September 2014, that the draft capital programme should include a recommendation that members would decide on the need for further involvement prior to the agreement of the final programme. This has been included at 4.3.

3 Appendices

Appendix A – List of Capital Schemes recommended for prioritisation

Appendix B – List of Capital Schemes awaiting further information

Appendix C – Summary of Capital Resources

4. Proposed Action:

The Resources Committee is invited to RESOLVE to:

- 4.1 **Agree the list of capital schemes, which will progress to the next stage of prioritisation, as per Appendix A when resources are available.**
- 4.2 **Agree that officers may re-profile schemes in line with available resources, based on the funding schedules and scheme priorities.**
- 4.3 **Advise officers whether a further member's review meeting is required, prior to the agreement of the full capital programme.**

5 Background

- 5.1 The medium term capital programme has been presented to this committee for a number of years, recently being further enhanced to support greater accuracy and certainty with the inclusion of running costs and capital charges for the use of assets, in the council's medium term revenue forecasts.
- 5.2 A review of the capital governance arrangements took place in year and this report reflects the arrangements agreed as part of that review.
- 5.3 The evaluation and scoring of capital schemes enables the council to achieve the most from its limited capital resources. The process ensures that priority is given to those schemes that meet the agreed desirable outcomes. Schemes that are essential for service delivery, generate a further revenue resource, meet the statutory obligations of the council, or that are contractually committed following a decision of the council.
- 5.4 Once the schemes have been scored, they are sorted into the following 3 schedules for consideration:
- Schedule 1 – a list of recommended schemes for inclusion into the capital programme that have scored highly against the above criteria.
 - Schedule 2 – a list of schemes which, whilst desirable are not of such high priority, but do reflect the desirable outcomes of the council.
 - Schedule 3 – a list which will show those schemes submitted that did not score sufficiently high enough to be considered for funding at this time.
- 5.5 The full list of schemes is included in Appendices A and B, project submission details are available on the council's intranet via the link below.
- <http://intranet.wellingborough.gov.uk/capitalprogramme>
- 5.6 There are a number of schemes that require further information, to be provided by the project managers, and once received the scheme will be scored appropriately and moved into the relevant schedule.
- 5.7 A detailed projection has been made in respect of each of the sources of capital finance and the principal assumptions have been set out in section 7 of the report.
- 5.8 The current approved capital programme has a number of capital commitments that relate to 2014-15 and future years, the details can be found in the capital monitoring report, elsewhere on this agenda.

6 Unapplied Capital Grants and Contributions

- 6.1 The forecast in respect of unapplied capital grants or contributions is set out in Appendix C to the report. The grants or contributions are normally given for specific purposes and can only be used for those purposes. As an example, Section 106 contributions from developers can only be used for the specific

amenities and improvements stated in the Section 106 agreement.

- 6.2 There are also committed schemes previously approved by Resources Committee for 2014-15 and subsequent years for which additional grants will be received and applied.

7 Capital Receipts

- 7.1 The greatest part of the council's capital programme is funded from the application of capital receipts. These receipts mainly arise from the following sources;

- The VAT shelter arrangement with Wellingborough Homes following the transfer of the housing stock, sales proceeds from the disposal of surplus property, plant and equipment assets – estimated at £750k each year until 2017-18.
- Asset sales – estimated at £500k each year

- 7.2 As the available funding for the capital programme is limited, Appendix C shows the effect of agreeing all schemes currently in Schedule 1.

- 7.3 For information Appendix C also shows the effect should the schemes awaiting further information, progress to Schedule 1, (for the purpose of this exercise it is assumed the lighting scheme of greater value is progressed). This would breach the capital minimum reserve balance of £5m in 2015-16.

- 7.4 In this instance the schemes in Schedule 1 would need to be limited to available resources and re-profiled accordingly.

- 7.5 All other schemes would need to await future resources and would be recommended for release to the committee at such times.

8 Legal Powers

Local Government Act 2003

9 Financial and Value For Money Implications

The proposed funding for the capital programme included in this report is based on the assumption that the council will, at any one time, maintain a balance of £5 million in its capital resources available for future years. This will be a continuing trend for the council, therefore it is important to ensure that capital schemes included on the list for prioritisation represent an efficient use of the council's reducing financial resources

10 Risk Analysis

The following risks and controls have been identified.

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
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Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Unsustainable level of capital expenditure in the medium to long term.	Revenue implications not affordable; need to resort to borrowing and lose debt free status.	Possible if not controlled due to reducing receipts and external grants.	Robust budget planning and control.
Non-delivery of schemes once approved.	Council priorities not achieved.	This risk has already occurred in some cases.	Improved project management.

11 Implications for Resources

Officers responsible for capital schemes are accountable for identifying resources to manage and control schemes and any revenue consequences.

12 Implications for Stronger and Safer Communities

Implications need to be considered for individual schemes.

13 Implications for Equalities

Service managers are responsible for the implications of individual schemes.

14 Author and Contact Officer

Julie O'Connell Service Accountant

15 Consultees

Capital Working Group

Budget Managers

16 Background Papers

Previous Capital Programme reports to Members

Financial Reserves and Balances Policy.

Desired Outcomes	Themes	Title	Head of Service	Corporate Risk	H&S / Statutory	External funding	Revenue consequences	TOTAL CWG Scoring	Cost	Cost	Cost	Cost	Cost	Total	External	Total cost
									2015-16	2016-17	2017-18	2018-19	2019-20	Costs	or S106	to BCW
									£	£	£	£	£	£	£	£
Schedule 1																
Essential for service delivery	Asset maintenance for H&S / Compliance - operational	Upgrade of Server Infrastructure (licensing & PSN)	Phil Grimley	7	9	0	0	16	20,000					20,000		20,000
		Fuel storage tank replacement - Norse	Liz Elliott	7	10	0	0	17	40,000					40,000		40,000
	Maintenance for H&S / Compliance	Upgrade of Intranet	Phil Grimley	6	8	0	0	14	20,000					20,000		20,000
To achieve policy objectives	Community / S106	Doddington Road Cemetery Parking Improvements	Julie Thomas/ Bridget Lawrence	6	6	2	1	15	28,000					28,000		28,000
Schedule 1 Totals									108,000	-	-	-	-	108,000	-	108,000
Schedule 2																
To achieve policy objectives	Public Realm	West St/Oxford Street	Julie Thomas	4	0	6	0	10	1,127,033					1,127,033		1,127,033
		Sheep Street/London Rd Improvements	Julie Thomas	4	0	6	0	10		1,383,047				1,383,047		1,383,047
		Springhill Junction - Public Realm Improvements	Julie Thomas	4	0	6	0	10		721,730				721,730		721,730
		Midland Road/Victoria St Junction	Julie Thomas	4	0	6	0	10			472,716			472,716		472,716
		Rock Street/Jacksons Lane/Short Lane	Julie Thomas	4	0	6	0	10	280,000					280,000		280,000
		Oxford Street/High Street Junction	Julie Thomas	4	0	6	0	10		553,726				553,726		553,726
		Buckwell Green	Julie Thomas	4	0	6	0	10		740,324				740,324		740,324
		Alma Road - Park Road Junction	Julie Thomas	4	0	6	0	10			787,636			787,636		787,636
		Salem Lane Public Realm Improvement	Julie Thomas	3	0	6	0	9			356,000			356,000		356,000
Broad Green War Memorial Area Improvements	Jennifer Bell	3	1	2	0	6	141,000					141,000		141,000		
Tithe Barn Public Realm (Outside Works)	Jennifer Bell	0	2	1	0	3	72,500					72,500		72,500		
Schedule 2 Totals									1,620,533	3,398,827	1,616,352	-	-	6,635,712	-	6,635,712
Schedule 3																
To achieve policy objectives	Community / S106	Irchester Parish Village Hall car park	External	0	0	5	0	5	20,000					20,000	10,000	10,000
		Grendon village - street lighting	External	0	0	5	0	5	20,000					20,000	10,000	10,000
Schedule 3 Totals									40,000	-	-	-	-	40,000	20,000	20,000
Total									1,768,533	3,398,827	1,616,352	-	-	6,783,712	20,000	6,763,712

Desired Outcomes	Themes	Title	Head of Service	Corporate Risk	H&S / Statutory	External funding	Revenue consequences	TOTAL CWG Scoring	Cost	Cost	Cost	Cost	Cost	Total	External	Total cost
									2015-16	2016-17	2017-18	2018-19	2019-20	Costs	or S106	to BCW
									£	£	£	£	£	£	£	£
Awaiting further information																
To achieve policy objectives	Invest to save	Street lighting upgrades to LED EITHER/OR	Julie Thomas	0	0	0	0	Further information required	46,000					46,000	-	46,000
		Street lighting for adoption EITHER/OR	Julie Thomas	0	0	0	0	Further information required	1,000	149,000				150,000	-	150,000
		Rollout Sharepoint	Phil Grimley	0	0	0	0	Further information required	30,000					30,000	-	30,000
		Mobile Working	Phil Grimley	0	0	0	0	Further information required	50,000					50,000	-	50,000
	PFPP Leisure	Liz Elliott	0	0	0	0	Submission to follow	680,000					680,000	-	680,000	
	Community / S106	Disabled Facilities Grant	Julie Thomas	0	0	0	0	Further information required	504,000					504,000	264,000	240,000
Public Realm	Town Centre Lighting	Julie Thomas	0	0	0	0	Further information required	41,000					41,000	-	41,000	
Total									1,352,000	149,000	-	-	-	1,501,000	264,000	1,237,000

Summary of Capital Resources

Current Capital Reserves:

	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	Total
Current Capital Programme	5,611	6,483	760	389	-	13,243
<i>October monitoring re-profiling</i>	<i>-2,872</i>	<i>2,872</i>				-
Capital Programme as per October monitoring	2,739	9,355	760	389	-	13,243
Funded by:						
Capital S106	124	360				484
Disabled facilities Grant	212	212	212	212		848
Heritage Lottery funding	69	1,003	301			1,373
Capital Receipts	2,334	7,780	247	177	-	10,538

Subject to funding changes

Projected Capital Reserves:

	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000
Capital Receipts Funding Balance B/f	12,901	19,317	13,154	14,157	15,230
Net Capital Programme current use of Resources / Capital Receipts	-2,334	-7,780	-247	-177	-
Anticipated New Capital Receipts	8,750	1,725	1,250	1,250	500
Anticipated Use of Capital Receipts <i>Schedule 1 as shown on Appendix A</i>		-108			
Sub Total	19,317	13,154	14,157	15,230	15,730
Current Minimum Level of Reserves	-5,000	-5,000	-5,000	-5,000	-5,000
Capital Receipts Funding Balance	14,317	8,154	9,157	10,230	10,730

Projected Capital Reserves:

	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000
Capital Receipts Funding Balance B/f	12,901	19,317	12,112	12,966	14,039
Net Capital Programme current use of Resources / Capital Receipts	-2,334	-7,780	-247	-177	-
Anticipated New Capital Receipts	8,750	1,725	1,250	1,250	500
Anticipated Use of Capital Receipts <i>Schedule 1 as shown on Appendix A plus schemes awaiting further information if recommended for release (Appendix B)</i>		-1,150	-149		
Sub Total	19,317	12,112	12,966	14,039	14,539
Current Minimum Level of Reserves	-5,000	-5,000	-5,000	-5,000	-5,000
Capital Receipts Funding Balance	14,317	7,112	7,966	9,039	9,539

Revised balance c/f if anticipated land holding sale income is not achieved	11,817	5,654	6,657	7,730	8,230
Whilst we do not breach the minimum reserve balance of £5m, consideration must be given to the potential liability for MSCP currently in the waiting pool.					

Revised balance c/f if anticipated land holding sale income is not achieved	11,817	4,612	5,466	6,539	7,039
breach					
Recommendation of all schemes will result in a breach of minimum reserves (£5m) in 2015-16, consideration must be given to the potential liability for MSCP currently in the waiting pool.					

