

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.

3 Appendices

Appendix A – List of Proposed Capital Schemes 2018-19

Appendix B – List of Capital Schemes 2018-19 awaiting further information

4. Proposed Action:

The Resources Committee is invited to RESOLVE to:

- 4.1 **Agree the list of capital schemes detailed in Appendix A, Schedule 1 for inclusion in the capital programme.**
- 4.2 **Agree that officers may re-profile schemes in line with available resources, based on the funding schedules and scheme priorities.**
- 4.3 **Agree the inclusion of the submitted bids, as detailed in section 7, and release the crematorium contingency budget into the 2017-18 current capital programme.**
- 4.4 **Agree the £725k capital budget request for a Temporary Accommodation Mitigation fund as detailed in 8.1 to 8.3**

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 The evaluation and scoring of capital schemes enables the council to achieve the most from its finite 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, and meet the statutory obligations of the council, or that are contractually committed following a decision of the council.
- 5.3 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 corporate 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.
- 5.4 The full list of schemes is included in Appendices A and B.
- 5.5 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 10 of the report.
- 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.

6 Disabled Facilities Grant (DFG)

- 6.1 DFG's are mandatory grants and are available to disabled people when work to adapt their home is deemed necessary and appropriate to meet their needs and when it is reasonable and practicable to undertake such adaptations having regard to the age and condition of the dwelling or building, if suitable alternative accommodation is not available.
- 6.2 In 2017-18 the grant awarded was £499k and there is no indication yet what the grant will be for 2018-19 onwards. DFG's are funded through the Better Care Fund (BCF) which is awarded to Northamptonshire County Council, and then allocated to the district and borough councils.

7 Nene Valley Crematorium

7.1 As detailed in the Nene Valley Crematorium report, earlier on the agenda, feedback from customers following the successful opening of the service last year has identified some areas which may provide further comfort to mourners. In order to address these matters three schemes have been submitted:

- to install a skylight covering to the open waiting area and provide a sheltered space for waiting mourners
- to construct a memorial wall, to enable families to lay their loved ones to rest in individual niches and also to construct a memorial within the vicinity of the scattering lawn to enable families to make dedications for their loved ones

7.2 An estimated budget of £190k would be required to complete these works. The schemes have been scored by the capital working group, however they have not scored highly enough to be included in schedule 1 and whilst desirable are not of such high priority, but do reflect the outcomes of the council.

7.3 If the committee wished to recommend that these schemes progress, the crematorium contingency budget of £212k could be released into the current capital programme to fund these bids. This would enable the Nene Valley Crematorium to offer a competitive yet compassionate experience for bereaved families.

8 2017-18 Current Capital Programme Update

Temporary Accommodation

8.1 Homelessness is increasing sharply both nationally and locally. The council has seen the number of homeless applications and acceptances increase sharply in 2017.

8.2 As a result of this increase the council has had to find more temporary accommodation. At the end of 2016 the council had 27 households in temporary accommodation. This had increased to 92 by the end of November 2017.

8.3 A capital bid has been submitted for £725k (£325k in 2017-18 and £400k in 2018-19) which will aim to reduce the revenue financial pressures arising from the increases in homelessness acceptances and emergency accommodation stays.

Capital Community Grants

- 8.4 Following the approval of £250k for the capital community grant scheme (£150k in 2017-18 and £100k in 2018-19), the prioritisation and confirmation of successful schemes will now fall within the remit of the Voluntary Sector Funding working group to release funds for individual bids, within the available resources. A meeting has been arranged for 23 January 2018 where those schemes that have been submitted and have met the relevant criteria for capital funding will be discussed. Any agreement to release funding will be reported to this committee within the regular capital monitoring reports.

9 Unapplied Capital Grants and Contributions

The forecast in respect of unapplied capital grants or contributions is set out in section 10 of 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.

10 Capital Receipts

- 10.1 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 RTB & 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
- 10.2 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the council. The capital receipts from such strategic sales are a valuable source of capital financing, but equally a proportion of these proceeds need to be invested for either revenue return or for investment in other assets that over time will increase in value and form part of future year's capital financing.
- 10.3 25% of all strategic asset sale capital receipts will therefore be transferred into a capital investment reserve in line with council policy, to be ear-marked for reinvestment, either for investment to produce future sources of financing or to create a revenue income stream. The remaining cash receipts from the disposal of surplus assets may be used to fund new capital investment as and when received.

10.4 A summary of the current capital programme and the anticipated level of capital reserves is summarised in the following table:

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Capital Reserves Funding Balance B/f	17,634	23,731	22,152	22,076	22,301
Current Capital Programme (Appendix 1)	4,014	68	34	-	-
2017-18 New capital programme (June Resources)	633				
2016-17 Outturn underspend reprofiled	2,621				
Resources 13 September 2017	-162	25	25	25	25
24.8.17 Private Sector Housing Urgent Action	25				
02.10.17 The Castle Urgent Action	60				
Resources 1 November 2017	96	783	267		
Budget re-profiled	-1,985	1,985			
Capital Programme as per Agresso	5,302	2,861	326	25	25
Approved schemes awaiting available resources	200				
Crematorium Contingency Budget not yet in main programme	212				
Capital Programme	5,714	2,861	326	25	25
2017-18 Expenditure funded from capital resources					
External Funding					
Capital S106	341	17			
Disabled Facilities Grant	614	-			
Heritage Lottery funding	206	1,015			
	1,161	1,032	-	-	-
Current Capital Programme funded by capital reserves	4,553	1,829	326	25	25
Anticipated Capital Receipts					
RTB , VAT Shelter & Asset Sales	500	250	250	250	250
2016-17 Sale of land/vehicles					
Asset Held for Sale	450				
Other Anticipated Capital Receipts	12,700				
Income transferred to Capital Investment Reserve	-3,000				
Anticipated New Capital Receipts	10,650	250	250	250	250
Forecast Capital Reserves Funding Balance C/f	23,731	22,152	22,076	22,301	22,526

11 Flexible use of Capital Receipts

11.1 In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects.

11.2 The direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered (2016-17 to 2018-19). Local Authorities may not use their existing stock of capital receipts to finance the revenue costs of reform.

- 11.3 In the report to this committee on 15 March 2017 relating to the efficiency plan it was proposed and agreed that the capital receipts received in year would be used flexibly to support transformation projects such as the IT strategy implementation.
- 11.4 There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects, as per DCLG, include:
- Sharing back-office and administrative services with one or more other council or public sector bodies;
 - Investment in service reform feasibility work, e.g. setting up pilot schemes;
 - Collaboration between local authorities and central government departments to free up land for economic use;
 - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
 - Sharing Chief-Executives, management teams or staffing structures;
 - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
 - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
 - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
 - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
 - Integrating public facing services across two or more public sector bodies (for example children’s social care, trading standards) to generate savings or to transform service delivery.

12 Legal Powers

Local Government Act 2003

13 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 – and in accordance with the council’s capital strategy 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.

14 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

15 Implications for Resources

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

16 Implications for Stronger and Safer Communities

Implications need to be considered for individual schemes.

17 Implications for Equalities

Service managers are responsible for the implications of individual schemes.

18 Author and Contact Officer

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Danny Gordge, Service Accountant

19 Consultees

Samantha Knowles – Assistant Director
Liz Elliott – Managing Director
Bridget Gamble – Director
Julie Thomas – Director

20 Background Papers

Previous Capital Programme reports to Members

Financial Reserves and Balances Policy

Desired Outcomes	Themes	Title	Director	Corporate Risk	H&S/ Statutory	External funding	Revenue consequences	TOTAL CWG Scoring	Cost	Cost	Cost	Cost	Cost	Cost	Total	External	Total cost
									2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Costs	or S106	to BCW
									£	£	£	£	£	£	£	£	£
Schedule 1																	
Essential for service delivery	Asset maintenance for H&S / Compliance - operational	Multi-Storey Car Park Express Passenger Lifts	Bridget Gamble	10	8	0	5	23		12,600					12,600		12,600
		Queens Hall Renovation	Julie Thomas	8	10	4	6	28		54,000					54,000		54,000
To achieve policy objectives	Invest to Save	Temporary Accommodation Mitigation Fund	Liz Elliott	10	10	0	8	28	325,000	400,000				725,000		725,000	
Schedule 1 Totals									325,000	466,600	-	-	-	-	791,600	-	791,600
Schedule 2																	
To generate further revenue resources	Wellbeing and grants (to avoid revenue costs)	Nene Valley Crematorium Waiting Area Skylight	Bridget Gamble	7	0	0	0	7	50,000					50,000		50,000	
		Nene Valley Crematorium Memorial Wall	Bridget Gamble	7	0	0	5	12	110,000					110,000		110,000	
	Invest to generate income return	Nene Valley Crematorium Scattering Lawn Memorial	Bridget Gamble	7	0	0	5	12	30,000					30,000		30,000	
Schedule 2 Totals									190,000	-	-	-	-	190,000	-	190,000	
Total									515,000	466,600	-	-	-	-	981,600	-	981,600

Desired Outcomes	Themes	Title	Director	Corporate Risk	H&S / Statutory	External funding	Revenue consequences	TOTAL CWG Scoring	Cost 2018-19	Cost 2019-20	Cost 2020-21	Cost 2021-22	Cost 2022-23	Total Costs	External or S106	Total cost to BCW
									£	£	£	£	£	£	£	
<u>Awaiting further information</u>																
To generate further revenue resources	Wellbeing and grants (to avoid revenue costs)	Disabled Facilities Grant	Julie Thomas	0	0	0	0	TBC	260,000					260,000		260,000
To achieve policy objectives	Invest to save	Street lighting upgrades to LED EITHER/OR	Julie Thomas	0	0	0	0	TBC	46,000					46,000		46,000
		Street lighting for adoption EITHER/OR	Julie Thomas	0	0	0	0	TBC	1,000	149,000				150,000		150,000
		HMO Project	Liz Elliott					TBC	350,000					350,000		350,000
	CPO / Property regeneration	J127 Private Sector Housing Grant - homelessness initiative	Liz Elliott					TBC	60,000	60,000	60,000			180,000		180,000
	Public Realm	Broad Green War Memorial Area Improvements	Julie Thomas	3	1	2	0	6						-		TBC
	Tithe Barn Public Realm (Outside Works)	Julie Thomas	0	2	1	0	3						-		TBC	
	Town Centre Lighting	Julie Thomas	0	0	0	0	TBC	41,000						41,000		41,000
Total									758,000	209,000	60,000	-	-	1,027,000	-	1,027,000

