

## CAPITAL PROGRAMME & ASSET MAINTENANCE 2020/23

Finance and Investment Advisory Committee - 23 January 2020

Report of Chief Officer Finance and Trading

Status For Decision

Also considered by Cabinet - 4 February 2020

Key Decision No

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**Executive Summary:** This report sets out the proposed Capital and Asset maintenance programmes for 2020/23 together with proposed funding.

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**This report supports the Key Aim of effective management of the Council's resources.**

Portfolio Holder Cllr. Matthew Dickins

Contact Officers Alan Mitchell, Ext.7483

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### Recommendation to Cabinet:

- (a) Recommend to Council that the Capital Programme 2020/23 and funding set out in Appendix B be approved, and
  - (b) The proposed Asset Maintenance budget of £687,000 be noted for 2020/21.
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**Reason for recommendation:** To comply with the Councils Procedure rules and to ensure sound financial management.

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### Introduction and Background

- 1 The Capital programme is put together following the Council's financial and corporate policies to ensure that the proposed programme satisfies one or more of the Council's corporate plan priorities:
  - (a) improve efficiency and cost effectiveness of the services we provide;
  - (b) buy and build new assets that help improve the way we provide services and at the same time generating return on our investments;
  - (c) providing better customer service;

- (d) invest in attracting, generating and supporting business.

### **Capital Bids**

- 2 The new scheme bids are attached as Appendix A.
- 3 Each scheme bid document details the proposed programme and its purpose as well as the capital costs for the next 3 years. In addition, details of how the programme is to be funded, justification for the bid and any other resource implications are included in each bid document.
- 4 Appendix B summarises the overall position of existing and proposed schemes and indicates the funding sources proposed.
- 5 Schemes that have not spent in line with previously reported schedules for 2019/20 may be carried forward to 2020/21, subject to Cabinet approval and the final outturn position.
- 6 The White Oak Leisure Centre pre-construction project is progressing with the proposed design now being submitted seeking planning permission at the Development Control Committee in February. A separate report on the proposed scheme will be submitted to the appropriate committees to seek member approval.
- 7 The Buckhurst 2 residential project (Burlington Mews) is proceeding to schedule with the show home due to complete in early January. This will allow potential buyers to view the development and full marketing to commence. The development is due to be completed in June.
- 8 The Property Investment Strategy cover multiple years. In total, £50.3m has been approved by Council. During 2019/20 £3.7m has been spent to date which will provide future revenue in line with strategy criteria. A separate report on the Property Investment Strategy is also being presented at this meeting.

### **Capital Receipts**

- 9 In the summary in table 1 below the available capital receipts have been identified which can be used to fund the capital programme.

Table 1: Capital Receipts estimates

Source	Forecasted	Budget	Budget	Budget
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Shared Ownership Staircasing	-	10	10	10
Land & Property disposal	412	14,585	-	-
	412	14,595	10	10

- 10 The capital receipt estimates are based on the current disposal programme but may be subject to change.
- 11 Capital receipts will be used to finance the capital programme where possible but other sources of funding such as the Financial Plan Reserve, internal borrowing, external borrowing and the Vehicle Renewal Reserve may be used to fund specific items.

#### Asset Maintenance

- 12 The asset maintenance programme seeks to allocate budgets to individual areas and schemes in accordance with the asset management plan and service requirement, reflecting backlog maintenance, health & safety and income generation as priorities.
- 13 The asset maintenance programme was increased by £100,000 from 2019/20 to reflect the need to increase the maintenance budget to keep Council owned premises in good order. This resulted in the average yearly liability covered increasing from 54% to 67%. The increase was approved in the 2019/20 budget process as SCIA 16. A report on planned preventative asset maintenance was presented to the Finance Advisory Committee on the 15 November 2018 and Cabinet on 6 December 2018 which set out the work that has been undertaken to assess the next 20 years asset maintenance requirements.
- 14 The table below sets out the asset maintenance programme for the next 3 years.

Table 2: Total asset maintenance programme

	2020/21 £'000	2021/22 £'000	2022/23 £'000
Budget	687	700	712

## **Key Implications**

### Financial

All financial implications are covered elsewhere in this report.

### Legal Implications and Risk Assessment Statement.

There are no legal or human rights issues. The Council must agree a Capital Programme as part of its financial plan and ensure that resources are available to fund it.

### Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and varies between groups of people. The results of this analysis are set out immediately below.

It is a statutory duty to provide Disabled Facility Grants to the older and or disabled residents in the district.

## **Conclusions**

Members are asked to review the scheme bids submitted at Appendix A, and approve the programme and funding at Appendix B.

### **Appendices**

Appendix A - Scheme Bid Documents

Appendix B - Proposed 2020/23 capital programme

### **Background Papers**

None

**Adrian Rowbotham,  
Chief Officer Finance and Trading**

## Capital Programme 2020/23

### Scheme Bid Document - Scheme: Disabled Facility Grant

**Description:** Money provided by the Better Care Fund for the provision of both mandatory and discretionary activities to ensure those eligible for assistance remain residing in their own home along with the new requirement to fund initiatives to better integrate housing with social care and Health Services, through preventive and responsive services.

**Service : Private Sector Housing**

**Portfolio Holder/Chief Officer : Cllr Piper/Lesley**

**Bowles Financials :**

CAPITAL COSTS	Period TOTAL	2020/21	2021/22	2022/23
	£000	£000	£000	£000
Gross scheme cost	3,300	1,100	1,100	1,100
External Contributions (list)				
Better Care Fund, via KCC	(3,300)	(1,100)	(1,100)	(1,100)
Net scheme cost	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

#### ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs

Income streams

Net cost	<u>0</u>	<u>0</u>	<u>0</u>
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Funding Source : Scheme will be fully funded from the Better Care Fund.

<b>Other Resource Implications :</b>	
Staffing	Managed with existing staffing establishment
Asset Values	Assets not in Council ownership

**Justification:** Statutory Duty

It is a statutory duty to provide DFGs to older and or disabled residents. The Council's DFG service is eligible for MHCLG funding. Larger grants are managed by Home Improvement Agency (HIA).

From 2015 the MHCLG total budget for Kent has been administered by KCC (ring fenced for and passed onto each District).

## Capital Programme 2020/23

### Scheme Bid Document - Scheme: Vehicle Replacement Programme

**Description:** Purchase of replacement commercial fleet vehicles that have reached the end of their fully depreciated operational life.

**Service :** Environmental and Operational Services

**Portfolio Holder/Chief Officer :** Councillor Margot McArthur/Adrian Rowbotham

**Financials :**

CAPITAL COSTS	TOTAL	2020/21	2021/22	2022/23
	£000	£000	£000	£000
Gross scheme cost	1686	548	563	575
External Contributions (list)				
 Net scheme cost	<u>1686</u>	<u>548</u>	<u>563</u>	<u>575</u>
 <b>ONGOING REVENUE IMPLICATIONS</b> (excluding loss of interest)				
Contribution to Vehicle replacement Reserve		47	47	47
Income streams				
Net cost		<u>47</u>	<u>47</u>	<u>47</u>

Funding Source: Funding is via the vehicle replacement fund which is financed by fixed transport charges, the sale of old vehicles and by an annual revenue contribution. Fixed transport charges include an annual replacement fund contribution as well as individual depreciation charges levied on each fleet purchase over predetermined periods.

<b>Other Resource Implications :</b>	
Staffing	Managed by fleet management overhead account by existing employees.
Asset Values	Approximately £4 million

**Justification: Key Infrastructure**

To maintain services, mainly statutory. Supports all the Council's priorities

## Capital Programme 2019-23

Chief Officer/Scheme	Funding Source							Total over 3 year programme period £000
				2019/20	2020/21	2021/22	2022/23	
		Total approved scheme £000	Previous year spend £000	Forecast £000	Budget £000	Budget £000	Budget £000	
<b>People &amp; Places</b>								
Parish projects	Capital Receipts	51	-	-	51	-	-	51
White Oak Leisure Centre - pre construction	Capital Receipts	550	-	550	-	-	-	0
Disabled Facilities Grants (gross)	Better Care Fund	-	-	1,100	1,100	1,100	1,100	3,300
<b>Finance &amp; Trading</b>								
Property Investment Strategy	Prop. Inv. Reserve	50,300	25,775	3,730	5,000	5,000	10,795	20,795
Commercial vehicle replacements	Vehicle Renewal Res.	-	-	548	548	563	575	1,686
Buckhurst 2- Residential	Capital Receipts	6,472	1,727	5,249	-	-	-	0
CCTV	Capital Receipts	70	50	20	-	-	-	0
<b>TOTAL</b>				<b>11,197</b>	<b>6,699</b>	<b>6,663</b>	<b>12,470</b>	<b>25,832</b>

**Funding Sources**

Capital Receipts	-5,819	-51	-	-
Financial Plan Reserve & Cap Receipts				
Vehicle Renewal Reserve	-548	-548	-563	-575
Property Investment Strategy ***	-3,730	-5,000	-5,000	-10,795
Better Care Fund (KCC)	-1,100	-1,100	-1,100	-1,100
Internal Borrowing				
Capital Reserve (from Revenue)				
External Borrowing				
	<b>-11,197</b>	<b>-6,699</b>	<b>-6,663</b>	<b>-12,470</b>

\*\*\* Part will be funded from Capital Receipts, Reserves, Internal Borrowing and External Borrowing.