

CAPITAL PROGRAMME & ASSET MAINTENANCE 2021/24

Committee - Finance and Investment Advisory Committee - 21 October 2020

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Decision

Key Decision: No

Executive Summary: This report sets out the proposed Capital and Asset maintenance programmes for 2021/24 together with proposed funding.

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

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Recommendation to Finance & Investment Advisory Committee:

That the report be noted and comments forwarded to Cabinet as part of the Budget setting 2021/22 report on the following:

- (a) The Capital Programme 2021/24 and funding set out in Appendix B.
- (b) The proposed Asset Maintenance budget of £607,000 for 2021/22.
- (c) The Capital Strategy for 2021/22, as set out in the report.

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 at 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 2020/21 may be carried forward to 2021/22, subject to Cabinet approval and the final outturn position.
- 6 The White Oak Leisure Centre construction project is progressing following receipt of planning consent. The capital programme covers the construction of the new leisure centre but not the residential element. The total budget and funding was agreed by Council 16 April 2020.
- 7 The white Oak Residential Development report will be presented at a later meeting.
- 8 The Buckhurst 2 residential project (Burlington Mews) construction phase has completed. A report was taken to Cabinet (17 September 2020) providing an update on the progress of the development and to revise the approach to selling houses to take account of Covid-19 and to protect the investment in the properties. The anticipated capital receipts have been excluded from Table 1 as the receipts have already been allocated against the cost of the Sevenoaks Town carpark and are not available to fund other capital projects included in this report.
- 9 The Property Investment Strategy covers multiple years. In total, £50.3m has been approved by Council. During 2020/21 £2.0m has been spent to date which will provide future revenue in line with strategy criteria. A separate report on the Property Investment Strategy will be presented to this committee in January.
- 10 The redevelopment of 27-37 High Street, Swanley received planning approval in May 2020 to provide a new business hub and 17 residential units and the scheme is subject to a separate report being presented to Cabinet 15 October 2020 and Council 17 November 2020.

Capital Receipts

- 11 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

Year	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
Capital receipts	10	3,053	1,010	10

- 12 The capital receipt estimates are based on the current disposal programme but may be subject to change.
- 13 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

- 14 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.
- 15 The asset maintenance programme has been reduced by £100,000 (SCIA16 21/22) to contribute to the overall revenue budget saving that is required and detailed within the other budget reports being presented. A summary review was undertaken to ensure sufficient funding is still available to maintain the Council's assets to an appropriate level but any larger items which may require additional funding will form separate funding bids.
- 16 As part of the 2016/17 budget process SCIA 8 (Playgrounds) and SCIA 9 (Toilets) temporarily reduced the available budget for 5 years. These budgets have been added back to the maintenance budget increasing them by £7,000 and £8,000 respectively.
- 17 The table below sets out the asset maintenance programme for the next 3 years. The percentage of the maintenance programme funded will reduce from 76% in 2020/21 to 64% in 2022/23 onwards.
- 18 Table 2: Total asset maintenance programme

	2020/21 £000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Budget	681	607	617	628

Capital Strategy

- 19 The revised CIPFA Code require, for 2019/20 onwards, all local authorities to prepare a Capital Strategy report, which will provide the following:
 - A high level, long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - An overview of how the associated risk is managed; and
 - The implications for future financial sustainability.
- 20 The aim of this Capital Strategy is to ensure that all Members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance and risk appetite.
- 21 The Capital Strategy has direct links to other key strategic and policy documents, such as:
 - The Council Plan;
 - The Ten Year Budget and Budget Strategy;
 - The Local Plan;
 - Asset Management Plan;
 - Treasury Management Policy And Strategy;
 - Property Investment Strategy; and
 - Capital Programme
- 22 These key strategic and policy documents are reported separately to Members and are not reproduced within the Capital Strategy.
- 23 The Capital Strategy complements the above documents by defining the approach, structure and governance for the effective financing and Management of the Council's capital investment needs and ambitions. It outlines how the Council's existing capital resources will be effectively managed to meet the planned needs and opportunities and for meeting the ambitions for future longer term capital investments.
- 24 It is intended that the Capital Strategy will be reviewed annually to reflect changes in circumstances.

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

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

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

Appendices

Appendix A - Scheme Bid Documents

Appendix B - Proposed 2021/24 capital programme

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance and Trading