

CAPITAL PROGRAMME 2017/18

<u>Report of the:</u>	Director of Finance & Resources
<u>Contact:</u>	Lee Duffy
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Annexe 1: Proposed Capital Programme Annexe 2 & 3: Capital Appraisal forms for Bid 1 Annexe 4, 5, 6 & 7: Capital Appraisal forms for Bid 2 Annexe 8 & 9: Capital Appraisal forms for Bid 3 Annexe 10: Capital Appraisal forms for Bid 5 Annexe 11, 12 & 13: Capital Appraisal forms for Bid 6
<u>Other available papers</u> (not attached):	Financial Policy Panel papers 6 December 2016

REPORT SUMMARY

This report proposes the 2017/18 capital programme and a provisional programme for 2018-20.

RECOMMENDATION (S)

- (1) Submits the Capital Programme for 2017/18 as identified in section 4 of this report to the Council for approval on 14 February 2017;
- (2) Confirms that it supports all of the schemes included in the provisional programme for 2018-20 as identified in section 6 of this report;
- (3) Notes that schemes for 2018-20 are provisional pending an annual review of funds available for capital investment.

Notes

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 The Council's Medium Term Financial Strategy includes the following in regards to investment in services:-

- Prioritise capital investment to ensure retained property is fit for purpose.
- Maximise the use of external funding opportunities to deliver improvements to the community infrastructure, including affordable housing.
- Maintain a minimum uncommitted level of capital reserves of £1 million.

2 Background

2.1 The Capital Strategy was last agreed by the Council on 11 February 2016 at which time the capital programme was approved for 2016/17. Schemes for 2017-2019 were provisional pending the annual budget review and an annual assessment of funds for capital investment.

2.2 The Financial Policy Panel provided the Capital Member Group (CMG) with a remit to guide the preparation of a capital programme for 2017-18. The Panel received details of capital bids on 6 December 2016 following an assessment of investment options by the CMG.

2.3 The Panel were advised that the proposed level of investment of £2.8 million over three years 2017/18 to 2019/20 would reduce the available capital reserves to £1.5 million at the end of this period. The proposed capital programme assumes funding from capital and revenue reserves, and government grants. Specific schemes may also be funded from other grants where successful bids are made.

2.4 The Panel's guidance relevant to this policy committee's recommendations was as follows:-

2.4.1 Priority schemes identified by the Capital Member Group should be presented with project appraisals to the policy committees in January to establish whether there is support for the individual projects, with any projects not supported being removed from the draft programme.

2.4.2 Schemes identified in section 4 of this report, totalling £291,000, requiring £291,000 use of capital reserves, should be included in the capital programme, subject to support for the project appraisal by this Committee and subject to external funding being received before expenditure is committed.

3 Proposals

- 3.1 The Policy Committee is asked:-
- 3.1.1 To approve the proposed capital programme for 2017/18;
- 3.1.2 To agree the provisional programme for 2018-20.
- 3.2 The timing of the programme should be based on the ability to deliver with a realistic number of projects in any one year.
- 3.3 The budget assumes that interest earned on capital reserves will be used to help finance the revenue budget.
- 3.4 If all schemes in the proposed corporate capital programme for 2017/18 were to progress this would reduce the capital reserves to around £2.0 million and as a result there will be reduced funding available for service delivery. This is reflected in next year's estimates and the financial forecasts.

4 Core Programme 2017/18 Funded from Capital Reserves

- 4.1 The Financial Policy Panel recommended that the following schemes should be considered by this Committee for inclusion in the capital programme in 2017/18, subject to the Committee approving the project appraisals and the identification, where appropriate, of revenue funding.
- 4.2 The proposed core programme for 2017/18 funded from capital reserves is as follows:-

Capital Appraisal form reference	Scheme	Estimate 2017/18 (£'000)
S&R Bid 1	Installation of LED Lighting Bourne Hall	21
S&R Bid 2	ICT Programme of Work	250
S&R Bid 3	ICT - Legal Case Management System	20
	Total schemes funded from capital reserves	291

- 4.3 The CMG agreed that the replacement of Wyse boxes (£70,000) submitted as part of the £250,000 ICT Programme of work should be subject to an option appraisal by the Leadership Team. The outcome of that review will be reported back to CMG in time for the Council meeting in February 2017.

5 Proposed Capital Programme 2018/19 to 2019/20

5.1 The provisional programme proposed for 2018-20 is:-

Bid Ref:	Scheme	2018/19 (£'000)	2019/20 (£'000)	Funding
S&R Bid 5	ICT - Financial Management System Upgrade	67	0	Capital Reserves
S&R Bid 6	Epsom Business Hub	30	0	Capital Reserves
	Total proposed capital programme 2017/18 to 2018/19	97	0	

5.2 Bids for these schemes will be prepared and submitted to future Capital Member Group meetings for their support to be included within the capital programme for 2018/19 and 2019/20.

6 Financial and Manpower Implications

6.1 As highlighted in this report, any scheme not attracting full external funding will have a revenue budget impact.

6.2 The Committee will wish to ensure that the Council has the capacity to deliver the recommended schemes.

6.3 **Chief Finance Officer's comments:** *All financial implications are included in the body of the report.*

7 Legal Implications (including implications for matters relating to equality)

7.1 A baseline criteria for schemes is 'Investment required to meet Health and Safety or other new legislative requirements' as identified in the project appraisals.

7.2 **Monitoring Officer's comments:** *There are no significant legal implications arising from this report. It is important when considering whether to approve capital schemes that the Council's legal obligations are considered, including in relation to the management of data. This appears to have been done in the preparation of the Capital Programme.*

8 Sustainability Policy and Community Safety Implications

8.1 None for the purpose of this report.

9 Partnerships

9.1 There are no schemes dependent upon partnership agreement or funding. Schemes may, subject to evaluation, involve partnership for procurement or service delivery.

10 Risk Assessment

10.1 The CMG have used the Capital Strategy to balance the need for prioritised investment against a reducing level of capital reserves.

10.2 To help manage risks to the General Fund revenue account business case investment has been prioritised where it demonstrates a payback within 5 years or 7 years for renewable energy projects.

10.3 Funding has been identified to enable the delivery of the capital programme for 2017/18 and officers believe that there should be sufficient capacity to deliver these projects.

11 Conclusion and Recommendations

11.1 A programme of £291,000, excluding any carry forward provisions from 2016/17, is recommended for this committee in 2017/18.

11.2 To agree the provisional programme for 2018 - 2020.

WARD(S) AFFECTED: N/A