

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 6

meeting date: 6 FEBRUARY 2018
title: FIVE YEAR CAPITAL PROGRAMME 2018/19 – 2022/23
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To recommend a capital programme for 2018/19 - 2022/23 to Full Council on 6 March 2018.

2 DEVELOPING THE FIVE YEAR CAPITAL PROGRAMME 2018-23

2.1 Before a capital programme can be approved, consideration needs to be given to whether it is:

- Affordable, both in capital and revenue terms
- Achievable in terms of staff resources and time scales
- In line with Council priorities.

2.2 In the same manner as the previous financial year, all Heads of Service were asked to submit capital bids, bearing in mind the limited financial resources that are available to finance the capital programme.

2.3 A bid form was completed for each scheme, asking for such details as how the scheme linked to the Council's ambitions, the revenue implications, full capital costs, risk management and performance management.

2.4 Schemes were previously requested at this time last year for the 2018/19 to 2021/22 financial years. No bids have previously been considered for the 2022/23 financial year.

2.5 The proposals that are put forward by Heads of Service in their bids are based on a variety of sources such as:

- Past discussions that have taken place at service committees
- Known current service pressures
- Anticipated future service pressures
- Central Government expectation
- Specific funding received from Central Government
- Legislative requirements

2.6 These initial scheme bids were reported to service committees in the October cycle of meetings, when the specific views of members on the proposals were sought. At this stage service committee approval was sought for the bids, with any proposed amendments, deletions or additions. There were no changes requested by any of the service committees.

2.7 It was also highlighted to each service committee that the other service committees would also be receiving similar reports for the new scheme bids. It was explained that all bids from all committees would finally be considered alongside each other by the Budget Working Group and Policy and Finance Committee against the limited financial resources that are available to finance the capital programme.

2.8 These bids are now at the stage of having been considered by the Budget Working Group (BWG) together with Corporate Management Team (CMT) against the available financing and a number of proposals and amendments have been made, which are now recommended for approval by this Special meeting of Policy and Finance Committee, and for onward approval by Full Council on 6 March 2018.

3 INITIAL POSITION

3.1 The new bids that had been submitted by Heads of Service and approved by service committees were presented to the Budget Working Group on 18 January 2018.

3.2 The capital programme for the 2018/19 to 2021/22 financial years had already been approved in February 2017 at the Special meeting of Policy and Finance Committee. No bids had previously been considered for the 2022/23 financial year.

3.3 At the Budget Working Group on 18 February 2018, it was acknowledged that the bids for the new year of the capital programme outweighed the potential resources to finance them.

4 REVIEW OF CAPITAL BIDS, ADJUSTMENTS AND RESOURCES

4.1 The review that has been undertaken reduced the level of the Shortfall in Resources/Excess Schemes through a mix of additional resources and some deleted or amended schemes. This also included a review of the existing capital programme for 2018/19 to 2021/22. The review examined

- Whether the bids merited inclusion
- How the bids could be financed

4.2 The table below summarises the results of the review.

	£
New Bids and Adjustments	1,581,270
Identified Resources – Disabled Facility Grants	-297,000
Shortfall in Resources /Excess Schemes	1,284,270
<u>CMT Further Suggested Bids to be DELETED</u>	
Repairs to Tunnel at Chaigley Road – Higher Road <i>(pending investigate as to liable party)</i>	-21,500
Tour of Britain Legacy <i>(Resources to be used in supporting Grass Pitch sports through the purchase of Verti-Drain machinery – see scheme change below)</i>	-10,000
<u>CMT Suggested Bids to be REPROGRAMMED TO ALTERNATE YEAR</u>	
Replacement Refuse Vehicle (for VU60 HNX) <i>(Request from Head of Service for this to be moved from 2018/19 to 2019/20 – therefore inflated cost)</i>	4,500

	£
Replacement Refuse Vehicle (for PO60 YEK) <i>(Request from Head of Service for this to be moved from 2019/20 to 2018/19 – therefore reduced cost)</i>	-4,500
Replacement of Works Iveco Tipper (PO60 AYK) <i>(Request from Head of Service for this to be moved from 2018/19 to 2022/23 – therefore inflated cost)</i>	3,100
Replacement of Works Iveco Crew Cab (PO60 AZL) <i>(Request from Head of Service for this to be moved from 2022/23 to 2018/19 – therefore reduced cost)</i>	-4,000
Lift Replacement at Council Offices <i>(Scheme moved from 2022/23 to 2018/19 – therefore reduced cost based on quote)</i>	-6,200
<u>CMT Suggested Bids to be CHANGED AND REPROGRAMMED</u>	
Grass Pitch Renovation <i>(Scheme increased from £10,250 to £46,000 and changed to the purchase of Verti-Drain machinery to allow the more cost effective undertaking of this work in-house – also moved to 2018/19 from 2022/23)</i>	35,750
Replacement of Wheelie Bins <i>(Scheme increased from £10,000 in 2022/23 to £10,000 per annum with effect from 2018/19)</i>	40,000
Total Net Change in Schemes	37,150
<u>CMT Suggested ADDITIONAL FUNDING</u>	
Use of VAT Shelter towards Housing Scheme – Landlord/Tenant Grants	-50,000
Use of Business Rates Growth Earmarked Reserve	-529,043
Use of ICT Renewals Earmarked Reserve	-101,549
Use of Vehicle and Plant Renewal Earmarked Reserve	-18,000
Use of Refuse Collection Earmarked Reserve – previously set aside for replacement wheelie bins	-50,000
Use of Rural Services Delivery Earmarked Reserve	-105,544
Use of Fleming VAT Earmarked Reserve	-38,272
Use of Equipment (Transparency) Earmarked Reserve	-32,512
Use of Usable Capital Receipts	-396,500
Total Increase in Funding	-1,321,420
Resulting Net Shortfall in Resources/Excess Schemes	0

- 4.3 As can be seen from the table above, the financing of the capital programme would rely heavily on the use of our earmarked reserves.
- 4.4 Use of New Homes Bonus has been avoided as this is an area of funding that is now being used to a much larger extent to support our revenue budget.

4.5 Use of the VAT shelter has also been restricted due this funding stream ending in 2022/23 and the reimbursement rate having dropped from 75% to 40% with effect from 2018/19. By keeping this year's allocation to housing related schemes this should help extend the availability of this funding.

4.6 We are also now proposing to use business rates growth in support of the capital programme.

5 REVISING THE 2017/18 CAPITAL PROGRAMME

5.1 In arriving at a suggested Revised Capital Programme for the current financial year 2017/18, there have been 2 schemes that have been proposed to be moved to the 2018/19 financial year as they would not be completed by 31 March 2018 for various reasons.

5.2 These schemes would be moved together with their associated financing.

Schemes and Financing to be moved from 2017/18 to 2018/19		£
Clitheroe Market Improvements		175,000
Economic Development Initiatives		100,000
Total Value of Schemes		275,000
<u>Associated Funding</u>		
Use of Borrowing		-175,000
Use of Capital Earmarked Reserve		-100,000
Total Value of Funding		-275,000

6 FINAL PROPOSED FIVE YEAR CAPITAL PROGRAMME

6.1 The final proposed five year capital programme is shown at Annex 1, together with the associated financing. The table below provides a summary by committee. This includes the transfer of schemes to 2018/19 as shown at paragraph 4.1.

Committee	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
Community Services	712,200	1,979,320	354,120	282,000	685,800	4,013,440
Economic Development	100,000	0	0	0	0	100,000
Health and Housing	522,000	347,000	360,500	360,500	347,000	1,937,000
Planning and Development	0	14,500	0	0	0	14,500
Policy and Finance	156,420	45,000	0	0	358,500	559,920
TOTAL	1,490,620	2,385,820	714,620	642,500	1,391,300	6,624,860

6.2 The overall financing of the proposed capital programme is shown in the table below:

Committee	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
New Homes Bonus Earmarked Reserve	-209,000	-313,600	-272,000	-272,000	0	-1,066,600
Business Rates Growth Earmarked Reserves	-54,656	0	0	0	-468,097	-522,753
Other Earmarked Reserves	-754,964	-233,900	-132,120	-60,000	-229,703	-1,410,687
External Funding	-297,000	-519,240	-297,000	-297,000	-297,000	-1,707,240
Usable Capital Receipts	0	-89,080	-13,500	-13,500	-396,500	-512,580
Borrowing	-175,000	-1,230,000	0	0	0	-1,405,000
TOTAL	-1,490,620	-2,385,820	-714,620	-642,500	-1,391,300	-6,624,860

6.3 The council's policy is to maintain the capital reserve at a level above the minimum recommended balance of £350,000. The table shows that the balance of the capital reserve will remain above this level for the life of the recommended capital programme.

Capital Reserve	2018/19	2019/20	2020/21	2021/22	2022/23
Forecast Opening Balance	-636,531	-536,531	-529,011	-529,011	-529,011
Taken from Reserve	100,000	7,520	0	0	0
Forecast Closing Balance	-536,531	-529,011	-529,011	-529,011	-529,011
Recommended Minimum Balance	-350,000	-350,000	-350,000	-350,000	-350,000

7 CONCLUSION

7.1 Committees have considered the bids that have been put forward for their services in the October committee cycle.

7.2 It is clearly unaffordable for us to agree for all new scheme bids to be included in our approved capital programme.

7.3 Use of the VAT Shelter has also been restricted due this funding stream ending in 2022/23 and the reimbursement rate having dropped from 75% to 40% with effect from 2018/19. By keeping this year's allocation to housing related schemes this should help extend the availability of this funding.

7.4 The proposals in this report will fully utilise the resources available in a number of earmarked reserves. Total earmarked reserves that will be used over the life of the proposed capital programme will be just over £3million. This includes the use of Business Rates Growth that will be set aside in an earmarked reserve for use particularly towards the end of the proposed capital programme, although a small amount will be used in 2018/19.

7.5 CMT and the Budget Working Group have met on several occasions and have made recommendations in order to provide a capital programme for 2018/19 to 2022/23 that is both affordable and achievable.

8 RECOMMENDED THAT SPECIAL POLICY AND FINANCE COMMITTEE

8.1 Recommend to Council the Capital Programme for 2018/19 to 2022/23 as set out in Annex 1.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF15-18/LO/AC
29 January 2018

PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
COMMUNITY SERVICES COMMITTEE						
Play Area Improvements	40,000	40,000	40,000	40,000	45,000	205,000
Replacement of Refuse Wheelie Bins	10,000	10,000	10,000	10,000	10,000	50,000
Renewal of sections of floor to residual waste transfer station	23,500					23,500
Replacement of Paper Collection Vehicle VX55 KXD	49,000					49,000
Replacement of Refuse Collection Vehicle PO60 YEK	222,500					222,500
Purchase of Verti Drain Equipment	46,000					46,000
Replacement of Car Parking Van - Fiat Doblo PN09 MHY with an equivalent spec	13,000					13,000
Replacement of Garwood (12 Tonne GVW) single bodied RCV & Cage Truck with single multi-use vehicle - PN05 PWL	120,000					120,000
Replacement mower (Haytor) PN07 MVG	41,000					41,000
Replacement mower (Kubota) PN09 SWO	18,500					18,500
Replacement Mini Tractor and Trailer (John Deere) - PN06 TSZ	12,000					12,000
Replacement Truck (Ford) c/w Tail Lift	37,500					37,500

PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
All Weather Pitch Lighting	31,000					31,000
Replacement of IVECO Daily Crew Cab (PO60 AZL)	48,200					48,200
Castle Keep Lime Repointing Works and Repairs (Subject to External Funding)		311,320				311,320
Replacement of Clitheroe CCTV System		60,000				60,000
Replacement of Refuse Collection Vehicle VU60 HNX		227,000				227,000
Replacement of Paper Collection Vehicle VU06 TKN		50,000				50,000
Installation of a Second Parking Deck on Chester Avenue Car Park		1,230,000				1,230,000
Replacement Gang Mower (rvbc 009)		29,000				29,000
Replacement Mini Tractor with Bucket for PN05 BYS		22,000				22,000
Replacement of Refuse Collection Vehicle VN12 KYK			232,000			232,000
Replacement of JCB Gravemaster Digger			32,000			32,000
Replacement of Pickup Ford Ranger PK60 HKN			20,120			20,120
Replacement High Top Transit Van for PJ63 WUC			20,000			20,000

PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
Replacement of Refuse Collection Vehicle VU62 HXK				232,000		232,000
Replacement of Works Iveco Tipper (PO60 AYK)					40,600	40,600
Replacement of Hustler Trimstar Mower x 2 (rvbc017 and rvbc018)					14,000	14,000
Replacement of John Deere Mower 4x4 (PE15 YVK)					21,500	21,500
Replacement of John Deere Mower (PN07 OWU)					20,000	20,000
Ribblesdale Pool Filter and Pipework Replacement					44,000	44,000
Replacement Football Goals					15,000	15,000
Replacement of Refuse Collection Vehicle (PJ63 JZO)					245,000	245,000
Replacement of High Top Transit Van (PK06 HKA)					20,000	20,000
Salthill Depot Garage – Supply and Install New Vehicle Brake Tester					61,900	61,900
Salthill Depot Garage – Replace roller shutter doors and rewire garage					25,000	25,000
Replacement of Pay and Display machines					123,800	123,800
Total Community Services Committee	712,200	1,979,320	354,120	282,000	685,800	4,013,440

PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
ECONOMIC DEVELOPMENT COMMITTEE						
Economic Development Initiatives (moved from 2017/18)	100,000					100,000
Total Planning and Development Committee	100,000	0	0	0	0	100,000
HEALTH AND HOUSING COMMITTEE						
Disabled Facilities Grants	297,000	297,000	297,000	297,000	297,000	1,485,000
Landlord/Tenant Grants	50,000	50,000	50,000	50,000	50,000	250,000
Clitheroe Market Improvements (moved from 2017/18)	175,000					175,000
Replacement of Pest Control Van (PK13 FJP)			13,500			13,500
Replacement of Dog Warden Van (PE64 EYC)				13,500		13,500
Total Health and Housing Committee	522,000	347,000	360,500	360,500	347,000	1,937,000
PLANNING AND DEVELOPMENT COMMITTEE						
Replacement of Plotter/Copier in the Planning Section		14,500				14,500
Total Planning and Development Committee	0	14,500	0	0	0	14,500

PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
POLICY AND FINANCE COMMITTEE						
Queensway Garages - Replace roof covering and repairs	23,000					23,000
Lift Replacement at the Council Offices	87,000					87,000
Financial System Upgrade	46,420					46,420
Redesign of the Corporate Website		30,000				30,000
Corporate Firewall		15,000				15,000
Dewhurst Road, Langho – Resurfacing Works					68,500	68,500
Brookfoot Footbridge, Ribchester – Replacement of Bridge					110,000	110,000
ICT Infrastructure Refresh					180,000	180,000
Total Policy and Finance Committee	156,420	45,000	0	0	358,500	559,920
TOTAL PROPOSED CAPITAL PROGRAMME 2018/19 TO 2022/23	1,490,620	2,385,820	714,620	642,500	1,391,300	6,624,860

PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

FINANCING	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
Disabled Facility Grants	-297,000	-297,000	-297,000	-297,000	-297,000	-1,485,000
VAT Shelter Earmarked Reserve	-69,500	-127,880	-122,120	-50,000	-50,000	-419,500
Capital Earmarked Reserve	-100,000	-7,520				-107,520
New Homes Bonus Earmarked Reserve	-209,000	-313,600	-272,000	-272,000		-1,066,600
Potential External Funding		-222,240				-222,240
Invest to Save Earmarked Reserve	-23,000					-23,000
Planning Earmarked Reserve		-14,500				-14,500
ICT Renewals Earmarked Reserve	-13,908	-45,000			-87,641	-146,549
Vehicle and Plant Renewals Earmarked Reserve	-400,500				-37,500	-438,000
Fleming Vat Earmarked Reserve		-29,000			-38,272	-67,272
Refuse (Wheeled Bins) Earmarked Reserve	-10,000	-10,000	-10,000	-10,000	-10,000	-50,000
Rural Services Delivery Earmarked Reserve	-105,544					-105,544
Equipment (Transparency Grant) Earmarked Reserve	-32,512					-32,512

PROPOSED FIVE-YEAR CAPITAL PROGRAMME AND FINANCING

FINANCING	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	TOTAL £
Usable Capital Receipts		-89,080	-13,500	-13,500	-396,500	-512,580
Business Rates Growth Earmarked Reserve	-54,656	0	0	0	-474,387	-529,043
Borrowing	-175,000	-1,230,000				-1,405,000
TOTAL PROPOSED FINANCING 2018/19 TO 2022/23	-1,490,620	-2,385,820	-714,620	-642,500	-1,391,300	-6,624,860