

NOT FOR PUBLICATION

Appendices B & C contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Report to: **Hub Committee**
Date: **28 January 2020**
Title: **Capital Budget Proposals 2020/21**
Portfolio Area: **Budget Proposals – Cllr N Jory**
Wards Affected: **All**
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: 18th February 2020

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance (S151 Officer)**

Contact: **Email: lisa.buckle@swdevon.gov.uk**

Recommendations:

That the Hub Committee recommend to Council:-

- a) The Capital Programme for 2020/21, which totals £910,000 (Appendix A)**
- b) The Capital Programme for 2020/21, which totals £140,000 (Exempt Appendix C)**
- c) The funding of the 2020/21 Capital Programme of £1,050,000 from the funding sources set out in Section 4.**

1. Executive summary

1.1 The report sets out the Capital Bids to the 2020/21 Capital Programme totalling £1,050,000 and a suggested way that these Bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.

1.2 The Council has limited resources, in the form of capital receipts, to fund Capital Projects in 2020/21.

Consideration needs to be given to the funding options for the 2020/21 Capital Programme. The Capital Programme is set by the Council and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing.

1.3 The Prudential Code for capital, which came into effect from 1st April 2004, replaced the previous Government regulated limits on capital expenditure and borrowing. In its place Councils now have the power to determine their own appropriate levels of capital expenditure and borrowing for capital purposes, based on the principles of affordability, prudence and sustainability.

1.4 The Code requires the Council, in setting its capital spending plans, to assess the impact on its revenue account and council tax levels. Section 4 demonstrates that there are sufficient capital funds in 2020/21 to fund the bids which have been submitted by project officers within the Council.

2. Background

2.1 The capital programme for 2019/20 was approved by Council on 12 February 2019 (CM53 and HC74 refer).

2.2 A new Capital Programme is proposed for 2020/21. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during September 2019 on the strict proviso that all bids must go towards meeting a strategic priority. All capital bids received would be ranked against a prescribed priority criteria set out in the bid process.

- 2.3** The submitted capital bids have now been assessed against the categories in each priority. Priority 1 categories include meeting strategic priorities and statutory obligations (e.g. Health and Safety, DDA etc) and other capital works required to ensure the existing Council property assets remain open. Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending. A capital bid that will enable rationalised service delivery or improvement is also considered a Priority 2 category to meet the Council's aims and objectives.
- 2.4** The programme outlines the principles of the projects proposed for capital expenditure and includes an estimate of predicted costs including fees. All projects will be subject to project appraisals as required under the Council's Asset Strategy.
- 2.5 The Hub Committee met on 17th December 2019 to consider the Draft Capital Budget Proposals 2020/21 and an extract of the relevant minute is below:-

(Minute HC 60) **Draft Capital Budget Proposals 2020/21 - Cllr Jory**
Members were presented with a report that set out the Capital Programme proposals for 2020/21 and formally sought the views of the Overview and Scrutiny Committee to the proposals. The Leader introduced the report, and congratulated officers on the clarity of the report writing.

It was then **RESOLVED** that:

- 1) the following be noted
 - a) The Capital Programme Proposals for 2020/21, which total £910,000 (Appendix A)
 - b) The Capital Programme Proposals for 2020/21, which total £140,000 (Exempt Appendix C)
 - c) The proposed funding of the 2020/21 Capital Programme of £1,050,000 from the funding sources set out in Section 4.
- 2) the views of the Overview and Scrutiny Committee on the Capital Programme proposals for 2020/21 of £1,050,000 set out in this report and the proposals for the financing of the Capital Programme be requested.

- 2.6 The Draft Capital Budget Proposals were considered by the Overview and Scrutiny Committee at their meeting on 14th January. A copy of the minute from their meeting is shown below:

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Members considered a report that set out the Capital Bids to the 2020/21 Capital Programme and a suggested way that these Bids could be funded.

Following a brief discussion on the moveable swimming pool floor at Parklands Leisure Centre, it was then:

RESOLVED

That, as part of the 2020/21 Budget Setting process, the Hub Committee take into account that the Overview and Scrutiny Committee support approval of:

1. the Capital Programme Proposals totalling £910,000 (as set out in Appendix A of the presented agenda report);
2. the Capital Programme Proposals totalling £140,000 (as set out in exempt Appendix C of the presented agenda report); and
3. the proposed funding of the 2020/21 Capital Programme of £1,050,000 be funded as set out in Section 4 of the presented agenda report.

3. Outcomes/outputs

Members are requested to give their views on the proposals for the Capital Programme for 2020/21. Appendix A and exempt Appendix C set out the bids which total £1,050,000.

3.1 Capital Programme 2020/21

3.2 Community Project Grants

This budget is used to provide financial support to community groups to help purchase equipment or fund building related costs. These could include funds for sports equipment, repairs to a village hall or tree planting.

There is sufficient underspend in the 2019/20 Capital Programme on this scheme which can be rolled forward into 2020/21. Therefore no new budget allocation is required for 2020/21 however an allocation of £16,000 per annum has been modelled for 2021/22 for Community Project Grants.

3.3 Affordable Housing

In recent times the capital programme has facilitated affordable housing developments in rural areas by providing a sum of money, normally between £10,000 and £15,000 per plot, to enable the development to proceed. These schemes are typically on exception sites and therefore do not rely on cross subsidy from open market properties, evidence from a Registered Provider (RP) is provided to ensure additional money is required to make the scheme viable. Money is normally required where there are 'abnormals' on the site or there is a shortage of public subsidy.

The current level of capital funding allocated to the delivery of affordable housing is an annual contribution of £50,000. Housing officers have advised that there may be a requirement to increase this allocation in future years as and when new affordable housing schemes arise.

3.4 Waste Fleet Replacement

The Waste Fleet is a Council asset which is maintained and repaired by the Waste Contractor, FCC. The fleet totals 35 vehicles and includes dedicated refuse and recycling collection vehicles of various capacities.

The Council and FCC liaise over the timing of purchasing replacements. Contributions are made into the Vehicle Replacement Reserve annually and are sufficient to fund all replacements until the end of the contract term (an 8 year contract term).

A report on Frontline Services (Waste and Cleansing Procurement) was presented to Council in December 2018. An annual contribution of £50,000 into the Vehicle Replacement Earmarked Reserve was approved as part of this report.

A climate change action plan was presented to Members at the Council meeting on 17th December, 2019. This action plan will include future considerations around the Council's fleet.

3.5 Car Park Resurfacing

Officers have identified a number of car parks across the Borough which are in need of resurfacing. It is recommended that an annual budget of £30,000 is built into the capital programme proposals, to be funded by a £30,000 contribution annually from the Car Park Maintenance Reserve.

3.6 Private Sector Renewals (including Disabled Facilities Grants)

This budget is used to fund Private Sector Renewals, primarily Disabled Facilities Grants (DFG's). DFG's are mandatory, means tested and enable people to live independently within their own home. Adaptations range from simple stair lifts and Level Access Showers through to full extensions. The budget of £780,000 will be funded from the Better Care Fund (Government Grant). The demand for DFG's is not under the Council's control and cannot be predicted at this stage.

3.7 Tavistock Temporary Accommodation

As set out in the quarter two capital budget monitoring report, also on this agenda, officers will be presenting an updated business case to the Hub Committee in the New Year.

3.8 Kilworthy Park Accommodation Review

Members of the Accommodation Working Group are reviewing options. A report was presented to the Hub Committee on 5th November 2019. Currently West Devon BC pays South Hams DC £90,000 per year which reflects the cost of the shared service provision and the far greater footprint used at Follaton House for the provision of some frontline services (call centre) and all back office functions. Members have requested that this annual payment is reviewed.

3.9 Wonnacotts, Okehampton

The Council has assembled land in Okehampton with a view to developing a highly sustainable site close to the town centre. Members are advised that a future report will be presented to Members on Wonnacotts, Okehampton. The timing of this report is such that these proposals are not yet developed for inclusion within the Draft Capital Programme for 2020/21. However a report will be presented in due course.

3.10 Community Housing Schemes

The Community Housing Strategy was put in place to support the development of homes accessible to those with local connections for whom the cost of market housing (to purchase and rent) is beyond their reach.

A budget of £4.3m was approved within the 2019/20 capital programme. This budget will be used to build out two community housing schemes at Brentor and Lamerton.

A planning application is to be submitted for 12 residential units in Brentor. This is currently being progressed with the DNPA and it is anticipated that this should be determined by the spring of 2020 with construction commencing in the summer/autumn of 2020 with completion in the spring of 2021.

The proposal to build 17 residential units in Lamerton is dependent on support by Lamerton Parish Council. They will meet on Monday 13th Jan to determine if the scheme is taken forward on the proposed site. If not the funding allocated will be deployed elsewhere (the funding is through PWLB borrowing).

4 FINANCING THE CAPITAL PROGRAMME

4.1 Capital bids shown in Appendix A total £910,000 with the total of bids in exempt Appendix C being £140,000. Funding of £1,050,000 is therefore required. The table below shows the recommended way that these projects are financed:-

Capital Programme 2020/21 <i>Appendix A (£910,000) and exempt Appendix C bids (£140,000)</i>	£ 1,050,000
Funded By:	
Leisure Services Reserve	90,000
Car Park Maintenance Reserve	30,000
Vehicle & Plant Renewals Reserve*	50,000
Better Care Grant funding towards Disabled Facilities Grants (estimated)	780,000
New Homes Bonus	50,000
Capital receipts	50,000
TOTAL	1,050,000

*This funding has already been approved by Council on 4th December 2018 as part of the report on Frontline Services (Waste and Cleansing Procurement)

5. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>The Hub Committee is responsible for control of the Council's capital expenditure. The Heads of Finance and Assets Practices are responsible for providing Capital Monitoring reports to the Hub Committee, detailing the latest position of the Council's Capital Programme.</p> <p>It is the role of the Overview and Scrutiny Committee to scrutinise the Budget proposals being proposed by the Council on an annual basis.</p> <p>Council is responsible for setting the Capital Programme and approving the Capital Budget, following consideration and recommendation from the Hub Committee. Since there is commercially sensitive information in Appendices B and C, regarding the budgets for individual projects, there are grounds for the publication of these Appendices to be restricted, and considered in exempt session.</p> <p>The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the Appendices. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p>
Financial Implications to include reference to Value for Money	Y	<p>The report sets out the Capital Bids to the 2020/21 Capital Programme totalling £1,050,000 and a suggested way that these bids can be funded. All items in this proposed Capital Programme are based on budget estimates and will be subject to the normal project appraisal procedures.</p>

		<p>Section 4 demonstrates that there are sufficient capital funds in 2020/21 to fund the bids which have been submitted by project officers within the Council.</p> <p>The regular monitoring of the Capital Programme ensures the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p>
Risk	Y	<p>There is a risk that the Capital Programme does not meet the Council's strategic priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal.</p> <p>This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.</p> <p>The Council demonstrates that capital investment contributes to strategic priorities, provides value for money and takes account of the revenue implications of the investment.</p> <p>Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage.</p>
Supporting Corporate Strategy		<p>The Capital Programme supports all six of the Corporate Themes of the Council, Homes, Enterprise, Communities, Environment and Wellbeing.</p>

Climate Change - Carbon / Biodiversity Impact		<p>A climate change action plan was presented to Members at the Council meeting on 17th December, 2019. This action plan includes future considerations around the Council's fleet.</p> <p>Following this report, a strategy will be implemented as to how the Council could finance the items within the Action Plan, whether that is from external grant sources or some funding from the Council's own resources.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Summary of Capital Bids for 2020/2021

EXEMPT – Appendix B – Details of exempt Capital Bids

EXEMPT - Appendix C – Summary of exempt Capital Bids for 2020/2021 (table)

Background papers

Capital Programme for 2019/20 - Council 12 February 2019 (CM53 and HC74 refer)

Capital Budget Proposals 2020/21 – Overview & Scrutiny Committee
14 January 2020