

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 12 DECEMBER 2017**

Title of Report	<b>CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2017/18 AND PROGRAMMES 2018/19 TO 2022/23</b>
Key Decision	a) Financial Yes b) Community Yes
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Purpose of Report	To advise Members of the likely Capital Outturn and the relevant financing for 2017/18 for the General Fund, Special Expenses and the H.R.A.  To seek approval to the Draft General Fund, Special Expenses and H.R.A Capital Programmes for 2018/19 and to note indications for future years and associated funding for consultation.
Reason for Decision	To enable projects to be included in the Programmes for consultation.
Council Priorities	The projects in the Capital Programmes help the Council achieve all its priorities.

Implications	
Financial / Staff	As contained in the report.
Links to relevant CAT	The Capital programmes are potentially relevant to all Corporate Action Teams (CATs).
Risk Management	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
Equalities Impact Screening	No impact at this stage.
Human Rights	None identified.
Transformational Government	The Programmes attached are integral to delivering better services.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	As author, report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team, 14 November 2017 and Budget Holders
Background Papers	<u><a href="#">2016/17 Capital Budget Report</a></u> – Cabinet 8 December 2015 <u><a href="#">2017/18 Capital Budget Report</a></u> - Cabinet 13 December 2016
Recommendations	<p><b>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTFURN FOR 2017/18 AND PLANNED FINANCING BE NOTED.</b></p> <p><b>B. THAT CABINET APPROVES FOR CONSULTATION THE DRAFT CAPITAL PROGRAMMES IN 2018/19 DETAILED IN:</b></p> <ul style="list-style-type: none"> <li>• <b>APPENDIX “A” GENERAL FUND CAPITAL SCHEMES</b></li> <li>• <b>APPENDIX “B” SPECIAL EXPENSE CAPITAL SCHEMES</b></li> </ul>

	<ul style="list-style-type: none"> <li>• <b>APPENDIX “C” HRA CAPITAL SCHEMES AND IN 2019/20 THESE SCHEMES ONLY:</b></li> <li>• <b>£600,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS DETAILED IN PARAGRAPHS 3.7 TO 3.7.7</b></li> </ul> <p><b>C. THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES IN RESPECT OF VEHICLES, EQUIPMENT AND PLANT AND DELEGATES THE AUTHORITY TO AWARD THESE CONTRACTS, AND ANY ASSOCIATED AGREEMENTS IN FURTHERANCE OF THE PROJECTS TO THE STRATEGIC DIRECTOR OF PLACE IN CONSULTATION WITH THE PORTFOLIO HOLDER, SUBJECT TO FINAL APPROVAL OF THE CAPITAL PROGRAMMES IN FEBRUARY 2018.</b></p>
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## **1.0 INTRODUCTION**

- 1.1 By Regulation, all local authorities are required to have regard to the Prudential Code when setting their Capital Programmes. The core objectives of the Code are to ensure that Capital schemes are ‘Affordable, Prudent and Sustainable’. This is reviewed in conjunction with the Treasury Management Strategy Statement (TMSS) which contains indicators that evidence compliance with the Code.
- 1.2 The Prudential Code is currently under revision with a new release anticipated in December 2017. We are aware that one of the new requirements of the Code is that a Capital Strategy is to be presented to full Council concurrently with the Capital Programme. The Capital Strategy will therefore be presented to Cabinet and Council in February 2018 alongside the Capital Programmes due for approval.
- 1.3 As part of the process of effectively assessing property items for inclusion in the capital programme, the Council has collated a Planned Preventative Maintenance (PPM) Schedule that prioritises works based on a matrix scoring system. Items of a capital nature that are classed as priority 1 have been included in the capital programme in 2018/19, with other priority works scheduled in the following years to 2023.
- 1.4 To supplement the Capital Strategy and PPM, the Asset Management Strategy will be revised and presented to members for approval in due course, to ensure that all decision making surrounding the assets of the Authority has a sound basis.
- 1.5 Appendix “A” shows the proposed General Fund Capital Programme for 2018/19 to 2022/23.
- 1.6 Appendix “B” shows the proposed Special Expense Capital Programme for 2018/19 to 2022/23.
- 1.7 Appendix “C” shows the H.R.A. proposed Capital Programme for 2018/19 to 2022/23.

1.8 The Appendices also present the estimated outturn for the current year for approval.

**2.0 GENERAL FUND - ESTIMATED OUTTURN 2017/18**

2.1 The projected outturn for 2017/18 on General Fund schemes totals £3,716,722. This is a managed increase of £645,801 on the original budget for the year of £3,070,921.

2.2 This managed increase is caused by the following:

<b>Schemes carried forward from 2016/17</b>	<b>£</b>	<b>£</b>
Improving Customer Experience (ICE)	36,661	
HR/Payroll System	23,334	
Desktop Equipment Upgrade	39,204	
User Workstation Replacement	(12)	
Helpdesk Software Upgrade	3,546	
Server and Storage Additional Capacity	7,551	
Replacement Telephone System	3,140	
ICT Infrastructure Scheme (Roadmap)	221,558	
Disabled Facilities Grant	150,735	
Sweeper – accelerated from 2018/19	(120,105)	
Miscellaneous Plant	59,260	
Access Road, High Street Car Park, Measham	25,000	
Belvoir Shopping Centre-Main Service Road, Coalville	10,296	
Silver Street Car park, Whitwick - resurfacing	10,055	
North Service Road Car park, Coalville	32,250	
Coalville Market Upgrade (Phase 2)	22,295	
Market Hall Wall	7,258	
Coalville Park – Reconfigure depot – replace building	95,000	
Replace HPLC Gym Air Conditioning	4,515	
Wellbeing Centre at HPLC	399,250	
Car Park – Ashby Health (Ashby Cultural Quarter)	362,133	
Car Parking Strategy – acceleration from 2018/19	(2,151)	
Indoor Cycles	14,315	
<b>Total</b>		<b>1,405,088</b>
<b>Additional Approved Schemes and Virements 2017/18</b>		
ICE Project – to revenue	(36,661)	
HR/Payroll System – further funding	10,000	
ICT Infrastructure Scheme (Roadmap) – to revenue	(106,239)	
Disabled Facility Grants Revenue contributions – to other revenue schemes	(450,000)	
Tractor	18,516	
Pool Hoist replacements	15,000	
<b>Total</b>		<b>(549,384)</b>
<b>Planned Slippage in 2017/18 carried forward to Later Years</b>		
Disabled Facilities Grant – Slippage into 2018/19	(139,264)	
North Service Road Car park – Slippage into 2018/19	(32,250)	
Council Offices Extension Car Park – Slippage into 2019/20	(20,000)	
<b>Total</b>		<b>(191,514)</b>

<b>Underspends Identified in 2017/18</b>		
Hermitage Rec Grounds AW Play Area Car Park	(7,500)	
Silver Street Car Park, Whitwick - Resurfacing	(9,175)	
Various small over/underspends identified	(1,714)	
<b>Total</b>		<b>(18,389)</b>
<b>Total Managed Increase</b>		
		<b>645,801</b>
<b>Total Managed Increase Funded by: (Net Position)</b>		
Revenue	2,500	
Value for Money Reserve	3,140	
Other Reserves	101,898	
Other Contributions	399,250	
Unsupported Borrowing - Internal	139,013	
<b>Total</b>		<b>645,801</b>

The total planned financing of the General Fund expenditure totalling £3,716,722 in 2017/18 is as follows:

	<b>£</b>
Disabled Facilities Grant	572,989
S106 Contributions	399,250
Revenue Contributions to Capital	20,520
Value for Money Reserve	3,140
Other Reserves	320,929
Unsupported Borrowing - Internal	2,399,894
<b>Total</b>	<b>3,716,722</b>

- 2.3 There were sufficient funds identified prior to this capital spend being committed.
- 2.4 The carried forward schemes shown in paragraph 2.2 above represents expenditure which was originally expected and budgeted for in 2016/17 but has slipped into 2017/18. The budgeted financing has also been carried forward.
- 3.0 GENERAL FUND CAPITAL PROGRAMME 2018/19 TO 2022/23 – INDIVIDUAL SCHEMES**
- 3.1 The programme for 2018/19 to 2022/23 is detailed in Appendix A. This programme provides for a continuation of the current Disabled Facilities Grants Scheme (£762,253 in 2018/19) and the Vehicle Replacement Programme.
- 3.2 Schemes shown as slippage from 2017/18 and carried forward to 2018/19 are detailed in the table in paragraph 2.2 above.
- 3.3 In addition, the following new schemes are included in the programmes for approval to commence in 2018/19:

### **3.4 Planned Preventative Maintenance schemes (£310,000)**

#### **3.4.1 Moira Furnace – Masonry and Drainage (£170,000)**

Moira Furnace is a listed Scheduled Monument. A recent condition survey identified that immediate remedial action including Masonry works and drainage were required. A report has been submitted to CLT. This item is provisional and subject to a separate report being submitted to Cabinet.

#### **3.4.2 Council Offices – Upgrade failing Fire Alarm System – (£30,000)**

The age of the existing fire alarm system is outdated with spare parts becoming obsolete. Recent failings during a false alarm have given strong indication a replacement is required.

#### **3.4.3 Council Offices – Lift Works – (£30,000)**

The lift relays have been identified as requiring urgent replacement to ensure that the lift remains in good working order. Further works to the lift is scheduled in later years.

#### **3.4.4 Castle Donington All Weather Pitches – Re-surfacing – (£30,000)**

Despite a regular maintenance regime, the All Weather pitches at Castle Donington College are reaching the end of their natural life. This has been exacerbated by a prevalence of mud on the carpet of both pitches which is making them unplayable most of the time. Professional advice has been sought which has stated no remedial work can be undertaken to permanently remove the mud due to weak seams as the carpet may then become unplayable and irreparable. Consequently the only option is to replace the carpets earlier than would have been anticipated. This will be a jointly funded project delivered in partnership with the school.

#### **3.4.5 Linden Way Depot – welfare Facilities (£50,000)**

Improvements to welfare facilities for operational and office staff at Linden Way to include new and improved showers, toilets and canteen facilities; and general functional improvements to the existing portacabin accommodations.

### **3.5 New Schemes for consideration (£930,000)**

#### **3.5.1 Server and Storage Additional Capacity (£68,000)**

Our current SAN (Storage Area Network) contract for maintenance is £32,000 a year, the equipment is also coming to end of life in 2 years' time. The replacement of the equipment including 5 years maintenance is £67,000 over 5 years. As opposed to £150,000 for the current equipment over 5 years.

#### **3.5.2 IDOX Platform (£30,000)**

IDOX is currently hosted internally on our infrastructure and ICT are responsible for the support and maintenance of the infrastructure. IDOX provides a hosted version of IDOX Uniform in their own data centre, which they manage and support including the licences, maintenance and updates on their own hardware. This ensures that the IDOX uniform platform is always updated, and running the latest version. The £30K is the professional services cost element to implement the move to a hosted IDOX and fully supported environment

- 3.5.3 User Screens – Bulk replacement (£25,000)  
The Council's screens are coming to the end of their economic life. A replacement and upgrading programme enables more efficient working and replacement of obsolete screens.
- 3.5.4 Finance System / Review (£450,000)  
This funding is provisional and for the purpose of the purchase and implementation of a new finance software system which hosts the general ledger and all financial activity of the Council. The decision to purchase a new system utilising this funding is subject to a separate report being submitted to Cabinet.
- 3.5.5 Linden Way Depot – Extension (£200,000)  
Amend existing planning permission to extend the Linden Way depot by approximately 2,000 square metres for the purpose of enabling adequate storage of material, waste containers and improve parking provision which will ensure sufficient parking as well as allowing for safe vehicle movements in and around the depot area. This item is provisional and subject to a separate report being submitted to Cabinet.
- 3.5.6 Linden Way Depot – Workshop Extension (90,000)  
Proposed extension to existing workshop to allow for maintenance to be carried out on longer refuse collection vehicles, including extending the two extension pits. This is essential to be able to carry out the necessary servicing, maintenance and repairs of larger refuse vehicles.
- 3.5.7 District Car Parks – LED Lighting Replacement (£25,000)  
To upgrade the external lighting installations in NWLDC's public car parks by the replacement of our traditional light fittings with up-to-date light fittings utilising LED (light emitting diode) technology. Traditional external light fittings are now being phased out widely, with major manufacturers planning to cease production of traditional fittings and lamp types. LED light fittings are more energy efficient than traditional types and will require less maintenance, resulting in lower energy consumption and lower running costs.
- 3.5.8 Replace Hood Park LC Outdoor Learner Pool boiler & Pipework – (£10,000)  
The outdoor learner pool boiler and associated pipework at HPLC is over 15 years old and in need of replacement. Whilst the current boiler is serviced regularly in accordance with legislation there can be no doubt that its replacement is now necessary. A new boiler would also be far more efficient with regards to utility consumption and also more effective at heating the pool water..
- 3.5.9 Hermitage LC – Water Pipework and Tank Upgrade – (£18,000)  
The cold water storage tank (potable) located in the loft space above the boiler room has a life expectancy of 35 years and was installed circa 1980 (William Saunders Condition Survey Aug 2010), Replacement of this tank along associated pipework is recommended due to age and the risk a leak would present due to its location.
- 3.5.10 Hermitage LC - Gym Air Conditioning – Replacement – (£14,000)  
Air conditioning units general life expectancy is 10-12 years dependant on their environment. The units within the gym are situated in an area of high use open for 17

hours a day, 7 days a week and were fitted in early 2001 (circa). New units would be more energy efficient and also improve the customer experience within the gym area.

### **3.6 Approved Schemes that require renewed approval (£120,250)**

#### **3.6.1 North Service Road Car Park, Coalville (£120,250)**

The original scheme for £32,250 was agreed by Cabinet in the capital programme for 2016/17. The slippage from this original budget is included in Table 2.2 above for 2018/19. An increase to this scheme of £88,000 is requested. This revised total allocation of £120,250 is to improve the appearance and function of the site rather than simply maintaining it as it is in its present form. The scheme will include improvements to the pedestrian footway and alterations such as the removal of the “D” shaped traffic islands.

### **3.7 Fleet Replacement Programme**

3.7.1 With regard to the Fleet Replacement Programme, each year a number of vehicles either come to the end of their useful economic life or if leased, their lease period when each of these vehicles are reviewed based on its age, condition, mileage or potential risk of major repairs (due to being out of warranty). A decision is made to replace the vehicle or to extend its life for a further period.

3.7.2 These decisions are made in the previous year in order to allow a suitable lead-in period from order to delivery in April, particularly for large items such as refuse vehicles. Many of these vehicles are built to order and these orders have to be placed before October for delivery the following April. Therefore, although they are actually acquired in April a commitment has to be made in the previous year.

3.7.3 Due to service requirements, approval is sought to amend the 2018/19 fleet budget from £935,000 to £1,095,000; a net increase of £160,000. This increase consists of the addition of two vehicles, a recycling Collection vehicle - £165,000 and a 7 tonne tipper lorry - £35,000; the cost of a baler has been revised down from £80,000 to £50,000; the cost of the mowers have been revised down from £70,000 to £60,000.

3.7.4 The total fleet budget for 2018/19 is now as follows:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Original Budget £</b>	<b>Revised Budget £</b>
3 x Refuse/Recycling Collection Vehicles plus 1 New Recycling	485,000	650,000
14 x Housing Medium Vans	210,000	210,000
1 x Tipper 7.0 Tonne – new Vehicle for Grounds maintenance team	0	35,000
1 x Street Cleansing Box Lorry 7.5 Tonne	40,000	40,000
1 x Sweeper	50,000	50,000
1 x Baler	80,000	50,000
2 x Mowers	70,000	60,000
<b>TOTAL</b>	<b>935,000</b>	<b>1,095,000</b>



- 3.7.5 In order to progress with the 2019/20 purchases, approval is sought for the following vehicles:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Budget £</b>
2 x Refuse / Recycling Vehicles	425,000
2 x Vans	30,000
4 Medium Vans - Housing	80,000
2 x Mowers	65,000
<b>Total</b>	<b>600,000</b>

3.7.6 Waste, Street Cleansing and Grounds Maintenance Services; (£505,000)

The existing vehicles, including one refuse collection vehicle, one workshop van and two ride on mowers are to be replaced and an additional refuse vehicle purchased as part of the rolling vehicle replacement programme to ensure reliability and cost effectiveness of waste, street cleansing and grounds maintenance service delivery.

3.7.7 Medium Vehicles (£95,000)

Five further vans are to be replaced. These consist of four for housing and one for Environmental Health's Pest Control Section, as part of the rolling vehicle replacement programme. These are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

- 3.8 The General Fund Capital Programme (2018/19) will be funded by:

<b>Funding Stream</b>	<b>£</b>
Disabled Facilities Grants	572,989
Revenue Contribution	50,000
Reserves	194,264
Capital Receipts	30,000
Unsupported Borrowing - Internal	2,370,250
S106 Receipts	0
<b>Total</b>	<b>3,217,503</b>

**4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES**

- 4.1 There were no identified Special Expense capital schemes for 2017/18

- 4.2 The following new scheme is included to commence in 2018/19:

4.3 Owen Street Football Floodlights – (£50,000)

This scheme is provisional and subject to a report being submitted to the Coalville Working Party.

**5.0 H.R.A. CAPITAL PROGRAMME – 2018/19 - 2022/23 INDIVIDUAL SCHEMES**

5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2018/19 to 2022/23.

5.2 Planned spend in 2018/19 and onwards mainly consists of:-

5.2.1 Home Improvement Programme (HIP)

The Council brought all of its homes up to the Decent Homes standard in 2014/15 and is forecast to spend £2.0m on maintaining decency in 2017/18. Each year will require further investment to ensure that 100% of homes remain at this minimum quality standard.

The Home Improvement Programme for 2018/19 will invest £2.8 million in improving tenants’ homes.

5.2.2 Other Planned Investment Programme (PIP)

In addition to delivering the Homes Improvement Programme, there are a wide range of other investments (of £0.8m) required to maintain and enhance tenants homes and associated services and assets, which are outside the government’s definition of Decent Homes works. This includes car parking improvements.

5.2.3 New Build/Affordable Housing Programme

The current programme comprises -

Former Cocked Hat site, Cropston Drive	-	up to 12 homes
Linford and Verdon Crescent, Coalville	-	17 new homes
Willesley estate, Ashby	-	7 homes
Sites under negotiation	-	<u>32 homes</u>
Total		<u>up to 68 homes</u>

The above schemes will see a total investment of £5.0m over the two years of 2017/18 and 2018/19, with a further £2.8m investment planned in 2019/20.

5.2.4 Other Schemes / Miscellaneous

There are various other schemes with brief notes in the Housing capital programme as per Appendix B.

In relation to the proposed sale of higher value empty homes, the £1m provision originally included in the 2017/18 capital programme will be revised to nil in the absence of further guidance from DCLG. To match this, the income target, which supported that commitment, has been reduced.

5.2.5 Future Funding

The long term HRA business plan continues to be based on 1% rent reductions from 2016 for four years and then, following recent guidance from the Government, at CPI plus 1% increases for five years, then reverting to CPI plus 0.5% for the remainder of the 30 year period the plan covers. The recent guidance on future rent increase levels provides greater certainty for the five-year period following rent reductions, and additional efficiencies will continue to be sought.

**6.0 CAPITAL RESOURCES**

6.1 The resources estimated to be needed to finance the **General Fund** programme 2018/19 to 2022/23 totals £29,779,409 and is as follows:

	£
2018/19	3,217,503
2019/20	14,280,489
2020/21	9,612,439
2021/22	1,760,989
2022/23	907,989
<b>Total</b>	<b>29,779,409</b>

6.2 Details of the planned funding of the programmes are included in Appendix A.

6.2.1 Funding is in place in 2018/19 for the Disabled Facilities Grants Scheme (£762,253) consisting of £572,989 Disabled Facilities Grants, £139,264 of reserves and £50,000 of revenue contribution.

6.2.2 The IDOX Platform, £30,000 and User Screen replacement, £25,000 are being funded from reserves.

6.2.3 For 2018/19, £30,000 of capital receipts from vehicles sold will be used to supplement the Fleet programme.

6.2.4 The remaining schemes (£2,370,250) can be funded by either leasing or borrowing depending on value for money and for which, provision has been made in the 2018/19 Revenue Budget.

6.3 The following resources are budgeted to be available for financing the **Housing Revenue Account programme** in 2018/19:

	£
Usable Balances	7,155,953
Retained Right to Buy Receipts	245,501
Right to Buy Receipts – Attributable debt	1,008,000
Use of Right to Buy ‘One for One’ reserve	405,338
Major Repairs Allowance	3,126,730
Asset Disposals (Capital Allowance)	400,000
<b>Total Resources</b>	<b>12,341,522</b>
Less Budgeted Expenditure	9,952,533
<b>Surplus to be carried forward to 2019/20</b>	<b>2,388,989</b>

## 7.0 PROCUREMENT ROUTES

- 7.1 Where the authority is required to enter into a contract which has a value of £100,000 or more, Cabinet authority is sought prior to award of the contract. As Cabinet is considering the budgetary implications of the Capital Programmes, it is efficient for Cabinet to consider the award of subsequent high-value contracts at the same time. Cabinet may also be asked to address a request for a waiver to the Contract Procedure Rules (CPR) for a particular selection of contract opportunities. Each will be considered in turn.
- 7.2 Although the procurement processes may be commenced sooner, the contract award will not take place before Council has approved the budget for the Capital Programmes. The authority's procurement documentation gives it a right not to award a contract, should Council not approve the budget.
- 7.3 Each year, as part of the Fleet, Plant and Equipment Replacement Programme, replacements will need to be made to some of the Council's vehicles, equipment and plant. Officers will select the most appropriate public sector framework or procurement route for each item, considering which offers value for money for the Council at the time of procurement.
- 7.4 Cabinet is asked to delegate award of the subsequent contracts for vehicles, equipment and plant to the Strategic Director of Place in consultation with the Portfolio Holder.
- 7.5 Where not using pre-existing contracts or frameworks all procurement processes for contracts over £25,000 will be advertised and available for local suppliers to submit bid for should they be of interest.

## **8.0 NEXT STEPS**

- 8.1 This report will be presented to the Policy Development Group at its meeting on 10 January 2018. Consultation with the business community will be through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses. Any comments received will be included in the report to Cabinet on 6 February 2018 which will make the final recommendations to Council on 27 February 2018.