

SUBJECT:	CAPITAL PROGRAMME 2015/16 to 2018/19
REPORT OF:	Leader of the Council
RESPONSIBLE OFFICER	Director of Resources
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WARD(s) AFFECTED	All

1. Recommendation

The Cabinet considers the proposed Capital Programme for 2015/16 (Appendix A) and recommends it to Council for approval.

2. Executive Summary

- 2.1 This report sets out the outcomes of the review of the capital programme and proposes a recommended programme for 2015/16 as required under the Constitution. It also outlines the provisional programme for futures years, and the consequences for capital resources of funding the programme.

3. Reason for Recommendation

- 3.1 The proposed programme for 2015/16 is considered to be the minimum level of expenditure to maintain the Council's key assets, meet its obligations to provide housing grants, and to support investment in ICT, part of which is funded by Government grant, which will support the improvement of services and reduce costs.

4. Information

- 4.1. Each year the Authority reviews its Capital Expenditure Programme as part of the overall budget setting process. The Capital Expenditure Programme is made up of the proposed programme for the next financial year and the provisional programme for the next three financial years. The detail of the programme is set out in Appendix A.
- 4.2. There are strict accounting rules regarding what constitutes capital expenditure and these are included in Appendix B for reference.
- 4.3. The capital programme has three main elements which are described below.
- 4.4. Housing Grants - Local authorities have a responsibility to provide disabled facility grants. The majority of the cost of the grants are met from an allocation from the Better Care Fund administered by the Health & Wellbeing Board of £229k, so that the cost falling to South Bucks is only a proportion of the total programme. This is an annual programme of grant support.
- 4.5. Business Support (ICT) Projects - This comprises South Bucks' share of the joint projects with Chiltern that were awarded £222k of Government funding for 2015/16. The projects

utilised funding earmarked in the previous capital programme for ICT investment to secure the Government funding for projects specifically targeted to support and expand joint working. The main points in the approved bid are:

- Development of e-forms for users to submit information online
- Developing an appropriate mobile working solution
- Virtualisation of the desktop environment, minimising the specification and cost of desktop hardware, and making more efficient the deployment of applications to desktops.

The programme of projects will be managed over two years, and progress will be reported to Government.

- 4.6. Asset Maintenance - Covers expenditure on the Council's land and property assets. The largest single recurring area of expenditure is in respect of the Capswood offices. The Council has responsibility under the lease for the plant, equipment and internal decorations. For 2015/16 the only item of expenditure planned is the replacement of the Tensor access system, however in subsequent years significant expenditure will be incurred in the replacement of the air conditioning in the council chamber, chiller units for the main office areas, the buildings boilers.
- 4.7. The other areas of asset maintenance expenditure cover the Council's car parks, Beaconsfield Common Land and the Evreham Centre. The Council has obligations under its lease with Bucks CC for the Evreham Centre which runs until 2021, but this position may be affected by Bucks CC's plans for the Centre as it is looking to reduce its revenue costs. The costs of officer time spent on capital schemes are included in the capital programme, and are reviewed annually as part of the salary allocation process.
- 4.8. At this stage the focus of officer resources is on completing the current year's asset maintenance projects. At a future meeting officers will bring to members a draft programme for 2015/16, and a discussion on undertaking a full condition survey of the buildings as it is a number of years since one has been done.
- 4.9. The Capital Programme is financed from three sources:
- Government Grants
 - Capital Receipts
 - Revenue Reserves, or contributions.
- 4.10. The following table illustrates the effect on the Council's capital resources from funding the proposed programme.

	2015/16 £	2016/17 £	2017/18 £	2018/19 £
DFG's via Better Care Fund (BCC)	229,000	229,000	229,000	229,000
Transformation Challenge Grant	100,000			
Capital Receipts	721,500	683,500	513,000	653,000
	1,050,500	912,500	742,000	882,000

Opening Capital Receipts Reserve	5,690,123	4,968,623	4,285,123	3,772,123
New Capital Receipts	0	0	0	0

Use of Capital Receipts	-721,500	-683,500	-513,000	-653,000
Closing Capital Receipts Reserve	4,968,623	4,285,123	3,772,123	3,119,123

- 4.11. At this stage no assumptions have been made about any new capital receipts arising from asset disposals. The Council has limited assets available for disposal and at present there are no material disposals under consideration.
- 4.12. In the context of capital investment it is important to include funding available from planning commuted sum agreements for the delivery of affordable housing. These amount to:

	Balance as at 31.12.14
	£
s106 Monies- Conditional	975,205
s106 Monies - Unconditional	1,584,939
Total	2,560,144

The programme for the use of these funds is reported to the Health & Housing PAG.

5. Consultation

- 5.1 There are no specific proposals in this report that would require formal consultations.

6. Options

- 6.1 The proposed programme aims to minimise expenditure largely to, it meets its obligations under leases, to provide housing grant, or to support investment in the business support infrastructure essential to service delivery. The options that exist are around the funding of the programme and would involve considering providing some funding from revenue. This would have implications for the revenue budget and reserves.

7. Corporate Implications

- 7.1 The capital programme is part of the Council's overall financial strategy, as the capital and revenue budgets are interlinked. Each pound spent on the capital programme reduces the amount of capital reserves, which in turn reduces the Council's investment holdings and thus the revenue interest earned by the Council. Based on 1.5% investment returns, funding £100,000 of capital expenditure will reduce annual interest by £1,500.
- 7.2 With these low level of returns, capital expenditure that can reduce or avoid increases in revenue expenditure may make more sense in terms of a medium term financial strategy. This particularly could be the case for investments that increase income, for example expanding car park capacity.

8. Links to Council Business Plan

- 8.1 The Council's code of corporate governance highlights the importance of having in place clearly documented processes for policy development, review and implementation, decision making, and monitoring and control. Following from this is the requirement for sound

financial management, being able to demonstrate resources are aligned to the corporate priorities of the Council, and that any material risks are assessed. The prudent use of resources is one of the Authority's management principles and having a medium term financial strategy is a key element in demonstrating this principle. Establishing a sound and sustainable financial base is important for delivering the Council's objectives.

9. Next Steps

- Once approved the individual projects in the programme will be assigned project managers to be responsible for the delivery of the project and reporting its progress as part of the Council's monitoring processes.
- For buildings maintenance officers will consider whether to undertake a condition survey prior to setting a programme of works for 2015/16 and subsequent years.

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Background Papers:	None

SBDC Capital Programme 2015/16 - 2018/19

	RP ¹	RE	Budget Manager	15/16 Budget £	16/17 Budget £	17/18 Budget £	18/19 Budget £
<u>Environment</u>							
Beaconsfield Common Land Improvements	RP		Chris M	15,000	15,000	15,000	15,000
Recycling Initiatives & Bins	RP		Chris M	55,000	55,000	55,000	55,000
Car Park Enhancements	RP		Chris M	10,000	10,000	10,000	10,000
<u>Healthy Communities</u>							
Community Development Grants	RP	RE	Martin H	15,000	15,000	15,000	15,000
Evreham R&R Contribution	RP	RE	Martin H	22,000	22,000	22,000	22,000
Home Renovation Grants / Flexible Home Loans	RP	RE	Martin H	50,000	50,000	50,000	50,000
Home Renovation Grants Salaries	RP	RE	Martin H	105,000	105,000	105,000	105,000
Disabled Facility Grants	RP	RE	Martin H	310,000	310,000	310,000	310,000
<u>Resources</u>							
Desktop IT Linked With WIN7 Roll Out			Sim D	40,000			
Renew / Develop Virtual Server Environment			Sim D	25,000	25,000		
MS Office Licenses (Triennial renewal)	RP		Sim D	100,000			100,000
Increase Website Transactional Capability			Rachel P	26,000			
ICT Projects - Joint Working Infrastructure			Sim D	62,000			
Transformation Challenge Award Projects			Sim D	100,500	100,500		
Capswood - Maintenance and other works			Chris M	15,000	105,000	60,000	100,000
Other Capital Building Works	RP		Chris M	51,000	51,000	51,000	51,000
Capital Salaries	RP		Chris M	49,000	49,000	49,000	49,000
				1,050,500	912,500	742,000	882,000

¹ RP - Rolling Programme RE - Revenue Expenditure Funded from Capital. Regulations allows this to be charged to capital

Appendix B: Capital Expenditure Definition

Capital expenditure is expenditure that will produce, add to, or enhance an asset capable of providing benefits to the Authority / community for several years to come. This can include expenditure on land, buildings, plant & equipment and grants.

Revenue expenditure covers the day-to-day running costs of the Council.

The actual full definition of what constitutes capital expenditure is complex. The basic definition is set out in Part 1 of the Local Government Act 2003 which states that capital expenditure is to be interpreted in accordance with proper accounting practice subject to any regulations or directions issued by the Secretary of State.

Proper accounting practice is then set out in the Code of Practice on Local Authority Accounting and includes expenditure on the:

- acquisition, reclamation, enhancement or laying out of land;
- acquisition, construction, preparation, enhancement or replacement of roads, building and other structures;
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

And enhancement in this context means the carrying out of works, which are intended to:

- lengthen substantially the useful life of the asset; or
- increase substantially the open market value of the asset; or
- increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the local authority concerned.

However the Secretary of State has also issued the Local Authorities (Capital Finance and Accounting) (England) Regulations that allow the following additional items (amongst others) to be treated as capital expenditure

- expenditure incurred on the acquisition or preparation of a computer program, including expenditure on the acquisition of a right to use the program - s25 (1)(a)
- loans or grants for capital expenditure by another body - s25 (1) (b).