

SUBJECT:	CAPITAL STRATEGY AND CAPITAL PROGRAMME 2018/19 TO 2022/23
REPORT OF:	Resources Portfolio Holder – Cllr Barbara Gibbs
RESPONSIBLE OFFICER	Director of Resources – Jim Burness
REPORT AUTHOR	Capital Accountant – Jane Clarke – 01494 732 223
WARD/S AFFECTED	All

1. Purpose of Report

1.1 To present:

- The Capital Strategy.
- The proposed Capital Programme for 2018/19 – 2022/23.

RECOMMENDATION to Council that

- 1. The Capital Strategy including the Capital Programme for 2018/19-2022/23 (Appendix A) be approved.**

2. Background

- 2.1** As part of the Council's budget process the Capital Programme is reviewed in order to assess, as part of the overall financial strategy of the Authority, what the scale and composition of the programme should be and the consequential funding implications for the financial strategy.
- 2.2** In recent years decisions have been undertaken to embark on a number of significant capital projects. These projects have changed the scale and composition of the capital programme, creating the need to finance these projects from borrowing.

3. Review of Capital Programme

- 3.1** The full Capital Programme is set out in the Capital Strategy.
- 3.2** Projects are grouped by Portfolio area, and the main items in the capital programme are as follows:

Environment

- 3.3 A budget of £1.5m has been allocated in 2021/22 for waste vehicles, as the current waste contract is due to end in October 2021. In addition the need for an annual provision for Recycling and Replacement Bins is included in the programme.
- 3.4 There is a budget of £9.375m for the construction of a Multi Storey Car Park in Gerrards Cross to address the capacity issues highlighted in the Parking Strategy. This project has been rephased and is expected to recommence by 2020/21.

S106 Funded Projects

- 3.5 There are two projects in relation to the Bath Road site, the potential purchase of land/property, and another project to develop the site for temporary accommodation. Both these projects are to be funded from s106 monies.

Healthy Communities

- 3.6 Home Renovation Grants and Flexible Home Loans are included in the programme to undertake works in default or to support the delivery of housing improvements in accordance with the Private Sector Housing Strategy Financial Assistance Policy by offering grants / loans to vulnerable householders requiring improvements to their property (heating, insulation, repairs, disability adaptations).
- 3.7 Disabled Facilities Grants are the responsibility of local authorities to provide. The cost of the grants are met from an allocation from the Better Care Fund administered by the Health & Wellbeing Board (this was £540k in 2017/18) so that there is no net cost falling to South Bucks. This is an annual programme of grant support.
- 3.8 The Council is planning to redevelop the old Academy golf site as a country park leisure facility. The budget for constructing this new facility The South Bucks Country Park is £2m, and this cost will be met from income gained during the redevelopment from soil importation.
- 3.9 Following the acquisition of the old Gerrards Cross Police Site, redevelopment of the site is proposed to support the delivery of housing, and to generate income for the Council, which are key priorities referred to in the Capital Strategy.
- 3.10 An Affordable Housing Action Plan is to be undertaken during the course of the next four years, and this proposes the Council embarks on acquiring properties for the purpose of meeting local housing needs as highlighted in the Capital Strategy.

Customer Services & Business Support

- 3.11 A rolling programme for ICT is included in the programme for the replacement of equipment and further alterations.

- 3.12 A Customer Experience Strategy Programme to facilitate the centralisation and transformation of customer services. Increasing efficiency and delivering savings across CDC and SBDC. The budgeted share of the set up ICT costs for SBDC is £196k.

Resources

- 3.13 The Council has responsibility under the lease for Capswood for the plant, equipment and internal decorations. The main item of expenditure will be the replacement of the chiller units in the main office areas, scheduled for 2019/20, £250k.
- 3.14 Other capital works include the extension to Parkside Woodland Burial Site, and upgrading elements of the Beacon Centre including the theatre flooring and the tiered seating area.
- 3.15 Work is also being undertaken to extend Stoke Poges Memorial Gardens.

Consilio

- 3.16 Consilio is a private limited company, set up and wholly owned by South Bucks District Council. The primary aim of the company is to acquire, develop and manage land and property in order to deliver a financial return to the Council.
- 3.17 On 13 December 2017, the SBDC Cabinet approved the Business plan for Consilio. The company is therefore now empowered to seek out commercial investment opportunities up to £50m in total and residential investment opportunities up to £10m in total. The business case for each specific proposal will be evaluated and, if approved, SBDC will lend funds to Consilio to allow the proposal to proceed.
- 3.18 The Capital Programme therefore includes a provision for £2m of loans per year. However the actual amount will vary depending on what investment opportunities arise.

4. Commuted Sums Programme

- 4.1 In the context of capital investment it is important to recognise funding available from planning commuted sum agreements for affordable housing developments. Currently the commuted sum balance is:

	Balances as at 21.12.17 £
s106 Monies - Conditional	20,914
s106 Monies - Unconditional	4,808,617
	4,829,531

- 4.2 These sums are applied in line with the Council's Housing Strategy which sets out the range of options available to use these funds for the provision of affordable housing. As para 3.6 referred to £3.739m of this funding is applied to housing projects on the Bath Road.

5. Consultation

5.1 Consultation is with the Overview and Scrutiny Committee.

6. Corporate Implications

6.1 The programme in the Capital Strategy covers the period until 2023. Over this period new calls for capital expenditure will arise linked to the Council's Business Plan and Financial Strategy.

6.2 To sustain the size of the programme and allow scope for new schemes, additional resources will need to be made available. The scope for generating significant new capital receipts is very limited; therefore, the Council will need to borrow to finance proposed capital projects.

6.3 The capital programme is part of the Council's overall financial strategy, as the capital and revenue budgets are interlinked.

6.4 The table below shows the proposed funding of the Capital Programme.

Sources of Funding	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Housing subsidy re DFG's via Better Care Fund	540,000	540,000	540,000	540,000	540,000
Income generated from SB County Park Site	1,230,000	1,000,000			
s106 funding - Bath Road - Acquisition of Land/Property	1,039,000				
s106 funding - Bath Road - Temporary Accommodation	2,700,000				
Borrowing - Police Site	3,910,000	3,910,000			
Borrowing - Affordable Housing Action Plan	3,380,000	2,000,000			
Borrowing - Consilio Business Plan	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Borrowing - Car Park			9,375,000		
Borrowing - Refuse Vehicles				1,500,000	
Borrowing - General Projects	1,410,779	752,000	186,200	150,000	197,250
	16,209,779	10,202,000	12,101,200	4,190,000	2,737,250

7. Links to Council Policy Objectives

7.1 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. Having a medium term financial strategy is a key element in demonstrating this principle. Establishing a sound and sustainable financial base is important for delivery of the Council's objectives.

8. Next Steps

- 8.1 Following views of the Overview and Scrutiny Committee the report will be considered by the Cabinet, and then by Council in February 2018.

Background Papers:	None
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