

Report To:	CABINET	Date:	24 November 2016
Heading:	CAPITAL PROGRAMME 2016/17 -2019/20		
Portfolio Holder:	CORPORATE SERVICES		
Ward/s:	ALL		
Key Decision:	YES		
Subject To Call-In:	YES		

Purpose Of Report

The Capital Programme sets the detailed plans for capital investment by the Council for the period 2016/17 to 2019/20 based on the November 2015 Interim Capital Strategy.

In summary Capital Programme expenditure will increase over the life of the programme by £1.3m for the General Fund, decrease by £3.7m for the Housing Revenue Account (HRA) and increase by £86k for Area Committee Schemes all of which will be funded from S106 and other grants.

The total amount of external funding is £8.6m of which £2.3m is S106 monies

Recommendation(s)

It is recommended that the revised capital programme be approved and recommended to Council.

Reasons For Recommendation(s)

The recommendations are required to agree projects to allow capital investment for the period 2016/17 to 2019/20.

Alternative Options Considered (With Reasons Why Not Adopted)

The alternative would be to defer or not to approve specific projects or spend as necessary. In some cases, this may impact on future service provision.

Detailed Information

Capital Strategy

At present the Council has an Interim Capital Strategy covering the period 2016/17 to 2019/20. The interim strategy was put into place whilst the Corporate Plan was being revised and the new project management framework embedded. The Corporate Plan is now complete and as part of the project management framework a capital gateway has been established.

A range of projects have been submitted through the capital gateway and evaluated using the Weighted Benefit Model. The model evaluates projects against Corporate Plan objectives and determines their relative cost/benefit analysis in respect of whole life cost, net present value and impact on the Medium term Financial Strategy.

Those projects which were successful at the gateway stage have been included within this report for consideration. All are deliverable within the existing Capital Strategy (as discussed further at para 3.4).

The Interim Capital Strategy places parameters around the level of borrowing over the 5 year period taking into account affordability. Affordability remains essential to any strategy however there is the scope to have a more flexible approach. At present the existing strategy restricts the Council's ability to invest in larger projects which will have a significant impact on service delivery and provide savings in the longer term. A new Capital Strategy will be presented at January 2017 which shall recognise CIPFA best practice and aims to:-

- deliver projects that focus on delivering long term benefits to the area as economic growth and or financial returns in the form of:-
 - Spend to Save;
 - Spend to earn income or other financial returns;
 - Deliver budget options;
 - Attract significant third party contributions to the area;
 - Address major infrastructure investment.
- set out how the Council identifies, programmes and priorities capital requirements and proposal arising from business plans, the Asset Management Plan and other related strategies;
- consider options available for funding capital expenditure and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications;
- identify the resources available for capital investment over the MTFS planning period.

The Strategy will still provide a clear context within which proposals for new expenditure are evaluated to ensure that all capital investment is targeted at meeting the Corporate Plan.

1. Summary Capital Programme

The proposed Capital Programme and funding is summarised as follows. Appendix 1 shows a detailed breakdown of all the schemes below.

The three areas of the Capital Programme are discussed in more detail within the report.

Table 1 – Capital Programme (2016/17 to 2019/20)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Capital Expenditure					
Area Committees	1,140	877	20	0	2,037
General Fund	5,404	3,762	3,087	1,882	14,135
Housing Revenue Account	9,816	11,007	10,877	8,673	40,373
Grand Total	16,360	15,646	13,984	10,555	56,545
Capital Financing					
Developers Contributions - Area Committees	968	792	20	0	1,780
Other Capital Grants and Contributions - Area Committees	172	85	0	0	257
Sub Total - Area Committees	1,140	877	20	0	2,037
Prudential Borrowing - General Fund	2,328	2,488	1,158	1,185	7,159
Capital Receipts - General Fund	0	0	0	0	0
Direct Revenue Financing - General Fund	76	308	57	0	441
Developers Contributions - General Fund	352	56	56	56	520
Other Capital Grants and Contributions - General Fund	2,648	910	1,816	641	6,015
Sub Total - General Fund	5,404	3,762	3,087	1,882	14,135
Funded from HRA Reserves	9,816	11,007	10,877	8,673	40,373
Borrowing	0	0	0	0	0
Capital Receipts - HRA	0	0	0	0	0
Other Capital Grants and Contributions - HRA	0	0	0	0	0
Sub Total - HRA	9,816	11,007	10,877	8,673	40,373
Grand Total	16,360	15,646	13,984	10,555	56,545

1. Area Committee Capital Programme

These consist of self-financed schemes which enhance the local environment. These are mainly financed by developers' contributions (known as Section 106 funding) but additional grant funding is sought wherever possible to maximise the benefit to local communities. Area Committee schemes are included in the table below.

Table 2 – Area Committee Schemes (2016/17 to 2019/20)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Area Committees					
Hucknall Area Committee	306	194	0	0	500
Kirkby Area Committee	474	455	0	0	929
Sutton Area Consulative Committee	240	210	20	0	470
Rural Area Consulative Committee	120	18	0	0	138
Total	1,140	877	20	0	2,037
Funded by					
Nottinghamshire County Council (NCC)	45	20	0	0	65
Waste Recycling and Environment (WREN)	100	50	0	0	150
Donations	2	0	0	0	2
Hucknall & Linby Collieries Joint History & Heritage Committee	3	0	0	0	3
Network Rail	20	0	0	0	20
Rural Payments Agency	2	0	0	0	2
Skanska	0	15	0	0	15
Sustainable Transport S106	377	10	0	0	387
Section 106	591	782	20	0	1,393
Total	1,140	877	20	0	2,037

Table 3 below shows where changes to capital schemes by Area Committee have been made from the previous approved Capital Programme.

Table 3 – Area Committee Schemes (changes in proposed expenditure)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Expenditure Approved	1,854	97	0	0	1,951
Changes to Hucknall Area Committee Schemes	-279	194	0	0	-85
Changes to Sutton Area Committee Schemes	-67	210	20	0	163
Changes to Kirkby Area Committee Schemes	-353	358	0	0	5
Changes to Rural Area Committee Schemes	-15	18	0	0	3
Total Proposed Expenditure to be Approved	1,140	877	20	0	2,037

2.1 New Area Committee Projects

The following new projects have been put forward by the Area Committees.

Jenny Burton Way - General landscape improvement works, to include clearance, arboriculture and landscape management.

Sutton Lawn Play Area - This is for the provision of accessible roundabout and footpaths.

Sutton Lawn Management Plan - New footpath to provide better access to lake/ reservoir area.

Taylor Crescent Recreation Ground - Landscape improvements to the Recreation Ground.

Roundhill Recreation Ground - Replacement and upgrading of existing equipment to improve play provision.

Football Changing Rooms - Improvements to changing room sites at Parks and Recreation sites.

Oval Play Area - Replace fencing and update of the play equipment.

Ashfield Estate Play Area - Play Provision for older children.

Jacksdale Bridge Links - Partnership project with Derbyshire and Nottinghamshire County Councils to reinstate bridge link between Jacksdale and Codnor Park.

Table 4 – New Area Committee Schemes

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Hucknall Area Committee					
Jenny Burton Way	10	0	0	0	10
Sub Total	10	0	0	0	10
Sutton Area Committee					
Sutton Lawn Play Area	23	0	0	0	23
Sutton Lawn management Plan	20	0	0	0	20
Taylor Crescent Recreation Ground	0	10	0	0	10
Roundhill Recreation Ground	0	30	0	0	30
Football Changing Rooms	0	69	0	0	69
Oval Play Area	0	14	0	0	14
Ashfield Estate Play Area	0	10	0	0	10
Sub Total	43	133	0	0	176
Rural					
Jacksdale Bridge Links	0	10	0	0	10
Sub Total	0	10	0	0	10
Grand Total	53	143	0	0	196

2.2 Changes to Existing Area Committee Projects

Table 5 overleaf shows the changes in budget scheme by scheme. The actual allocation to each project is shown at Appendix 1. There are several schemes where there have been significant change in budget allocation:

Lime Tree Recreation Ground – Scheme reduced due to shortfall in S106 funding.

Garden Road / Wood Lane footpath /Cycle way link – Removed by agreement of the Hucknall Area Committee.

Sutton Trails Network – Increased to complete projects within the trails network, Sutton Lawn link.

Teversal Sports Provision – Funding no longer possible for this scheme.

Acacia Avenue Recreation Ground General Improvements - It has been agreed with ward members to increase the scope of the project following detailed public consultation

Ellis Street Redevelopment – Nottinghamshire County Council delivered the scheme under budget.

Kingsway Park Play Area - Funding has been transferred to the management plan budget for the park to fund higher priorities

Kingsway Park: implementation of management plan – Funding has been increased following the reduction in funding to the Kingsway Park Play Area (see above).

Kirkby Regeneration and Civic Centre – Scheme can be completed at a lower cost than previously estimated.

Table 5 – Area Committee Scheme (changes in budget – by scheme)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Hucknall Area Committee					
Lime Tree Recreation Ground	-79	38	0	0	-41
Milton Rise Play area	-4	0	0	0	-4
Combine Nabbs Lane Cycle Track & West Hucknall Young Peoples Provison	-1	1	0	0	0
Washdyke Lane Rec Grd; General Improvements	-1	1	0	0	0
Butlers Hill Recreation Ground	0	4	0	0	4
Garden Road / Wood Lane footpath /Cycle way link	-55	0	0	0	-55
Common Farm	-10	10	0	0	0
Papplewick Green Public Art Work	-139	140	0	0	1
Sub Total	-289	194	0	0	-95
Sutton Area Committee					
Brierley Forest Park Management Plan	-39	19	20	0	0
Hill Crescent Young Peoples Area	-3	0	0	0	-3
Huthwaite Welfare Park Management Plan: General Improvements	-41	41	0	0	0
Kingsmill Reservoir management plan: Implementation Works	-28	17	0	0	-11
Sutton Trails Network	30	0	0	0	30
Teversal Sports Provision	-29	0	0	0	-29
Sub Total	-110	77	20	0	-13
Kirkby Area Committee					
Acacia Avenue Rec - General Improvements	0	113	0	0	113
Annesley Art Project	-148	150	0	0	2
Ellis Street Redevelopment	-25	0	0	0	-25
Forest Road Nature Area	-23	23	0	0	0
Kingsway Park Play Area	-29	0	0	0	-29
Kingsway Park: implementation of management plan	11	17	0	0	28
Kirkby Regeneration and Civic Centre	-90	0	0	0	-90
Lindleys Lane Play/Youth Area	0	4	0	0	4
Portland Park Management Plan: General Improvements	0	2	0	0	2
Sports pavilion, Titchfield Park	-39	39	0	0	0
Warwick Close	-10	10	0	0	0
Sub Total	-353	358	0	0	5
Rural Area Committee					
Holly Hill	-8	8	0	0	0
Selston War Memorial	-5	0	0	0	-5
Westwood Recreation Ground	-2	0	0	0	-2
Sub Total	-15	8	0	0	-7
Grand Total	-767	637	20	0	-110

2.3 Area Committee Funding

The table shows the estimated balance of Section 106 monies after the above schemes have been financed. At this point a reliable estimate of the full year Section 106 monies is not available, therefore the position is shown as at 30th September 2016. Funds are only committed once received by the Council.

Available Section 106 Funding	£'000
As at 31st March 2016	2,998
S106 Receipts received as at 31st August 2016	295
Less: Section 106 Receipts Committed to Area Committee Capital Schemes	-1,780
Less: Section 106 Receipts Committed to Non Area Committee Capital Schemes	-520
Total Remaining Section 106 Funding	993

1. General Fund Capital Programme

The proposed General Fund Capital Expenditure shows an overall increase of £1.3m from the approved February Capital Programme of which £2.1m to be funded from external grants and a reduction of £0.8m in the borrowing requirement.

Appendix 2 details the major changes to the General Fund Capital schemes and shows the estimated charges for Minimum Revenue Provision (MRP), interest payable and future savings expected.

All the changes are explained below and summarised in the tables overleaf.

3.1 New Projects

Better Care Grants - £507k

Better Care Grants are to be used to provide preventative adaptations to residents which are not currently available with existing mandatory Disabled Facility Grant funding. If there are any changes to future funding the capital programme will be revised accordingly.

The following three projects have gone through the capital appraisal process. The concept document providing the data for the weighted benefit model for each project has been included at Appendix 3 at the end of this report in order to provide further transparency to Members.

Market Stalls - £58k

This project is for the purchase of pop-up stall to facilitate the move Hucknall Market from its location in the Market Place Car Park on to the pedestrianised High Street.

Solar Panels Northern Depot- £38k

The solar panels are to be fitted on part of the roof at the Northern Depot. The solar panels are expected to generate 43,000kWh per annum which is equivalent to 12% of the annual electricity usage at the site.

Vehicle Tracking Scheme - £135k (Plus additional £35k for HRA Vehicles)

The new scheme will replace two existing vehicle tracking systems (1 ADC & 1 former AHL) with a fleet wide new system. This should ensure costs are kept to a minimum for parts and future upgrades. The cost for this project includes £50k that was previously allocated to the Vehicle Purchase capital budget

Table 6 – New General Fund Schemes

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
New Projects					
Economy					
Market Stalls	58	0	0	0	58
Sub Total	58	0	0	0	58
Corporate Services					
Better Care Grants	169	169	169	0	507
Solar Panels - Northern Depot	38	0	0	0	38
Sub Total	207	169	169	0	545
Environment					
Vehicle Tracking Scheme	135	0	0	0	135
Sub Total	135	0	0	0	135
Grand Total	400	169	169	0	738

3.2 Changes to Existing General Fund Projects.

The Council profiles its capital programme but inevitably there will be some slippage to project timetables. The Council will endeavour to ensure that costs are projected accurately however in some projects costs will vary from the budget due to market forces or unexpected circumstances. The main movements in budget are outlined below:-

Kings Mill Reservoir (The King and Miller to Kingfisher) – Restoration of the natural and build heritage including selective desilting work to the reservoir and the creation of a heritage hub at the Mill Adventure Base visitors centre. The council has obtained first stage Heritage Lottery Funding for this scheme £121k and is now looking to secure second stage funding of £871k. The full scheme is dependent on stage 2 funding being secured.

Office Accommodation Works to Accommodate DWP at Central Offices - There have been several changes to the scope of this scheme since the last capital programme. The increase in costs are to be funded from the Department of Works and Pensions (DWP).

Office Accommodation Works to Accommodate Police at Central Offices - There have been several changes to the scope of this scheme since the last capital programme.

Improvements Grants 1996 Act Disabled Facility Grant – It has been assumed that the current Disabled Facility Grant (DFG) / Better Care Fund (BCF) grants will continue to be received at their 2016/17 value until 2019/20. The total estimated funding for the period 2016/17 to 2019/20 plus remaining unspent funding from 2015/16 has been divided equally over 4 years. If there are any changes to future funding the capital programme will be revised accordingly.

Purchase of Vehicles – Vehicles which are to be used for Housing works are now included in the Housing Revenue Account Section of the Capital Programme.

The table below shows the changes in budget. The actual allocation to each project is shown at Appendix 1.

Table 7 – General Fund Projects (changes in budget – by scheme)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Changes to Current Projects					
Economy					
Kings Mill Reservoir (The King and Miller to Kingfisher)	-262	64	1,325	0	1,127
Sub Total	-262	64	1,325	0	1,127
Corporate Services					
Demolition of Hucknall Toilets	-4	4	0	0	0
Fox Street Demolition	5	3	0	0	8
Green Deal Communities Project	13	0	0	0	13
Improvement Grants 1996 Act Disabled Facility Grant	-48	107	107	107	273
Office Accommodation Works to Accommodate DWP at Central Offices	280	16	0	0	296
Office Accommodation Works to Accommodate Police at Central Offices	158	7	0	0	165
Sub Total	404	137	107	107	755
Environment					
Broomhill Road - (New Cross Project)	-3	3	0	0	0
Purchase of Vehicles	-158	-223	-374	-389	-1,144
Sub Total	-161	-220	-374	-389	-1,144
Grand Total	-19	-19	1,058	-282	738

Table 8 – General Fund Schemes Removed or Reduced

The Acacia Library project has been removed from the Capital Programme and this project with NCC is no longer going ahead. This and other General Fund Removals and Reductions are shown on the table overleaf.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Schemes Removed or Reduced					
Economy					
Acacia Library	-110	0	0	0	-110
Broomhill Shop Refurbishment	-15	8	0	0	-7
Sub Total	-125	8	0	0	-117
Corporate Services					
Car Park Extension and Car Parking Machines Lammas	-7	0	0	0	-7
Hucknall Leisure Centre Improvements	-2	0	0	0	-2
Sutton Council Offices (Brook Street Refurbishment)	-2	0	0	0	-2
Redevelopment of Kirkby Toilet Site	-1	5	0	0	4
Teversal Cricket Temporary Accommodation & Transfer to Titchfield Park	-1	0	0	0	-1
Sub Total	-13	5	0	0	-8
Environment					
Northern Depot Office Rationalisation and Wireless CCTV Infrastructure	-24	0	0	0	-24
Sub Total	-24	0	0	0	-24
Grand Total	-162	13	0	0	-149

3.3 General Fund Capital Programme Funding

The tables below show the changes in financing required to move from the existing Capital Programme to that now proposed.

Table 9 – General Fund – financing of the Capital Programme

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
February 2016 Capital Programme	5,245	3,599	1,860	2,164	12,868
Capital Grants	522	356	1,282	107	2,267
Prudential Borrowing	-232	-201	-112	-389	-934
Capital Receipts	0	0	0	0	0
Direct Revenue Financing	-131	8	57	0	-66
October 2016 Capital Programme	5,404	3,762	3,087	1,882	14,135

3.4 Capital Strategy

The Interim Capital Strategy was agreed by Cabinet on 5th November 2015 this recommends that the average annual General Fund capital borrowing requirement shall not exceed £6.960m plus £366k unused borrowing requirement carried forward from 2015/16 for years 2016/17 to 2019/20.

The table below compares the proposed borrowing to the existing Capital Strategy. The table indicates that the overall Capital Expenditure is currently within the total agreed in the Capital Strategy.

Table 10 – General Fund – Capital Strategy

	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000	2019/20 Proposed £'000	Total £'000
Borrowing	2,328	2,488	1,158	1,185	7,159
Less Unused Borrowing Funding					
2016/17	-366	0	0	0	-366
Total Borrowing	1,962	2,488	1,158	1,185	6,793
Capital Strategy	1,740	1,740	1,740	1,740	6,960
Diff	-222	-748	582	555	167
Cumulative Diff	-222	-970	-388	167	

1. HRA Capital Programme

There have been changes to the profiling and mix of Decent Homes Schemes.

The Investment in Additional Housing Schemes has been removed from the Capital Programme until further schemes can be considered.

There are additional costs for the Brook Street Development, Warwick Close and the Empty Homes these all relate to the final retention amounts being paid for these properties.

Vehicles and Vehicle Trackers used for Housing works are now being charged directly to the Housing Revenue Account.

Table 11 – Housing Revenue Account (changes to budget)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Expenditure Approved	10,836	11,570	10,815	10,857	44,078
Changes to Current Projects					
Management Fee	0	0	0	0	0
Catch up and Major Repairs	661	1,187	895	-758	1,985
Service Improvements	-105	-763	390	-469	-947
Contingent Major Repairs	-114	-50	-37	-118	-319
Exceptional Extensive Works	-369	-53	-348	-16	-786
Disabled Adaptations	-73	-12	-12	-12	-109
Empty Homes	23	0	0	0	23
Gas Heating Boiler Mill House Community Centre	-2	0	0	0	-2
Investment in Additional Council Dwellings	-1,200	-1,200	-1,200	-1,200	-4,800
Darlison Court (New Builds)	-31	105	0	0	74
Brook Street Development	47	0	0	0	47
Vehicle Tracking Scheme	35	0	0	0	35
Housing Vehicles	108	223	374	389	1,094
Grand Total	9,816	11,007	10,877	8,673	40,373
Capital Funding					
Funded from HRA Reserves	9,816	11,007	10,877	8,673	40,373
Borrowing	0	0	0	0	0
Capital Receipts - HRA	0	0	0	0	0
Other Capital Grants and Contributions - HRA	0	0	0	0	0
Total Capital Funding	9,816	11,007	10,877	8,673	40,373

Implications

Corporate Plan:

The Capital Programme reflects the priorities in the Corporate Plan.

Legal:

If approved by Cabinet, this report will require approval by Council.

Finance:

This report covers the period 2016/17 to 2019/20 has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	Over the life of the programme, the Minimum Revenue Provision is to reduce from £1.956m to £1.812m
General Fund – Capital Programme	Capital Programme expenditure will increase over the life of the programme by £1.3m for the General Fund and increase by £86k for Area Committee Schemes (Area Committee schemes will be funded from 106 contributions and other grants).
Housing Revenue Account – Revenue Budget	An increase in investment income of £40k over the life of the programme as a result of the reduction in schemes.
Housing Revenue Account – Capital Programme	Capital Programme expenditure will decrease by £3.7m for the Housing Revenue Account

Human Resources / Equality and Diversity:

There are no HR & Equality implications.

Other Implications:

None

Reason(s) for Urgency (if applicable):

N/A

Background Papers

None

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