

3 February 2015		ITEM: 8
Corporate overview and Scrutiny Committee		
Budget 2015/16 – Capital Proposals		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor John Kent, Leader of the Council		
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Graham Farrant, Chief Executive		
This report is Public		

Executive Summary

As part of the budget process each year, the Council needs to set its capital programme for the following financial year. The future development of the Medium Term Financial Strategy will also need to take account future capital spending plans over the period of the strategy. Directors and Heads of Service have reviewed the proposed schemes for 2015/16 within their remit.

Overview and Scrutiny are asked to review and comment on schedule of capital bids set out in Appendix 1.

1. Recommendation(s)

1.1 That the Committee notes and reviews the capital bids set out in Appendix 1 to this report.

2. Introduction and Background

2.1 As part of the budget, the Council needs to set its capital programme for the following financial year. The future development of the Medium Term Financial Strategy will also need to take account future capital spending plans over the period of the strategy.

2.2 Directors and Heads of Service have reviewed the proposed schemes for 2015/16 that are within their remit.

- 2.3 Historically, the general fund capital programme in Thurrock has largely been grant led as there have been limited resources available through capital receipts or other reserves.
- 2.4 Recent years has seen a commitment to including revenue provision to cover the interest and principal repayments for £3m per annum of prudential borrowing for services to bid for and this has largely been allocated to transformation related projects, with the balance allocated to public buildings and other services.
- 2.5 Housing, schools and transportation have tended to be funded mainly through grants, although the pressure on schools places has seen a need for prudential borrowing over the last two years.
- 2.6 A further level of prudential borrowing in excess of the £3m has also been allocated to projects where there has been a “Spend to Save” business case approved. Simply, the cost of the borrowing is met by corresponding budget reductions within the relevant service.
- 2.7 The asset disposal programme is generating capital receipts which have been earmarked over the last two financial years to ‘repay’ prudential debt to generate revenue savings.
- 2.8 Capital bids have been received to be considered against the £3m prudential borrowing fund and, as expected, are in excess of the available resources. They are heavily weighted towards transformation, mainly ICT, and highways. These are summarised within Table 1 below.

Table 1 – Capital Bids

Service	2015/16 £000's	2016/17 £000's	2017/18 £000's
Transformation	3,169	3,440	0
ICT Business as Usual	3,301	3,000	3,000
Property	640	0	0
Environment	793	1,304	6,652
Total Bids	7,903	7,744	9,652

- 2.9 The committee is asked to challenge the need and level of the bids in appendix 1. This will then help inform the compilation of the draft capital programme to be considered by Cabinet and Council in February 2015.

3. Issues, Options and Analysis of Options

- 3.1 Appendix 1 to the report shows the proposed capital bids for the 2015/16 capital programme. The appendix contains the following information in relation to each scheme:
- Schemes anticipated lead officer
 - Detailed scheme description
 - Required capital funding

- Comments

3.2 A number of schemes are on an “Invest to Save” basis, therefore the expected costs associated with prudential borrowing are to be met from the sale of assets and/or a reduction in operational running costs as a result of undertaking capital works.

4. Reasons for Recommendation

4.1 The scrutiny of capital bids ahead of the formal budget setting in February is an integral part of the Council’s overall approach to financial planning.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Any schemes submitted for inclusion in the 2015/16 capital programme have been approved by the services relevant Department Management Team.

5.2 Cabinet on the 16 December 14 reviewed the submitted schemes and will make a final decision on the 2015/16 capital programme at its meeting on the 11 February 15.

6. Impact on corporate policies, priorities, performance and community impact

6.1 Capital budgets provide the finance to meet the Corporate Priorities. If a capital project was not to proceed, this may impact, positively or negatively, on the delivery of these priorities and performance with a corresponding impact on the community.

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Mark Terry**
Principal Finance Officer

The financial implications have been clearly set out throughout the body of the report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal Services

Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This budget report contributes to that requirement although specific legal advice may be required on each projects business case.

7.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**
Diversity and Equalities Officer

All local authorities are required to have due regard to their duties under the Equality Act 2010. The capital programme is assessed at key stages to ensure the impact of each scheme is measured in a proportionate and appropriate way to ensure this duty is met and the needs of different protected characteristics are considered.

APPENDICES TO THIS REPORT:

- Appendix 1 – Schedule of Proposed 2015/16 Capital Schemes.

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