



Finance Sub-Committee 30 April 2018

Review of Capital Programme and Development Pool 2018/19

Purpose of report

To update the Committee on the outcome of the review of the Capital Programme and Development Pool.

Appendix 1 - Revised Capital Programme (subject to approval)

1.0 Introduction

- 1.1 At the Full Council meeting on 26 February 2018 the Medium Term Financial Strategy was considered and approved. Whilst this included approval of the Capital Programme and Development Pool budget it was agreed that, due to continuing decline of capital resources and ongoing significant changes to the capital programme, the approval would be subject to a review of the programme by Members of the Finance Sub Committee and CMT. This would ensure that sufficient justification was made for all items to be included in the Capital Programme going forward.
- 1.2 The outcome of the review was to be reported back to Finance Sub Committee with recommendations for any changes if required.

2.0 Review Process

- 2.1 A meeting was held between members of Finance Sub Committee, Chief Finance Officer, Finance Manager and relevant Heads of Service and their officers on 26 March 2018. Each line of the Capital Programme and Development Pool was discussed in detail. A number of items were left unchanged. However, where changes have been proposed, these are set out within this report. Appendix 1 shows the revised position of the Capital Programme and Development Pool if all proposals are approved.
- 2.2 A number of projects require further detail or update and these are set out in the report along with expected timescales for further updates to Finance Sub Committee.

3.0 Outcome of Review

3.1 Disabled Facilities Grants

- 3.2 Members and officers discussed the Disabled Facilities Grants. Although officers have made good progress with DFG projects, the same issues still continue as was reported last year:

- Capacity issues on internal team resourcing
- Delays in progressing applications due to negotiations on plans with the clients and occupational therapists
- Lack of specialist architects available to design schemes in accordance with disability requirements
- Limited availability of contractors to carry out the works

- 3.3 There were no proposals to amend the figures in the capital programme but close monitoring of the scheme will continue as part of budget monitoring reports.

3.4 **Commercial Property**

3.5 Enterprise Centre – It was agreed to revise the figures for the Enterprise Centre and split it into two areas:

1. the purchase of the identified site for the Enterprise Centre (included in 2017/18 Capital Programme)
2. design and development of the Enterprise Centre (as set out in 2018/19 and 2019/20)

3.6 Officers discussed the possibility of not succeeding in its bid for grant funding from the European Regional Development Fund. It was agreed that there was still a lot of opportunity to be gained from this development and further options could be explored.

3.7 Since the meeting in March 2018, the Council has been informed that it would not be invited to take the bid to the next stage of the process. Options are currently under review for next steps. A paper on this will be presented to a future Policy and Resources meeting.

3.8 **Leisure and Tourism Projects**

3.9 There is £65k in the approved capital programme for Stanwick Lakes. This is the last payment in respect of a 5 year programme. A new lease is being finalised which sets out clearly what the Council is responsible for going forward. Officers are expecting to present a report to Policy and Resources in September 2018 which sets out the commitment for the next 5 years.

3.10 There is £29k in the Development Pool for Twywell Hills which reflects the estimated costs highlighted in the management action plan report from the Land Trust which was presented to Finance Sub Committee on 18 December 2017. Discussions around the management of the site are still in progress and a revised detailed action plan is being finalised. It is anticipated that a request to release this funding will be presented to Finance Sub Committee in June 2018.

3.11 **Corporate Systems**

3.12 The ICT transformation programme continues following approval by Full Council of the ICT Strategy in October 2016.

3.13 There are a number of projects in the Approved Capital Programme for 2017/18 where a request to carry forward underspends will be necessary in order to complete the relevant projects in 2018/19. These requests are included in a separate report to Finance Sub Committee as part of the draft outturn report for 2017/18. These are as follows:

- EDRMS – Planning Portal
- Data Centre Infrastructure Costs
- CRM Upgrade
- Telephony System
- ICT Service Desk
- ICT Transformation Capital Projects
- Revenues and Benefits EDRMS Solution

3.14 There are also some projects sitting in the Development Pool in 2017/18 which have not yet started but are still necessary to continue delivery of the ICT Strategy implementation or have been delayed due to the Council prioritising the ICT Strategy. These will also require approval for carry forward as part of the draft outturn report for 2017/18. However, further approval by Finance Sub Committee will be required to release these into the Approved Capital Programme once quotes have been obtained. These include the following:

- End User Devices – requires a review of what is needed with an update to Finance Sub Committee in June 2018
- Replacement printers and scanners – requires a review on replacement of a plotter

with an update to Finance Sub Committee in June 2018

- Committee Management System – currently exploring options with an update to Finance Sub Committee in June 2018
- Network Refresh – expecting an update and request to release funds in June 2018
- Meeting Room Audio Visual Equipment – requires a review of what is needed with an update to Finance Sub Committee in June 2018
- Business Transformation Resource - requires a review of what is needed with an update to Finance Sub Committee in June 2018
- Mobile working solution – review of mobile working requirements needed with an update to Finance Sub Committee in June 2018

3.15 Where there is funding relating to the above projects in 2018/19 as well, this will also be considered as part of the updates where possible to Finance Sub Committee in June 2018. There are some IT projects that have not been covered in the above paragraphs. These are as follows:

- Security Systems – this requires a review with an update to Finance Sub Committee in June 2018
- ESRI GIS Upgrade – this requires a review of what is required with an update to Finance Sub Committee in June 2018
- Finance System – there is currently £20k in the Development Pool for enhancements to the finance system. In light of the recent announcements regarding Northamptonshire County Council and reform to local authorities in the County, it was agreed that no further investment in the Civica finance system would be carried out. As a full review of IT requirements is being undertaken, it is proposed to move this into ICT Transformation Capital Projects in the Development Pool until the review is completed and will form part of the report to Finance Sub Committee in June 2018.

3.16 There is also £170k in the Development Pool for licences. The capitalisation of these licenses has been taking place for a number of years and cover essential systems used across the organisation. It is requested that the following is released into the Approved Capital Programme to allow for payment for ongoing annual licence costs:

Licence	Amount £
Citrix	8,396
Mimecast Email Filtering & Archiving	11,285
Capita Cash Receipting	19,594
IDOX Planning & Building Control	29,891
Xpress Elections System	10,182
Total	79,348

3.17 The council is only authorised to capitalise specific licences and therefore any remaining funding for licensing is not required going forward.

3.18 As part of the review of the IT programme, it is recognised that additional resource and assistance will be required to support delivery of the next phase of the IT programme of activities which cover the following:

- Wi-fi/Local Area Network
- End User Computing/Migration
- Training and Development
- Digitalisation

3.19 It is proposed that £65k of the unused licencing funding is released into the approved capital programme to enable the scoping of this work to be undertaken. This work could be a blend of revenue and capital expenditure which will need to be determined and recorded appropriately in the accounts. As a full review of IT requirements is being undertaken, it is proposed any remaining licensing funding is moved into ICT Transformation Capital Projects in the Development Pool until the review is completed and will form part of the report to

3.20 **Asset Management Plan**

3.21 The Asset Management Plan was discussed site by site. The following changes were proposed:

3.22 Rushden Centre – There is no planned capital spend for the Rushden Centre in 2018/19. Discussions were given to the funding in 2017/18 for window replacement and other smaller capital items. As a review of the Asset Management Plan is currently being undertaken, this would pick up any necessary works and timescales which would be reported back to Committee along with estimated costs and timescales for their consideration to be included in the Capital Programme. As this would be more up to date and relevant to the building, funding in 2017/18 would not be carried forward.

3.23 **East Northamptonshire House (Cedar Drive)**

3.24 Consideration of the fire protection detectors and steel box gutter repairs led to agreement that the funding for these should be carried forward into 2018/19. This is being requested separately as part of the draft outturn report. A building survey is to be undertaken as part of the asset management review following which the funding will be reconfigured to allow for the works to be completed as soon as practical.

3.25 There is also £100k in 2018/19 and £50k in 2019/20 which has been set aside for the Office Accommodation project. The funding in 2018/19 was approved to be released into the Approved Capital Programme on 26 March by Finance Sub Committee. It was proposed that the £50k set aside in 2019/20 be brought forward so the project can be implemented earlier in order to drive forward some of the changes sooner than originally envisaged.

3.26 **Industrial Units and Other Leased Units**

- There is £60k in total in relation to energy performance improvements to the industrial units at Enterprise Road and Kings Cliffe. A review of the industrial units will be included as part of the Asset Management Plan currently being undertaken and will be reported back to Committee for their consideration to be included in the Capital Programme going forward.
- The Council acquired some shop units at Eaton Walk, Rushden in 2017. The current lease arrangement means that the council has a secured income stream for the medium term. The lease terms mean that the maintenance costs are currently the responsibility of the head tenant. However, there may be capital costs arising in future years dependent on the terms of the lease going forward. This is currently under review. Any proposed changes will be reported back to Committee for approval and consideration to be included in the Capital Programme going forward.
- The Council also purchased a shop and flat at the High St, Rushden as part of the above package. This property is currently vacant and will need further consideration as to the potential benefit it has to the Council. Any proposals have yet to be scoped out. No funding is included in the Development Pool or Capital Programme at this time. A report will be submitted for a decision on this at a future meeting.

3.27 **Car Parks**

The Asset Management Plan allows for maintenance of Council-owned car parks. There are 3 listed, however, discussion acknowledged other potential car parks (such as the newly acquired site at Eaton Walk, Rushden) were now in scope to be considered within a car park strategy. However, there is the potential that the maintenance of car parks could be managed as part of the revenue maintenance budget. It was agreed that the £30k funding set aside in 2017/18 should be carried forward and be held in the Development Pool until a decision is made on car parks going forward. This will be requested separately as part of the draft outturn report.

3.28 Asset Management Capital Contingency

The council is subject to costs arising from repairs to Polebrook Cemetery and Wadenhoe Village Drains. These repair costs were deemed as ad-hoc repair costs. In 2017/18, it was proposed that a contingent capital pot be set up to allow for some flexibility in the Development Pool for these types of ad-hoc repairs. It is only released into the Approved Capital Programme as and when needed.

3.29 Vehicle Replacement

3.30 The amount in the Development Pool for refuse vehicles was based on an estimate prior to the tender for the waste contract being progressed. The prices as submitted as part of the tender for the waste contract are lower than estimated and are currently being confirmed. A request to release the funds is expected to be presented to the next Committee meeting in June.

3.31 Other Capital Investment

3.32 Officers also discussed other capital investment opportunities. One area of discussion was in relation to compulsory purchase orders and opportunities to purchase land for development. These will be reported on a case by case basis and reported through the usual Committee approval process accordingly.

4.0 Equality and Diversity Implications

4.1 There are no direct equalities impacts arising from this report.

5.0 Legal Implications

5.1 There are no legal implications arising from this report.

6.0 Risk Management

6.1 Officers are considering and reviewing priorities to understand where further action can be taken to realign resources. Further reports setting out financial implications will be brought back to Finance Sub Committee accordingly.

7.0 Resource and Financial Implications

7.1 This report highlights specific financial implications following the review of the capital programme. For items relating to 2017/18, requests for carry forwards will be considered by members separately as part of the draft outturn report for 2017/18.

8.0 Constitutional Implications

8.1 The report does not require any amendment to the Council's Constitution.

9.0 Implications for our Customers

9.1 There are no customer service implications arising from the report.

10.0 Corporate Outcomes

10.1 This report links to the following Corporate Outcome – Effective Management

(Seeking to secure efficient, cost effective management of resources for the Council by reviewing its financial performance)

11.0 Recommendation

11.1 Finance Sub Committee is asked to:

1) Note the contents of the report and the outcomes of discussions following review of the Capital Programme and Development Pool for 2018/19.

(Reason: To update Members on outcome of review of Capital programme and Development Pool for 2018/19)

2) Approve the transfer of £79,348 from the Development Pool to the Approved Capital Programme in respect of licences as set out in paragraph 3.16

3) Approve the transfer of £65,000 from the Development Pool to the Approved Capital Programme in respect of supporting IT programme delivery as explained in paragraph 3.19

(Reason: To follow correct approval process for transfers to the Approved Capital programme from the Development Pool)

4) Approve the transfer of the finance system budget and remaining licensing budget (which are no longer required) into the ICT Transformation Capital Projects within the Development Pool until the IT review of requirements is completed and reported back to FSC as explained in paragraph 3.15 and 3.19

(Reason: To follow correct approval process for transfers within the Development Pool)

5) Resolve to recommend to Council that the following schemes within the Development Pool are amended as below:

- Enterprise Centre – amended to reflect amounts for the design and build as set out in the report to FSC in December 2017
- £50k be brought forward and released into the Approved Capital Programme to support earlier delivery of the office accommodation project as set out in paragraph 3.25

(Reason: To follow correct approval process for amendments to the Capital programme and Development Pool)

Legal	Power: Local Government Finance Act 1992, Local Government Finance Act 2012				
	Other considerations:				
Background Papers:					
Person Originating Report: Michelle Drewery, Head of Resources mdrewery@east-northamptonshire.gov.uk					
Date: 23/04/18					
CFO		MO		CX	

(Committee Report Normal Rev. 22)

Website Replacement	-	-	-	-	25,000	-	-	-	-	-	-	25,000
Replacement Finance System	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Systems	90,652	225,000	234,650	271,800	256,800	216,915	280,480	240,480	226,108	226,108	226,108	2,268,993
AMP - Rushden Centre	-	-	50,000	90,000	-	-	30,000	-	-	-	-	170,000
AMP - East Northamptonshire House	40,000	20,000	76,000	411,000	-	10,000	-	20,000	-	-	-	577,000
AMP - Stanwick Lakes - Infrastructure	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	630,000
AMP - Twywell Hills	29,000	7,000	-	10,000	7,500	-	-	-	-	-	-	53,500
AMP - Industrial Units	60,000	-	300,000	-	-	-	-	-	-	-	-	360,000
AMP - Eaton Walk	-	-	-	-	-	-	-	-	-	-	-	-
AMP - High St	-	-	-	-	-	-	-	-	-	-	-	-
AMP - Polebrook Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-
AMP - Village Drains	-	-	-	-	-	-	-	-	-	-	-	-
AMP - Public Car Parks	-	-	-	-	-	-	-	-	-	-	-	-
AMP - Contingency	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	200,000
Essential Property Maintenance	149,000	117,000	516,000	601,000	97,500	100,000	120,000	110,000	90,000	90,000	90,000	1,990,500
Replacement Dog Warden Vans	-	16,600	-	16,600	-	16,600	-	-	-	-	-	49,800
Refuse Vehicles	3,026,660	-	-	-	-	-	-	-	-	-	-	3,026,660
Vehicle Replacements	3,026,660	16,600	-	16,600	-	16,600	-	-	-	-	-	3,076,460
Total Development Pool	5,266,312	6,372,600	1,350,650	1,499,400	949,300	913,515	1,037,480	930,480	896,108	896,108	896,108	20,111,953