

Title of Report	2020/21 - 2024/25 DRAFT CAPITAL PROGRAMMES	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#"><u>Corporate Scrutiny Committee Draft Minutes – 7 November 2019</u></a>	<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	<p>The Draft General Fund Capital Programme for 2020/21 is £12.7m. The majority of the new investment is the redevelopment of Appleby Magna Caravan Park and the bridge works for the new Coalville Leisure Centre.</p> <p>The Draft Housing Revenue Account Capital Programme for 2020/21 is £12.7m. The two main schemes are the Home Improvement Programme and the New Supply programme.</p>	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	<p>To advise Members of the likely Capital Outturn and the relevant financing for 2019/20 for the General Fund and the Housing Revenue Account.</p> <p>To seek approval to the Draft General Fund and HRA Capital Programmes for 2020/21 and to note indications for future years and associated funding for consultation.</p>	
<b>Reason for Decision</b>	To enable projects to be included in the Programmes for consultation.	
<b>Recommendations</b>	<p><b>1) THAT THE ESTIMATED GENERAL FUND AND HRA CAPITAL OUTTURN FOR 2019/20 AND PLANNED FINANCING BE NOTED AT APPENDICES A AND B</b></p> <p><b>2) THAT CABINET APPROVES FOR CONSULTATION THE DRAFT CAPITAL PROGRAMMES IN 2020/21 DETAILED IN:</b></p> <ul style="list-style-type: none"> <li>• <b>APPENDIX A – GENERAL FUND CAPITALS SCHEMES</b></li> <li>• <b>APPENDIX B – HRA CAPITAL SCHEMES</b></li> </ul> <p><b>AND IN 2021/22, THESE SCHEMES ONLY:</b></p>	

	<ul style="list-style-type: none"> <li>• <b>£755,000 FOR THE VEHICLE REPLACEMENTS AS DETAILED IN PARAGRAPHS 3.8</b></li> </ul> <p><b>3) 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 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 2020.</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 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 2020.
- 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 2020/21.
- 1.3 Appendix A shows the General Fund estimated outturn for 2019/20 and the proposed Capital Programme for 2020/21 to 2024/25.
- 1.4 There are no Special Expenses estimated for 2020/21.
- 1.5 Appendix B shows the H.R.A. estimated outturn for 2020/21 and the proposed Capital Programme for 2021/22 to 2024/25.

## 2.0 GENERAL FUND - ESTIMATED OUTTURN 2019/20

- 2.1 The projected outturn for 2019/20 on General Fund schemes total £5.4m. This is a decrease in the year of £7.3m, against the original budget of £12.7m.
- 2.2 This managed decrease is caused by the following:

	£	£
<b>Original Budget 2019/20</b>		<b>12,708,590</b>
<b>Approved Schemes carried forward from 2018/19 and 2019/20 approved virements</b>		
Finance System Review	100,000	
District Car Park - LED Lighting Replacement	25,000	
Linden Way Depot – Welfare Facilities	95,250	
Moirra Furnace – Masonry, Drainage, Upgrades, Bridge works	170,000	
Council Offices – Fire Alarm and COTAG Door System	104,750	
Council Offices – Lift Works	30,000	

Memorial Clock Tower	13,012	
Marlborough Square	1,743,286	
New Market Provision	291,790	
Wi-Fi Scheme (IT)	66,029	
Disabled Facility Grants	74,114	
Refuse Vehicles and Refuse Kerbsider (reduced carry forward)	(153,960)	
LAN Switches (transferred to revenue)	(15,500)	
Whitwick Business Centre - Replace Lighting with LED	(369)	
Council Offices – Lift work (underspend)	(100,000)	
<b>Total (increase to 2019/20 budget)</b>		<b>2,443,402</b>
<b>Less Planned Slippage in 2019/20 carried forward to 2020/21</b>		
New Leisure Centre Coalville - £7.3m to be carried forward to future years. Construction work is scheduled to commence on site from July 2020. Bridge and access works will start from February 2020. The overall project completion is now programmed for March 2022 (from August 2021). Additional funding to cover the cost of installation of the bridge required to access the site from the A511 has been included at £400k.  The revised projected expenditure cash flow is:- Year 1 2019/20 £1,699,088 Year 2 2020/21 £13,356,000 Year 3 2021/22 £8,516,912	(7,296,912)	
Moira Furnace - Masonry, Drainage, Upgrades, Bridge works	(195,000)	
Council Offices – Replace obsolete parts to consumer units	(75,000)	
Council Offices – Replacement LED Lighting Stenson/Main build	(35,000)	
Council Offices – Insulate roof space to building	(30,000)	
Council Offices – Main Building upgrades of walkways, glazing	(250,000)	
Marlborough Square	(1,673,000)	
Finance System Review	(100,000)	
Appleby Magna Caravan Site	(100,000)	
<b>Total (decrease to 2019/20 budget)</b>		<b>(9,754,912)</b>
<b>Indicative Outturn 2019/2020</b>		<b>5,397,080</b>

- 2.3 The total planned financing of the General Fund expenditure totalling £5.4m for 2019/20 is broken down in the table below:-

	£
Disabled Facilities Grant	670,314
S106 Contributions	831,000
Revenue Contributions to Capital	28,440
Capital Receipts	34,037
Other Reserves	574,486
Grants	33,012
Unsupported Borrowing – Internal	3,225,791
<b>Total</b>	<b>5,397,080</b>

- 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 2018/19 but slipped into 2019/20. The budgeted financing has also been carried forward.

### 3.0 GENERAL FUND CAPITAL PROGRAMME 2020/21 TO 2024/25

3.1 The General Fund capital programme for 2020/21 to 2024/25 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 2019/20 and carried forward to 2020/21 are detailed in the table in paragraph 2.2 above.

3.3 New schemes for 2020/21 (detailed in the table below) are included in the capital programme for approval. The total funding requirement for the new schemes is £1.3m. The majority of the new investment is the redevelopment of Appleby Magna Caravan Park and the new Leisure Centre Coalville bridge work.

#### 3.4 New Schemes for consideration 2020/21

3.5 Property assets have been condition surveyed during 2019/20, and a new Planned Preventative Maintenance (PPM) programme has been developed as a result. With the following schemes being identified in 2020/21 through to 2025:-

<b>New Schemes identified for Property Services 2020/2021</b>	<b>£</b>
Renew the garage roof at the Coalville Park. The works will include a complete replacement of the garage roof by removal of all asbestos sheeting	50,000
The Courtyard to renew the metal rain water goods, front door (unit 16) and renewal of all existing rain water goods include downpipe	25,000
Upgrade the CCTV link between the Whitwick Business Centre and the Council Offices	10,000
Resurfacing and relining of the car park at Market Street Industrial units	12,000
Ashby Town Halls Mews on installing parking bollards, resurfacing and relining	15,000
Car Park - High Street, Ibstock - Remove and Renew Gullies	35,000
Market Hall – demolish and make good	75,000
Coalville - Cemetery - provision of an inclusive toilet	25,000
UPS/Generator related (reconfiguring electric distribution)	60,000
<b>Total 2020/21</b>	<b>307,000</b>
<b>New Schemes identified for Property Services (future years)</b>	
Clock Tower - Upgrade of Lighting Scheme (phase 2)	30,000
Cropston Drive - External and Internal Renovation of Changing Rooms	20,000
Council Offices refurbishment	3,740,000
<b>Total (future years)</b>	<b>3,790,000</b>

<b>New Schemes for IT 2020/21</b>	<b>£</b>
The council has approximately 125 old 19" monitors which are over 6 years old. These screens are at the end of their useful life. They do not support higher resolutions which are required by modern day applications.	18,000
An upgrade to the next generation Sophos firewall to provide improved security and defence for the organisation. These firewalls provide more advanced cyber and threat protection and is able to detect and mitigate threats out in the wild, without knowing about them. A further £70k has been provided in 2023/24.	12,000
Replacement laptops. A five year programme to replace old laptops that are slow, out of support and more than five years old. This will provide higher performance laptops for staff, which are supported and able to run modern day applications. Over the 5 year programme, the laptop replacement programme will require a further investment of £165k.	25,000
WAN and DC Renewal (Wide Area network and Data Centre)	60,000

<b>Total 2020/21</b>	<b>115,000</b>
<b>Further New IT Schemes (future years)</b>	
The Council is currently undertaking procurement for a new telephony system in the current financial year 2019/20 (£130k), to cover the next 5 years. After 5 years the council we would need to look at either renewing the support and maintenance again or look at procuring a new telephony system. The Council has provided funds in 2024/25 for a new system.	140,000
Professional Services for Windows 2008 is being completed in the current financial year 2019/20 (£45k). In 2024/2025 the council we need to upgrade from Windows Server 2012 to Windows 2016. The Council has provided funds in 2024/25.	45,000
<b>Total (future years)</b>	<b>185,000</b>

<b>Other Schemes 2020/21</b>	<b>£</b>
The Council plans to invest £15k in new technology for driver identification. The purchase of driver identification key fobs for all drivers in waste so that the council can remotely identify who is driving the vehicle and to be able to download tachograph card information to comply with legislation.	15,000
Recycling Trolleys. The Council intends to enable a second pilot in relation to the recycling containers used to look at an alternative option.	10,000
The Council plans to invest a further £435k in Appleby Magna Caravan Park, in addition to the £175k already included within the capital programme for 2020/21. This includes planning to redesign the site to allow space to be freed up to enable redevelopment.	435,000
The Council is requesting a further £400k to support the total cost for the design and build of the bridge at the new Leisure Centre Coalville.	400,000
<b>Total 2020/21</b>	<b>860,000</b>

### 3.6 Fleet Replacement Programme

- 3.7 Fleet replacement is a rolling programme. Each year a number of vehicles come to the end of their useful economic life when each of the vehicles are reviewed based on the 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. 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 required in April a commitment has to be made in the previous year.

Due to service requirements, approval will be sought at Council in February to amend the previously reported 2020/21 fleet budget from £1.1m to £1m, a net reduction of £143k.

- 3.8 The total fleet budget for 2020/21 is now as follows:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Original Budget £</b>	<b>Revised Budget £</b>
Refuse/Recycling Vehicles	660,000	660,000
Market Vehicles	24,000	15,000
Vans - Small	16,000	0
Vans - Medium - Housing	180,000	192,000
Vans – Box Lorry	130,000	0
Sweepers	130,000	130,000
Mowing	10,000	10,000
<b>TOTAL</b>	<b>1,150,000</b>	<b>1,007,000</b>

- 3.9 In order to progress with the 2021/22 purchases, approval is sought for the following

vehicles:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Budget £</b>
1x Refuse / Recycling Vehicles	220,000
3 x Market Vehicles / Cars	45,000
2 x Vans Small	30,000
2 x Vans Medium - Housing	32,000
2 x Vans – Pickup	100,000
Sweepers	130,000
2 x Digger/Misc Plant	130,000
3 x Mowing	68,000
<b>Total</b>	<b>755,000</b>

### 3.10 Disabled Facilities Grants

3.11 The Disabled Facilities Grant is a capital grant paid to local authorities that can meet, or contribute towards the costs of adapting a person's home. This can help eligible people to stay in their homes for longer and live safer, healthier and more independent lives. It is proposed to continue with the Disabled Facilities Grant function that has been delegated to the lead authority (Blaby District Council) under the Lightbulb Project Scheme. As this is a rolling programme, the scheme has been updated to include 2024/25 and amounts revised based on the forecast grant to be received.

3.12 The General Fund Capital Programme (2020/21) will be funded by:

<b>Funding Stream</b>	<b>£</b>
Disabled Facilities Grants	670,310
S106 Contributions	0
Revenue Contribution	517,000
Reserves	816,000
Grants	340,000
Capital Receipt	3,000,000
Unsupported Borrowing - Internal	13,535,000
<b>Total (including carry forward from 19/20)</b>	<b>18,878,310</b>

## 4.0 SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

4.1 There was no special expenses capital schemes for 2019/20.

4.2 There are no new schemes identified to commence in 2020/21.

## 5.0 HRA CAPITAL PROGRAMME – 2020/21 - 2024/25 INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix B) covers in detail the capital schemes for the period 2020/21 to 2024/25 and how they are funded. The total expected spend over 5 years is £57.4m, with a £10.8m budget for 2020/21.

5.2 Planned spend in 2020/21 and onwards consists mainly of:

### 5.2.1 New Supply Programme

Our new supply programme provides provision for building and purchasing properties to rent out at affordable rent levels. This year we have produced an indicative five year budget totalling £25.4m. For 2020/21 that comprises a total budget of £4.5m, which will complete 8 properties already being built on Cropston

Drive, Coalville, and start another 40 properties on sites in Whitwick, Measham and Moira. This programme is dependent on confirming viability on these sites and gaining planning permission.

Our primary funding source for this will be retained right to buy receipts. We only have 3 years in which to spend these receipts or we have to return them to central government, with a punitive interest charge of the Bank of England base rate plus 4%. Other sources include commuted sums and revenue contribution to capital outlays, and funding is based on the requirements of each site.

#### 5.2.2 Home Improvement Programme (HIP)

The Council brought all of its homes up to the Decent Homes standard in 2014/15 and now need to continue a programme of work to ensure that our homes remain at this quality standard. In 2020/21 we are budgeting spending £3.9m on home improvements, which includes replacing kitchens, bathrooms, heating systems and roofs in some of our properties.

The Home Improvement Programme for the remaining 4 year period will see an investment of £16.3m in improving tenants' homes, bring the total 5 year figure up to £20.1m.

#### 5.2.3 New Regeneration Pilot

Officers have worked with the administration to set aside £250k to regenerate one of our estates. We will seek the communities input, and aim to improve the aesthetics of the estate and promote the council's wider corporate priorities, such as creating safe, healthy and connected communities. We are still looking into the most appropriate area to pilot this project, with a view to completing more regeneration work in the future if the pilot is successful.

#### 5.2.4 Other Schemes / Miscellaneous

There are various other schemes with a total budgeted expenditure of £2.4m. This comprises our more routine capital expenditure, such as work on properties when they become empty (£350k), major aids and adaptations on properties (£300k), work to improve fire safety (£125k) and capitalised salaries (£604k).

There are also other one-off expenditure programmes, such as estate improvement works, totalling £470k. This includes £200k for off street car parking.

- 5.3 These changes bring the total capital programme up to £57.4m over five years, and £10.8m in 2020/21.

## 6.0 CAPITAL RESOURCES

### General Fund

- 6.1 The resources estimated to be needed to finance the General Fund programme 2020/21 to 2024/25 totals £36,774,962 and is as follows:

	£
2020/21	18,878,310
2021/22	11,613,222
2022/23	2,019,310
2023/24	2,036,310
2024/25	2,207,810
<b>Total</b>	<b>36,754,962</b>

- 6.2 Details of the planned funding of the programmes are included in Appendix A.
- 6.3 Funding is in place in 2020/21 for the Disabled Facilities Grants Scheme £670k.
- 6.4 Funding from reserves has been identified of £816k, a grant of £340k and £517k revenue contribution in relation to the Marlborough Square project.
- 6.5 A capital receipt of £3m has been identified for the Leisure Centre Project.
- 6.6 The remaining schemes for 2020/21 (£13.5m) can be funded by either unsupported borrowing or leasing depending on value for money and for which, provision has been made in the 2020/21 Revenue Budget.

## Housing Revenue Account

- 6.7 Appendix B provides detail on how the five year **Housing Revenue Account capital programme** will be funded. In 2020/21, the funding streams are:

	£
Use of Major Repairs Reserve	3,869,611
Right to Buy 'One for One' receipts	1,127,054
Other right to buy receipts	1,137,878
Proceeds for asset disposals	1,068,950
Section 106 Affordable Housing commuted sums	255,018
RCCO	1,085,499
Other usable capital balances	2,292,493
<b>Total Resources used in 2020/21</b>	<b>10,836,503</b>
Retained for future years	6,491,348

## 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 In a change to previous years, Corporate Scrutiny Committee has already reviewed the planned changes to capital budgets at a meeting on 7 November 2019. The Committee recommended accelerating delivery of our off street parking programme. As a result we now plan to deliver the four year programme in three years, as shown below.

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	Total £
Off Street Parking - Presented to Scrutiny	150,000	150,000	150,000	150,000	-	<b>600,000</b>
Change as a result of Scrutiny	50,000	50,000	50,000	- 150,000	-	-
New Off Street Parking provision	200,000	200,000	200,000	-	-	<b>600,000</b>

- 8.2 The Committee also suggested that we look at ensuring any Homes that we build are carbon neutral. We are looking at this proposal and the associated costs. However, Central Government only gives us three years in which to spend, therefore we need to spend some of our right to buy funding in 2020/21 or return it to Central Government with interest. We therefore plan to continue with our existing programme whilst we investigate carbon neutral homes.
- 8.3 Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation. We will also consult with tenants on the Housing Revenue Account Capital Programme. The draft budget will also be presented to Corporate Scrutiny Committee on 8 January 2020 for final comments before the final budget is presented to Cabinet and Council in February 2020 for approval.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The projects in the Capital Programmes help the Council to achieve all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	Council tenants will be impacted by council home improvements. Residents will benefit from improved leisure facilities within the district and other improved assets.
Economic and Social Impact:	None
Environment and Climate Change:	None at this time. At the time of writing this report, officers continue to consider the cost and resource implications of how the Council can achieve carbon neutrality by 2030. Any additional costs of incorporating lower carbon measures on the General Fund will be funded via the Climate Change Reserve or through additional revenue contribution to capital outlay on the HRA.
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
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