

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 11 DECEMBER 2018

Title of report	2019/20 - 2023/24 DRAFT CAPITAL PROGRAMMES
Key Decision	a) Financial Yes b) Community Yes
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Purpose of report	<p>To advise Members of the likely Capital Outturn and the relevant financing for 2018/19 for the General Fund, Special Expenses and the Housing Revenue Account.</p> <p>To seek approval to the Draft General Fund, Special Expenses and HRA Capital Programmes for 2019/20 and to note indications for future years and associated funding for consultation.</p>
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
Link 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	This relates to the new ways in which Councils are being asked to deliver their services
Comments of Deputy Head of Paid Service	Report is satisfactory
Comments of Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	None
Background papers	Delegation and Collaboration Agreement in relation to the Lightbulb Programme – Cabinet 16 January 2018
Recommendations	<p>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTTURN FOR 2018/19 AND PLANNED FINANCING BE NOTED AT APPENDICES A, B AND C</p> <p>B. THAT CABINET APPROVES FOR CONSULTATION THE DRAFT CAPITAL PROGRAMMES IN 2019/20 DETAILED IN:</p> <ul style="list-style-type: none"> • APPENDIX A - GENERAL FUND CAPITAL SCHEMES • APPENDIX C - H.R.A. CAPITAL SCHEMES AND IN 2020/21, THESE SCHEMES ONLY: • £1,150,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS DETAILED IN PARAGRAPHS 3.6 TO 3.6.6 <p>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 PROJECT TO THE STRATEGIC DIRECTOR OF PLACE IN CONSULTATION WITH THE PORTFOLIO HOLDER, SUBJECT TO FINAL APPROVAL OF THE CAPITAL PROGRAMMES IN FEBRUARY 2019.</p>

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

both the Capital Strategy and the Treasury Management Strategy Statement (TMSS) which contains indicators that evidence compliance with the Code. These strategies will be presented to members with the budget in February 2019.

- 1.2 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 essential have been included in the capital programme in 2019/20.
- 1.3 Appendix "A" shows the General Fund estimated outturn for 2018/19 and the proposed Capital Programme for 2019/20 to 2023/24.
- 1.4 Appendix "B" shows the Special Expenses estimated outturn for 2018/19
- 1.5 Appendix "C" shows the H.R.A. estimated outturn for 2018/19 and the proposed Capital Programme for 2019/20 to 2023/24.

2.0 GENERAL FUND - ESTIMATED OUTTURN 2018/19

- 2.1 The projected outturn for 2018/19 on General Fund schemes totals £6,658,691. This is a managed increase of £3,521,438 on the original budget for the year of £3,137,253.
- 2.2 This managed increase is caused by the following:

Schemes carried forward from 2017/18	£	£
Refuse Vehicles	677,330	
Vans – Medium	56,500	
Access Rd High St car park, Measham	25,000	
Belvoir Shopping Centre Main Service Road	10,296	
HPLC car Park - resurfacing section of	15,000	
Swannington Depot Demolition	34,500	
Coalville Market (phase 2)	11,371	
Coalville Park reconfigure depot	103,552	
Wellbeing centre HPLC	399,250	
Car park - Ashby Cultural Quarter	612,535	
Memorial Clock Tower	120,000	
Disabled Facilities Grant – Slippage into 2018/19	5,848	
Total		2,071,182
Additional Approved Schemes and Virements 2018/19		
Car Park - Ashby Health Cultural Quarter	(100,000)	
HPLC Ashby - Wall improvements and statue	100,000	
Disabled Facilities Grant – Slippage into 2018/19	(52,849)	
Fleet Programme (Net overspend agreed)	18,418	
Marlborough Square	1,100,605	
Marlborough Square – further funding	546,000	
Castle Donington College - AWP resurfacing	662	
Finance System review - increase in scheme	50,000	
Finance System review - Vired to revenue	(400,000)	
User Screen replacement - vired to revenue	(25,000)	

Hood Park LC Car Park Ashby - Resurfacing (section of)	(12,716)	
Car Park - Ashby Health Cultural Quarter	12,716	
Memorial Clock Tower	40,000	
New Market Provision	600,000	
Total		1,877,836
Planned Slippage in 2018/19 carried forward to 2019/20		
Council Offices - Upgrade Fire Alarm system	(30,000)	
Total		(30,000)
Underspends - not required - Identified in 2018/19		
Hood Park LC Car Park Ashby - Resurfacing (section of)	(2,284)	
Linden Way Depot Workshop Extension (For 8 wheelers)	(90,000)	
Linden Way Depot Extension	(200,000)	
IDOX Platform	(30,000)	
Access Road High St Car Park Measham	(25,000)	
Belvoir Shopping Centre-Main Service Road, Coalville-Maintenance	(10,296)	
North Service Road Car Park coalville - Improvements	(40,000)	
Total		(397,580)
Total Managed Increase		3,521,438
Total Managed Increase Funded by: (Net Position)		
Revenue	(55,000)	
Reserves	2,929,890	
Other Contributions	399,250	
Grant	81,252	
Internal Borrowing (USB)	166,046	
Total		3,521,438

- 2.3 The total planned financing of the General Fund expenditure totalling £6,658,691 in 2018/19 is:

	£
Disabled Facilities Grant	572,989
S106 Contributions	399,250
Revenue Contributions to Capital	50,000
Capital Receipts	30,000
Reserves	3,069,154
Grants	81,252
Unsupported Borrowing – Internal	2,456,046
Total	6,658,691

- 2.4 There were sufficient funds identified prior to this capital spend being committed.
- 2.5 The 'Schemes Carried Forward' shown in paragraph 2.2 above, represents expenditure which was originally expected and budgeted for in 2017/18 but has slipped into 2018/19. The budgeted financing has also been carried forward.

3.0 GENERAL FUND CAPITAL PROGRAMME 2019/20 TO 2023/24 – INDIVIDUAL SCHEMES

- 3.1 The programme for 2019/20 to 2023/24 is detailed in Appendix A. This programme provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme.
- 3.2 Schemes shown as slippage from 2018/19 and carried forward to 2019/20 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 2019/20:

3.4 Planned Preventative Maintenance schemes (£819,450)

- 3.4.1 Moirra Furnace – Masonry and Drainage (£40,000)
Moirra Furnace is a listed Scheduled Monument. A condition survey completed for the 2018/19 budget setting process, identified that urgent remedial actions were required and a £170,000 budget was allocated in 2018/19. Further drainage works have been identified for the building.
- 3.4.2 Moirra Furnace – Upgrade to Furnace and Bridge and further remedial works (£85,000)
This budget will ensure that works to the bridge and surrounding site can be completed to enhance the experience for visitors and users of the site.
- 3.4.3 Council Offices – Upgrade to failing/obsolete Fire Alarm System (£63,000)
The age of the existing fire alarm system is outdated with spare parts becoming obsolete. The original scheme for £30,000 was agreed by Cabinet in the capital programme for 2018/19. The slippage from this original budget is included in Table 2.2 above to be spent in 2019/20. An increase to this scheme of £33,000 is requested. This revised total allocation of £63,000 is to ensure that the outdated alarm can be upgraded.
- 3.4.4 Council Offices – Replacement Cotag System (£44,000)
The Cotag system has been in place for 25 years and is now at risk of failure and therefore is due for replacement. This work can be undertaken alongside the Fire Alarm System work to minimise disruption to staff and services.
- 3.4.5 Council Offices – Replace obsolete parts to consumer units (£75,000)
The consumer unit does not meet the current legislation ie. 17th Edition of BS7671. There is no residual circuit breakers and parts for the current consumer unit are obsolete.
- 3.4.6 Council Offices – Replacement LED Lighting throughout (£35,000)
This will reduce the carbon footprint of the council offices, reducing electricity bills and will provide more natural light for employees.
- 3.4.7 Council Offices – Insulate roof space (£30,000)
The insulation in the loft space of the Council offices is approximately 100mm. The requirements for loft insulation have been increased to 250mm. increasing the insulation to the required amount will boost thermal comfort and reduce energy bills.
- 3.4.8 Council Offices – Lift Works (£100,000)

Installation of new lift. The current lift is becoming expensive to maintain due to recurring problems and could potentially fail. This would mean that the first floor would be inaccessible to disabled people and heavy or cleaning equipment would also be unable to be transported to the first floor.

3.4.9 Council Offices – Upgrade walkways including double glazing and insulated panels (£250,000)

The external walkways of Stenson House and the council offices are showing signs of deterioration and decayed timber. Repairs will need to be carried out to the structure of the walkways which will include scaffolding for access and decoration on completion. The windows are single glazed and the walkway is therefore difficult and expensive to heat. By replacing the windows with double glazed units and insulated panels, energy costs will be reduced and would provide a more comfortable environment for users of the building.

3.4.10 Council Offices Stenson House – Replacement windows, light wells (£35,450)

The light wells in the centre of Stenson House require the current single glazed windows replacing with double glazed windows. This will require access via scaffolding. To maximise the cost of the scaffolding, decoration works will be undertaken in unison with the replacement windows.

3.4.11 Council Offices Stenson House – External works to roadway frontage (£50,000)

The circular drive in front of Stenson House is currently paved with slabs and kerbs as an upstand around the area. The paving slabs have become uneven causing a potential health and safety hazard. The kerb edgings also need to be reset as they act as a retaining edge for the gardens around the circle.

3.4.12 Whitwick Business Centre – Replacement LED Lighting (£12,000)

This will reduce the carbon footprint, reducing electricity bills and will be more attractive to prospective tenants.

3.5 New Schemes for consideration (£13,376,140)

3.5.1 LAN Switches Replacement (£15,500)

Network capacity expansion within the Council Offices. 3 of the existing network cabinets have reached maximum capacity. In order to provide room for expansion, agile working and mobile working, 3 * additional switches are required.

3.5.2 Wi-Fi Management Portal (£25,000)

Central Management Portal for the Wi-Fi network, so that we can manage, its configuration and settings from a central location. Currently we have to manage each remote access point individually.

3.5.3 Telephony Unified Communication (£130,000)

Replacement of the Alcatel VOIP platform and Contact centre, with a new Skype unified communications platform to modernise the Council's telephony and unified communications. This will be a new contact centre platform for Customer Services, to provide up-to-date contact centre features and reduction in overall telephony cost.

3.5.4 Professional Services for windows 2008 to Windows 2016 migration (£45,000)

35 servers are currently running key line of business applications. Windows server 2008 comes to end of life on January 14 2020, from this date there will be no more security

updates or patches, which leaves the servers vulnerable and the Council at risk to increased cyber attack. The applications on these servers need to be migrated to new servers and require the help of suppliers to migrate the applications to Windows Server 2016.

3.5.5 Disabled Facility Grants (£649,640)

Continuing Disabled Facilities Grant function that has been delegated to the lead authority (Blaby District Council) under the Lightbulb Project Scheme – Cabinet report on “Delegation and Collaboration Agreement in relation to the Lightbulb Programme” 16 January 2018.

3.5.6 GM Depot Coalville Park – Concreting Grounds (£40,000)

Replacement of the existing tarmac surface at the Grounds Maintenance depot at Coalville Park with a concreted surface. In 2017/18, over £3,000 of materials and £2,000 of labour costs - over £5,000 in total - were spent on tarmacing damaged areas of the compound and refilling potholes. This doesn't take into account any damage to vehicles caused by the uneven and damaged surface, or the health and safety risk apparent to staff, visitors, and vehicles. The revenue costs are likely to increase annually as the surface gets older. Concreting the surface would last for a minimum of 30 years and would be unlikely to require ongoing revenue funding for repairs or reinstatement, as the concrete will continue to get harder over time and would be less likely to fall into disrepair.

3.5.7 Leisure Centre Project (£12,276,000)

As per the scheme reports to Cabinet

3.5.8 Salt bay Cover – (£20,000)

Cover for the bay where the salt is stored which needs to be on rails so that the salt can be easily loaded and unloaded with machinery.

3.5.9 Appleby Magna Caravan Site redevelopment (£175,000)

The Council has owned and managed a residential caravan site in Appleby Magna for many years. This site now has 8 remaining residents, and is in need of extensive refurbishment to ensure it meets modern standards. Discussions with the residents about the refurbishment are ongoing, and it is anticipated that a design for the replacement site will be completed by the end of 2018/19. This will then require planning permission prior to works being undertaken, which it is expected will be over a 2 year period (2019/20 and 2020/21).

3.6 Fleet Replacement Programme (£701,000 2019/20 and £1,150,000 2020/21)

3.6.1 Fleet Replacement is a rolling programme. Each year a number of vehicles either come to the end of their useful economic life 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.

3.6.2 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.

3.6.3 Due to service requirements, approval is sought to amend the 2019/20 fleet budget from £600,000 to £701,000; a net increase of £101,000. This increase consists of: the addition of seven vehicles, a Box Lorry (£65,000) and six Medium Vans (£100,000) for the housing service; the reduction of 1 small van (-£14,000); the cost of the refuse/recycling vehicles has been revised down (-£50,000).

3.6.4 The total fleet budget for 2019/20 is now as follows:

Vehicles / Plant & Equipment	Original Budget £	Revised Budget £
Refuse / Recycling Vehicles	425,000	375,000
Vans - Small	30,000	16,000
Vans - Medium - Housing	80,000	180,000
Vans – Box Lorry	0	65,000
2 x Mowers	65,000	65,000
TOTAL	600,000	701,000

3.6.5 In order to progress with the 2020/21 purchases, approval is sought for the following vehicles:

Vehicles / Plant & Equipment	Budget £
3 x Refuse / Recycling Vehicles	660,000
2 x Market Vehicles / Cars	24,000
1 x Vans Small	16,000
10 x Vans Medium - Housing	180,000
2 x Vans – Box Lorry	130,000
Sweepers	130,000
Misc Plant/equipment	10,000
Total	1,150,000

3.6.6 The 2020/21 budget has been set based on the rolling vehicle replacement programme to ensure reliability and cost effectiveness of all fleet vehicles, to control maintenance costs, to avoid increased repairs to ageing vehicles and to ensure efficient service delivery.

3.7 The General Fund Capital Programme (2019/20) will be funded by:

Funding Stream	£
Disabled Facilities Grants	621,200
Revenue Contribution	28,440
Reserves	52,500
Capital Receipts	2,786,000
S106 Contributions	181,000
Unsupported Borrowing - Internal	11,227,450
Total	14,896,590

4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

4.1 There is one scheme in 2018/19 – Owen Street Football Floodlights budgeted to cost £50,000. This is on target and the forecast outturn is £50,895 (Appendix B).

4.2 There are no new schemes identified to commence in 2019/20.

5.0 H.R.A. CAPITAL PROGRAMME – 2019/20 - 2023/24 INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix “C”) covers in detail the capital schemes for the period 2019/20 to 2023/24.

5.2 Planned spend in 2019/20 and onwards consists mainly 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 £4.2m on maintaining decency in 2019/20. Each year will require further investment to ensure that 100% of homes remain at this minimum quality standard.

The Home Improvement Programme for the remaining 4 year period will see an investment of £10.5m in improving tenants’ homes.

5.2.2 New Build/Affordable Housing Programme

The current programme comprises -

Former Cocked Hat site, Cropston Drive	- 12 homes
Coalville Police Station	- 24 homes
Potential scheme in Whitwick, current estimate	- 24 homes

Total = up to 60 homes

The above schemes will see a planned investment of £3.2m for 2019/20 with a further £1.6m investment planned in 2020/21. Other HRA owned sites are currently being considered for inclusion in the programme, as are further acquisitions of properties through s106, or other, deals with developers for which an additional sum of £1.7m has been included in the 2019/20 programme, provisionally funded by a revenue contribution. A variety of funding streams can be used to fund these initiatives, including commuted sums.

5.2.3 Renewable Energy Installation Programme

The renewable energy is generated by air source heat pumps which are being installed to replace solid fuel heating. Originally the programme was to be carried out over three years and end during the 2019/20 financial year. Everwarm Group were selected as the contractor to complete the programme of replacement heating systems.

Due to the efficient working of Everwarm they will be able to complete the programme by the end of the current financial year. Therefore the capital programme has been realigned and an additional £1.5m included in the forecast spend for 2018/19. It is proposed to cover this amount by the underspend caused by other projects being delayed and moved to 2019/20. Appendix C reflects these changes.

5.2.4 Other Schemes / Miscellaneous

There are various other schemes with brief notes in the Housing Capital Programme as per Appendix C.

In relation to the proposed sale of higher value empty homes, a provision of £1m originally included in the 2017/18 capital programme has been revised to nil. This follows a change in the government's policy as detailed in the social housing green paper in the summer. To accommodate the inclusion of the expenditure within the capital programme, capital receipts income from asset disposals had also been included. For consistency, this has been reduced in line with the removal of the expenditure requirement.

5.2.5 Future Funding

The long term HRA business plan continues to be based on a 1% rent reduction for 2019/20 and then, following recent guidance from the Government, at rent increases of CPI plus 1% for five years, then reverting to CPI plus 0.5% for the remainder of the 30 year period the plan covers. The latest 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 2019/20 to 2023/24 totals £28,728,960 and is as follows:

	£
2019/20	14,896,590
2020/21	10,070,640
2021/22	1,466,950
2022/23	1,139,250
2023/24	1,155,530
Total	28,728,960

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

- 6.2.1 Funding is in place in 2019/20 for the Disabled Facilities Grants Scheme (£649,640) consisting of £621,200 Disabled Facilities Grants and £28,440 of revenue contribution.

- 6.2.2 A S106 contribution of £181,000 has been identified for the Leisure Centre Project.

- 6.2.3 Funding from reserves have been identified for: LAN switches replacement (£15,500); W-Fi Management Portal (£25,000); and Whitwick Business Centre Replacement LED Lighting (£12,000).

- 6.2.4 For 2019/20, £11,000 of capital receipts from vehicles sold will be used to supplement the Fleet programme and £2,775,000 of forecast capital receipts from sale of land will be used to support the Leisure Centre Project.

- 6.2.5 The remaining schemes for 2019/20 (£11,227,450) can be funded by either unsupported borrowing or leasing depending on value for money and for which, provision has been made in the 2019/20 Revenue Budget.

- 6.3 The following resources are budgeted to be available for financing the **Housing Revenue Account programme** in 2019/20:

	£
Usable Balances	5,912,062
Retained Right to Buy Receipts	247,956
Right to Buy Receipts – Attributable debt	998,943
Use of Right to Buy 'One for One' reserve	920,464
Direct Revenue Financing	1,700,000
Major Repairs Allowance	3,139,190
Asset Disposals (Capital Allowance)	400,000
Renewable Heat Incentive	200,000
S106	215,697
Total Resources	13,734,312
Less Budgeted Expenditure	12,559,559
Surplus to be carried forward to 2020/21	1,174,753

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 bids, should they be of interest.

8.0 CONSULTATION

- 8.1 The Cabinet's draft Capital Programme will be presented to the Policy Development Group at its meeting on 9 January 2019.