

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 13 DECEMBER 2016**

Title of Report	<p><b>CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2016/17 AND DRAFT PROGRAMMES 2017/18 TO 2021/22</b></p>
Key Decision	<p>a) Financial Yes b) Community Yes</p>
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Purpose of Report	<p>To advise Members of the likely Capital Outturn and the relevant financing for 2016/17 for the General Fund, Coalville Special Expenses and the H.R.A.</p> <p>To seek approval to the Draft General Fund, Coalville Special Expenses and H.R.A Capital Programmes for 2017/18 and to note indications for future years and associated funding for consultation.</p>
Reason for Decision	<p>To enable projects to be included in the Programmes for consultation.</p>
Council Priorities	<p>The projects in the Capital Programmes help the Council achieve all its priorities.</p>

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 Deputy Chief Executive	Report is satisfactory
Comments of Deputy Section 151 Officer	As author, the report is satisfactory
Comments of Deputy Monitoring Officer	Report is satisfactory
Consultees	CLT and Budget Holders.
Background Papers	<u>Capital Programmes - General Fund, Coalville Special Expenses and Housing Revenue Account (H.R.A). Projected Outturn 2015/16 and Programmes 2016/17 to 2020/21– Cabinet 9 February 2016</u>
Recommendations	<p><b>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTTURN FOR 2016/17 AND PLANNED FINANCING BE NOTED.</b></p> <p><b>B. THAT CABINET APPROVES FOR CONSULTATION THE DRAFT CAPITAL PROGRAMMES IN 2017/18 DETAILED IN:</b></p> <ul style="list-style-type: none"> <li>• <b>APPENDIX “A” GENERAL FUND AND SPECIAL EXPENSES CAPITAL SCHEMES</b></li> </ul>

	<ul style="list-style-type: none"> <li>• <b>APPENDIX “B” FOR HRA CAPITAL SCHEMES</b></li> </ul> <p style="text-align: center;"><b>AND IN 2018/19 THESE SCHEMES ONLY:</b></p> <ul style="list-style-type: none"> <li>• <b>£935,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS DETAILED IN PARAGRAPHS 3.2 to 3.2.3</b></li> </ul> <p><b>C. THAT CABINET NOTES INDICATIVE CAPITAL PROGRAMME SCHEMES FOR 2018/19 TO 2021/22.</b></p> <p><b>D. THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES AND DELEGATES THE AUTHORITY TO AWARD THE CONTRACTS, AND ANY ASSOCIATED AGREEMENTS IN FURTHERANCE OF THE PROJECTS, AS DETAILED IN SECTION 7 (PROCUREMENT ROUTES) OF THIS REPORT SUBJECT TO FINAL APPROVAL OF THE CAPITAL PROGRAMMES IN FEBRUARY 2017.</b></p>
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## 1.0 INTRODUCTION

- 1.1 Appendix “A” shows the proposed General Fund and Special Expenses Capital Programme for 2017/18 to 2021/22.
- 1.2 Appendix “B” shows the H.R.A. proposed Capital Programme for 2017/18 to 2021/22.
- 1.3 The Appendices also present the estimated outturn for the current year for approval.

## 2.0 GENERAL FUND - ESTIMATED OUTTURN 2016/17

- 2.1 The projected outturn for 2016/17 on General Fund schemes totals £2,991,215. This is a managed increase of £192,705 on the original budget for the year of £2,798,510.
- 2.2 This managed increase is caused by the following:

<b>Schemes carried forward from 2015/16</b>	<b>£</b>	<b>£</b>
Improving Customer Experience (ICE)	75,455	
User Workstation Replacement	5,053	
Helpdesk Software Upgrade	3,546	
Server and Storage Additional Capacity	9,351	
Replacement Telephone System	14,499	
Disabled Facilities Grant	104,578	
Refuse Kerbsider	165,330	
Council Offices Extension Car Park - resurfacing	20,000	
South Street Car Park, Ashby – Resurfacing (Retention)	762	
Belvoir Shopping Centre - Main Service Road, Coalville	12,000	
Silver Street Car Park, Whitwick - Resurfacing	44,675	
Coalville Market Upgrade (Phase 2)	35,966	
Market Hall Wall	24,650	
Wellbeing Centre at HPLC	(750)	

<b>Total</b>		<b>515,115</b>
<b>Additional Approved Schemes 2016/17</b>		
HR/Payroll System – further funding	14,000	
ICT Security Infrastructure – further funding	4,600	
ICT Infrastructure Scheme (Roadmap) – new scheme	478,000	
Fleet – Vans Medium – further funding	20,411	
Car Park – Ashby Health – new scheme	620,000	
<b>Total</b>		<b>1,137,011</b>
<b>Planned Slippage in 2016/17 c/f to 2017/18</b>		
Disabled Facilities Grant – Slippage into 2017/18	(371,338)	
User Workstation Replacement - Slippage into 2017/18	(5,053)	
ICT Infrastructure Scheme (Roadmap) – allocated to 17/18 & 18/19	(244,000)	
Refuse Kerbsiders x 4 – slippage into 2017/18	(677,330)	
Council Offices Extension Car Park - resurfacing	(20,000)	
Hood Park LC Car Park, Ashby – resurfacing (section of)	(15,000)	
<b>Total</b>		<b>(1,332,721)</b>
<b>Underspends Identified in 2016/17</b>		
Digger – No longer required	(126,000)	
Various small over/underspends identified	(700)	
<b>Total</b>		<b>(126,700)</b>
<b>Total Managed Increase</b>		<b>192,705</b>
<b>Total Managed Increase Funded by: (Net Position)</b>		
Revenue	252,600	
Value for Money Reserve	89,955	
Other Reserves	389,206	
Other Contributions	(750)	
Internal Borrowing (USB)	(538,306)	
<b>Total</b>		<b>192,705</b>

The total planned financing of the General Fund expenditure totalling £2,991,215 in 2016/17 is as follows:

	<b>£</b>
Disabled Facilities Grant	298,050
S106 Contributions	399,250
Revenue Contributions to Capital	388,520
Value for Money Reserve	89,955
Other Reserves	671,996
Internal Borrowing	1,143,444
<b>Total</b>	<b>2,991,215</b>

- 2.3 There were sufficient funds identified prior to this capital spend being committed.
- 2.4 The carried forward schemes shown in the table in paragraph 2.2 above, represents expenditure which was originally expected and budgeted for in 2015/16 which has slipped into 2016/17 and for which the budgeted financing has also been carried forward.

### **3.0 GENERAL FUND CAPITAL PROGRAMME 2017/18 TO 2021/22 – INDIVIDUAL SCHEMES**

3.1 The programme for 2017/18 to 2021/22 detailed in Appendix A provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme. Schemes shown as slippage from 2016/17 and carried forward to 2017/18 are detailed in the table in paragraph 2.2 above. In addition, the following new schemes are included in the programmes for approval to commence in 2017/18:

3.1.1 Hermitage Recreation Grounds, Whitwick – All Weather Play Area Car Park (£7,500)

Proposed replacement or upgrade\* of the surface of the parking area at the AWPA to address defects and maintain an acceptable surface condition. \*The surface is currently Breedon Golden Amber Gravel but this may be upgraded to a surface that will be more resistant to wear.

3.1.2 Swannington Depot - Demolition (£35,000)

The last annual condition survey for the Swannington Site rated the buildings as 'Life Expired' – serious risk. The buildings present a safety risk and require demolition and the site securing with adequate perimeter fencing to protect the site.

3.1.3 Car Parking Meters (£140,000)

Replacement and installation of car parking meters to support the Car Park Strategy. Details as per separate report.

3.1.4 Ashby Cultural and Leisure Quarter Project (£330,000)

Further development of Ashby as per the 'Ashby Cultural and Leisure Quarter Project'. Details as per separate report.

3.1.5 Refurbishment of Moira Furnace Toilet Unit (£20,000)

The refurbishment of Moira Furnace toilet unit which serves our assets: Moira Furnace (Tourist Attraction and scheduled ancient monument) and Moira Furnace Craft Village within the site and grounds of Moira Furnace. This is the first refurbishment of the toilets since they were developed in the late 1990's.

3.1.6 Leisure Centre ICT Servers (£15,000)

ICT have identified that the servers at the Leisure Centre are reaching the end of their natural life and as they are becoming outdated, it would be a risk for us to continue undertaking software upgrades to them as they might not have the capacity or capability to handle future upgrades which could seriously compromise service delivery.

### **3.2 Fleet Replacement Programme**

With regard to the Fleet Replacement Programme, each year a number of vehicles either come to the end of their lease period or their lease extensions are reviewed. Each vehicle is reviewed based on its age, condition, mileage, potential risk of major repairs (due to being out of warranty) and a decision is made whether to extend the lease or replace the vehicle.

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.

- 3.2.1 In order to progress with the 2018/19 purchases approval is sought for the following vehicles:

	£
Refuse (3 x refuse vehicles)	485,000
Sweeper (1 x Compact sweeper)	50,000
14 Medium Vans (13 x housing + 1 x waste)	210,000
Box Van	40,000
Baler	80,000
Mowing Machines x 2	70,000
<b>Total</b>	<b>935,000</b>

- 3.2.2 Waste, Street Cleansing and Grounds Maintenance Services; (approx £725,000)  
The existing vehicles, including three waste collection vehicles, one compact sweeper, one box van, one baler and two mowing machines are to be replaced as part of the annual vehicle replacement programme to ensure reliability of waste, street cleansing and grounds maintenance service delivery.

- 3.2.3 Medium Vehicles (approx £210,000)  
Fourteen medium vehicles are to be replaced across the fleet for 2018/19 as part of the annual vehicle replacement programme. These include thirteen vans for the Housing Team and one van for the Waste Services Team. These are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

- 3.3 The General Fund Capital Programme (2017/18) will be funded by:

	£
Disabled Facilities Grants	524,780
Revenue Contribution	135,920
Reserves	835,338
Capital Receipts	150,000
Internal Borrowing	1,424,883
<b>Total</b>	<b>3,070,921</b>

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

- 4.1 The Projected outturn for 2016/17 is £90,644. This consists of slippage from 2015/16 of £78,644 and a new scheme identified of £12,000. The projects are as follows:

	£
Cropston Drive BMX Track – slippage	7,500
Thringstone Miners Social Centre – slippage	2,821

Urban Forest Park - Footway & Drainage Improvements – slippage	7,073
Owen Street – Floodlights – slippage	779
Owen Street – Changing Rooms – slippage	60,471
Green Gym at Playhub, Melrose Road, Coalville – New scheme	12,000
<b>Total</b>	<b>90,644</b>

4.2 There are no new schemes agreed at present for 2017/18.

## 5.0 H.R.A. CAPITAL PROGRAMME – ESTIMATED OUTTURN 2016/17 AND 2017/18 - 2021/22 INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2017/18 to 2021/22.

5.2 Planned spend in 2017/18 and onwards mainly consists of

### 5.2.1 Decent Homes Improvement Programme (DHIP)

The Council brought all of its homes up to the Decent Homes standard in 2015/16 and is forecast to spend £3.6m in maintaining decency in 2016/17. Each year will require further investment to ensure that 100% of homes remain at the standard.

The Decent Homes Improvement Programme for 2017/18 will invest £1.884 million in improving tenants’ homes.

### 5.2.2 Other Planned Investment Programme

In addition to delivering the Decent Homes Improvement Programme, there are a wide range of other investments (of £1.47m) required to maintain and enhance the housing stock and associated services and assets, which are outside the government’s definition of Decent Homes works.

### 5.2.3 New Build/Affordable Housing Programme

In November 2015 Cabinet approved the building of new Council homes on 3 different sites, subject to planning permission, at:

Cropston Drive, Greenhill - up to 20 homes

Linford and Verdon Crescent, Coalville – up to 16 new homes

Willesley estate, Ashby - up to 8 homes

Total = 44 homes

The above schemes will see an investment of £4.3m in 2017/18.

### 5.2.4 Other Schemes / Miscellaneous

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

For the 2016/17 programme, a line for “High Value Assets Payment to Central Government” was included in the above section. The introduction of the Right to Buy for Housing Association tenants will require contributions from local housing authorities to support the discount to be given to those tenants. The Housing and Planning Act paves the way for this to happen, but the regulations setting out exactly how this will work and

hence the amount required are still awaited. In the absence of detailed guidance, an estimated amount, consistent with that for 2016/17 has been included in the capital programme.

#### 5.2.5 Future Funding

Following the change in the core assumption for future rent increases that was made in 2016/17, the long term HRA business plan continues to be based on annual rent increases of 1.5% (notwithstanding the annual 1% rent reductions from 2016 for four years). This means that additional efficiencies will continue to be sought and ongoing work to identify sites and properties suitable for disposal will be maintained.

### 6.0 CAPITAL RESOURCES

6.1 The resources estimated to be needed to finance the General Fund programme 2017/18 to 2021/22 totals £7,380,431 and is as follows:

	£
2017/18	3,070,921
2018/19	1,774,200
2019/20	1,056,700
2020/21	835,610
2021/22	643,000
<b>Total</b>	<b>7,380,431</b>

6.2 Details of the planned funding of the programmes are included in Appendix A. Funding is in place in 2017/18 for the Disabled Facilities Grants Scheme (£1,032,038) consisting of £524,780 Disabled Facilities Grants, £371,338 of reserves and £135,920 of Revenue Contribution. The further funding of the Ashby Cultural and Leisure Quarter project (£330,000) consists of £180,000 from Reserves and £150,000 from Capital receipts. The ICT Infrastructure scheme (Roadmap £144,000) and the Car Parking Meter scheme (£140,000) are to be funded from the 16/17 projected revenue underspend and will be held in reserve. The remaining schemes (£1,424,883) can be funded either by leasing or borrowing depending on value for money and for which, provision has been made in the 2017/18 Revenue Budget.

6.3 The following resources are budgeted to be available for financing the Housing Revenue Account Programme in 2017/18. An estimated surplus of £53 can be carried forward to 2018/19.

	£
Usable Balances	2,363,216
Retained Right to Buy Receipts	240,655
Right to Buy Receipts – Attributable debt	688,841
Use of Right to Buy 'One for One' reserve	133,383
RCCO	2,029,713
Major Repairs Allowance	3,968,199
Asset Disposals (Capital Allowance)	600,000
<b>Total Resources</b>	<b>10,024,007</b>
Less Budgeted Expenditure	10,023,954
<b>Surplus to be carried forward to 2018/19</b>	<b>53</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 for each item, considering which offers value for money for the Council at the time of procurement.

Cabinet is asked to delegate award of the subsequent contracts for vehicles, equipment and plant to the Director of Services in consultation with the Portfolio Holder.

## **8.0 NEXT STEPS**

- 8.1 This report will be presented to the Policy Development Group at its meeting on 11 January 2017. 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 7 February 2017 which will make the final recommendations to Council on 23 February 2017.