

PROPOSED DRAFT CAPITAL PROGRAMME FOR 2013/14 – 2015/16

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Darienne Law, Head of Corporate Resources
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WHY HAS THIS REPORT COME TO THE EXECUTIVE?

This paper details the draft Capital Bids put forward, for inclusion in the Capital Programme for 2013/14 and beyond, as well as the existing Capital Programme of those bids approved in principal for 2013/14 and 2015/16; to give the proposed capital programme for the three years 2013/14-2015/16, and how they will be funded.

This report provides a summary of the draft Capital Programme 2013/14-2015/16, which will form the basis of the statutory budget consultation (under Statutory Instrument 1992 No.3171) under which the council is required to consult business ratepayers or business representatives on proposed spending.

RECOMMENDATION:

- (i) Executive are asked to note the existing bids that were presented and approved by Council in February 2012 as outlined in paragraph 2.
- (ii) Executive are asked to note the anticipated new capital bids as detailed in paragraph 4 and make recommendations for the inclusion in the draft Capital Programme which will form the basis of the statutory budget consultation (under Statutory Instrument 1992 No.3171) under which the council is required to consult business ratepayers or business representatives on proposed spending.
- (iii) Executive are asked to note the proposed draft Capital Programme for 2013/14 to 2015/16, can be funded from capital receipts reserve subject to approval at Council on 22nd January 2013 to use the VAT Share receipts and assuming current forecast of capital receipts are realised in the three year period, see paragraph 6.3.
- (iv) Executive are asked to note that the forecast opening balance on total Useable Capital Receipts Reserve at April 2013 is £2,998,294 taking into account any anticipated carry forwards as at 30th November 2012 and the 1st call on reserves for the Howbank Road remedial works approved at Council on 6th September 2012.

1 INTRODUCTION

- 1.1 Effective asset management planning is a crucial corporate activity to ensure we meet our corporate and service aims, and deliver our core services. This is evidently even more important with the large cuts in Government funding that we are currently facing as an Authority.
- 1.2 This paper details the draft Capital Bids put forward, for inclusion in the Capital Programme for 2013/14 and beyond, as well as the existing Capital Programme of those bids approved in principal for 2013/14 and 2015/16; to give the proposed capital programme for the three years 2013/14-2015/16, and how they will be funded.
- 1.3 The Capital Control and Working Group produced revised Capital Programme criteria for 2013/14 which was approved at Executive in December 2012. These criteria (as shown at Appendix B) will be used to prioritise any bids for inclusion in future Capital Programmes.
- 1.4 When considering approval of capital bids, we need to ensure that:-
 - we would not fail to meet our statutory duties if a scheme was not approved
 - our spending decisions are meeting our key priorities and compliant with the most recent policy framework delivering a priority outcome
 - urgent projects are given priority to meet legal obligations/avoid litigation claims
 - consideration has been given to sources of funding available
 - we have maximised external funding on all bids (where appropriate)
 - we recognise potential external partnership benefits with public, private or voluntary sector
 - all revenue costs/savings as well as capital costs have been considered
 - the failure to approve a bid would prove detrimental to the continuity of the service delivery
 - we can establish that although the project may not necessarily link with corporate priorities it will provide positive results to service delivery
- 1.5 The capital bids are initially prepared by Project Managers/Heads of Service and reviewed with Finance to ensure the resulting spend is of a capital nature and is therefore appropriate to be included in any considerations for the programme.
- 1.6 All bids will be scored using the revised Capital Programme Criteria (as attached at Appendix B). Additionally, it is anticipated that bids approved in principal in February 2012 for inclusion in the capital programme in 2013/14 and beyond,

will also be subject to the same criteria to ensure these projects reflect the current needs of the Authority.

2 CAPITAL PROGRAMME BIDS FOR 2013/14 APPROVED IN PRINCIPAL FEBRUARY 2012

- 2.1 The Whitehaven THI bid for £250,000 that was approved in principal in February 2012 is dependent upon successful bidding for external funding for an additional £1.45m. The second phase of the bid is to be submitted at the financial year end. Should this match funding be unsuccessful the scheme in its current state would not proceed and the £250,000 call on CBCs reserves will not be required.
- 2.2 £500,000 was approved in principal for Disabled Facilities Grants (DFG's) for 2013/14 which is partially externally funded. Although the provision of Disabled Facilities Grants is a statutory duty of Copeland Borough Council and therefore demand-led, current projections based on historical spend anticipate that expenditure for 2013/14 will not exceed the £500,000 previously approved. This activity is continuously monitored by the Housing Department and Finance and although any change to this forecast is not currently anticipated, any variation in the anticipated spend above budget from the current expected spend would be reported to CLT and Executive for appropriate management action.
- 2.3 We anticipate external grant income of £261,000 from the Department of Communities and Local Government (DCLG) towards the 2013/14 DFG programme reducing the need to call upon our reserves from £500,000 to £239,000. In the current financial year, we have received an additional £60,000 from Cumbria County Council and a further £80,000 from DCLG, but this income cannot be guaranteed for future years. Any additional income received in year however, will reduce the need to call upon our own capital reserves.
- 2.4 £80,000 was approved in principal by Council in February 2012 to purchase a new recycling vehicle in 2013/14. This is no longer required due to the recent department restructure and the termination of the plastic and card kerbside collection service. The £80,000 can be returned to the Useable Capital Receipts Reserve.
- 2.5 £217,000 was approved in principal for Public Buildings for 2013/14.
- 2.6 £52,800 was approved in principal for Energy Efficiencies for 2013/14.

3 CAPITAL SCHEMES ON THE 2012/13 PROGRAMME NOT YET COMMENCED

- 3.1 Access to Services – A number of papers have been presented to Executive for this project. It is unlikely that there will be significant spend this year and it is anticipated that the balance of £150,000 is to be carried forward into 2013/14.
- 3.2 St Bees Play Area – A report was presented at Executive on 18th December 2012.
- 3.3 Valuation Data Transfer – There has been some technical difficulties with Cumbria County Council's system and we were unable to commence the data transfer when expected. We are hopeful that the project will commence prior to the year end, however it is still uncertain and a carry forward may be required into the new financial year.
- 3.4 Millom Cemetery Land Purchase – An agreement has been reached with Millom Town Council that the ground investigating works are able to commence in the new year at an initial cost of approximately £20,000.

4 ANTICIPATED NEW CAPITAL BIDS

- 4.1 Any new bids will be brought to Executive ahead of Council on 21st February 2013.
- 4.2 Copeland Borough Council is changing the way it operates, the way in which it delivers services. No longer can services work in isolation. Collaboration, information and knowledge sharing will be key in helping the Council deliver more efficient and effective services in future. Collaboration will need to extend outward. Knowledge, information and service sharing with other public, private and community partners will be key to delivering excellent services in an ever changing, financially restricted public service.
- 4.3 The Council is a diverse business, engaged in many forms of activity. Using information systems and technology effectively to help transform Council processes will help reduce costs and explore new ways and channels to deliver services to meet the evolving needs of our customers whilst remaining industry compliant. It will directly mitigate the risks of single point of failure – a common feature of organisation where human resources are reducing – thus enabling us to continue to provide core services where human resources become increasing constrained.
- 4.4 We need to develop, extend and provide new ICT tools and services to support the ambitions of the council, in the process investing in the enterprise architecture and core ICT services available to the Council, its staff and customers.

- 4.5 While Copeland Council has invested in systems and applications over the past few years very little has been invested in the core technology and services. Virtualisation is an example of where investment has been made and has delivered real benefits to the Council, including cost reduction. Further investment will be key to ensure the Councils ICT can deliver the changes needed now and over the next few years. The future will see a significant growth in agile working, the use of digital channels and the use of collaboration and sharing of information across services. Investing in the core technology now - cloud services, remote access, mobile working and data storage - will allow us to further reduce the Total Cost of Ownership and be ready to support the new and emerging ways of working across the Council to reduce service delivery costs and work effectively with our partners and customers.
- 4.6 The council's transformation will include a greater focus on the use of ICT to enhance service delivery and enable more of our services to be accessible online. This will include the purchase of new systems and the enhancement of existing infrastructure. The detailed scoping work is underway. At this stage it is estimated that there will be a need to invest £200K in both 2013/14 and 2014/15.
- 4.7 Given the recent issues with the stability and subsidence on land that the council owns, with regard to liabilities such as unstable pit shafts, a land management capital programme is proposed. This will be available for the enhancement of our landholdings and detailed proposals will be brought as required. At this stage it is estimated that there will be a need to invest £200K in both 2013/14 and 2014/15.

5 FINANCING OF THE CAPITAL PROGRAMME 2013/14 – 2015/16

- 5.1 Table 1 below shows the sources of funding for draft Capital Programme for the three years 2013-2016. It is important that the funding of the proposed Capital Programme is fully understood and can be demonstrated.
- 5.2 The proposed 2013/14- 2015/16 capital programme expenditure can be financed as follows:

Table 1: Financing of the proposed 2013/14 - 2015/16 Capital Programme

Funded by:	2013/14 £	2014/15 £	2015/16 £
General Useable Capital Receipts	669,800	490,000	0
Housing Capital Receipts	239,000	250,000	250,000
Other External Funding	511,000	250,000	250,000
TOTAL FINANCING	1,419,800	990,000	500,000

6 CAPITAL RESOURCES

- 6.1 Table 2 overleaf shows the forecast position of the movement (i.e. use and new capital receipts) on usable capital receipts for 2012/13 (table 3 shows 2014/15 and table 4 shows 2015/16) which will be used to fund the capital programme.
- 6.2 Members are asked to note that the opening balance figures in Table 2 (and so consequently Tables 3 and 4) are as at 30th November 2012. The Useable Capital Receipts Reserve balances will need to be adjusted by any commitments made in 2012/13 but that will be paid for in 2013/14 (slippage) that occurs between 1st December 2012 and 31st March 2013 but any fluctuation in the opening balances as a result of this, will be matched by an equal adjustment to the draw down (spend) on the reserve, i.e. nil net impact on reserves.

Table 2: Impact of the forecast capital programme spend and receipts for 2013/14 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts (incl VAT Share) £	Housing Capital Receipts (Previously PRTB & RRTB) £	TOTAL £
Forecast Opening balance at 1 st April 2013 (as at 30 th November 2012)	-1,085,966	-1,912,328	-2,998,294
Forecast draw down to fund draft 13/14 capital programme	669,800	239,000	908,800
Forecast Capital Receipts from sale of assets in year	-515,500	-	-515,500
Forecast Capital Receipts from VAT Share Agreement	-364,596	-	-364,596
Forecast useable Capital Receipts closing balance at 31 st March 2014	-1,296,262	-1,673,328	-2,969,590

Table 3: Impact of the forecast capital programme spend and receipts for 2014/15 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts (incl VAT Share)	Housing Capital Receipts (Previously PRTB & RRTB)	TOTAL
	£	£	£
Forecast Opening balance at 1 st April 2014	-1,296,262	-1,673,328	-2,969,590
Forecast draw down to fund draft 14/15 capital programme	490,000	250,000	740,000
Forecast Capital Receipts from sale of assets in year	-1,508,000	-	-1,508,000
Forecast Capital Receipts from VAT Share Agreement	-360,567	-	-360,567
Forecast useable Capital Receipts closing balance at 31 st March 2015	-2,674,829	-1,423,328	-4,098,157

Table 4: Impact of the forecast capital programme spend and receipts for 2015/16 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts (incl VAT Share)	Housing Capital Receipts (Previously PRTB & RRTB)	TOTAL
	£	£	£
Forecast Opening balance at 1 st April 2015	-2,674,829	-1,423,328	-4,098,157
Forecast draw down to fund draft 15/16 capital programme	-	250,000	250,000
Forecast Capital Receipts from sale of assets in year	-2,289,000	-	-2,289,000
Forecast Capital Receipts from VAT Share Agreement	-711,983	-	-711,983
Forecast useable Capital Receipts closing balance at 31 st March 2016	-5,675,812	-1,173,328	-6,849,140

- 6.3 The timing of capital receipts is critical to the funding of the proposed Capital programme. Members are reminded that the receipts detailed in tables 2-4 above are the best forecast prediction as of 30th November 2012. The assets (predominantly land) will be placed on the market when conditions are favourable and this is kept under constant review by the Estate and Valuations Manager and the Head of Legal Services. It may be the case that some assets will be placed on the market sooner than currently anticipated, with resulting receipts ahead of those detailed in tables 2-4 above. It is not anticipated as at 30th November 2012, that the assets will be offered for sale at later dates, however if this were to happen, the funding of the capital programme would need to be re-examined.

7 CONCLUSION

- 7.1 The report shows that the bids approved in principal for future years will not drastically impact on the General Capital Receipts Reserve if the utilisation of the VAT share receipt is approved at Council on 22nd January 2013. As always, however, this will be subject to new Capital Bids submitted for 2013/14 and beyond and will solely rely on the anticipated capital receipt from the sale of assets (current projection £4.3m for the next three years) to finance any additional expenditure in future years.

8 STATUTORY OFFICER COMMENTS

- 8.1 The Monitoring Officer's comments are: No further comment.
- 8.2 The Section 151 Officer's comments are: Included within the report.
- 8.3 EIA Comments: EIA Completed as part of the budget setting process.
- 8.4 Policy Framework:
- 8.5 Other consultee comments, if any:

9 WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

- 9.1 It is imperative that the draft capital programme is considered at this early stage to ensure that adequate financing is in place before the 2013/14 programme commences. Once commenced, all budgets will be monitored monthly, with exceptions reported through Corporate Leadership Team monthly and Executive quarterly so that management action can be taken to ensure the effective use of resources as planned by the Council.

- 9.2 The capital programme assumes funding from the sale of assets and external (grant) contributions. There is no assumption at this stage to borrow to finance the programme. Generation of capital receipts presents risks in terms of the timing and value of receipt. The Financial Management and Treasury Accountant and the Estates and Valuations Manager meet regularly to review asset sales.
- 9.3 The value of the Disabled Facility Grant, which provides external funding for the housing programme, (£261,000) has been estimated for 2013/14, based on current year receipt, as the award will not be made public until March 2013. The value of receipt has been duplicated for the year 2014/15. If the actual grant receipt fluctuates from this estimate this will impact on the use of the Useable Capital Reserve as detailed in tables 2-4.

List of Appendices:

Appendix A - Draft capital programme 2013/14 -2015/16

Appendix B – Capital criteria

List of Background Documents: None

Consultees:

Head of Service and Service Managers

EXECUTIVE 9th JANUARY 2013

APPENDIX A

CAPITAL PROGRAMME BUDGET 13/14, 14/15 & 15/16

BID NO		Expenditure					Funding			2014/15				2015/16			TOTAL 15/16 including slippage	OVERALL TOTAL 13/14-15/16
		2013/14 Existing programme March 12 Council £'000	2013/14			UCRR	Housing Reserve	External	Existing programme March 12 Council	Slippage approval sought Exec 13/14	Draft bids submitted Jan 13	TOTAL 13/14 including slippage	Existing programme March 13 Council	Slippage approval sought Exec 14/15	Draft bids submitted Jan 13			
			Slippage approval sought Exec 12/13 £'000	Draft bids submitted Jan 13	Updated for Slippage 12/13 Out turn approval sought Exec May 2013											TOTAL 13/14 including slippage		
	OTHER (CORPORATE)																	
	Corporate Department: Chief Executive																	
						-											-	
						-											-	
	Chief Executive Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Corporate Resources:																	
1	Public Buildings Condition Survey Backlog	217,000				217,000	217,000						-				-	217,000
	Energy Efficiency Measures	52,800				52,800	52,800						-				-	52,800
	ICT			200,000		200,000	200,000				200,000	200,000					-	400,000
	Moresby Parks					-						-					-	-
	Valuation Data transfer					-						-					-	-
2	New FMS					-						-					-	-
	Land Management			200,000		200,000	200,000				200,000	200,000					-	400,000
	Copeland Reception					-						-					-	-
						-						-					-	-
	Corporate Resources Total	269,800	-	400,000	-	669,800	669,800	-	-	-	-	400,000	400,000	-	-	-	-	1,069,800
	Neighbourhoods:																	
	Rottington Beck					-							-				-	-
	Vehicles	80,000		(80,000)		-				90,000			90,000				-	90,000
	Data Capture					-											-	-
	Regeneration software					-											-	-
	Playgrounds					-											-	-
	Neighbourhoods Total	80,000	-	(80,000)	-	-	-	-	-	90,000	-	-	90,000	-	-	-	-	90,000
	Regeneration and Community:																	
3																	-	-
	Home Renewal Assistance					-							-				-	-
	Renovation Grant					-							-				-	-
	Disabled Facilities Grants	500,000				500,000		239,000	261,000	500,000		500,000			500,000	500,000	-	1,500,000
	Whitehaven Townscape Heritage Initiative	250,000				250,000			250,000				-				-	250,000
	Development Management - e-access					-											-	-
	Regeneration and Community Total	750,000	-	-	-	750,000	-	239,000	511,000	500,000	-	-	500,000	-	-	500,000	500,000	1,750,000
	TOTAL CAPITAL PROGRAMME -	1,099,800	-	320,000	-	1,419,800	669,800	239,000	511,000	590,000	-	400,000	990,000	-	-	500,000	500,000	2,909,800

This is CBC's contribution to a £1.7m project and it is envisaged that the £250k will be paid as a grant and therefore it is this amount that it included in the draft budget as opposed to the full scheme.

Suggested Criteria	Summary	Weight	SCORING			
			1	2	3	4
Statutory requirement	We would fail to meet our statutory duties if the scheme was not approved	25	Does not Meet	Partially Meets	Substantially Meets	Fully Meets
Urgent priorities/avoidance of litigation claims	Urgency of investment required to meet legal obligations i.e. avoidance of Corporate Manslaughter and other litigation claims, Health and Safety, Disability Discrimination Act	25	N/A			Definate
New policy framework	A project that specifically complies with the most recent policy framework and delivers a priority outcome.	15	Does not comply			Fully complies
Business need/Avoiding future business interruption	The project is essential to ensure the continuity of the of the service delivery and avoid future potential business interruption	15	Not essential to continuity	partially essesntial to continutity	substantially essential to continuity	Totally essential to continuity
Invest to save	Provision of future revenue savings/additional income from completion of project include payback period	10	No savings/net income	upto 15% savings/income	15%-25% savings/income	Over 25% savings/income
Revenue implications	Delivery and completion of the project would result in a future net revenue cost (see invest to save for positive revenue implications)	10	Under 10k net cost (=score*-1)	£11k to £20k net cost (*-1)	£21k to 50K net cost (*-1)	Over £50k net cost (*-1)
Operational benefits	The project does not necessarily link with corporate priorities but will provide positive benefits to service delivery	10	No positive benefits	Limited positive benefits	Substantial positive benefits	Full positive benefits
Partnership working	External partnership benefits with public, private or voluntary sector	10	No partnership benefits	Limited partnership benefits	Substantial partnership benefits	Full partnership benefits
External match funding/full external funding	Project is part funded or fully funded from externally generated resources	10	None	Up to 33% funded	34% - 66% funded	67%-100% funded

Weighting Criteria: (Weight x score)