

2 February 2016

ITEM: 6

Corporate Overview and Scrutiny Committee

Capital Budget Proposals

Wards and communities affected:

All

Key Decision:

Not Applicable

Report of: Councillor John Kent, Leader of the Council

Accountable Head of Service: Sean Clark, Director of Finance and IT

Accountable Director: Lyn Carpenter, Chief Executive

This report is Public

Executive Summary

This report sets out the capital bids that have been received that are being met from Council resources, namely prudential borrowing provisions.

These largely represent what officers consider to be essential to maintain current services, including limited provisions for the Thameside whilst longer term plans are developed.

Officers recognise the need for a longer term and aspirational programme that will both support growth throughout the borough and ensure that the Council is able to transform itself into a more modern authority that also reflects the changes that are inevitable to achieve financial self-sustainability.

1 Recommendation(s):

- 1.1 That Corporate Overview and Scrutiny Committee note and comment on the bids included within this report; and**
- 1.2 That Corporate Overview and Scrutiny Committee comment on the proposed delegations to Cabinet as set out in section 4.**

2 Background and Information

- 2.1 The majority of the Council's capital programme is funded from grants in terms of both schools and highways and from rents and grants for the Housing Revenue Account.
- 2.2 For the remainder of the General Fund or, indeed, to supplement the above, the following sources are available:

- a) Capital Receipts – these are the receipts realised from the disposal of capital assets such as land and buildings. Members will be aware that the Council reviews its asset base and there is a programme of disposals being progressed;
- b) Grants and Contributions – these could be ad hoc grants awarded from government or other funding agencies or contributions from developers and others;
- c) Prudential Borrowing – the Council is able to increase its borrowing to finance schemes as long as they are considered affordable. The MTFS assumes repayments on £3m of borrowing per annum; and
- d) Revenue – this approach is not recommended as it has an immediate and costly impact on the general fund.

2.3 Attached at Appendix 1 are the schemes that are being brought forward by officers and have been approved by Directors' Board. They have been considered within the following criteria:

- a) Sign off by individual Directors;
- b) Whether they are categorised under Health and Safety, Statutory, Invest to Save or desirable; and
- c) Through a scoring process covering the Council's priorities.

2.4 However, officers do recognise that these are all schemes that are unavoidable in the short term and that a more ambitious programme needs to be compiled for a longer term programme that will both support growth throughout the borough and ensure that the Council is able to transform itself into a more modern authority that also reflects the changes that are inevitable to achieve financial self-sustainability.

2.5 These could include budgets for a new theatre, town centre regeneration, support to businesses, etc. Schemes to support revenue generating opportunities will also be developed.

3 An Overview

3.1 Operational Buildings – these have been proposed at a level to ensure that the buildings remain operational and fit for purpose for the short term, whilst plans for the Thameside are developed further. These proposals provide funding for various schemes but will only be spent where absolutely necessary. Funding is also requested for Collins House to carry out essential works but to also carry out a feasibility study into whether the building would be best served through a major refurbishment.

3.2 Environment – there are budgets for the essential items such as replacement household bins, vehicles and plant. There are also other schemes for enhancing open spaces and for efficiency improvements. Although not

included within these proposals, Members should be aware that officers are working on the re-tendering of the waste contracts. The current fleet is approaching the end of its life and consideration will be given during the tender process for replacement vehicles.

- 3.3 IT – now that the service has been brought back in-house, a comprehensive programme is being developed to improve stability, both for normal operational purposes but also for Business Continuity and Disaster Recovery purposes. Bids also include works to major applications, such as Oracle, that will improve efficiency throughout the workforce to compliment the staffing reductions.
- 3.4 Community Environmental Development Fund (CEDF) – Members will be aware that, as a result around the debate on the creation of a Parish Council for the Frost Estate, Cabinet agreed that there should be a bid for a CEDF. This is for communities to bid under criteria being developed for capital enhancements to their areas.

4 Other Considerations

- 4.1 There are three areas where the Council has previously given Cabinet delegation to approve additional schemes and this is being recommended again for 2016/17:
 - a) Additional Funding – throughout the year, the Council quite often receives additional funding through, for instance, government grants and developers' contributions;
 - b) Invest to Save – these schemes could only be approved where the reduction in ongoing expenditure or increased income exceeds the cost of repaying the prudential borrowing required for the scheme; and
 - c) Gloriana – Members will be aware that there are a number of governance gateways before approval for a scheme is considered by Cabinet. These gateways include discussion within a governance group consisting of the three group leaders, the Chief Executive and the Director of Finance and IT.
- 4.2 The delegation requested is that any approval is deemed to be part of the capital programme and that the necessary prudential indicators set out in the Treasury Management Strategy are amended accordingly.
- 4.3 This approach means that estimated amounts for schemes that may or may not take place are not included in the programme, removing the need for speculative provisions.

5 Issues, Options and Analysis of Options

- 5.1 The issues and options are set out in the body of this report in the context of the latest MTFS and informed by discussions with the Leader of the Council, Group Leaders and Directors' Board.

6 Reasons for Recommendation

- 6.1 Corporate Overview and Scrutiny Committee are being asked for their comments to inform Cabinet at their meeting on 10 February 2016.

7 Consultation (including Overview and Scrutiny, if applicable)

- 7.1 The proposals have been considered by Directors' Board.

8 Impact on corporate policies, priorities, performance and community impact

- 8.1 The Capital programme is integral to the delivery of all of the services that the Council provides.

9 Implications

9.1 Financial

Implications verified by: **Sean Clark**
Director of Finance and IT

The proposals set out in this report are within the currently agreed budget envelope.

9.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal & Governance - Deputy Monitoring Officer

Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This budget report contributes to that requirement although specific legal advice may be required on each projects business case.

9.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

There are no direct diversity implications arising from this report. Equality implications will be assessed as individual capital projects are developed

9.4 **Other implications (where significant – i.e. Staff, Health, Sustainability, Crime and Disorder)**

Health and Safety requirements have been considered when prioritising these proposals.

10 **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Funding requests held in Corporate Finance

11 **Appendices to the report**

- Capital Proposals

Report Authors:

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