

Capital Programme 2017/18 to 2021/22

Executive Portfolio Holder: Councillor Peter Seib, Finance and Legal Services
Service Head: Catherine Hood, Finance Manager
Lead Officer: Nicola Hix, Corporate Accountant
Contact Details: nicola.hix@southsomerset.gov.uk or (01935) 462612

Purpose of Report

1. To seek approval for the Capital Programme for 2017/18 to 2021/22 that will be recommended to Full Council.

Forward Plan

2. This report did not appear on the District Executive Forward Plan for April 2017.

Public Interest

3. This report was delayed until the Council Plan had been updated. It asks members to approve capital schemes for funding in 2017/18.

Recommendation

4. That the District Executive recommends to Council the following:
 - (a) approval of the revised Capital Programme as shown in Appendix A;
 - (b) approval of the new schemes to be included in the Capital Programme as shown in Appendix B;
 - (c) note the scoring of new capital schemes outlined in Appendix C;
 - (d) note the proposed funding of the Capital Programme as shown in paragraph 12;
 - (e) note the detailed Capital Investment appraisal forms for new schemes, as shown at Appendix D;

Background

5. Full Council approved the revenue budget for 2017/18 in February 2017. Capital bids were not approved at that time as work had not been completed on the annual action plan of the Council Plan. That work has now been completed and included elsewhere in this agenda. The delay was necessary to ensure that all new bids met the Council's priorities.

The Council Plan

6. The authority approved the Council Plan in March 2016. It was agreed that an annual update would be made to ensure that the budget and the capital programme were affordable. The update for 2017/18 is outlined elsewhere in this agenda.

Capital Strategy

7. This Capital Strategy outlines how SSDC will utilise its capital resources to deliver the Council Plan and key strategies. SSDC held £35 million in capital receipts at the end of the 2015/16 financial year. However, once commitments are taken into account the authority has approximately £15.8 million unallocated to spend on new schemes as of February 17. A review of possible bids for the next five years has shown a need of approximately £21.2 million.
8. The authority has a considerable requirement for capital resources through its Transformation, Regeneration, and Income Generation Boards. Some of these require considerable revenue costs to set up as well as capital. It is therefore important that SSDC is able to take up the offer of “Flexible Capital Receipts” to ensure that its ambitions can be delivered. Therefore the strategy will be as follows:-
 - Each project will be reviewed initially on a commercial basis so that schemes will be considered on the basis that both capital and interest at PWLB rates is repaid;
 - SSDC will utilise its own internal cash wherever possible to maximise its treasury management efficiency and minimise costs in the short to medium term. The Council will retain the budget to finance the capital project as outlined in paragraph 18 to minimise the financial risks of rising interest rates. The Treasury Management Strategy currently allows borrowing of up to £12 million;
 - SSDC will utilise the ability in 2019/20 to use new receipts from property, plant, and equipment for revenue expenditure as outlined in the Efficiency Strategy approved in September 2016;
 - The Minimum Revenue Provision (MRP) Statement and Prudential Indicators that apply to capital spend are attached at Appendix E for members to note;
 - The level of capital receipts will be monitored to ensure that non-commercial (essential and those with community and social value) can continue to be funded from available resources;
9. District Executive has delegated authority to approve the use of up to 5% of capital receipts in any one year (approx. £900k). Approvals beyond this sum must be agreed through full Council.

Capital Programme 2017/18 to 2021/22

10. Members are requested to approve capital bids totalling £816K. These are split into £671K for 2017/18 and £145K for 2018/19. Full details of the revised Capital Programme are shown in Appendix A; new schemes are shown in bold type, with previously approved schemes in ordinary type. A summary of recommended schemes is included at Appendix B and the scoring of all bids at Appendix C. Appendix D details the Capital Investment Appraisal forms for all new schemes – separate document.
11. A capital sum of £15.0 million has been earmarked to fund for investment in land, property, and renewables assuming members approve the report to do so. As per the Capital Strategy it will remain unfunded within the table below to ensure that the most efficient and effective use of the Council’s cash reserves are made in the short to

medium term. However, in assessing each bid PWLB rates will be used and budgeted for to ensure long term affordability is maintained.

Funding the Capital Programme for 2017/18- 2019/20

12. The table below shows how the 2017/18 Capital Programme will be financed:-

	2017/18 £'000	2018/19 £'000
Gross Capital Programme Spend	11,024	1,029
Gross Reserve Scheme Spend	5,588	1,200
Total Capital Programme to be Financed	16,612	2,229
Financed by:-		
Capital Grants, Contributions & Loan Repayments as detailed on Programme	999	782
Grants & Other Contributions in Reserves	1,836	0
Useable Capital Receipts	13,777	1,447
Total Financing	16,612	2,229
Capital Financing to Remain Unsupported in the short to Medium Term		
Earmarked Land, Property, and Renewables Funds	15,000	

13. If members agree the current capital programme it leaves £15.8 million of capital receipts to invest in other projects.

Impact of the Capital Programme on Prudential Indicators

14. The impact of the new capital schemes approved within the capital programme on the average Band D household is as follows:

Prudential Indicator 12	2017/18 £	2018/19 £
Increase in Council Tax Band D	9.62	2.41

Corporate Priority Implications

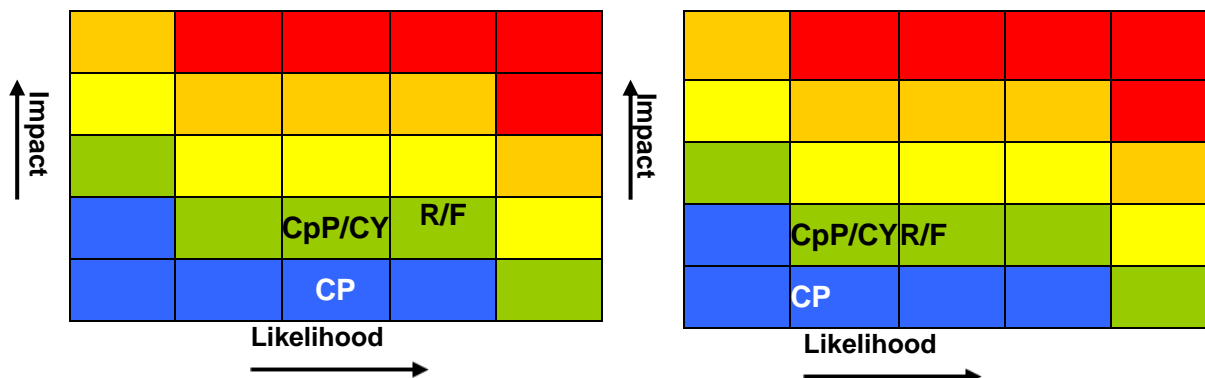
15. The budget is aligned to the current Council Plan.

Carbon Emissions and Climate Change Implications

16. The budget is aligned to the Carbon Reduction Strategy and new capital projects to deliver the strategy will be included in the Capital programme once approved.

Risk Matrix

Risk Profile before officer recommendations Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
CpP = Corporate Plan Priorities F = Financial CP = Community Priorities R = Reputational risk CY = Capacity	Red = High impact and high probability Orange = Major impact and major probability Yellow = Moderate impact and moderate probability Green = Minor impact and minor probability Blue = Insignificant impact and insignificant probability

Background Papers

Medium Term Financial Strategy Report to District Executive - Sept 2016 & Jan 2017

APPENDICES:-

- Appendix A - Revised Capital Programme
- Appendix B - New Bids with Interest
- Appendix C - Capital Investment Appraisals for New Schemes
- Appendix D - Capital Bid Scoring