

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

10 January 2012

Report of the Director of Finance

Part 1- Public

Matters for Recommendation to Cabinet

MEMBERS ARE ASKED TO BRING WITH THEM THE CAPITAL PLAN ANNEXES BOOKLET CIRCULATED WITH THE AGENDA FOR THE MEETING OF THE FINANCE AND PROPERTY ADVISORY BOARD

1 CAPITAL PLAN REVIEW 2011/12

This report considers progress on the 2011/12 Capital Plan Review and requests endorsement of recommendations to Cabinet.

1.1 Introduction

1.1.1 The Capital Plan review process started at the Finance and Property Advisory Board on 4 January 2012, where Members considered the following issues:

- 1) The position of the existing Capital Plan (List A).
- 2) Schemes proposed for adding to List C and the removal of schemes no longer required.
- 3) Schemes proposed for evaluation over the following year, including eight for fast track evaluation of which four have already been evaluated.
- 4) The evaluations of those schemes previously selected for evaluation including the four identified for fast track evaluation which have already been evaluated.

1.2 Capital Plan Funding

1.2.1 Members will be aware that as a consequence of the economic climate and the overall position with the public finances that the Council is facing significant financial pressures.

- 1.2.2 Capital expenditure is funded from the revenue reserve for capital schemes, grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets. The revenue reserve for capital schemes provides the main source of funding for existing and any new schemes that are introduced into the Capital Plan.
- 1.2.3 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of our assets which deliver services as well as providing money for statutory services, e.g. Disabled Facilities Grants. In order to get to this position, a few years ago Cabinet agreed to adopt a new approach where, other than funding for the replacement of our assets which deliver services as well as providing money for statutory services, there is now an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance.
- 1.2.4 In setting the budget for 2011/12 that allowance was set at £350,000.

1.3 Recommendations from Finance and Property Advisory Board

- 1.3.1 The position of the existing Capital Plan (List A) as presented to the Finance and Property Advisory Board was endorsed. A summary of the present position is shown in **[Annex 1]**. Two specific changes we would wish to bring to Members' attention are: Government support for Disabled Facilities Grants is assumed to continue at its present level (£410,000 in 2011/12) throughout the Capital Plan period and the budget in respect of Capital Grants to Organisations has been reduced by £90,000 to match the current outstanding commitments.
- 1.3.2 A schedule of schemes recommended for addition to / deletion from List C is attached at **[Annex 2]**.
- 1.3.3 A schedule of List C schemes selected from the existing and new List C schemes and recommended for evaluation over the following year is attached at **[Annex 3]**. Under normal circumstances, schemes successfully coming through the evaluation process, and progressing to List A, might be expected to be implemented in 2013/14. However, eight schemes have been recommended for fast track evaluation of which four have already been evaluated. An estimated cost of £5,000 has been identified for the evaluation of the De-silting of Haysden Water Lake scheme.
- 1.3.4 Evaluated schemes were considered including the four schemes selected for fast track evaluation which have already been evaluated and the recommendations for those schemes are listed in **[Annex 4]**. The capital cost of the four schemes recommended for fast track evaluation during 2012/13 is also given in **[Annex 4]**. The combined effect of the capital cost of evaluated schemes of £208,000 and putting aside capital funding of £183,000 for fast track schemes gives rise to a shortfall against the capital allowance of £41,000. However, if Members were

mind to do so the reduction in the budget in respect of Capital Grants to Organisations to match the current outstanding commitments referred to at paragraph 1.3.1 could be used to fund the shortfall. This would allow all eight evaluated schemes to be taken forward and in addition provide the funding required in respect of the four schemes identified for fast track evaluation if Members agree that these schemes also be taken forward in 2012/13.

1.4 Capital Strategy

- 1.4.1 The Chartered Institute of Public Finance and Accountancy has supplied the following background notes: “The Capital Strategy should describe how the investment of capital resources will contribute to the achievement of the authority’s key objectives and priorities that are detailed in their Performance Plans and Community Plans/Strategies, etc. An authority’s Capital Strategy should be one of the key, overarching strategies that support service plans. The strategy will also determine priorities between the various services and look for opportunities for cross-cutting and joined-up investment. The authority’s capital strategy should describe how the deployment of capital resources contributes to the achievement of the described goals. It will also help to ensure that issues around property and other assets are fully reflected in the Council’s planning.”
- 1.4.2 The draft updated Capital Strategy, attached at **[Annex 5]** has been designed to be published on the Council’s website. The strategy has no annexes, but at the end are links to a number of other documents or web pages which are referred to in the text and are available on the Council’s website or the internet.
- 1.4.3 The update has followed the policy of evolution, rather than revolution. The Key Financial Statistics in paragraph 2.1 of the annex have been updated to reflect the 2011/12 estimates and the balance sheet as at 31 March 2011. Elsewhere, examples of our current practice have been updated where appropriate. Throughout the annex the type face of any new and or amended text and figures has been presented in bold italics.

1.5 Legal Implications

- 1.5.1 None.

1.6 Financial and Value for Money Considerations

- 1.6.1 The transfer of schemes from List C to List B has no financial impact. The transfer of schemes from List B to List A will be considered by Cabinet on 7 February 2012 in the context of the Medium Term Financial Strategy and the overall budget position.
- 1.6.2 The Capital Strategy outlines a capital plan process which follows the CIPFA Prudential Code and, in addition, to meeting the Council’s Corporate Aims and Priorities, focuses on value for money.

1.7 Risk Assessment

- 1.7.1 Financial implications of new schemes to be considered by Cabinet at the February budget meeting.
- 1.7.2 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council's Corporate Aims and Priorities.

1.8 Equality Impact Assessment

- 1.8.1 See 'Screening for equality impacts' table at end of report

1.9 Recommendations

- 1.9.1 It is **RECOMMENDED** that the recommendations to Cabinet by the Finance and Property Advisory Board and detailed below be endorsed:

- 1) The Capital Plan (List A) provisions as summarised in **[Annex 1]** be adopted.
- 2) The schemes listed in **[Annex 2]** are added to List C.
- 3) The schemes listed in **[Annex 2]** are deleted from List C.
- 4) The schemes listed in **[Annex 3]** are selected for evaluation over the coming year, with those so indicated, selected for fast track evaluation of which four have already been evaluated.
- 5) The schemes listed in **[Annex 4]** are treated as follows:

Transfer from List C to List B:

Car Park Enhancement Programme Phase 5
 Larkfield Leisure Centre New Dance / Exercise Studio
 Tonbridge Swimming Pool Changing Village Floor
 Tonbridge Racecourse Sportsground Improvements Phase 2
 Haysden Country Park Bridge Repairs
 Open Spaces Site Improvements Phase 2
 Tonbridge Cemetery Path Improvements
 Finance Electronic Document Management

- 1.9.2 The shortfall in funding for the four schemes recommended for fast track evaluation is met from funds no longer required in respect of existing schemes if Members agree that these schemes be taken forward in 2012/13.
- 1.9.3 Endorse the draft Capital Strategy as attached at **[Annex 5]** for adoption by Council and publication on the Council's website.

Background papers:

Nil

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Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	N / A	An equality impact assessment has been or will be undertaken and reported to Members prior to the commencement of new capital plan schemes as appropriate.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	N / A	As above.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		See responses above.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.