

Division(s): N/A

**PERFORMANCE SCRUTINY COMMITTEE**  
**4 January 2018**

**Service & Resource Planning 2018/19 to 2021/22 -  
Capital Investment Planning**

**Report by the Director of Finance**

**Introduction**

1. On 14 December 2017, this Committee considered the revenue improvements, investments, pressures and savings options for 2018/19 – 2021/22. This report sets out another important element in the Service & Resource Planning process; the proposed capital programme and portfolio allocations for 2018/19 – 2027/28.
2. The following annexes are attached to this report:

Annex 1: Proposed Capital Programme Portfolio Allocations 2018/19 – 2027/28

**Capital Programme**

3. Traditionally, one additional year is added to the capital programme in the Service & Resource Planning process. However, in line with the ambition to focus on a longer-term approach to financial planning to ensure the most fundamental issues facing the organisation can be responded to, it is proposed to move from a four-year to a ten-year capital programme. This longer-term approach will offer strategic choice and options around developing our community assets, responding to issues such as rising demand in adults and children's services and allows for a planned approach to the replacement of assets.
4. In recent years, the only capital funding available has been to support schools basic need, school's structural maintenance, highways maintenance and major transport schemes via the Local Growth Fund. There has been little resource available to meet the needs or priorities of the Council.
5. The funding assumptions for the grants listed in the paragraph above have been estimated to the year 2027/28. This includes a forecast of £14.0m of basic need funding, £13.8m of school's maintenance funding and £125.4m of highways maintenance funding. These forecasts will be revised each year as further funding announcements are made.

6. The change of approach in the use of surplus assets, to consider them on a case by case basis and maximise the value the Council achieves from them, is expected to provide in the region of £45m additional funding over the ten-year period. Managing capital resources over a longer term will allow some schemes to proceed earlier in the programme with the expectation of a capital receipt at a future date. It will be important to ensure that there is a suitable balance of planned expenditure in advance of any capital receipt to allow for delays or revaluations.
7. The following table summarises the estimated funding available and the proposed allocations against the portfolio areas set out in the December 2017 Cabinet report.

	£m
<b><u>Estimated Funding Available:</u></b>	
Additional estimated funding up to and for 2027/28	153.2
Capital Receipts & other resources	40.5
Earmarked Reserves released for reallocation	12.1
<b>Total Estimated Funding Available</b>	<b>205.8</b>
<b><u>Proposed Allocations:</u></b>	
<b>Grant Funded Streams</b>	
Schools Basic Need	-22.8
Schools Maintenance (Annual Programme)	-13.0
Highways Maintenance (Annual Programme)	-102.4
<b>Portfolio Areas</b>	
Schools Estate	-5.0
Non-Schools Estate	-6.9
Operational Assets	-15.2
Highways and associated Infrastructure	-20.0
Operational Redesign	-15.0
Capital Programme Contingency	-5.5
<b>Total Funding Requirement</b>	<b>-205.8</b>
<b>Total Surplus(+)/Shortfall(-)</b>	<b>0.0</b>

8. The proposed portfolio area allocations are based on a combination of identified schemes with known budget requirements, identified schemes with estimated budget requirements and general allocations where services can bring forward business cases to bid for the funding. For the portfolio areas, detailed business cases will go to the Capital Investment Programme Board who will approve them or make recommendations to Cabinet for inclusion in the capital programme, where they are above an agreed threshold<sup>1</sup>.
9. The Schools Basic Need allocation includes funding for known schemes to 2021/22 and an allocation to match additional funding for the period to 2027/28.

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<sup>1</sup> To be agreed as part of the report to Cabinet on 23 January 2018

10. The Schools Maintenance and Highways Maintenance allocations are based on the annual allocations in the current capital programme continuing each year to 2027/28.
11. The Schools Estate allocation of £5.0m is available for further schemes in addition to the annual maintenance programme and can be allocated based on condition data.
12. The Non-Schools Estate allocation includes an annual allocation for minor works and health and safety works totalling £1.9m to 2027/28, £0.2m for replacement fire doors at some fire stations and an estimated budget of £3.0m for the re-provision of Maltfield Children's Home that is nearing the end of its useful life. A further £1.8m is available for the period to 2027/28.
13. The Operational Assets allocation includes estimated funding for replacement fire vehicles, ICT equipment including the data centre and a new ICT system in Children's Services.
14. An allocation of £20.0m is being proposed for Highways and associated infrastructure. At this stage, it is expected the majority of this funding will be allocated to street lighting to realise revenue savings.
15. Within the Organisational Redesign portfolio there is a proposed allocation of £15.0m. It is expected that this will be used to address demand management and organisation redesign.
16. Further detail is set out in the annex to this report.

### **Next Steps**

17. The comments from this Committee on the proposed capital portfolio allocations will be fed back to the Cabinet for it to take into consideration in proposing the revenue budget for 2018/19, the MTFP 2018/19 – 2021/22 and capital programme to 2027/28 on 23 January 2018.
18. The Council will meet to set the budget and council tax requirement for 2018/19 and capital programme on 13 February 2018.

### **Financial and Legal Implications**

19. This report is mostly concerned with finance and the implications are set out in the main body of the report.

### **RECOMMENDATION**

20. **The Performance Scrutiny Committee is invited to consider and comment on the proposed capital programme portfolio allocations for 2018/19 – 2027/28.**

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