

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 2019-2024

4. Proposed Action:

The Resources Committee is invited to;

4.1 **Note the potential new schemes to be included in the 2019-2024 capital programme, as per Appendix A.**

4.2 **Note the anticipated level of capital reserves as shown at 7.5.**

4.3 **Recommend the inclusion of the schemes outlined in sections 6 and at 7.4 to 7.7 into the current 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 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, i.e. 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 This report highlights the potential new schemes for 2019-2024 that have been proposed for inclusion in the capital programme. The full list of schemes is included in Appendix A. It is also proposed that one further scheme, which has been identified as a priority (see para 7.4), be recommended at this stage for inclusion in the agreed capital programme.

5.4 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.

6 Current Capital Programme update

6.1 Following a recent meeting of the Voluntary Sector Working Party a further three applications for capital community grants totalling £36,700, were approved for funding in the current capital programme.

6.2 Those agreed to be included will contribute towards the following:

- The upgrade of the village hall in Mears Ashby
- play equipment at Glebe Field, Isham
- street lighting in Great Doddington

6.3 The tables on Appendix 1 detail the proposals for new schemes that have been received for consideration. These schemes are yet to be fully scored by officers and are indicative only. Certain schemes however have been identified as priorities for invest to save and health and safety reasons, to be considered for inclusion in the current 2018-19 programme.

6.4 A request has been received in respect of the £13,000 allocated in the capital programme (J195) for the multi-storey car park lifts. Work will shortly be undertaken to four lifts in the car park to ensure they are safe, once completed this work will leave a balance of approximately £4,600 in the capital programme. Approval is therefore sought for this remaining money to be used on the lift in the Tithe Barn Road Offices. The work required would need to be undertaken in the next two months for safety reasons.

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 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

- 7.2 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 years' capital financing.
- 7.3 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.
- 7.4 The anticipated value of the Capital Investment Reserve at 31 March 2019 is £3m as shown in the table at 7.5. The application of this sum to the purchase of additional investment properties, to provide an increased revenue stream to support the council's revenue budget, has been identified as a priority scheme. The committee is therefore asked to recommend that this is now included in the current capital programme in anticipation of the capital receipts, so that the process of acquiring the investment assets can be initiated without delay.
- 7.5 Similarly, there are 3 other priority schemes identified in Appendix 1 that will be undertaken in 2019-20 which members are asked to agree to include in the capital programme now, and not wait for the full Capital Programme report in February 2019.
- 7.6 The scheme to invest in the replacement of bulbs for street lighting has been considered as a priority, as it will make revenue savings once completed and officers would like to begin the procurement of this as soon as possible to ensure we get the full benefits of the savings in 2019-20.
- 7.7 The Multi Storey Car Park refurbishment is one of the council's main priorities, and again whilst the work will not be undertaken until 2019-20 the procurement and planning of the project need to be started as soon as possible. This is the same situation with the scheme to replace the roof on the extension to Swanspool House.

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

	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000
Capital Reserves Funding Balance B/f	17,361	20,038	18,827	19,052	19,277
Current Capital Programme (Appendix 1)	5,382	292	25	25	
2018-19 New capital programme (February Resources)	67				
2017-18 Outturn underspend reprofiled	1,605				
Approved Resources 13 June 2018	240				
Approved Council 17 July 2018	300				
Approved Resources 19 September 2018	-1,667	2,259			
Approved Resources 31 October 2018	1,094				
Capital Programme as per Agresso	7,021	2,551	25	25	-
Crematorium infrastructure - approved in principal Resources 13 June 2018	1247				
Approved schemes awaiting available resources	200				
Capital Programme	8,468	2,551	25	25	-
External Funding					
Capital S106	293				
Disabled Facilities Grant	309	596			
Heritage Lottery funding	593	494			
	1,195	1,090	-	-	-
Current Capital Programme funded by capital reserves	7,273	1,461	25	25	-
Anticipated Capital Receipts					
RTB , VAT Shelter & Asset Sales	250	250	250	250	
Other Anticipated Capital Receipts	12,700				
Income transferred to Capital Investment Reserve	-3,000				
Anticipated New Capital Receipts	9,950	250	250	250	-
Forecast Capital Reserves Funding Balance C/f	20,038	18,827	19,052	19,277	19,277

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 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 the continuing strategy 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
Unsustainable level of capital	Revenue implications not	Possible if not controlled due to	Robust budget planning and

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expenditure in the medium to long term.	affordable; need to resort to borrowing and lose debt free status.	reducing receipts and external grants.	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, Finance Manager

15 Consultees

Tony Furber – Project and Technical Accountant
Liz Elliott – Managing Director
Julie Thomas – Director
Budget Managers

16 Background Papers

Previous Capital Programme reports to Members

Financial Reserves and Balances Policy

Desired Outcomes	Themes	Title	Corporate Risk	H&S / Statutory	External funding	Revenue consequences	TOTAL CWG Scoring	Cost	Cost	Cost	Cost	Cost	Total	External	Total cost to BCW
								2019-20	2020-21	2021-22	2022-23	2023-24	Costs	or S106	
Prioritised schemes															
Essential for service delivery															
	Maintenance for H&S / Compliance	Multi Storey Car Park (MSCP)					0	2,043,927	683,309				2,727,236	20,000	2,707,236
	Asset maintenance for H&S / Compliance - operational	Swanspool House extension roof					0	107,500					107,500	-	107,500
To achieve policy objectives															
	Invest to save	Street Lighting					0	171,360					171,360	-	171,360
Sub Total								2,322,787	683,309	-	-	-	3,006,096	20,000	2,986,096
Proposed schemes															
To generate further revenue resources															
	Wellbeing and grants (to avoid revenue costs)	Surveillance Cameras (fly tipping)					0	11,608					11,608	-	11,608
To achieve policy objectives															
	Community / S106	Open Space Barriers (traveller incursions)					0	16,300					16,300	-	16,300
	Community / S106	Park improvements in the town					0	267,886					267,886	38,498	229,388
	Community / S106	Skate Park Earls Barton					0	150,000					150,000	33,513	116,487
	CPO / Property regeneration	BCW Property Renovations (shops and other buildings)					0	500,000					500,000	250,000	250,000
	Invest to save	43a/44a High Street (conversion to residential accommodation)					0	150,000					150,000	75,000	75,000
	Public Realm	Croyland Gardens landscaping and public realm improvements					0	94,750	33,000				127,750	5,000	122,750
	Public Realm	Tithe Barn Public Realm					0	179,200					179,200	50,000	129,200
Sub Total								1,358,136	33,000	-	-	-	1,391,136	452,011	939,125
Total								3,680,923	716,309	-	-	-	4,397,232	472,011	3,925,221

