

Report to: **Hub Committee**
Date: **2 February 2021**
Title: **Capital Budget Proposals 2021/22**
Portfolio Area: **Budget Proposals – Cllr N Jory**
Wards Affected: **All**
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Council 16th February 2021

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Recommendations:

That the Hub Committee recommend to Council:-

- a) The Capital Programme for 2021/22, which totals £1,075,000 (Appendix A)**
- b) The funding of the 2020/21 Capital Programme of £1,075,000 from the funding sources set out in Section 4.**

1. Executive summary

1.1 The report sets out the Capital Bids to the 2021/22 Capital Programme totalling £1,075,000 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 2021/22.

Consideration needs to be given to the funding options for the 2021/22 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 2021/22 to fund the bids which have been submitted by project officers within the Council.

2. Background

2.1 The capital programme for 2020/21 was approved by Council on 18 February 2020 (CM65 and HC69 refer).

2.2 A new Capital Programme is proposed for 2021/22. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during October 2020 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.

3. Outcomes/outputs

Members are requested to give their views on the proposals for the Capital Programme for 2021/22. Appendix A sets out the bids which total £1,075,000.

3.1 Capital Programme 2021/22

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.

Whilst there was no budget allocation in the 2020/21 Capital Programme, an allocation of £15,000 is required 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 Earmarked Reserve annually and are sufficient to fund all replacements until the end of the contract term (an 8 year contract term). This was agreed by Council in December 2018.

3.5 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 £860,000 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.

3.6 Replacement Payroll & HR Software

Officers are currently looking at a replacement Payroll and HR system. The current software is outdated and nearing end of life resulting in additional support payments. The market has been tested and the costs bench marked. The cost is being shared 50/50 with South Hams District Council, £15,000 represents West Devon Borough Council's 50% share.

3.7 Replacement of IT Hardware

The Hardware in need of replacement includes the existing servers and data storage. The existing equipment is approaching end of life and is subject to reliability issues and storage space limitations. Additional annual support payments will be required as the original supplier support has ended.

The servers were purchased in March 2017 and the current support and maintenance ends in early March 2021. Our existing servers are running more virtual servers than they are specified for. While a number of our applications are Cloud based, such as the Netcall LoCode platform, Goss Website, Northgate Land Charges and Concerto Asset Management, the Councils still have 146 virtual servers on the cluster including the new Northgate Assure solution and Northgate Information at Work document management system.

New servers and storage will be more reliable and more responsive. The new hardware will reduce the likelihood of system outages and recover quicker should the necessity arise. This approach is more cost effective than attempting to move all of our server and storage capacity to the cloud.

The cost is being shared 50/50 with South Hams District Council, £85,000 represents West Devon Borough Council's 50% share.

4 FINANCING THE CAPITAL PROGRAMME

4.1 Capital bids shown in Appendix A total £1,075,000. Funding of £1,075,000 is therefore required. The table below shows the recommended way that these projects are financed:-

Capital Programme 2020/21 <i>Appendix A bids</i>	£ 1,075,000
Funded By:	
Capital Receipts	65,000
Vehicle & Plant Renewals Reserve	50,000
Better Care Grant funding towards Disabled Facilities Grants (estimated)	860,000
New Homes Bonus	100,000
TOTAL	1,075,000

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>Council is responsible for setting the Capital Programme and approving the Capital Budget, following consideration and recommendation from the Hub Committee.</p>
Financial Implications to include reference to Value for Money	Y	<p>The report sets out the Capital Bids to the 2021/22 Capital Programme totalling £1,075,000 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 2021/22 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.</p>

		<p>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>The Council declared a Climate Change and Biodiversity Emergency on 23 July 2019 and a Climate Change Action Plan was presented to Council in December 2019. 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> <p>On 8th December 2020, Council adopted the Climate Change and Biodiversity Strategy. The Council has committed to the following aims;</p> <ul style="list-style-type: none"> a) That the Council aim to reduce its organisational carbon emissions to net-zero by 2030; b) That the Council commit to working with partners through the Devon

		Climate Emergency Response Group to aim to reduce the Borough of West Devon's carbon emissions to net zero by 2050 at the latest; c) That the Council aim for a 10% Biodiversity Net Gain in the habitat value of its green and wooded public open space by 2025;
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 2021/2022

Background papers

Capital Programme for 2020/21 - Council 18 February 2020 (CM65 and HC69 refer)

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes