

Capital Programme Update 2021/22 to 2023/24

Report of the Finance and Resources Portfolio Holder

Recommended:

1. That the new capital schemes with a total cost of £1,100,000 as shown in Annex 2 to the report, be added to the 2021/22 to 2023/24 Capital Programme.
2. That the revised estimates and financing for the 2021/22 to 2023/24 Capital Programme as shown in Annex 1 to the report, be approved.

Recommendation to Council

SUMMARY:

- This report provides an update on the progress of the existing 2021/22 Capital Programme and includes forecast changes to its timescale and total cost.
- It also puts forward proposals for new capital schemes recommended to be added to the Capital Programme over the period 2021/22 to 2023/4.
- The total cost of new projects recommended for inclusion in the Capital Programme is £1.10M. After taking into account external funding, the net cost of these bids is £100,000.
- The net cost of the capital bids is recommended to be funded from the Capital Receipts Reserve.

1 Introduction

- 1.1 The progress of the Capital Programme is reported to Councillors each year, usually in May, November and February.
- 1.2 The last update was presented on 23 June 2021 and gave details of the overall expenditure and financing of the Capital Programme for 2020/21 to 2022/23.
- 1.3 This report provides an update on the Capital Programme approved at that meeting, together with proposals for new projects to be added to the programme. It also examines how the costs of the proposed new programme will be financed.

2 New Capital Bids

- 2.1 All Services were invited to submit bids for new projects to be added to the Capital Programme. The summary shown in Annex 2 shows that only a small number of bids were received. These all relate to the continuation of existing grant and loan schemes.

2.2 All new capital schemes are considered with regard to their relative merits in continuing the Council’s priorities, legislative requirements, sustainability and a number of other factors including the level of financing available.

2.3 All projects that were submitted are recommended to be included in the Capital Programme.

3 Proposed Capital Programme 2021/22 to 2023/4

3.1 The 2021/22 to 2022/23 Capital Programme approved in June (2020/21 outturn) had a total cost of £38.51M. There have been some changes since that time and these are summarised below.

	£'000
Approved Budget for 2020/21 to 2021/22	38,512.6
Changes to Asset Management Plan Requirement	1,317.9
Community Asset Fund	(0.5)
Andover War Memorial	8.0
Leisure Contract	(865.3)
Approved CIL projects	1202.8
Charlton Leisure Centre Car Park upgrade	(8.0)
Wheelchair swing	25.7
Pocket Park, Town Mill Access & Environmental Enhancement	1.5
Generator - Business Continuity	(40.0)
Property Purchase	(175.0)
Project Enterprise – Schemes to be identified to 2022/23	3,000.0
Discretionary Grants/Loans	500.0
Renovations & Minor Works Grants	(70.0)
Sub-total – movements in the existing Capital Programme	43,409.7
Cost of new bids for inclusion in programme. See Annex 1	1,100.0
Updated Estimate for 2021/22 to 2023/24	44,509.7

- 3.2 An Asset Management Plan (AMP) update report is also on the agenda for this meeting. That report provides an update on the current year's programme and recommended projects for 2022/23. The capital element of the report's recommendations is built in to the figures above.

Community & Leisure Projects

- 3.3 Community Asset Fund – there is a time limit on applications for funds and periodically grants are written off as they have exceeded the time limit - this year to date £500 has been written off.
- 3.4 Andover War Memorial – the delay in obtaining faculty permission from Winchester has resulted in an increase of the cost of materials and contract costs from Scottish and Southern Electricity of £8,000. The additional cost will be funded by a saving to be found in the Charlton Leisure Centre Car Park upgrade project.
- 3.5 Andover Leisure Centre – the remaining potential capital expenditure on this project has been reduced following a review of the maximum potential amounts that remain outstanding in the contract. The main reason for the reduction is that items for which capital provision was made at the time the project was approved, have been reclassified as revenue expenditure and will not, therefore, be shown in the capital programme. The overall combined revenue and capital cost will remain within the approved budget level.
- 3.6 CIL projects – six projects have been added that were approved by Cabinet on the 18 August 2021 (minute 140). These are funded by the Community Infrastructure Levy.
- 3.7 A wheel chair swing was installed at Picket Twenty being fully funded by a contribution from Persimmon Homes. Following a query by a resident regarding the inclusiveness of the play offering on the development, the resident subsequently contacted the developer about the provision at the play area. The developer agreed to fund a wheelchair swing which was installed by Test Valley Borough Council.

Property & Asset Management Service

- 3.8 Pocket Park/Town Mills Enhancement – this project is being managed by Hampshire County Council (HCC) with contributions from Test Valley Borough Council's New Homes Bonus reserve and S106 contributions. TVBC also applied for and received £513,000 of Local Enterprise Funding. The small over spend showing in the capital programme is relevant to ancillary expenditure for legal costs and permissions.
- 3.9 Generator, Business Continuity – following a review of the original business case for purchasing a generator, it is now recommended that it would be more economical to pay a retainer for the use of a generator, if required, and as such it has been removed from the Capital programme.

- 3.10 Property purchase - following negotiations for the purchase of a property in Andover that had fallen into disrepair, the vendor decided to sell privately. Therefore this project has been removed from the programme.

HEH

- 3.11 There have been fewer applications for Renovations and Minor Works Grants than anticipated, therefore, this budget has been reduced by £70,000 to £30,000. An additional sum of £100,000 has been added to the programme for discretionary grants and loans for the current year. These are funded by the Better Care Fund which was agreed in a report to Cabinet on 26 May 2021(minute 16.2).

Slippage in the Existing Capital Programme

- 3.12 Picket Twenty pavilion/pitch changes - a wider range of sites are currently being appraised following the adoption of the Sports and Recreation Strategy, so this project will slip into the next financial year.
- 3.13 Picket Twenty Phase 4 – the first of these projects has been completed and the remaining work is currently at the planning stage so is likely to slip into 2022/23.
- 3.14 Four public art projects have been affected by Covid resulting in a total slippage of £53,500 to 2022/23.
- 3.15 Property Investment – the first stage of this project is nearing start on site but the majority of expenditure is likely to slip into the next financial year.

4 New Capital Projects

- 4.1 The total cost of new bids recommended to be added to the Capital Programme is £1.1M. After taking into account external funding the net cost of bids for consideration is £100,000.
- 4.2 Annex 1 shows a summary of capital projects by Service. The projects recommended to be added to the Capital Programme are included in this.
- 4.3 Annex 2 shows a summary of all new capital projects together with an explanation of the project and its key deliverables.

5 Financing the Capital Programme

- 5.1 It is recommended that the new capital projects are financed from Government grants and the Capital Receipts Reserve.

Resource Implications

- 5.2 The level of capital spending is entirely dependent on the resources that are available to finance the programme. The ability to add new schemes to the programme is influenced by forecasts of future resources. However, once a scheme is in the programme it is assumed that it will be completed and financed irrespective of whether or not resource forecasts are entirely accurate.

- 5.3 The maximum use of grants and contributions from external bodies and other internal reserves has been taken into account in the proposed financing of the Capital Programme.
- 5.4 The level of capital resources as at outturn for the capital programme is compared to those for the current programme in the following table:-

	Outturn 2020/21	November 2021
Capital Programme	£'000	£'000
Balance Capital Receipts Reserve (CRR) as at 1 April 2021	10,817.1	10,817.1
Total Capital Expenditure 2021/22 – 2023/24	(19,710.6)	(25,707.7)
Total Capital Financing 2021/22 – 2023/24	17,846.8	23,030.5
Capital Receipts Reserve Forecast as at 31 March 2024	8,953.3	8,139.9

- 5.5 The table shows that the forecast Capital Receipts Reserve is expected to reduce from a balance of £10.8M to £8.1M over the life of the existing programme.

6 Revenue consequences of the Capital Programme

- 6.1 The ongoing revenue impact of the capital projects will be built into Service estimates for 2022/23 and will be included in the next budget update in January 2022.

7 Corporate Objectives and Priorities

- 7.1 The capital programme enables capital investment to support the Council's priorities and to maintain its assets so that services may continue uninterrupted in the future.

8 Risk Analysis

- 8.1 The schemes laid out in the proposed capital programme for the coming years are reliant on future capital receipts – the timing and extent of which are by no means certain. This risk is mitigated by cautious valuations of receipt values and through cash flow management to ensure schemes are not delayed for financial reasons.
- 8.2 Each individual project will have specific risks attached to it. These will be identified by the responsible officer at the start of each project.
- 8.3 The Capital Programme presented for approval takes into account all known future capital receipts.

9 Equality Issues

9.1 An EQIA screening has been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination or negative impact has been identified, therefore a full EQIA has not been carried out.

10 Consultations

10.1 Heads of Service and project managers were consulted in the update of the 2021/22 to 2023/24 Capital Programme.

11 Conclusion and reasons for recommendation

11.1 This report identifies new capital bids with a total cost of £1.10M (net cost of £100,000 allowing for funding from external sources). These bids will help to deliver the Council's key priorities and are recommended to be added to the Capital Programme.

The report also provides an update on the existing approved Capital Programme.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	2	File Ref:	N/A
(Portfolio: Finance and Resources) Councillor M Flood			
Officer:	Laura Berntsen	Ext:	8204
Report to:	Cabinet	Date:	8 December 2021