

**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 proposed 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 proposed capital schemes and agree the level of funding for the capital programme.

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 As part of the on going review of the capital programme and the use of capital resources the capital strategy will be reviewed and presented to this committee at a later date. This will include a comprehensive review of all proposed schemes and recommendations to members on the future inclusion or removal of schemes to the programme.

**3 Appendices**

Appendix A – Summary of Capital Resources

Appendix B – List of Proposed Capital Schemes

Appendix C – List of Capital Schemes information required

**4. The Resources Committee is invited to RECOMMEND to:**

4.1 **Approve the capital funding to be made available for the financial years 2016-17 to 2020-21 as per Appendix A.**

4.2 **Consider the list of prioritised capital schemes as per Appendix B, and approve Schedule 1 for release into the capital programme 2016-17 to 2020-21.**

4.3 **Consider the list of capital schemes awaiting information as per Appendix C, and approve in principle. Schemes will then be released into the capital programme at a later date, in line with council decision making policy, as soon as the information to progress the schemes is received.**

## **5 Background**

- 5.1 The medium term capital programme has now 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 This report reflects the previously agreed capital governance arrangements.

## **6 Discussion**

- 6.1 New capital schemes have been submitted by officers, in accordance with the agreed governance arrangements. In addition to this, schemes previously submitted but not yet approved, have been reviewed, to establish if there have been any changes or amendments that need to be considered.
- 6.2 All schemes have been assessed and prioritised, initially by the officers submitting the forms, and then by the Capital Working Group using the service assessment criteria previously reported to and agreed by Resources Committee.
- 6.3 The prioritised schemes have been sorted into the following 3 schedules, shown in Appendix B, for consideration:
  - (a) Schedule 1 – a list of recommended schemes for inclusion into the capital programme that have scored highly against the above criteria.
  - (b) Schedule 2 – a list of schemes which, whilst desirable are not of such high priority, but do reflect the policy decisions of the council. These schemes will be reviewed again during the year to ensure they are still relevant to current policy and in line with the council's plans.
  - (c) 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.
- 6.4 The full list of new schemes is included in Appendix B and full project submission documents are available to view on the council's intranet via the link below.  
  
<http://intranet.wellingborough.gov.uk/capitalprogramme>
- 6.5 There are a number of schemes as per Appendix C 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. This will be reported at the next available Resources Committee.

6.6 The table below shows the effect on capital resources if the schemes currently prioritised in Schedule 1 are approved for release into the 2016-17 programme.

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2019-20 £000
<b>Capital Receipts Funding Balance B/f</b>	12,604	22,778	21,554	22,559	22,991	23,457
Net Capital Programme 2015-2019 (as per Appendix A) current use of Resources / Capital Receipts	10,174	-1,031	1,073	500	500	500
Anticipated Use of Capital Receipts <b>Schedule 1 as shown on Appendix B</b>	-	-193	-68	-68	-34	-
<b>Capital Receipts Funding Balance C/f</b>	22,778	21,554	22,559	22,991	23,457	23,957
<i>Current Minimum Level of Reserves</i>	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000
<b>Capital Receipts Funding Balance</b>	17,778	16,554	17,559	17,991	18,457	18,957

6.7 The table below shows the effect on capital resources if the schemes currently prioritised in Schedule 1, along with the schemes awaiting further information (Appendix C), are approved for release into the 2016-17 programme. Assumptions have been made that the greater of the two lighting schemes be approved for progression.

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2019-20 £000
<b>Capital Receipts Funding Balance B/f</b>	12,604	22,778	20,910	21,689	21,689	22,076
Net Capital Programme 2015-2019 (as per Appendix A) current use of Resources / Capital Receipts	10,174	-1,031	1,073	500	500	500
Anticipated Use of Capital Receipts <b>Schedule 1 as shown on Appendix B</b> <i>plus schemes awaiting further information if recommended for release (Appendix C)</i>	-	-837	-294	-113	-79	-45
<b>Capital Receipts Funding Balance C/f</b>	22,778	20,910	21,689	22,076	22,110	22,531
<i>Current Minimum Level of Reserves</i>	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000
<b>Capital Receipts Funding Balance</b>	17,778	15,910	16,689	17,076	17,110	17,531

6.8 There are schemes that have previously been approved as part of the capital programme which are awaiting approval for funding release but are committed, such as the MSCP Refurbishment and Croyland Hall.

## **7 Unapplied Capital Grants and Contributions**

- 7.1 The forecast in respect of unapplied capital grants or contributions is set out in Appendix A 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.

## **8 Capital Receipts**

- 8.1 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 arrangement with Wellingborough Homes in respect of VAT shelter and preserved Right to Buy receipts, following the transfer of the housing stock, are estimated at £750k each year, up to and including 2017-18.
  - Asset sales – estimated at £500k each year
- 8.2 There are large forecast capital receipts expected, but as there remains a degree of uncertainty around the timing of these at the date of this report the anticipated income may require re-profiling.
- 8.3 Once the anticipated funds are received, as outlined in the current Reserves Policy, 25% of the funding will be allocated to a Capital Investment Reserve. These monies will be used on projects to enhance the council's balance sheet position or enhance current assets held, to produce an investment return such as the Croyland Hall development.
- 8.4 As part of the finance settlement issued by central government in December 2015 a new discretion on the flexible use of capital receipts has been given. This discretion allows for the use of capital receipts for transformational costs of projects to allow the council to move towards a more secure financial position. These costs would normally be revenue in nature. In order to be able to take advantage of this flexibility, the council will need to produce an efficiency strategy which outlines the projects it will be used for and the benefits it will realise. This strategy has to be agreed by full council before the start of the year in which the organisation may wish to use this power. An efficiency strategy would therefore be needed before 31<sup>st</sup> March 2016 before any capital receipts received after 1<sup>st</sup> April 2016 could be used in 2016-17.
- 8.5 The Head of Finance strongly recommends that, time permitting, this strategy be developed and submitted in time to take full advantage of this flexibility in resourcing as it fits with the councils ambition of using capital resources to generate revenue streams.

## 9 Legal Powers

Local Government Act 2003

## 10 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.

## 11 Risk Analysis

The following risks and controls have been identified.

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.

## 12 Implications for Resources

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

## 13 Implications for Stronger and Safer Communities

Implications need to be considered for individual schemes.

## 14 Implications for Equalities

Service managers are responsible for the implications of individual schemes.

## 15 Author and Contact Officer

Samantha Knowles – Principal Finance Manager

## **16 Consultees**

John Campbell – Chief Executive

Liz Elliott – Head of Finance

Bridget Gamble – Head of Resources

Julie Thomas – Head of Planning and Local Development

## **17 Background Papers**

Previous Capital Programme reports to Members

## SUMMARY OF CAPITAL RESOURCES

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
<b>Capital Reserves Funding Balance B/f</b>	<b>12,604</b>	<b>22,778</b>	<b>21,554</b>	<b>22,559</b>	<b>22,991</b>	<b>23,457</b>
Current Capital Programme (Appendix 1)	4,919	3,494	441	-	-	-
<i>Approved June</i>	13					
<i>Approved September</i>	66					
<i>2014-15 Outturn underspend reprofiled</i>	3,526					
<i>Approved schemes awaiting available resources</i>		450	-			
<b>New capital programme -Schedule 1 (Appendix B)</b>		<b>193</b>	<b>68</b>	<b>68</b>	<b>34</b>	<b>-</b>
Capital Programme	8,524	4,137	509	68	34	-
External Funding						
Capital S106	402					
Disabled facilities Grant	264	264	264			
Heritage Lottery funding	120	1,399				
	786	1,663	264	-	-	-
Current Capital Programme funded by capital reserves	7,738	2,474	245	68	34	-
Anticipated Capital Receipts						
<i>RTB , VAT Shelter &amp; Asset Sales</i>	1,250	1,250	1,250	500	500	500
<i>Asset Held for Sale</i>	475					
<i>Negative Capital Financing Requirement</i>	8,687					
<i>Other Anticipated Capital Receipts</i>	10,000					
Income transferred to Capital Investment Reserve	-2,500					
Anticipated New Capital Receipts	17,912	1,250	1,250	500	500	500
<b>Forecast Capital Reserves Funding Balance C/f</b>	<b>22,778</b>	<b>21,554</b>	<b>22,559</b>	<b>22,991</b>	<b>23,457</b>	<b>23,957</b>





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
									2016-17	2017-18	2018-19	2019-20	2020-21	Costs	or S106	to BCW
									£	£	£	£	£	£	£	£
<b>Schedule 1</b>																
Essential for service delivery	Asset maintenance for H&S / Compliance - operational	ICT Backup System	Phil Grimley	9	9	0	3	21	15,000					15,000		15,000
		ICT Servers	Phil Grimley	9	9	0	0	18	54,000					54,000		54,000
		ICT Data Store	Phil Grimley	9	9	0	0	18	64,000					64,000		64,000
	Maintenance for H&S / Compliance	Bridge and Culvert Repairs	Bridget Lawrence / Julie Thomas	9	9	0	0	18	29,000	68,000	68,000	34,000		199,000		199,000
		Doddington Road Car Park - Electronic Barrier	Bernard Gallyot	9	8	0	0	17	12,168					12,168		12,168
		Trafalgar House Depot - Tarmac	Bernard Gallyot	7	7	0	2	16	19,200					19,200		19,200
<b>Schedule 1 Totals</b>									<b>193,368</b>	<b>68,000</b>	<b>68,000</b>	<b>34,000</b>	<b>-</b>	<b>363,368</b>	<b>-</b>	<b>363,368</b>
<b>Schedule 2</b>																
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	Julie Thomas	3	1	2	0	6	141,000					141,000		141,000
Tithe Barn Public Realm (Outside Works)	Julie Thomas	0	2	1	0	3	72,500					72,500		72,500		
<b>Schedule 2 Totals</b>									<b>1,620,533</b>	<b>3,398,827</b>	<b>1,616,352</b>	<b>-</b>	<b>-</b>	<b>6,635,712</b>	<b>-</b>	<b>6,635,712</b>
<b>Schedule 3</b>																
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
<b>Schedule 3 Totals</b>									<b>40,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Total</b>									<b>1,853,901</b>	<b>3,466,827</b>	<b>1,684,352</b>	<b>34,000</b>	<b>-</b>	<b>7,039,080</b>	<b>20,000</b>	<b>7,019,080</b>



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 to BCW
									2016-17	2017-18	2018-19	2019-20	2020-21	Costs	or S106	
<u>Awaiting further information</u>																
									£	£	£	£	£	£	£	£
Essential for service delivery	Asset maintenance for H&S / Compliance - operational	ICT Data Centre Enhancements	Phil Grimley	0	0	0	0	Further information required	150,000					150,000	-	150,000
	New assets for operational use	Provision of waste receptacle's for new development	Bernard Gallyot	0	0	0	0	Further information required	45,000	45,000	45,000	45,000	45,000	225,000		225,000
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
		Mobile Working	Phil Grimley	0	0	0	0	Further information required	50,000					50,000	-	50,000
		IDOX EDRMS Expansion	Phil Grimley	0	0	0	0	Further information required	45,000					45,000		45,000
		Revenue & Benefits Electronic Records Data Management System	Liz Elliott	0	0	0	0	Further information required	40,000					40,000		40,000
	Community / S106	Disabled Facilities Grant	Julie Thomas	0	0	0	0	Further information required	260,000					260,000		260,000
	Public Realm	Town Centre Lighting	Julie Thomas	0	0	0	0	Further information required	41,000					41,000	-	41,000
CPO/Empty Properties	Private Sector Housing grant - Homelessness Initiative	Vicki Jessop	0	0	0	0	Further information required	12,000	32,000				44,000		44,000	
<b>Total</b>									<b>690,000</b>	<b>226,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>1,051,000</b>	<b>-</b>	<b>1,051,000</b>

