

## **CAPITAL PROGRAMME 2020/21**

<b>Head of Service/Contact:</b>	Lee Duffy, Chief Finance Officer
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Annexes/Appendices (attached):</b>	<b>Annex 1</b> – Proposed Capital Programme <b>Annex 2</b> – Capital Appraisal form for Bid 1 <b>Annex 3</b> – Capital Appraisal form for Bid 5 <b>Annex 4</b> – Capital Appraisal form for Bid 2 <b>Annex 5</b> – Capital Appraisal form for Bid 3
<b>Other available papers (not attached):</b>	Financial Policy Panel papers - 3 December 2019 Capital Strategy

### **Report summary**

This report summarises the proposed 2020/21 capital programme and a provisional programme for 2021-23. The Committee's approval is sought for the programme to be submitted to Council in February 2020.

### **Recommendation (s)**

#### **That the Committee:**

- (1) Submits the Capital Programme for 2020/21 as identified in section 4 and 5 of this report to the Council for approval on 13 February 2020;**
- (2) Confirms that it supports all of the schemes included in the provisional programme for 2021-23 as identified in section 6 of this report;**
- (3) Notes that:-**
  - (a) schemes subject to external funding from Disabled Facilities Grants only proceed when funding has been received;**
  - (b) schemes for 2021-23 are provisional pending an annual review of funds available for capital investment.**

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

- 1.1 The Council's Medium Term Financial Strategy (MTFS) includes the following guidelines relevant to investment in services:-
  - 1.1.1 Prioritise capital investment to ensure retained property is fit for purpose.
  - 1.1.2 Maximise the use of external funding opportunities to deliver improvements to the community infrastructure, including affordable housing.
  - 1.1.3 Maintain a minimum uncommitted level of capital reserves of £1 million.
- 1.2 A baseline criteria for schemes is 'Investment required to meet Health and Safety or other new legislative requirements' as identified in the project appraisals.

### **2 Background**

- 2.1 The Capital Strategy was last agreed by the Council on 19 February 2019 at which time the capital programme was approved for 2019/20. Schemes for 2020-2022 were provisional pending the annual budget review and an annual assessment of funds for capital investment.
- 2.2 Strategy and Resources provided the Capital Member Group (CMG) with a remit for the preparation of a capital programme for 2020/21. Under this remit, CMG assessed all capital bids and recommended a programme to Financial Policy Panel ('the Panel') for approval on 3 December 2019.
- 2.3 The programme presented to the Panel assumed funding from capital receipts, revenue funding, reserves and government grants. The Panel were advised that the proposed level of investment of £2.7 million over three years 2020/21 to 2022/23, of which £651k was to be funded from capital receipts, would reduce the available capital receipts balance to £2.15 million at the end of this period. The agreed minimum threshold of capital receipts is £1 million.
- 2.4 The receipts forecast assumes a £200k revenue contribution to fund capital schemes in 2020/21. This contribution is subject to the budget being approved at Council in February 2020.
- 2.5 The Panel's guidance relevant to this policy committee's recommendations was as follows:-

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2.5.1 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.

2.5.2 Schemes identified in section 4 and 5 of this report, totalling £786k, requiring £129k use of capital receipts, £34k of Repairs and Renewals reserve, £23k of S106 receipts and £600k of external grant funding, 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 Committee is asked:-

3.1.1 To approve the proposed capital programme for 2020/21; and

3.1.2 To agree to the provisional programme for 2021-23.

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 If all schemes in the proposed corporate capital programme for 2020/21 were to progress, and given the use of £200k of revenue funds, this would reduce the capital reserves to £2.15 million at 31 March 2023. Where possible the Council will prioritise the use of other funding sources such as revenue, external grants, S106 and Community Infrastructure Levy to preserve the level of capital receipts.

### 4 Core Programme 2020/21 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 2020/21, subject to the Committee approving the project appraisals.

4.2 The proposed core programme for 2020/21 funded from capital reserves consists of the following schemes:-

<b>Capital Appraisal form reference</b>	<b>Scheme</b>	<b>2020/21 £000s</b>
Community & Wellbeing Bid 5	Playhouse Refurbishment – carpets and seating	128
Community & Wellbeing Bid 2	Bourne Hall Bungalow Roof Covering	35

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Community & Wellbeing Bid 3	Outdoor gym equipment in Chessington Road	23
<b>Total</b>		<b>186</b>

4.3 An unsuccessful capital bid had been received for a scheme to refurbish the women's toilets at Bourne Hall. While the bid did not meet the criteria for inclusion in the capital programme, it is expected that the scheme will proceed as part of the Council's planned revenue maintenance programme for 2020/21, which is subject to Strategy & Resources approval later this month.

### 5 Core Programme 2020/21 Externally Funded

5.1 The Financial Policy Panel recommended that the following schemes should be considered by this Committee for inclusion in the capital programme, subject to the external funding identified being available.

Capital Appraisal form reference	Scheme	2020/21 £000s	Funding
Community & Wellbeing Bid 1	Disabled Facilities Grant (DFG) Programme	600	MHCLG Grant
<b>Total</b>		<b>600</b>	

5.1 Disabled Facilities Grant is received annually from the Ministry of Housing, Communities and Local Government. The Council has a statutory responsibility to administer the grant. The grant is typically used to make residential adaptations to enable vulnerable residents to maintain independence and remain in their own homes. Such interventions can prevent the need for NHS and or sheltered housing services. The grant is typically used to:

- widen doors and install ramps
- improve access to rooms and facilities - eg stairlifts or a downstairs bathroom
- provide a heating system
- adapt heating or lighting controls to make them easier to use

### 6 Proposed Capital Programme 2021/22 to 2022/23

6.1 The provisional programme for 2021-23 is:-

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<b>Capital Appraisal form reference</b>	<b>Scheme</b>	<b>2021/22 £000s</b>	<b>2022/23 £000s</b>	<b>Funding</b>
Community & Wellbeing Bid 1	Disabled Facilities Grant (DFG) Programme	600	600	MHCLG Grant
<b>Total</b>		<b>600</b>	<b>600</b>	

6.2 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 2020/21 and 2021/22.

## 7 Financial and Manpower Implications

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

7.2 Chief Finance Officer's comments: all financial implications are included in the body of the report.

## 8 Legal Implications (including implications for matters relating to equality)

8.1 The Council has a statutory responsibility to administer the Disabled Facilities Grant.

8.2 **Monitoring Officer's comments:** None for the purposes of this report.

## 9 Sustainability Policy and Community Safety Implications

9.1 None for the purposes of this report.

## 10 Partnerships

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

## 11 Risk Assessment

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

11.2 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.

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- 11.3 Funding has been identified to enable the delivery of the capital programme for 2020/21 and officers believe that there should be sufficient capacity to deliver these projects.

### **12 Conclusion and Recommendations**

- 12.1 A programme of £786k, excluding any carry forward provisions from 2019/20, is recommended for this Committee in 2020/21.
- 12.2 To agree the provisional programme for 2021-2023.

**Ward(s) Affected:** (All Wards);